The Role of Cash Waqfs as Industrial Policy for Developing Countries in the Light of Historical Dynamics in Turkey

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ABSTRACT

Islamic finance practices are based on the real sector. The Islamic financial institutions working on the principle of funding the production and becoming a partner of profit operate differently from conventional banks. Therefore, industrial production is among the objectives of this Islamic financing scheme. Islamic finance sector is closed to volatility because of its close relationship with the real sector. For this reason, Islamic finance products are seriously discussed during the financial crisis period. Moreover, Islamic finance can provide economic stability, especially for developing countries.

Substantial investments in the Islamic financial institutions and instruments which are better understood especially during times of financial crisis have been made in Turkey to make Islamic finance a serious alternative to the existing/conventional financial system. Although it is late to participate in the race on Islamic finance, Turkey is a natural inheritor of this system because of its historical accumulation and because of being pregnant for Islamic religion for many years. The fact that a conservative government has recently been in power, its sensitivities, and seeking of capital for a safe harbor in the world have brightened the star of Islamic finance back in Turkey in this regard.

Moreover, although Turkey has slowed in growth in recent years, the rapid growth and successful development of the last 15 years have also affected the flow and direction of capital and especially Islamic capital around the world. In this study, the opportunities and risks that this Islamic finance system will lead to Turkey that heir of this system especially after the 15th century in the future. It is also an indication of the uniqueness of the study that the opportunities and practices of Ottoman cash waqfs (CWs) will be examined for today’s financial system. Thus, it will be emphasized that the past experiences in the light of the CWs direct the future and become an example for both Turkey and Islamic world. In this study, CWs as industrial policy, funding the industrial production also will be discussed.

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