

TOWARDS A COMPARATIVE ECONOMIC HISTORY OF THE WAQF SYSTEM *

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I. INTRODUCTION

The word *waqf* and its plural form *awqāf* are derived from the Arabic root verb *waqafa*, which means to cause a thing to stop and stand still. The second meaning is simply pious foundations. However defined, this institution, whereby a privately owned property, corpus, is endowed for a charitable purpose in perpetuity and the revenue generated is spent for the original purpose, stands out as one of the greatest achievements of Islamic civilization. All over the vast Islamic world, from the Atlantic to the Pacific, magnificent works of architecture as well as a myriad of services vitally important for the society have been financed and maintained for centuries through this system. It has even been argued that many *waqfs* had survived for much longer than half a millennium and some even for more than a millennium.¹

Despite these overwhelming achievements, the history of *waqfs* is a turbulent one. For centuries the fate of this institution was closely linked to the fates of the states within which they functioned. Consequently, they experienced dramatic ups and downs: the period of establishment and growth was often followed by one of decline and neglect and with a new state emerging, renewal and prosperity once again prevailed.

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¹ Daniel Crecelius, "Introduction", *Journal of the Economic and Social History of the Orient*, vol. 38, part 3, p. 260.

Nowhere in this long history of fluctuations, did the *waqfs* experience the universal and deliberate destruction that was inflicted upon them during the 19th and 20th centuries. It is too easy to pinpoint to Western imperialism as the culprit. It is true, particularly in North Africa, that the French were notorious in trying to undermine the system, but the greatest destruction took place not in North Africa or another region colonised by the great powers, but in Turkey, the only Islamic country which was not colonised. This paradox, among other things, will be addressed in the remainder of this article.

Meanwhile, in the Islamic world, at the end of the twentieth century, there are renewed attempts to revitalise the *waqfs*. Newly Islamising states from Sudan to Afghanistan, have declared their intention to reestablish this system. The purpose of the present paper, which is a part of a series of articles, will be to:

- a. point out the importance of the *waqf* system from the perspective of contemporary Islamic economic thought;
- b. analyse and to summarise the vast history of the *waqf* system.

II. ECONOMIC DIMENSION

1. THE WAQF SYSTEM AND ISLAMIC ECONOMICS

Economists looking at the *waqf* system would be perplexed by the fact that a myriad of essential services such as health, education, municipal, etc., were provided in history at no cost whatsoever to the government. Therefore, *ceteris paribus*, the *waqf* system can significantly contribute towards that ultimate goal of every economist—massive reduction in government expenditure, which leads to a reduction in the budget deficit, which lowers the need for government borrowing, thus curbing the “crowding-out effect”, and leads to a reduction in the rate of interest and consequently removing the basic impediment for private investment and growth.

From the point of view of Islamic economics, the most important item in the above-mentioned agenda is, obviously, the