



CORONA VIRUS AND THE QUEST FOR MORAL ECONOMY: ISLAMIC RESPONSE

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ABSTRACT

This article argues that the coronavirus pandemic has shown the world community that the current global economic system is unsustainable. The devastating impact of social, economic and health due to the corona virus are manifesting along with societies' great inequalities due to the flaws of capitalism. The pandemic has also shed light on the fact that human societies cannot flourish without combatting inequalities. Thus, the seemingly more apparent internal tensions, inconsistencies and moral inadequacies in capitalism seem to necessitate a more 'moral' economy. Pertinent to this, Moral capitalism based on universal values can be an alternative system. Both moral capitalism and Islamic economics share similar moral ethical values that could possibly contribute to a more just economic system and therefore a better wellbeing for the global community. This article concludes that there is a dire need to have moral economy for global community. Neo-liberalism needs to be reconstructed for its structural inequalities that renders to societies unsustainability. For, failure to protect the health and safety of people living in abject poverty around the world, we put the entire world at risk.

Keywords: Corona Virus; Capitalism; Moral Capitalism; Islamic economic and Neoliberalism.

INTRODUCTION

Capitalism is an economic system based on the private ownership of the means of production and their operation for profit. Main characteristics of capitalism such as, private property, capital accumulation, wage labor, voluntary exchange, a price system and competitive markets.

Capitalism is thought to be the most effective economic system, yet it fails time and again, blaming mankind and unforeseen factors for its failure. Societies are still faced with severe social and other problems, like poverty, starvation, crime, poor healthcare and education and damage to the environment (Farouq Mohamed, 2011).

Many Western analysts critique of Capitalism focused on issues, such as greed, corruption, cheating, bribery, pirating, abuse, and other market problems e.g. practices and regulations which lead to poverty, hunger, economic crises, collapse, inflation, stagnation and steep price increases. In a contemporary situation in which Capitalism is struggling with deep crises, and with the world economy on the verge of collapse (Soros, 1998:xi), it would seem that the human race has not yet found the economic formula balancing human flourishing and justice (Farouq Mohamed, 2011).

The failure of the system of Capitalism, according the experts, not only because of internal tensions and inconsistencies, but also because of moral inadequacies. Political and economic experts today admit that theoretical assumptions, underpinning major economic theories, have combined with selfish human behaviour to lead to the current socioeconomic mess worldwide. Soros (1998:102, 116, 125) as cited by Farouq (2012) indicates that there is lack of balance between the development of a global economy and the development of a just global society. The defect of the market mechanism and politics based thereon, the effects of the credit system, military developments, different currencies, the utopian belief in a perfect free market, and the illusory market value of stock and shares, are all factors that call for moral assessment. Criticising the modern economics system Gordon Gekko notes that: "Because pursuit of self-interest is the essential ingredient in a market system, it somehow follows that individuals and firms are free to act as greedily and selfishly as they can within the law, absolved from any moral

obligations.” (https://www.washingtonpost.com/opinions/is-capitalism-moral/2013/03/15/a9ed66d4-868b-11e2-999e-5f8e0410cb9d_story.html).

LITERATURE REVIEW

Microeconomics is the study of how markets manage and preserve distributed resolution and judgment in the context of price mechanism for the purpose of regulating a state of balance when it comes to supply and demand. In today’s viewpoint, capitalism is an extreme self-operating economic system, whereby the obligation of the government is restricted in their means to provide basic public goods and services at a reasonable price (Bruce R. Scott, 2006).

Smith’s elaboration for this role of the government originates from his influential discernment regarding the price mechanism that would manage the activities of private economic actors in order to attain ideal results for the society. In order to synchronize and form the collective co-operations between economic actors and correspondents by fulfilling the act of maximizing revenues for society and individuals, the costs and prices of the market should be able to identify its benefits and societal costs (Bruce R. Scott, 2006).

However, markets may fail to reflect and detect costs and benefits, this is where externalities come in, and it usually occurs when certain costs and benefits are not a part of the market system, and this is the immediate exception when it comes to Adam Smith’s theory. Flaws and errors in laws and regulations that create the market framework are factors being displayed by externalities. These problematic causes cannot be officially rectified by economic actors, rather they should be addressed and improved by political authority, such as the government (Bruce R. Scott, 2006).

Furthermore, any change or reform concerning conditions of societal priorities and structure, must be renovated systematically with the help of governmental interventions. There can be no guarantee that the maximization of societal income estimates a similar outcome for society unless the market frameworks are organized efficiently, which also includes alteration in circumstances. Society needs more than peace, easy taxes and tolerable governance, it is essential for the government to provide legal and regulatory

frameworks that are significant to capitalism, however if capitalism is only constricted around the analysis of how markets operate in a static viewpoint which overlooks the political issues capitalism comes with, only depreciates it (Bruce R. Scott, 2006).

The challenges of capitalism consists of three major crises. The health crises caused by the pandemic has intensely sparked an economic crisis, having society unaware of its consequences for financial stability and all of these factors cannot be swept under the rug with the common phrase such as “business as usual.” Until recently, the media was often displaying alarming photos of overworked and overwhelmed firefighters and not overwhelmed healthcare providers (<https://www.weforum.org/agenda/2020/04/coronavirus-covid19-business-economics-society-economics-change>).

Capitalism revolves around a structure of governance for economic affairs which has evolved in various circumstances which is of a continuous process. As a result, it has formed a simple meaning; *The Macmillan Dictionary of Modern Economics* “political, social and economic system in which property, including capital assets, is owned and controlled for the most part by private persons” (1986). This economic disparities between capitalism with a primitive European economic system, feudalism, is that it is identified by the purchase of labor for money wages whereas in feudalism, it is characterized by the direct labor carried out through custom, duty or command.

The operation under capitalism is that the price mechanism is used as an indication which assigns resources between uses. There are three components to the operation, such as the level of which the price mechanism is used, the level of competitiveness in markets and the extent of government intervention. This specific definition describes capitalism as a social, political and economic system that managed to eradicate feudalism and its traditions on the basis of the rights of private parties, by which they are able to choose how to employ, labor and capital markets through a signaling system by market prices (<https://hbswk.hbs.edu/item/the-political-economy-of-capitalism>).

The price mechanism is valued as a main device for coordination, rather than command/control and demonstrates that

capitalist systems are varied due to the degree and nature of the governmental interventions and the competitiveness of their markets evaluation. Although, the definition does not provide a detailed description to the notion of capitalism and its operation as a system, for example, the definition mentioned above does not help provide a contrasting account on direct and indirect approaches of governmental intervention or an elaborative account on its administrative and entrepreneurial roles.

As a directive mode, governments may seize land as an action under intervention in markets, through significant domain or by nationalizing a firm, whereas indirect intervention could involve the changing of institutional foundations by which market transactions occur, which includes substantial and progressive change of a market such as change in size, shape or location. Another account may involve altering the status or rights of the economic actors (<https://hbswk.hbs.edu/item/the-political-economy-of-capitalism>).

METHODOLOGY

This research was qualitative research that is library research, which is research conducted by using literature review either in the form of books, journals, electronic source or research results from previous researchers (Farouq Mohamed, 2011). In this regard, to examine Stephen Young's view concerning moral capitalism i.e., the CRT Principles for Business which is built on the religious foundation, its relation to Islamic economics system. The research methods used are interpretation and analysis. The primary data source is Stephen Young, 2012 *Moral Capitalism: Reconciling Private Interest with The Common Good*, Berrett-Koehler Publishers, San Fransisco www.bkconnection.com. While the secondary data sources are other works relating to the concepts of moral capitalism, good governance and corona virus.

Hence, the objective of this article is to highlight that there is a dire need to have moral economy for global community. Neo-liberalism needs to be reconstructed for its structural inequalities that renders to societies unsustainability. The poorest and most marginalized from the immediate impacts of health, social and economic crisis need to be protected.

CAPITALISM AND THE ORIGIN OF ECONOMIC INSTITUTIONS

Certain essential factors make up the institutions of capitalism, such as freedom, and the pursuit/attainment of material self-interest, which should operate and function in a rational environment. The science of economics involves the study of economic institutions and how they operate as the core foundation of the particular study. The quest for rational desire with access to it, for the purpose of developing one's life and well-being, boils down to their prospects and vision to look at reality and to consider different categories of opportunities and occasions that their surroundings are able to offer them in order to serve their self-interest, and to be able to choose the most suitable opportunity which they feel will most likely benefit their self-interest, provided that they do not enforce others against their will (Carl Menger, 1950).

The basic protocol under these circumstances is to set about an establishment or extending and reinforcing. Apart from freedom and limited governmental intervention, which makes up the system of capitalist economy, which consists of private ownership, saving and capital additions, exchange and money division of labor and price mechanism. Therefore, in order to proceed along with their rational self-interest under freedom, one has to transform unowned land and natural resources from nature through allocation by turning them into private property, such as privately owned products (capital goods).

Those who have the ownership of land and natural resources own the goods production as well as the resources that are used for further manufacture. In addition to that, the process of exchange when it comes to their products as means for services are one of the methods included, the other party who they've exchanged their products with, will then gain ownership which also involves capital goods, and are able to secure land and natural resources from those who originally owned them, through the process of purchase or barter exchange, which is regarded under primitive condition (https://eh.net/book_reviews/capitalism-institutions-and-economic-development/).

In order to protect their property of goods from dishonest expropriation by others, and through a rational and reasonable approach under the act of long term considerations, they often save and conserve capital for the purpose of increasing their ability to produce and consume in the future, for or example through appropriation of land, the demolishing of trees, clearing away rocks, drains and irrigates. Mainly whatever is necessary to change and develop the conditions of farms and mines, and ultimately advertise and industrial enterprises (https://eh.net/book_reviews/capitalism-institutions-and-economic-development/).

The act of establishing division of labor and trading processes with others has advantages which are considered, such as the perspective that individuals tends to be more efficient with a clear vision and prospects than others when it involves production of certain goods and resources, through reason of personal capabilities or due to environmental factors such as the territory they live in, furthermore that benefit is to be gained by individuals focusing on their areas of greater efficiency and exchanging the results. To be precise, they consider the performance of indirect trade or exchange as a tremendous advantage not for their own wants, rather it is due to the demands of others, so the good/products can be utilized for the fulfilment of further means of trade, as a result of indirect exchange, money will develop, as well as enabled division of labor which will heighten in terms of motivation demonstrated by workers for which they are paid in return (Carl Menger, 1950).

The individual effort of his material self-interest thrives on the principle of financial self-interest, which consists of three features, 1) preferring other things being equal 2) to buy products at a lower price and to sell what they've purchased at a higher price under the context of division of labor 3) monetary economy (Carl Menger, 1950).

There are the approaches to increase the goods, and in addition to that, they present the notion of profit motive, which translates to the principle of "buying cheap and selling dear" (Carl Menger, 1950). The vision and pursuit of the individual under self-interest also contributes to the increase of economic inequality, an example of this involves those who are intelligent and ambitious

overpower the likelihood of success of those who are less intelligent and ambitious, in the context of economic competition, different buyers and sellers aim to sell and buy the same customers.

COVID 19 AND THE NEED OF MORAL ECONOMY

Today the world is experiencing yet another major health crisis caused by the novel Coronavirus (COVID-19) which incur the loss of lives, the socio-economic disruptions and the strain on countries' health systems caused by this emerging pandemic. The uncertainty created by the virus quickly disrupted the global trade and supply chains, lowered commodity prices, and forced multinational companies to take critical decisions with limited information. This health crisis is actually testing the entire economic system (<https://www.aljazeera.com/indepth/opinion/coronavirus-signal-capitalism200330092216678.html>).

Analysts from the Australian investment group, Macquarie Wealth, one of most capitalist companies in the world, inform investors that: "Conventional capitalism is dying, or at least mutating into something closer to a version of communism." (<https://www.aljazeera.com/indepth/opinion/coronavirus-signal-capitalism-200330092216678.html>).

The COVID-19 pandemic helps drag attention onto the world of societal and economic operations across the globe, a belief stated by the Economist, Mariana Mazzurato, she further explains that the outbreak has exposed and uncovered some errors yielded by a capitalist society, Mazzacuto also points to the fact that our perceptions toward how we view gig economy and rights of workers (<https://www.weforum.org/agenda/2020/04/coronavirus-covid19-business-economics-society-economics-change>).

The revelation brought up by the triad of crises indicate multiple problematic issues that arise due the practice and implementation of capitalism, all of which must be addressed and solved simultaneously with the process of taking on the health emergency, if not, one sector of errors will be addressed and corrected while more problems will continue to manifest into other places. An example of such catastrophe is the 2008 financial crisis, where the world was drowned with liquidity by policymakers without

making use of its potential for good investment opportunities, which only resulted in having money returned to the financial sector which remains unused for appropriate purposes (<https://www.weforum.org/agenda/2020/04/coronavirus-covid19-business-economics-society-economics-change>).

The COVID-19 is also unveiling more errors in the structure of economic operations. Particularly, the state of insecurity related to income/employment faced by employees as well as owing them for the rise of the gig economy and the consistent reduction of power of bargaining of the employees working from home is not an option for most workers, even though there have been assistance provided by the government, those that are self-employed may inevitably find themselves in a work dilemma (<https://www.weforum.org/agenda/2020/04/coronavirus-covid19-business-economics-society-economics-change>).

Stress caused by the pandemic and the associated financial concerns may exacerbate already unsafe situations of domestic violence. Calls to stay home also offer no solutions to [homeless people](#), whose vulnerability to COVID-19 is compounded by lack of sufficient food, shelter, and targeted information. Emergency resources are required from governments and private entities to control this pandemic (<https://www.iwraw-ap.org/covid-19-capitalisms-mask-has-slipped/>).

The novel coronavirus pandemic has exposed the cruelty and inadequacy of neoliberal policies. It has also revealed that our vision of a different world, less reliant on the demands of capitalism, is possible after all – but it requires valuing human lives over business interests. Women’s rights activists have already been sharing this vision for decades, based on human rights principles of equality, non-discrimination and respect for the planet. What remains to be seen is whether the positive changes will be temporary or whether decision makers are truly committed to [transforming harmful systems](#) as we move forward in a new uncertain world (<https://www.iwraw-ap.org/covid-19-capitalisms-mask-has-slipped/>).

The current system of neoliberal globalisation, which was threatened but neither abandoned nor significantly reformed during the global financial crisis, is no longer “fit for purpose”. Policymakers

around the world must not miss the opportunity this crisis offers to remake the current system of globalisation, and make it more resilient against shocks that are currently all too easily transmitted in our highly networked, interdependent, and globalised economies. He continues saying that; they must start to rethink and reform the current model of neoliberal globalisation with a view towards greater resilience and adaptability.

Indeed, one can argue that the failure to take these steps at the start of the pandemic, whether because of a lack of bureaucratic capacity or political will, or misplaced concerns about not hurting the economy, was what made the current draconian measures unavoidable. We simply cannot afford the costs of a repeat failure (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

MORAL CAPITALISM AS MORAL ECONOMY

A moral economy is an economy that is based on values such as, goodness, fairness, and justice, as opposed to one where the conventional economics system is devoid of such concerns. Moral Capitalism is a field theory that integrates intangible moral considerations with traditional micro and macro economic postulates. Moral Capitalism believes that interest if rightly understood is not necessarily in conflict with virtue (<https://cauxroundtable.blogspot.com/2009/02/what-is-moral-capitalism.html>).

THE CAUX ROUND TABLE

Based on religious foundation the CRT Principles for Business themselves arise from a blending of Roman Catholic teachings and American Protestant and secular traditions of stewardship with Japanese Buddhist and Shinto perspectives (Stephen Young, 2012).

The Caux Round Table is an international interconnected system of business leaders that work and co-operate to support and promote a moral and efficient approach to doing business. The CRT is a strong advocate for its Principles for Responsible Business extends essential basics for society around the world. Founded by Frits Philips Sr, former president of Philips Electronics, and Olivier

Giscard D' Estaing, former vice-chairman of INSEAD, CRT was created for the purpose of reducing relationship strain between Europe, Japan and USA, for a healthy and efficient approach of International Trading (Stephen Young, 2003).

This was insisted by Ryuzaburo Kaku, who was chairman of Canon, Inc. Which led to the CRT centering approach in recognizing the importance of reducing social and economic decline to world peace and stability, this further led on to the advancement of the 1994 Caux Round Table Principles for Business surrounding three ethical features, such as 1) Responsible governance 2) Kyosei: A Japanese concept of living and working for mutual interests and agreements. 3) Respecting and honoring human dignity (Stephen Young, 2003).

The Caux Round Table Principles for Responsible Business established ethical norms for business actors to adhere to for developing stable and efficient business transactions between one another. The sustainment of free markets and ethical business approaches revolves around two important components, such as trust and confidence, however the integrity of businesses only works temporarily, whether it occurs among a few or many, it tends to demolish the element of trust and eventually the ability of the business to cater to humanity's needs.

The effort of profit for self-interest that involves no concern or consideration for other business parties, will eventually lead to business failure. To avoid conflict, business leaders are strongly advised to adhere to ethical values in leadership in order to fulfill the protection of foundations under sustainable prosperity. Furthermore, in order for capitalism to be respected and sustainable for global progression, the elements required for such includes responsibility and moral adherence.

Engaging in emulating a moral compass within oneself is essential in business activity other than practical validity and reliance on measures of profit and loss.

CRT PRINCIPLES

There are seven core principles surrounding the responsible approach advocated by the Caux Round Table structure (Stephen Young, 2003) as stated below:

- Principle 1 : Respect Stakeholders Beyond Shareholders
- Principle 2 : Contribute to Economic, Social and Environmental Development
- Principle 3 : Build Trust by Going Beyond the Letter of Law
- Principle 4 : Respect Rules and Conventions
- Principle 5 : Support Responsible Globalization policy objectives.
- Principle 6 : Respect the Environment
- Principle 7 : Avoid Illicit Activities

The CRT principles for responsible business, are supported by stakeholder management guidelines which centers on each factor of business's success, namely customers, employees, shareholders, suppliers, competitors and communities.

Market price mechanisms and laws are strictly implemented; however, they are not key guides for responsible business conduct and approach. The formed principles derive from 3 ethical stages that demonstrate a responsible business attitude and a fair-minded operating system for society, and they are: responsible stewardship, living and striving for mutual advantage, and the respect and protection for human dignity.

A risk management foundation also exists within the principles' perimeter, due to the concept that good ethics yields good risk management. The interests of businesses with aspirations of bettering society are at a state of equilibrium, which will ensure sustainable and mutual prosperity for all if it is accomplished.

The approach of Moral Capitalism posits that stakeholder relationships each have a moral quality. This shall provide for the economic betterment of society. A moral firm takes as inputs five forms of capital – reputation capital, social capital, human capital, finance capital and physical capital. Capital, then, is a social product, drawn from relationships of interdependency in a system of interactions. Capital cannot be created through selfish autonomy.

Successful use of capital demands that its nature not be violated through excessive selfishness. Such exploitation reduces capital from an asset to a commodity that is consumed and not renewed. A business so destroying the source of its creative powers will soon be bankrupt (<https://cauxroundtable.blogspot.com/2009/02/what-is-moral-capitalism.html>)

Furthermore, under the system of CRT the wise business finds opportunities to make a profit by serving the needs and desires of all its stakeholders. through dynamic interactions. Moral economy encourage poeple to advance one's own interest by attending to the interests of others. This is one's "self interest understood upon the whole", which is an ethical state of mind shall eventually eliminates the "survival-of-the-fittest" egoism of brutish social Darwinism (<https://cauxroundtable.blogspot.com/2009/02/what-is-moral-capitalism.html>).

THE URGENT NEED OF MORAL ECONOMY: ISLAMIC RESPONSE

Western economics has been preoccupied with one goal, that is to fulfill the satisfaction of economics man (*homoeconomicus*). On the contrary, Islamic economics based on the principle of tawhid and brotherhood. The entire essence of Islamics economy is to educate people how to relate and deal with each other in the light of his relationship with God. Islamics economy is represented by *homo Islamicus* who is conscious of Islamic teachings. Man from Islamic perspective as khalifah should be able to strike balance between his own satisfaction, religious/moral and social interest. Furthermore, Islam perceives that an individual's interest as attached to the ethical values that are axiomatic to the Islamic system, and operating as endogenous variables in the economic mechanism and working as its main driving force (Aslam Haneef and Hafas Furqani, 2009).

Individual self-interest in Islamic economics is pursued in balance with social interest and in accordance with God's injunctions. Islamic economics in this regard rejects the narrow concept of a rational economic man who pursues his self-interest by maximising satisfaction or utility or a firm's profit, excluding social interest and

preference as in mainstream economics (Aslam Haneef and Hafas Furqani, 2009).

Most of the analysts of contemporary economic practices, show that Islam offers an alternative economic system that can bring justice to humanity. The justice sought in the Islamic economic system is based on the Qur'an and the Sunnah. This criteria for a just economic system, can address the inherent failures and problems of our current system (Farouq Mohamed, 2011).

The deterioration of the global economy has disclosed flaws and error of the financial set up and the shortcomings of self-designed system that is not guided by a spiritual or divine path, hence why, there is a desire for a just and social financial system by those that are conscious-oriented. There has been many establishments of Islam based financial institutions in several parts of the world, which uncovered the operation to intense and in-depth studies scholars and economists. The implementation and integration of the Sarbanes Oxley Act of 2002 brought into the America System of Business for the purpose of introduction and adopting ethical principles to the US Corporate environment, this could be considered a model and adoption borrowed from Islamic ethics. This further emphasizes the significance of the ethical conduct of Islamic financial institutions. It is imperative that one studies the Islamic system within the context as it is commonly understood notion that the only thing that sets Islamic financial systems apart from other economic systems is the fact that is it strictly free from interest and other transactions such as usury

https://www.researchgate.net/publication/292482746_Ethical_principles_of_islamic_financial_institutions).

An adjustment and correction to the flaws and errors needs to be implemented in order to accommodate Islamic financial systems. On the same note, the transactions of the inter-bank and intra-bank between Islamic financial institutions and other conventional banks can't be overlooked in the realms of local and international operations. This shows that, certain measures would have to be applied between two divergent systems. The ethical principles within financial institutions set out in the Quran and Sunnah in order not to lose sight on what's holding the foundation in

place such as refraining from yielding extravagant gains (profits) and overabundance in the sector of conventional and financial institutions. The rules and regulations set out by the Accounting and Auditing Organization for Islamic financial institutions as well as the ethical guidelines under the Islamic system are to be considered simultaneously with the former mentioned rules. In order to assist consumers in finding fulfillment is to adhere and commit 100% to ethical conduct of an Islamic oriented financial institution ([https://www.researchgate.net/publication/292482746 Ethical principles of islamic financial institutions](https://www.researchgate.net/publication/292482746_Ethical_principles_of_islamic_financial_institutions)).

UNDP'S INTEGRATED RESPONSE TO COVID-19

The necessity of integrating and adding a diverse and inclusive set of engagements by stakeholders in order to address and taken on the crucial challenge due to the growing pandemic is an absolute necessity as the human suffering is only rising in number, the crisis has also ignited initiations worldwide from institutions. There are three main components elaborated by the UN Secretary-General's Call for Solidarity and they are: tackling the health emergency, focusing on social impact in the response and recovery and helping countries recover more sustainably for the long-term. The initiatives put out by UNDP's Integrated Response to COVID-19 involves the act of support and guidance through preparation, response and recover. The main objectives within the act of response include the support of health systems, the management of crisis that consists of integrative and inclusive response and the response of social and economic impact needs assessment. When it comes to Islamic finance it can be among the response of COVID-19 through providing instruments appropriate for each stage (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

EMERGENCY SUPPORT IN THE SHORT TERM

A significant part of national and NGO emergency support systems can be that of zakat. The very act of zakat can be distributed within a span of one year of being given and that is typically expected of donors. The poor, the economically disadvantaged and those severely

affected by the pandemic are supported by zakat donors. The transaction usually involve cash transfers which can be conducive in emergency and crucial situations.

An extensive and wide-ranging tool from individuals engaging in philanthropy can be efficient in supporting worldwide healthcare, food and other necessities for sustenance. In terms of business that can be implemented to not only provide money but to also bring goods and expertise comes under corporate philanthropy. BAZNAS, an Indonesian national zakat collection agency, joined a partnership with UNDP, since 2017, shows that zakat stakeholders are able to structure an efficient link or association when it comes to projects with the Sustainable Development Goals (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

The partnership between UNDP with World Zakat Forum provides preliminary work for members and participants to work with UNDP. A representation of how UNDP can promote private-sector to support social impact, is through the recent partnership with Dubai's Islamic Economy Development Center (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

RESPONSE AND RECOVERY IN THE MEDIUM TERM

Necessary equipment, vehicles and other necessities meant to sustain livelihood are main components Islamic banks and financial institutions can do to support recovery. Linking the activities of financing and sponsoring with the SDG means a great deal of opportunity for Islamic banks. There was a collaboration between UNDP and Al Baraka Banking Group in 2018 where they sought to align 600 million US dollars with SDG's across the globe. The pandemic only causes urgency in such activities (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

LONG TERM RECOVERY AND RESPONSE

An imperative source long term capital for institutions such as companies and governments that are involved in the response and

recovery of COVID-19 is the SDG-aligned sukuk which is bond equivalents. The Government of Indonesia's Green Sukuk was supported by UNDP which includes 1.25 billion issuance in 2018 shows that issuers or those from the receiving end can align and associate with UNDP for the purpose of identifying, tracking and reporting on the impact of SDG (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

When it comes to Waqf, it is an important element in contributing to long term recovery and resilience. Assets and properties are mainly invested in for social purposes, so this is a significant route that stakeholders can take in order to contribute to society such as social infrastructure that can help assist and serve SDGs and ultimately help countries to recover further in the long term period (<https://www.undp.org/content/undp/en/home/blog/2020/islamic-finance-takes-on-covid-19.html>).

Due to the pandemic, it is imperative that new methods should be applied to tackle and combat the destruction caused by COVID-19. There are tools and methods Islamic finance can provide for each stage in the act of response.

The values that Islamic economics tends to realize in economic life are indeed universal, like justice, freedom and brotherhood, but its instruments are unique and specific. It offers a variety of instruments such as *zakat*, *sukuk*, *waqf* and a ban on *riba*. Furthermore, it presents alternatives to finance projects such as *Murabaha*, *Musharaka*, *Mudarabah* and *Ijar*. They are intended to make all economic behaviors basically ethical (http://www.annalesonline.uni.lodz.pl/archiwum/2014/2014_4_bou_tayeba_111_121.pdf).

CONCLUSION/FINDING

The World community is in dire need of moral economy. The World community is to address the issue of the coronavirus pandemic which has created conditions which are disproportionately dangerous or even impossible for many people living in poverty, displacement, and other forms of marginalization.

Undoubtedly, the moral economy of moral capitalist projected by CRT programme are originated from universal values which are the very foudation of Islamic economics system. The seven core principles advocated by the Caux Round Table structure, are seemed to be very similar to Islamic economics tenets that based on Divine revelation. Both Islam and moral capitalism advocate the concept of responsible stewardship, the respect and protection for human dignity, promoting peace, unity, diversity, security and social integration. It is irony that moral capitalism travels all over the world from North to South heading to Eastern world in order to learn about wisdom, morality and good ethical behaviour from the eastern's religion such as Budhism and Japanese religious culture. However, the moral capitalists conciously or unconsciously overlook or ignore the legacy and heritage of Islamic civilization, at least, historically, Islamic economics system has been in practised since many centuries ago.

The current global economic meltdown has exposed the shortcomings of the conventional economics system which devoid of spiritual and divine guidance, hence the yearning and desire for a socially just financial system by conscious individuals and corporate bodies. The recent adoption and establishment of Islam based financial institutions in many parts of the world has exposed the system to serious studies by scholars and economists.

Islamic economics derives ethical principles from the primary sources i.e., the Qur'an and Hadith. Islamic economics system as moral economy is concern about society. Regulation and redistribution, which throughout history has been the best system for freeing large masses of human beings from lives of misery and poverty.

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