

ISLAM AND CONTEMPORARY ECONOMIC CHALLENGES

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I deem it an honor and a privilege to be with you this evening and to share with you some of my thoughts on a subject which has assumed immense importance for people the world over, namely, Contemporary Economic Challenges. I would like to make some submissions not merely as an economist, but also as a Muslim. My ultimate objective is to suggest some way out of the crisis, suggesting how these challenges may be faced, not the cure. It is a very difficult task in the sense that I have to cover a very vast area in a very short span of time, but I will try my best, Insha'Allah.

After being deeply involved in teaching and research in Economics I want to make a confession at the very outset. Economics is important, but economics is not enough. Man does not live by bread alone. The economic dimension is very important, but the moral and human dimension is more important.

There is no denying that these last two hundred years have been extremely significant in the history of mankind. Economic and social transformation has taken place in an unprecedented manner. While acknowledging the quantitative and qualitative changes that have taken place and are symbolized by what may be described as new icons of civilization and politico-economic power viz.: unending rows of skyscrapers, meta-industrial complexes, banks and finance houses, industrial giants, operas houses, museums, stadiums, airports, marvels of satellite technology and other expressions of affluence. It is important not to be over whelmed by the sheen and glory of these manifestations of power. We must try to go behind what is apparent to see the true state of the human society. Yes. These two centuries have been centuries of great economic transformations. Consequently production has increased, new lands have been discovered and developed; land, sea and air communications have so increased that the distances of space and time seem to have been abridged, if not annihilated. Developed countries are awash with wealth and opulence. Science and technology, education and research, military power and political conquests have played a critical role in bringing about a global transformation. During these two centuries humanity has lived through three major economic experiments - viz.; Capitalism, Socialism and Fascism. I regard the mixed economy of the welfare state as part of the overall capitalist experiment and its latest formulation to overcome some of its widespread weaknesses and to face the demands of the democratic process.

That has been one side of the story. The other side is no less important. In fact it is more important because it relates to the human dimension. It would not be unfair to suggest that despite this unprecedented economic growth, technological transformation and material affluence; human predicament remains unalleviated. Poverty, human misery, deprivation and unemployment have not been lifted off the brows of mankind.

Crime, violence, suppression of human rights, disintegration of family values, wars of aggrandizement, and victimization of the innocent and the weak are rampant. The two great wars witnessed by the 20th century has taken a toll of human life which surpasses the total loss of life and property in wars over the last fifty centuries. If the human cost of the First World War (1914-1918) was about fifteen million people (civil and military personnel taken together) the death toll inflicted on human beings by the Second World War 1939-1945 exceeded fifty-one million. Over 128 regional and civil wars after the Second World War have consumed another over 30 million human beings and there is no end to the reign of terror and destruction. The weapons of mass destruction in the possession of USA and Russia despite significant reduction-in numbers via SALT treaties are enough to destroy the entire world over fifteen times. Israel alone has an arsenal that can destroy half of the world. And there is no end to further expansion and sophistication of the war machines. Despite all economic achievements, monetary miracles, technological transformations and material affluence the fundamental problems continue to stare humanity in the face. Forty per cent of the world population lives in poverty and around twenty per cent in abject poverty. And poverty is not merely the fate of the Third World countries. Even in the richest countries of the world the USA, where 5.8 per cent of world population owns 25 per cent of the total wealth of the world, one in every four children is born in poverty. In fact the world has become more unjust, more exploitative, and more unstable. Greed and not need has become the moving spirit. Justice to all and well being of the down-trodden are no longer the guiding stars. A hard fact reveals a state of affairs very different from the glossy slogans, conceited claims and sugar-coated statistics.

You may be amazed to know that in the middle of the eighteenth century and beginning of the nineteenth century, in the year 1800, the Gross Domestic Product (GDP) of Europe and America taken together, was around 28 per cent of the Gross Product of the world; while the GDP of those countries which are now the impoverished Third World countries, was over 70 per cent. The Indian sub-continent alone, accounted for some 20 per cent of the world GDP in 1800. The fact is that these two centuries were centuries of development in some parts of the world and centuries of de-development in some other parts of the globe. There has been a major relocation of the world's wealth. The World Development Report for 2000 presents a very alarming picture. At the end of the twentieth century countries making 18 per cent of the population of the world (22 developed countries) own 87 per cent of the world product. The remaining 82 per cent of the world population (167 countries) has to live on just 13 per cent of the world output and the share of these 82 per cent is shrinking every year. There is a net transfer of resources from the poor countries of the world towards the rich. Enrichment of the rich and impoverishment of the poor has become the predicament of mankind and the greatest du-ris to humanity's future.

Do not misunderstand me I am not one of those who try to look upon things only in the light of 'conspiracy theories'. I realize that in the making of this situation a lot of responsibility lies on our own shoulders. However, historical facts and realities have to be acknowledged and addressed too. We have to realize that under the menacing shadows of colonialists, capitalist and socialist, exploitative, unjust and hegemonistic systems were imposed on the entire world. There is no denying the fact that while economic aggrandizements, political conquests and wars of aggression (i.e. some countries conquering; and dominating other countries and vast areas) have always been there in history, yet it is only during the era of European Colonization that for the first time in human history such a large-scale transfer of resources and wealth were transferred from the rest of the world to certain limited areas. If you look into John Kennedy's *The Rise and Fall of Great Powers*, you will find that this Western historian confesses that the nature of imperialism during the last few centuries had been qualitatively different from earlier ages of foreign rule, because during this period we find a large scale transfer of wealth and resources, almost re-distribution of world resources to the benefit of the foreign rulers. Colonies were exploited to enrich the so-called mother country. This has taken place not merely in the form of monetary assets. Gold and fluids were not the only vehicles of transfer. Human beings were also used as chattels. It started with 'golden fleece, developed in the form of trade and transfer of physical resources, strengthened and fortified by the slave traded indentured labor and child trafficking and is now being perfected in the name of globalization, liberalization and the slavery of institutional debt. Slavery does not have just one prototype: it has many faces and assumes multiple profiles.

Socialism and Communism have collapsed under the burden of their own follies. External factors were also important. Jihad in Afghanistan was the final stroke. Russian withdrawal from Afghanistan marked the end of the Soviet era and the final disintegration of the Soviet superpower. The liberation of the Eastern European countries, and the collapse of the Soviet Empire, are major events of our time. However it would be fair to suggest that most definitely it were the internal contradictions and failures of the system, political, social, moral and economic that lead to their final downfall. As a consequence of the fall of Communism Capitalism and Liberalism are deemed to have emerged as the only dominant system of the world. Yet the real problems of human society, which gave rise to the search for alternatives to Capitalism, and the emergence of Socialism and Fascism, are very much there. The contradictions of Capitalism remain unresolved. All the prattle about the 'end of history' and 'superiority of liberal capitalism', has remained empty claims without real substance. The ugly face of global capitalism is becoming more and more offensive and popular resentment against it is becoming more and more articulate. Seattle, Washington, Prague, Davos, Kyoto, Quebec are becoming symbols of popular rebellion against global exploitation by the few. The stability of the system is at stake. Waves of recession are rising in different parts of the capitalist world. Monetary meltdown is becoming a recurring phenomenon.

Unemployment is rising to menacing proportions even in many developed countries. The future is not as bright as it was predicted. How has all this happened? It is my humble submission that there is nothing wrong with the original institutions of private property and freedom of enterprise; they have always been there. They are not a new phenomenon and they are not a product or gift of Capitalism, as is often claimed. What is unique about Capitalism is not its reliance on private property, profit motive and freedom of enterprise; it is the overarching philosophy of uncontrolled self interest and unsubstantiated postulate that human beings are motivated by financial, pecuniary and profit-seeking motives only. That man, is only an 'economic man', i.e. one who is exclusively and perpetually engaged in the calculation of profit and loss; that decision making is solely on the criteria of personal gain, that state has to be neutral; and that in economic matters. Market is sovereign. In a nutshell, the hedonistic philosophy that economics, is to be value-free and that only driving force in the economy is the maximization of profits, motivated by personal gain and pleasure. These have been decisive factors that go to fashion the life of an individual and of the economy and society under capitalism. In this process of economic transformation, 'capital' plays the most important, a dominant and piloting role. Those who have capital are the real masters of the system.

As capital formation depends on savings, the class that can save most, the profit earning class, are the premium mobile of the society, the real princes of the system. Wage earners are at best instruments in the process and not real generators of wealth and its beneficiaries. They are only grain to the mill. It is this shift from man to money, from values to profit and wealth maximization and from physical generation of goods and services; and virtual money that has changed the focus of economic life and activity. That is the main character and true spirit, the clan of the Capitalist System. Originally, money was only a medium of exchange to facilitate economic activity. This has been described by economist's in the form of a formula CMC - 'Commodity changes into Money again into Commodity'. In this system money facilitates production and exchange of commodities and services, things that are going to make life better. In Capitalism this was reversed so as to become MCM - 'Money, Commodity again for Money'. With the results that focus shifted from production, services and physical wherewithal as the main objectives of the economy to monetary gain and monetary expansion, as the ultimate objective. Money was no longer a medium and a facilitator; it became a commodity desired in its own right. But that was not enough. A new transformation has taken place in the present stage of Capitalism. The money-centrism is now approaching its final culmination leading to a new formulation which may be described as M-M-M - that is when money produces money almost without physical asset creation. This leads to the bubble economy we are witnessing in the world of derivations. This is the ultimate shape of capitalism. But this also has in its bosom the seeds of instability and non-sustainability that may herald the final collapse of the system. Let us see where the system is driving humanity.

In the last three decades of capitalism focus has shifted from the physical economy towards a financial expansion that is fiduciary in nature, with minimal links with physical asset-creation. The bubble is burgeoning with an expansion of derivatives, options, and claims - a plethora of commodity and credit derivatives. We are not dealing so much with the physical development of the real economy. We are no longer dealing in assets, not even claims on assets which are there in the form of stocks and bonds. Instead we are dealing more and more in fictional claims on assets. We are in the grips of a virtual economy - capable of producing billionaires and billionaires but not capable of feeding the millions that are hungry or providing jobs for the millions that are jobless.

Do you have an idea about the real shape of such an economy? World trade i.e. all international trade in; commodities and services is only one fiftieth (1:50) of trade in foreign exchange. The ratio between the foreign exchange required for actual world trade and trade in foreign exchange derivatives is 1:50. Every day US\$1.3 trillion worth of foreign exchange derivatives exchange hands in international foreign exchange markets, which is 50 times more than the real physical daily trade of the world. Take another indicator: while the total Gross National Product of all the countries of the world taken together is between US\$30-32 trillion dollars (1 trillion = 1,000 billion), annual turnover of derivatives is now more than US\$500 trillion. Ignoring the fact that one is a 'flow' and the other 'stock' there has to be an inherent relationship between the physical economy based on assets and the monetary economy whose real function is to facilitate the production and exchange of physical goods and services, to ensure well being of all human beings. This central focus has now been shattered. Who are the gainers in the game? Who are the major players? Few financial institutions and a handful of billionaires are making money out of it. They are not making money by increasing the flow of goods and services, and consequently making life better and prosperous for all human beings. They are making money by creating only more money, virtual money. Interest is playing a key role in this process. While the real arena and financial house of the bubble economy is the USA and the developed countries of the West; the whole world economy from individuals to private firms, from national economies to the global economy, are being sucked into this fiduciary whirlpool.

Coming to the other side of this global power game, I again submit that while loans and debts have always been there in history, both loans to meet personal or distress situations and loans to facilitate trade and increase in production, but for the first time in human history, from national to the global economy everything is becoming dependant on debts and financial institutions that control and manage debts. Banks and financial institutions are the global players who are creating credit, reaping its fruits, and holding others hostage in this new form of global slavery. Debt is the most potent instrument of control and interference in this modern economy. Debt Slavery is the most modern version of slavery. To give you idea, the national debt of the USA (the richest country of the world), was only \$1 billion dollars in 1901, the first year of the twentieth century. In

the last year of the 20th Century the public debt is over 4 trillion dollars. If you include international debt (and the irony is that America is the most indebted country of the world even internationally), which is about 1.4 billion dollars, this superpower, now the only superpower holds on its back a mountain of debt amounting to 5 ½ billion dollars and that too only in the public sector. If we include private loans, particularly house mortgages, it adds another 4-5 trillion dollars to the debt burden of the richest country in the world. But this is not America's predicament only; most of the countries of the world are in similar plight. Third World countries are the victims of a strategy of economic development based on foreign- debt. After forty years of experimenting with this debt-based strategy of economic development, there is hardly any economic development visible in their lands. It is only the mountains of debt that are breaking their backs.

When India and Pakistan attained freedom, we had outstanding balances with the colonial rulers. Huge amounts were loaned out to the British Government during the war. We were in credit and they were in the red. What is the position now? Pakistan's total external indebtedness is around 38 billion dollars. The irony is that in 1971 when Pakistan was cut into half, and had to take on the entire debt burden liability, its total debt was only 3 billion dollars. During the last 30 years the country has paid back some 30 billion dollars. But after paying back 30 billion dollars on an original loan of 3 billion dollars plus some other loans, we are still indebted to the tune of 38 billion dollars. Brazil, one of the very fast developing countries of Latin America, has paid back around 70 billion dollars in die last 29 years and they are still indebted to the time of 200 billion dollars. The total Third World debt is now over 2 trillion dollars. Every year, Third World countries are paying back about 220 billion dollars by way of interest and amortization and yet this debt is increasing. They are forced to borrow only to pay back earlier loans, with the result that m the case of some countries, their debt servicing now exceeds their total export earnings. There is now a net transfer of: resources from die poor to the rich countries of the world. Africa has been made poorer in the last30 years. According to some recent studies, for every net \$1 that is received in the form of new loans and aid by the Third World countries, they are paying back \$ 11. If this is not debt slavery, tell us what it should be called?

Has poverty been alleviated? Has hunger been conquered? Has human misery been reduced? We have already noted that according to the World Bank and UN studies, globally speaking, over 1 billion people are unable to have two square meals a day and are haunted by hunger and starvation and over 2 billion are living below the poverty line. Sixty per cent of the human race does not have clean water or safe shelter. Despite millions of dollars of foreign aid, the wretchedness of the dispossessed has aggravated. Do not assume that poverty is only a Third World phenomenon. Even in America, the richest country of the world poverty is very much a reality for almost 1/8th of the population. Economic inequalities are galore. Wealth and power are concentrated in a few hands. In real terms the common man's wages in the US in the last 30) years have

gone down while fortunes of stock-brokers and those dealing in bonds and stocks have improved manifold. The latest figures show that 14% of the American population lives below the poverty line; and if you take the racial component, amongst the blacks those below the poverty line are around twenty-eight per cent. California is the richest American State. In fact it comes 7th in order of the richest economies of the world, but the incidence of poverty is around thirty per cent. In Europe, California is the richest and most powerful country, but even after ten years of integration Eastern regions show a degree of unemployment that is around twenty-four per cent. So, the fate of the poor is not doomed only in the Third World countries. The predicament of the under privileged is almost universal, differing in quantum and degree. This is so because the dominant economic system is unjust and the prevailing paradigm is flawed. The system does not make the humans as the centerpiece and ignores the moral dimension. It is the economic dimension that dominates and makes the system out and out exploitative. Progress and prosperity are not only selective; the system is also unstable and fragile. Mankind's future is tied by thread to a big financial bubble, and more and more air is being pumped into the bubble to keep it floating. When will it burst? Nobody knows.

According to the Economist, London the USA in 1970 had only 17 billionaires. Latest figures show that now there are 177 billionaires and their number is increasing every year. The personal wealth of the top three billionaires of the world is equal to the total Gross National Wealth of 48 developing countries. 200 billionaires in the world - their wealth is equal to the total wealth of 2 billion people in the world. These are economic realities. These are moral sores on the body of civilization. We are having in an unjust world. A very pertinent question is: Why has it taken place? It is submitted that the fundamental cause relates to the: distinct approach of the Western Capitalist System - its one dimensional approach. The lesson of history is that economic problems cannot be solved merely by economic means. They can be solved only if they are part of a comprehensive and balanced approach, where inhuman, moral and political considerations are twined together. From the days of Adam Smith until now, broadly-speaking, a major menace that has infested economics and turned it into a dismal science is the assertion that economics is value neutral. It is amoral, concerned only with means of efficient allocation and not with the ends of life and society. Efficiency in allocation of resources is important. It is essential but not sufficient. Equitable distribution is as important. Participation of all in the working of economy is equally important. Sharing the pie is as important. If the dimension of equity and justice is ignored, humanity is bound to suffer. As a corollary to this fundamental postulate of capitalism an effort was also made to reduce economics into a self-contained scientific discipline, not concerned with morality, ethics and religion. Not only was the link with morality and religion severed; even its relation with other social disciplines including politics was torn asunder. This made economics a menace, not a blessing for mankind.

With this drift towards so-called positivism, economics also became too abstract, too unreal, too divorced from reality. Moral dimension on the one hand and power relationship in society on the other provides the framework within which economic forces have to operate. Denial of these links makes economists only a tool in the hands of seekers after wealth and profit. The new fangled economics of the nineteenth and twentieth century's tried to ignore both the ethical and the power dimensions. Why? Because that was the only way Capitalists could control and manipulate, and that it is why Socialism and Communism came to challenge that thesis. Fascism also emerged as an amalgam of Capitalism and Socialism. Both challenged the assumption of state neutrality. But Socialism and Fascism instead of ameliorating the plight of humans further aggravated it. They treated man as an agent of the economic and political factors only. They failed to diagnose the real malady. They were as one dimensional as Capitalism, although with a difference.

This is the predicament of mankind today. Despite political freedom and independence of the Third World countries they have been enslaved afresh, through economic and financial mechanisms and political maneuverings. All the world decision-making organs are in the hands of the Western powers. Those who claim to stand for democracy have no heart to see democracy in the major world institutions. Look to the United Nations. The General Assembly, with 191 independent countries, has no role in real decision making. The Security Council is hostage to the five countries with veto powers and each of them can block any decision. With regard to nuclear technology, while NPT laid down the principle that nuclear technology would be shared for peaceful purposes with all the countries of the world, it was never implemented. The idea was to have a permanent monopoly on it because nuclear power could act as a deterrent even in the hands of smaller counties. The World Bank, IMF, World Trade Organization. International Court of Justice, look into any of these institutions and they are controlled, managed, and manipulated by the rich countries of the world. They call the shots and the other 170 odd countries of the world do not count. Is this justice? Is this democracy?

What is globalization? International trade between all comers of the globe has been taking place for centuries. The story of Prophet Noah (peace Be upon him) and the historic Flood is part of the religious and cultural traditions of people in all parts of the world, even though in respect of some it has become an aspect of mythology. The movement of people and the sharing of their experiences is the first major instrument of globalization. Trade, migration and conquest have been the historic routes towards globalization from time immemorial. Free trade became the doctrine of the Capitalist world in the wake of the industrial revolution. Then what is new about liberation and globalization that the West is clamoring about. In a word it is pax Americana. Globalization now means economic, political and cultural hegemony of the dominant powers. Governments, multi-national corporations and NGS's are the new over lords. There are five hundred major multinational corporations which control 70% of the total world

trade. Of course, they also control research, technology, innovation, information and what not. Almost 97% of the world research, technology and innovation are in the hands of the western countries including Japan. The Third World's share is only 3%. This reveals a very disturbing situation. Millions of people die prematurely because of tuberculosis, malaria, measles, tetanus, whooping cough and AIDS. All, but a few thousand, do not get proper treatment in the poor world. Indeed AIDS alone kills more people in Africa than other major diseases including cancer. Research by pharmaceutical companies is concentrated on the diseases of the rich. Prices charged for medicines required to combat diseases in the poor countries are so exorbitant that they are outside the reach of the bulk of the suffering humanity. Equity and human well being are sacrificed at the altar of the interests of the rich and the powerful. The gap between rich and poor countries is ever widening especially between the very rich and the very poor. The same is the case of the gap between rich regions and poor regions and rich people and poor people within each country.

One of the most glaring examples of inhumanity is the role of the pharmaceutical industry. These multi-national corporations are not prepared to undertake research and develop vaccines and medicines which could provide cheap and effective health care to the teeming millions in the Third World countries. It is a game of profit, not of humanity or service. It is very intriguing that no effort is being made to promote preventive care which is much cheaper and inexpensive. Some of the diseases that kill the poor can be checked only if there is enough preventative care, including change of habits. A recent study has scientifically shown what we have always known culturally and intuitively that so single change would save more lives than if people routinely washed their hands before touching food and clean their mouth save more lives than if people routinely washed their hands before touching food and clean their mouth after having that. They need to filter their drink, feed babies hygienically, use mosquito nets, avoid alcoholic drinks and drunken driving, and to practice sex within the framework of marriage and morality. That can save humanity from some 90% of health disasters.

Just reflect for a moment, the solution is not merely more vaccine or more medicine but to begin with it is the adoption of simple health care principles which Islam and all religions have taught we, the Muslims have learnt that as part of our personal hygiene, our everyday manners, moral and mores. Washing hands is Sunnah of the Prophet (pbuh). Eating simple food, eating less than your hunger, breast-feeding is part of our culture. Alcohol and other intoxicants are forbidden in Islam. The West encourages drinking but is worried about drunken driving! They are afraid of death on the roads but drunkards can rule countries, can command armies and play with the fate of humanity. Islam strikes at the root. What is safe sex? Sex in married life I am not trying to simplify it, but the fact is that these things are the real answer, not the glamorous lifestyle of a decadent culture that blinds humans to realities, and debases them by glamorizing sex and surrendering reason to passion.

That being my point of departure I submit that the real problems that humanity faces today relate to the basics of moral and human situation. A Western philosopher has very beautifully put it when he says, "that we have learned to fly in the skies like the birds, and to swim in the oceans like the fishes but we have not learned to live on poor earth as good human beings". That is the real issue. What is a human being? A human being is a composite of soul and body. The moment the soul comes out of the body we are a carcass] which begins to smell and stink. Its only disposal is burial in the earth. The flaw is in the very approach of the West to human life and destiny. Secular civilization paradigm is at the root of all the problems of our age. Whether it is economics, social disciplines, or political order, all are concerned with the physical aspects only, as if the soul does not exist. As if spirit has no existence. As if nothing exists beyond this physical dimension. Ethics and morality give way to expediency and vested interests. Need is sacrificed at the altar of greed. Religion is rejected as irrelevant. Competition takes over compassion. Piety is eclipsed by profit. Freedom drives towards anarchy. All this because of one fatal error: Forgetting the creator and consequent split between material and moral, between physical and spiritual.

To be human you have to recognize your God, your Creator, and your Master. If you are living by severing your relationship with your Creator, then whatever is the extent of material affluence or scientific innovation and technological development, the end result is bound to be disastrous. It is not just a matter of expression or language. The 20th Century has been the century of mass destruction of human beings. As I have stated earlier, if you consider all the world wars known to history over several thousand years taken together, then the human toll only in the 20th Century was more than that. And in wars, mass destruction alone is not the main form of human suffering. Poverty, hunger, disease, vandalism, violence, crime, genocide, class warfare, racial discrimination, gender exploitation, ethnic cleansing - name them and they are there in full measure. And I humbly submit that it could not have been otherwise. If you do not look towards your life and problems in the perspective of the Divine Guidance, and from the moral dimensions of life, ignoring the organic reality of the body-soul integration, the results cannot be different. The Quran makes it very clear that departure from the Right Path produces disruption, corruption and repression in the lands and seas (Al-Quran 30:41). And that it is only through Allah's remembrance that hearts attain contentment.

“Verily it is only in the remembrance of God that the heart attains contentment.”

(Al-Quran 13:28)

Islam's response to these challenges is very simple and very direct. It wants to make all humans into better human beings. It is only by adopting human and moral approach that man's problems, political, social economic, national, international can be solved. That is the key. Islam has given comprehensive guidance in respect of all dimensions of life including economics. The movement for Islamic Economics is a part of a total human

effort towards Islamization of life and culture. Islamic economics cannot be seen in isolation. It is the heart that needs to be taken care of. It is the motives that have to be influenced and purified. It is the objectives of life that have to be recast. Then only will you seek human fulfillment, not merely by making skyscrapers but by alleviating human misery and ensuring that along with your own well-being, the well-being of others, in fact of all human beings and the human habitat take place. It has to be realized that we all belong to one human family in which we have to share. We have no right to aggrandize wealth and power by cutting others' throats. We all can prosper if we learn to live with each other and for each other. This is the life real transition that Islam wants us to seek. This represents a major stage in the moral evolution of man in man's rendezvous with destiny.

Islam achieves this objective by making all economic efforts take place within a moral framework. This is done by establishing a just socio-economic order. Compassion, brotherhood and sharing are its motivating and cementing forces. But Islam does not believe merely in charity, which is a very limited concept. In Islam, giving others their due is a right, not simply an optional virtue. With regard to Zakah, the Quran says that Zakah is haq i.e. a right of the poor on the wealth of the rich.

“And in their wealth and possessions is the right of the needy, (the one who may ask), and for those suffer deprivation (and might not even ask)”

(Quran 51:19)

Ignoring the rights of orphans is regarded by Allah as equivalent to the denial of the very din, the Shariah and the Day of Judgment. The Qur'an says:

"Have you seen him who denies the din (i.e. all moral law and the Day of Judgment)? He is the one repulses the orphan and urges not the feeding of the needy”

(Quran-107:1-3)

The message is very significant what constitutes denial of din, i.e. the moral law, the code of Islamic life and the Day of Judgment, is not confined to refusal to subscribe to the faith. Actions which involve denial of rights of others under the Divine Law have the same consequence. This is the beauty of the Qur'anic approach. See how the moral and the material are integrated. The Qur'an says.

"O von who believe! When the call is proclaimed for the Salat on the clay of Friday, come to the remembrance of Allah and leave off business that is better for you if you did but know! And when the prayer is completed, disperse in God's land and seek His bounty (i.e. fruits of economic effort), yet remember Allah profusely so that you may prosper.”

(Qur'an - 62:9)

So, Allah's zikr and economic effort go together. Life is one integrated whole. Moral and material are two sides of the same coin. When they go hand in hand, they are a blessing. When that link is not there-material wealth can become a monster. Today's economic problems are there because that link has been severed with the result that we have made a monster out of economics. Yet the monster is not uncontrollable. We can take it and make it subservient to the moral and the human, if we once again bring it into the framework of Allah's zikr. Then economic power and affluence can become a blessing. Islam has not stopped at guiding man at this morally motivated and human well-being centered approach. The Shariah has provided essential guidelines for man's economic and collective life as well as personal ethics.

Of course, Islam has given detailed guidance, clearly spelling out what is permissible and what is forbidden about property rights, about economic efforts, about how to fight poverty, about social security, about elimination of Riba. About business ethics, about distributive justice, about the economic role of the state all of this is there. It is not possible to give all the details in this short presentation. These are part of our literature. My effort is to concentrate upon the core issue. Details can be worked out and have been amply articulated by the Ulama and Islamic economists, particularly in the last three decades. This has been done in a language that can be easily understood by economic practitioners of our time.

The message I want to convey to you, the participants of this seminar and other friends and colleagues who are an important part of the Muslim community of this country, is to rediscover the link between the moral and the economic, the spiritual and the material. The unique ethos of Islamic economics is characterized by this integrated and holistic approach. Right of property is a central issue in all economic systems. The uniqueness of the Islamic approach lies in lying down that one who owns controls or manages property is a trustee and not sovereign owner or its master. All our belongings are with us as a trust and as trustees, we have a right to use them but to do so within the moral framework laid down for us. Our position in this world as Muslims is that of God's deputies and vicegerents (khulafa). Istikhlaaf is our real status and mission. Khalifa is one who lives and strives in accordance with the guidance and value framework which Allah and His Prophet (PBUH) have given. This is what Istikhlaaf means. It is a very positive concept to make the world in the light of the Divine Guidance. It cannot brook any form of renunciation, abdicating or renouncing of life. It is a positive concept, grooming men and women to face the challenges of life and history. We have to strive for the achievement of a noble mission. It is a calling to build the world, to create history that moves us towards the fulfillment of the prophetic mission. The Muslim ummah can never even dream to withdraw or be despondent. Our obligation is to strive and to be always hopeful. Allah says;

“You are indeed the best community which has ever been brought forth for the good of mankind: you enjoin the doing of what is right and forbid the doing of what is wrong and you believe in God”. **(Our 'an 3:110)**

You all must have heard about that great event in the life of the Prophet (PBUH), known as *"Isra and Mi 'raj*. On that occasion, just a year before the historic hijrah to Madinah, the Prophet (PBUH) was taken by Jibrael from Makah to Al-Quds and then to the high heavens. In this ascension, the Prophet (PBUH), reached so close to Allah Subhanahu wa' Ta 'ala, that even Jibrael had to part ways at a stage. A 'great mystic of India, Hazrat Abdul Quddus Gangohwi while reflecting on this event says, that:

Muhammad (PBUH) was a strange man, after reaching that close to Allah he came back. Had I been there, I would have never come back.

Alama Muhammad Iqbal invites us to reflect upon it. The great mystic represents the limited approach to religion: seeking personal salvation. What would be a higher glorification and state of illumination for a slave of Allah (abd) to be that close to Allah, the master? For him this is fulfillment. Nothing to go beyond. Not for Prophet Muhammad (PBUH). The uniqueness of the Prophet (PBUH) lies in the fact that after reaching that close to Allah and seeking illumination from the Lord, he comes back to the world so as to illuminate the world, to produce a new man, a new society, a new history, a new civilization - THAT IS ISLAM! That is the prophetic approach to life and society. That is the Islamic calling! And it calls us to a challenging and uphill task.

There are people who are scared of the challenge. My submission is that we should neither be unrealistic nor in any way despondent. Those who believe in Allah cannot be despondent.

“Oh you servants of Mine who have transgressed against your own selves! Despair not of God's mercy behold Allah forgives all sins” **(Qur'an 39:53)**

We have to have hope. There is light at the end of the tunnel. Allah has promised success if we discharge our duties diligently and sincerely. We have to fulfill our part by being Mumin and then things will change. They will not change without effort and sacrifice, without struggle, without Jihad. But they are destined to change. If we strive and fulfill our duty and seek Allah's guidance and help, things will change. Those! Who are overwhelmed by the apparent economic and military power of the dominant civilization, they should look into history to see how great powers of the past have ended up in the dustbins of history. There had been dominant powers in every age. Yet history is a graveyard of thirty-six world powers and eats civilizations whose story has been recorded. In our own times, we have seen the fate of the Great Britain which once ruled over more than one fourth of the world. America was a British colony only two centuries

back. King George III was the supreme ruler of what was to become a superpower at the end of the 20th century. The British were so proud of their world dominance, so arrogant of their position, that they coined new idioms in the English language like, 'Britannia rules the waves', and that 'The sun never sets in the British Empire.' But where is that Britain of the 19th and early 20th century. Britannia had to waive the rule and now there are days and even weeks, when the sun never rises in what has been left of the British; Empire!

America was a colony until the mid 18th century, and then it emerged as a regional power. And now the only superpower, or call it hyper power. But what about Soviet Russia? Most of us have seen the power and the glamour of Russia as a superpower. Need I remind you that Russia's powerful Secretary General Assembly; was so arrogant in his claim to bury Capitalism that in the UN General Assembly, he put his foot on, the desk. But where is that Soviet Union? Even that name does not exist. East Empire and Central Asia have; become free. The Soviet Empire has disintegrated. It is now begging for loans to meet its earlier commitments. This is how days and nights change, not for humans only but also for super powers: America, at the end of the Second World War in 1945, controlled 50 per cent of the total world wealth but now It controls around 24 per cent of the world GDP. This great power could not fight and succeed in Vietnam. Despite superior technology, once the American casualties passed a certain limit (50,000),' the Super power had to retreat. They could not fight in Lebanon, where 287 marines were killed in one guerilla attack and the US President called for unilateral withdrawal. They could not fight in Somalia where only 30 US soldiers had died. If a nation is not prepared to die for its ideals, only economic wealth or technological superiority will not keep it as a superpower for ever. So why be despondent? We are weak today, this: is a fact. We should not gloss over realities. But history tells us that the weak of today can be the strong of tomorrow, and the powerful of today could be thrown in the dustbin of history the day after, provided, and this is important, provided that we do what is required of us. We were strong yesterday. But we did not do our duty and fell off. We are beginning to rise again. But this process can culminate in glory and power only if we follow Allah's laws. This lesson is very clear. Allah says:

“By the token of time, verily Man is in loss, except those who believe and do righteous good deeds, and who commend one another to the truth, and recommend one another to patience.” **(Qur'an 103:1-3)**

This is a Divine commitment. This provides us with an agenda for progress and salvation. Faith righteous behavior and a life of struggles commending righteous deeds to one another and supporting one another with patience and perseverance. This is the path to success. We may see the light of glory with our own eyes if we follow this path. Things are bound to change. While struggle in the path of truth and virtue is its own prize, but Allah has also promised that we shall succeed only if we are true to our faith.

"Be not, then faint of heart, and grieve not, for you are bound to succeed if you are truly believers."
(Qur'an 3:139)

While our eyes should always be on the real reward in the life to come (Akhira) there is every hope we shall rise high and Allah's will shall prevail in the world, if we are prepared to do the needful. If we are committed to do that, things will change and bear fruits in our lifetime and beyond Insha'Allah. We are assured of success here and salvation in the hereafter. Allah's Sunnah and our own history are witness that results do appear and things do change, provided a people make ceaseless effort! Present is struggle, future is Islam - Insha 'Allah Ta 'ala.

PROF KHURSHID AHMAD