

RESURGENCE OF ISLAM

DRAFT OF SPEECH

Reference to be provided by Prof. Khurshid

PROF. KHURSHID AHMAD



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Prof. khurshid Ahmad

I think the efforts that have made in Pakistan quite naturally would be seen in the wide prospective of the developments that are taking place in the Muslim world today and it is being realized and rightly so that there is resurgence of Islam all over the Muslim world. I would like to suggest that while you are reflecting on this phenomenon please do not regard this resurgence as something negative reaction to westernization. Although this is there as an over but we would fall to see the reality if we just try to understand this phenomena in the context of reaction to westernization. In fact it represents a positive expression of a Muslim because the Islamic religion is different from the concept of religion represents with which the west is because Islam to us represents not merely something which made with God which provides some sect of rights and rituals something of spiritual of man and also it represents a social ideology - a social economic programme - it gives us a vision of man in society and the root of the contemporary of Islam is the yearning of the Muslim people to reconstruct their society according to their own values and the social ideas that Islam has given. Now here definitely there is a clash between the Muslim approach and the western approach. And to that extent it is correct to suggest that the type of westernization which was imposed on most of the Muslim countries during the period of colonialism and which is it continued even after that the Muslim and the expression of Muslims aspirations comes in conflict with this kind of westernization. But this westernization means super imposition of some of the western models and the effort which was done over the years otherwise as far as Islam and the West is concerned we have been in close contact with each other for centuries. Vest has learnt a lot from Islam and Muslims have learnt a lot from the west and as belonging to the twentieth century facing its problems, we have to be close to each other and understand each other so I would submit that when you are trying to analyze the phenomena of Islamization in the Islamic world please do not look upon it merely as negative but go deeper and try to find out what is the real force which is driving the Muslims towards this and in this process there are a few conflicts because I would not mince words I would definitely suggest that the vision of society Muslims have in mind is different from the society that the West have established. There are a number of things where we have been availing from the experiences of the West in the field of technology, science, industrialism, social political institutions but we believe that we have our own culture and civilization and as such we would like to develop our society in the light of our own values benefiting from experiences of others in the same way as we hope others would and can benefit from experiences of other societies and cultures. So that is the level at which I think this debate should take place. Prom 1 this context what is being done in Pakistan today is an effort to establish a new society. It is not merely an exercise in bringing about a few laws. Islamization does not mean just of a sect of laws. Islamization is a much wide process -it is not that we have a blueprint somewhere ready and would just be enforced - it is not like that. Islamization represents an approach - an attitude, a commitment to certain ideals and then an all out effort, effort at the level of raising the knowledge of the people, their understanding of the values and ideals of Islam, in convincing their motivation that was one of the basic differences in the western approach and the

Islamic approach is that in the West it was assumed under the influence of enlightenment and humanism that through institutional changes alone, man's society can change. Institutional changes are important, but change must originate in the heart and soul of the individual. Here we are in common with the social attitudes. All religions that emphasize that change starts from the heart of man, his motives, his outlook, so the change within which is the change of motivation, of character, of personality, of idealism and the change in institutions and they should synchronise and lead us in one direction and not lead to conflicts. So Islamization means a new motivation, new institutions and new policies and in this respect the most important step we have taken is what is described the institution of zakat and ushr. Now zakat is a financial obligation of the well to do in society to share their wealth with the poor, the needy the deserving in the world. Capitalism emphasized the acquisitive it is not of. Socialism emphasized redistribution but a redistribution where incentive for economic effort was somehow said was the Islamic scheme of zakat represents a very different arrangement a different mix if it is primarily a moral obligation to worship and not simply a tax. But it is not just a charity that one may give if one likes it is something which is obligatory - obligatory on the individual and obligatory on the society, the state to see that these resources are made available for the welfare of the needy of the poor in the society. It is not an income tax, a tax levied on income, it is a levy on the total wealth that is left after meeting their production needs, all their savings, part of their investments, all their inventories, so it is a much wider based on which it is levied. It is also based on agricultural produce - the levy on agricultural produce is known as ushr. Part of it is collected and dispersed voluntarily but bulk of it according to the scheme Pakistan has introduced would be collected by the state. But we have devised a new system here its collection would not be done but the normal Instead there would be small committees selected at the people at the grass root level, the villagers so that through mutual consultation they would form committees of people they regard most trustworthy and capable but they would have a legal position also and they would also be supported by the government. They would collect and also disperse and also to spend also the bulk of it about 75 percent at the grass root level of the village or the city so people see that what we are contributing is being used for the purposes of the country. Now the purposes for which it is meant are very important to be kept and they can be described as two main categories. First are those who are destitute, orphans, widows who have nobody to support them, people who are handicapped to help them and provide them with all the basic necessities of life. The second category relates to making the poor economically self-sufficient to that instead of living on doors they are able to earn their own living. Now this is very different from the concept of the welfare states or social security systems as developed in western countries. Social security system is there to help those who are in need of that help. But some believe that to enable to meet certain of their needs, so zakat is there not simply to make them perpetually to live on doors but to enable them to become economically self-sufficient by establishing their own business, by providing them with a set of bullocks if they need for cultivating the land, by giving them the initial boost which would enable them to become economically operative. But in the capitalistic one system this is not visualized. If one has to do that, he has to borrow from the banks, pay interest and try his luck. In the zakat system it is not merely that we are giving a dose to the people but trying to make them self-sufficient and give them an initial push

so that they participate in the economic society. Now no developing country to the best of my knowledge has ever adopted this approach to grow. The western model of growth is one. Will we believe that development is a function of capital formation. There is a dichotomy between consumption and investment-if growth is to be achieved consumption has to be curtailed and sources have to be diverted towards and if necessary we have to generate inequalities in society because it is the rich who can save and generate that, the poor do not have the capacity to generate and as such even plant equalities is necessary, are essential to lead to capital formation which would result in economic growth and whatever welfare or distribution is to come would trickle down with this process. Now this capitalistic concept of development and I may submit not merely capitalist - basically there is a very deep similarity between the capitalist concept of growth and the socialistic concept of growth and there is more basic difference in the major element of the model because the Soviet model or the theoretical social model or others are based on the same ideals that it has to be exploitation of the surplus, development is the function of capital formation and as such this diversion of sources is essential. The approach we are trying to bring about is basically different from this. We believe growth is necessary – we believe that growth needs capital formation abut along with that a number of other factors are necessary and among them human participation, human mobilization, human motivation is of certain importance something which has been neglected in the western model of growth and this human participation would take place if the interest of the individual wherever he is and whatever the place he is, it is cultivated. The dichotomy between consumption and investment as we find in the model and other growth models is very much based upon the-western economics. In a country like Pakistan other developing countries for that matter, where 30 percent of the population live below subsistence and if consumption and consumption does not mean conspicuous consumption increase in consumption at this level would mean increase in efficiency, better labour productivity, improve health, improve nutrition and as such this investment constitutional investment. So the category in which they have been thinking they distort and we feel that if the poor, the neglected are to be made active participants and agents of change, this cannot be done by merely imposing a modal where capital formation is the critical factor. We need a model where these people are motivated and this is possible if from the very beginning a much more welfare orientated approach and that is why we have started this zakat because here a significant portion of the population would approach. As an economist, I also have a conscientious of the difficulties they have but I hope that with this very different approach we would be able to motivate people and galvanize them the tragedy of growth, efforts throughout the third world had been that inspite of billions of three decades of efforts dollars that have been put in growth has not become internal We have been able to have a few tiny oasis of growth in an otherwise desert of because people were involved in this process. One way to involve people had been the model of socialist countries to which we do not attract so the model we are trying to develop is a welfare orient approach where through this effort we will be able to mobilize people in development process and this development will not merely mean economic development, economic development, social development mortal development, societal development. The other aspect of Islamization which might be of some interest to you relates to some other area which we believe that the economic

should be reorganized on an interest-free basis. It is very changeable - to some it must be a revolting idea. Over the last 500 years at least the entire economic system in the west is based upon interest. The communist theory of economics regarded interest as a form of exploitation and as such it was hoped that perhaps they would develop an economy which would be interest-free. Then they did try initially but they then compromised with the result that whether it will be the capitalistic world or socialistic world interest remained the approach is different, we regard interest as one of the major instruments of exploitation. We believe that economics should be associated with economic efforts and, we believe that zero rate of interest does not mean no return on capital that is a misconception and that is not our position, we believe in return of capital, we think that the just order would be one where return is related to effort and risk share, Why after all a certain class of people, the moneyed class, the wealth traders be assured a fixed predetermined return without sharing, the risks involved in economic efforts. Capital should also share as in effort and as well as the basic and as such the return should be tied to profit or loss we should achieve in enterprise and one should not be ensured a prefixed return. There is another aspect as a student of economics one can easily see that the model banking system is one where all capital all resources are provided by the depositors. Many millions of people who are putting their wealth who are saving in the banks, who are utilizing this, not these millions but a few hundred or a few thousand. And the economic return which comes with this money is not conveyed to the depositors they only get a trickle from that while the real return that absorbs by those thousands who are making use of these resources of the millions built into the system is inequality of wealth, of power, of income. We believe that a system should be developed where these millions of depositors should be entitled to a just and proportionate return for whatever benefits are being made out of these resources, these benefits should not be confined to small group of bankers, insurance companies' financiers or industrialists or businessmen. They should be share equally by all those who generate the resources. And it's not merely on moral grounds although the moral grounds are very much there. This represents a kind of economic exploitation of the many by the few and that is why in spite of all the discussion on income distribution, on progressive taxation the society has not been able to eliminate inequality. The level of inequalities whether it be Europe or USA in spite of all these efforts towards social security and taxation in certain cases it has increased. I am not talking of the inequality between the rich and the poor - nations, inequality within the rich nations so we feel that the inequality in the banking system is very much responsible among others for the generation of inequality. We are coming towards challenging ideas so that the banking and the commercial system of the world is developed on alternate basis - on basis of equity, basis of profit and loss share. In this respect a very humble beginning is made in Pakistan in three major institutions, the house building Finance Corporation, the national investment trust and the mutual funds. From the 1 July we are developing a system which will operate without interest and on partnership and we hope within the next three years we will be able to develop as far as the domestic financial banking system is concerned all institutions, all reorganizations of present institutions where instead of interest profit sharing the keynote. Now we are not acting as and bigoted people. We have had experience in the financial institution - our education has been in the western theory of economics and banking. We are familiar with the problems difficulties and

complexities but definitely we have a certain degree of ideas. We are dissatisfied with the basis on which modern banking offers and we are planning systematically and move ahead in a very careful way not by taking a leap in the dark but definitely to move in the new direction that you want to move for that we have engaged a number of exercises, seminars, research where we are trying to develop these ideas, we are involving practical bankers and through this effort we are trying to revolve new institutions and when we are in a position to develop a scheme as we have been able to do in the case of finance corporation, mutual funds or LIC. We would develop those institutions and at the moment the time of horizon we have in mind is that three years would be enough to develop the new scheme as far as domestic economy is concerned but international dealings are different and we will have to continue. Till we have been able to develop some new arrangements until the world is also interested in the experiment we are doing we have learnt from the experience of others. In the capitalistic countries there has been a kind of anti towards communism and socialism for sometime but they did learn from the instruments of planning, the mechanism developed in the socialist countries and in most of the capitalistic countries some degree of planning. Of course by modifying the process. The rate of interest is supposed by the economist as an instrument through which allocated efficiency is achieved but we know that through rate of interest no economy in the world has been able to allocate resources for the most efficient. So I think keeping all these things in view we are trying to make a new experiment it's not with grandiose claim that we are making these experiment with humility we are making these efforts but with conviction and firmness because we believe that all that goes in the world today is wrong. We need a more critical and from that we feel where modern institutions are failed some new experiments are. So may I submit that the re-emergence and the re of Islam on the one hand should be considered in the context of the efforts of, the Muslims, to express their own historical aspirations and not merely as negative reaction to this or that movement and secondly it should be reflected upon and realized in the context of the overall crisis of civilization and crisis of institution through which we are passing. The modern industrial state has made several contributions in this has respect but accounts. The social experiment has blazed a new trade in certain respects. The new spirit which was generated by the upsurge of the western civilization from renaissance and reformation through enlightenment to industrial revolution now the civilization is faced with certain later phases of its crisis's integration. So it is in this wider cultural civilisational context that we should try to study to reflect upon the efforts Muslims are making not necessarily something which is basically a waste in the interest of the West. In certain respects, I feel these developments should be looked upon in the west as signs of relief for after all man's sufferings continue inspite of all our sophistication. In some quarter of the globe, some efforts is made to reduce the suffering, to see the society is established and humanitarian and free from exploitation, crime we should at least give them an opportunity to make this experiment, look upon that experiment if not with sympathy at least as Muslims. The attitudes of colonialism were it was thought that it was the duty of the west to civilize the world and in the fulfillment this civilizing vision, to commit any crime against humanity. Thank God that period is over. We have now passed a phase of de-colonialism but this has taken place at a political level at the intellectual level, at the level of aspirations, at the level of culture, we have not passed this phase of de-colonization. Some of the people and the

powers 1 the west feel that the world must judge and act according to their standards. They are not prepared to accept that could be other standards to theirs - there could be people with their own values, principles and ideas and as such they feel if something does not confirm to their value must by definition be primitive, uncouth, uncivilized are unacceptable. To me this of attitude of imperialism and colonialism. If we are prepared to have a greater understanding, acceptance of plurality, accepting the right of other people that they have their own values and have to live according to their values and not necessarily to the line of some who may be powerful today. When we look into history today, we do find that history is a dustbin of civilization. When the civilization was at its hegemony, it thought that it along provides stamina but it did not perpetuate and we are passing through a similar time. So perhaps we all need humility we who are trying to make a new experiment are not making any boastful claims - we are human beings - subject to all the failings that human beings are. We have a feeling some new experiments deserve to be. This is how you have made contribution in human civilization in the past this is how we Muslims have made several contributions in the past. And in this is how in future mankind can make new experiments and new contributions otherwise we will all be slaves to. So it is with great humility but with a feeling that all is not well economic account and changes are needed and we are trying to make some experiments and we look forward to your comments, your criticisms, your suggestions and I assure you that I forward no cause whatever else I be as an executive or in the ministry but I recognize myself as a student in the academy. Even those comments which are not very good taste where once could see anger and Has wrath seething between the lines I tried to read them and reflect over them and I assure you that any criticism, any suggestion that come we are very open and would be grateful to our friends anywhere in the world to help us in this way. Before I conclude I have not said a word about the penal code of Islam because a lot has been said about by my friends and we have a feeling that let things be seen in their prospective and this is the vision of man and society we want to create not that we have achieved it, not that we believe in the but this is what in our mind. And I the efforts at the moment in Pakistan and I may be allowed to say even in the other parts of the Muslim world you will find that wherever Islamization makes progress, these would be the concepts. Maybe there are slight variations and interpretation but these would be the major con in which development would take place whether it be Pakistan, Iran, Turkey, Egypt, Saudi Arabia or any other place and in great humility but with full confidence. We hope we might be able to present a different approach, to development, to organization society, and to discover unity and integrity in human life. Not that human life should be looked into water tight compartments of morality, spirituality, economics, politics, sociology - no - human beings every human being, human society is one, organic other. Our approach is the organic approach where we would like to see things in their fullness that is why more interdisciplinary is. In this respect it does represent a departure from the present practice of the west but may I remind you that what you are today is the result of the many departures you have made from the so if that is acceptable and that is experiment able, I am not.

Well this could be one way of looking upon the situation in Pakistan or west. For example you have these spiritual cultures some of them are a result of frustration, desperation as you have rightly

seen and this type of psychoanalysis can provide some incites but as I said this cannot tell the whole thing because the Islamic idealism of Pakistan has not been expressed today for the first time. It was the very idealism which was the driving force for our freedom movement, freedom movement of the, movement against the foreign rule and imperialism but it was trying to look beyond that because to us freedom did not mean absence of foreign rule but also to live according to our positive ideas. So Pakistan movement had the idealism of Islam and the objective of establishing Islamic society. There have been a number of betrayers and departures from this in Pakistan; with the result they are having frustration also. Nonetheless the basic motivation at the individual and as well as social level is just not negative but positive. The other thing that I would like to suggest whatever know of human psychology and whatever evidences are available from psycho we would find that reactions which are result of desperation and frustration remain out and out :ative. They lack a positive quality while the Islamic experiment of Islam I am referring to the for example Yaum the work of yaum, it was trying to analyze human sight from the that is how these frustrations and desperations lead people to a revival of faith and some kind of spiritualism. But there you know it can bring you to some vague spiritualism but no positive concept of social reality as it should be but while the movement that is taking place in Pakistan and the rest of the Muslim world is not just a negative movement where you have this frustration and desperation whether it is from sources within or without but you have a clear vision of the new society and new man that you want to create. And this cannot but be the positive phenomena and not just a result of negative factors.

Yes it is very much there and I am very dissatisfied with the status quo. Well partly it is in hoardings that are savings which are not being productively used. Yes even that is one of the fault not necessarily the whole. In certain cases that is in the front projects, maybe commercial, land etc. what is the curse of the problem is that that the money is not there, the basic idea is that it is there but not in the right place. After all what is this talk about investment and economic growth. It is not that resources are not there but there are not at the right place so what is needed is the mobilization of the resources so that they could be diverted from the wrong place to the right place and that is what zakat is aimed at. If you reflect upon it as a student of economics you f will find that zakat is a very unique instrument of fiscal policy because on the one hand it £ drives peoples savings or unutilized wealth to productive effort and if this is not done zakat would eat away whole of your life so you are forced to use it for productive purposes. Now productive purposes are investment increase means greater output If greater output is not coupled by increased capacity of the society, this leads to distortion, the li the same instrument of fiscal policy on the one hand is driving savings and wealth towards investment and on the other increasing the capacity of the society to consume what would come as an result of this investment. So that is how a harmonious growth would take place.

The resources are very much there but zakat we are engaged in an exercise of resourced mobilization and diversion of resources from places where they are economically inactive to places where they become economically active.

This is I think. The Western concept or religion is one where you feel that something that is to be spiritual for that institutional support is not while in our framework we believe that motivation and the institutional mobilization is not less spiritual. For example prayer we offer prayer in congregation there is a discipline in the prayer that discipline prepares us for a wider discipline in society even but that does not make it less spiritual. In the same way zakat, definitely there is an element of compulsion but that compulsion is not imposed by external institution that compulsion is born of faith which is very much within. So now individual motivation plus institutional mobilization both of them carry us in the same direction. That is why Islam in that context is a very secular religion but it becomes secular by spiritualizing the secular and not by renouncing the secular.

Because you know zakat at a voluntarily level is being given. There are thousands of thousands of institutions which are being run on the basis of zakat but the state was failing in its duty because it was not lending its supporting hand to the system. Now the state is coming forth to do it and does it better. And as I equity so that within the time the loan was to be paid back the entire equity dissolves itself and the upshot of this is that here along with facility to build houses we have given some relief to the people - it becomes welfare oriented. Because in the present interest based system, if a loan of 100,000 rupees is made this would bring back an interest of 193,000 rupees a total of 293,000 rupees in twenty years - as in the case of modern society. In the new system we have given they would be bringing back only about 87,000 rupees. The corporation would be viable economically and would be earning a profit of about five to six percent. So that is how a kind of a welfare dimension has been agreed. But then the question was that if this is so the demand for house loan would increase according to the ordinary laws of supplying demands. So we resorted to some other instrument and for that we have limited the size of the house so that it is for the poor and the middle income groups. The size of the build area is limited 2250 square foot and we have also put another instrument in the system and that is those who are taking loans of about 80,000 rupees their repayment period will be 20 years. So those who take loans higher than this their repayment period will be 12 years. By reducing the period we have actually rationed by making it more difficult for them then the installment they will have to pay would be higher. So this is how we have to use other instruments to take care of the consequential effects on demand in supply.

Jaziya you know related to a special situation where if the non-Muslim do not offer to serve in the defence of the country by offering to serve in the armed forces, then for the security that has to be offered to them they have to pay a tax. Now as this is not the case in Pakistan, we are not charging any Jaziya from anyone and they would be benefited from the entire welfare scheme. Islam wants us to be loving, caring and generous to all our citizens and more so to the non-Muslims. We do not want to charge them something that is a religious obligation. But we do want them to benefit from the welfare scheme.

My brother there is something more than that and that is generosity. And here Zakat as I said is not primarily being taken as a tax. Zakat remains basically a religious obligation (moral) so we do not want to destroy its moral and religious complexion by turning it into a tax and reducing it to

the level of tax. Level of tax is not higher than zakat it is lower, so from that view point it would be unjust to ask those non-Muslims to pay zakat when they do not believe in it. Islam has not asked us to do that. But we thought it unfair not to let them benefit from the welfare scheme because they are part of the society and we would very much like the poor of them to benefit from them. You perhaps recollect that during the period of there was an old Christian when he saw him begging, he asked why it that he is begging is. He was informed that he was too old for his Living "and there is no one to support him. It is the duty of the Islamic state to help these non-Muslims because when they were .young they were working with the society and now when they are old there is no one to look after them. So it is the duty of the state to look after them. So on that principle we are extending these facilities to all.

In the first instance we did not ask anybody - I am a witness to it and it was spontaneous if it was done on the same day we finalize the scheme two days before and we said we are establishing an initial fund they spontaneous said we want to share and number two the idea is we have this initial fund which would act an revolving fund so that zakat would come in and could be spent but the revolving fund would continue. And there hence this has strengthened.

Now voluntarily people are contributing generously and from everywhere we are receiving cheques, from all directions. And may I just share with you a very interesting experiment that has been made in Pakistan about zakat. There is a village called in Punjab where three years people resolved voluntarily they said they would like to organise zakat in the community and they elected amongst themselves the committee to oversee this project. In this village there are about 6,000 families of whom 600 are contributing in the zakat fund only two persons in the village are paying income tax. NOW first years collection was 35,000 rupees, 2nd year's was 65.000, this year's is 80,000. They made lists of widows, orphans, handicapped and poor people in the society and those who are unable to work them started giving them stipends ranging from 75nipees per month to 200 rupees so that they may just meet their basic needs. Others they gave economic support by buying them a bullock or cattle to cultivate or to give those initial help to open a shop or a workshop. That within this village there was not a single person who would be sleeping hungry. Looking to this experiment other villages started organizing themselves in the same length. Now in these three years a network of 11 villages have organized themselves on this basis. This year's collection of theirs is over 400,000 rupees and they will be able to eliminate the basic poverty within this case. Our idea is to involve people so that they become agents of charity, they organise themselves and this is how growth from below would start.

We are going pretty fast, within three months we hope to have the entire system we have established at the central level the zakat commission, the zakat administrator, the central zakat council; under them we have four zakat council for each of elections but we already know there is an institution known as Panchayat that is the village consultation so on the basis of village consultation we are trying to bring this system into operation. And when we have our elected local governments we would definitely like to involve them also in it but initially not to lose time we

have gone for draining this traditional reservoir of democracy which is Panchayat village consultation to constitute these bodies.

If we I remember very correctly excuse me if I am not very upto date on that. There are about 57 districts, 4 provinces total number of villages in the provinces 450,000. We hope there would be somewhere around between 30 to 40000 communities but I might be wrong but not too far off the mark.

We have visualized the new zakat order that has come, we have made a schedule in that schedule we have given the major categories of wealth.

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