

## **MAJLIS PERASMIAN SEMINAR**

PUSAT ISLAM, KUALA LUMPUR, 28 APRIL 1986

Assalamu alaikum warahmatullahi wabarakatuh. Dif-dif Kehormat; Tuan-tuan dan Puan-puan;

Alhamdulillahirabbil alamin wasalatu wasalamu ala syidina Muhammadin wa ala alihi wasahbihi ajmain. Segala pujian bagi Allah Subhanahu Wataala dan salam sejahtera ke atas junjungan kita Nabi Muhammad s.a.w. Dengan izin Allah kita dapat bersama-sama pada pagi ini untuk menjayakan Seminar ini.

2. Saya ingin merakamkan ucapan penghargaan dan kegembiraan Kerajaan kerana Bank Pembangunan Islam telah memilih Kuala Lumpur sebagai tempat mengadakan Seminar ini. Adalah menjadi harapan kami ianya akan berjalan dengan lancar dan memberi faedah kepada para peserta. Saya yakin hasil dari Seminar ini kelak boleh membantu negara-negara Islam, termasuk Malaysia, dalam usaha menghadapi masalah kewangan mereka. Saya berpendapat Seminar ini telah dianjurkan di satu masa yang amat sesuai dan bertepatan sekali kerana kebanyakan negara di dunia terutama negara-negara Islam sedang menghadapi tahun-tahun lapan puluhan yang sungguh mencabar.

3. Saya difahamkan bahawa peserta-peserta di Seminar ini mewakili beberapa negara asing dan juga pertubuhan-pertubuhan antarabangsa. Dengan ini saya akan menyampaikan ucapan saya seterusnya dalam Bahasa Inggeris.  
Distinguished gathering,

4. The continued international economic recession has, to a great extent, affected countries all over the world. We, in the less-developed and developing countries, suffer the most. Our exports, both commodities and manufactured products, are not able to fetch reasonable prices and in many cases are restricted by unfair quotas and tariffs. Our export earnings have been greatly reduced and for many countries, it means increased borrowings. As such it is not surprising to note that the total external debt of developing countries, both long and short term, has exceeded more than US\$850 billion by the end of 1985. The financial crisis will continue to exist during the remaining years of the eighties.

5. I believe this Seminar is organised with the above scenario in mind. In any case Muslims and Muslim countries cannot live in splendid isolation. Like it or not we are a part of the world system. It is therefore timely for the Islamic Development Bank or IDB to address itself fully to the current financial situation. We need to understand the teachings of Islam with regard to commercial and financial transactions in a world dominated by people with different faiths or ideologies. At the same time we must not be so involved in religious polemics that we forget the fundamentals, that is Islam abhors poverty and that we Muslims should help each other. This is really not the time for academic debates. We face very real problems and we need practical solutions.

6. We are gathered here, I hope, with the objective of finding ways and means to mobilise our no longer unlimited financial resources to help ourselves. We have,

I think, wasted enough time and money. When we were well-off we did not make preparation for leaner days. Today the lean days are upon us. Unless we know how to handle critical economic and financial issues, we are going to revert to the stage prior to the oil boom when we were so easily manipulated by the rich and the powerful nations of the world. Let us not waste our time blaming others. We are not free from blame ourselves. Let us therefore concentrate on finding solutions to our problems and then work on those solutions with sincerity.

7. Allah Subhanahu Wataala does not send his Messenger Muhammad to teach mankind the true faith in order that it will be a burden and an obstruction to those who accept the faith. The evidence of history shows that the early Muslims prospered after their acceptance of Islam and were able to spread the teachings of Islam far and wide. If today we are oppressed, given to plotting and fighting among ourselves and are quite unable to do anything by or for ourselves, it is not because Islam is in the way, but it is because we are so fond of making interpretations and devising methods which only obstruct and weaken us. We concentrate on insignificant matters, on forms and appearances, while the total welfare and well-being of the Muslims which are enjoined upon us to protect and promote are ignored.

8. Islam is frequently referred to, and correctly so, as a way of life, as Ad-din. It is not just a set of rituals regarding how to pay obeisance to Allah, although these are also a part of Islam. Instead it is all-encompassing and it governs every aspect of our behaviour in society. It determines our earthly relation with Allah and with men; with other Muslims and with mankind in general. There are rules and injunctions concerning every transaction that we enter into, from birth and marriage, to commerce and finance, and on to international relations, to war and peace.

9. But despite being followers of a religion concerned with a way of life we seem to care only for death and retribution. And so when we interpret the teachings of Islam, we care little for the effect on life of the Muslim society, but whether we gain merit or not when we die. We say that we Muslims are entitled to our share of the bounties of Allah on this earth, but we interpret the teachings and devise procedures so that the bounties of Allah fall beyond our reach. The beliefs of the Jahiliah period, when sufferings on earth were supposed to confer merit, influence our thinking so that we seem to want to punish ourselves on earth in order to enjoy 'akhirat' or the Hereafter.

10. In commerce and finance we have succeeded in rendering ourselves destitute in the midst of plenty. Muslims everywhere starve because we place impediments in the way of our relief work among them through our interpretation. Thus, despite Islamic injunctions against waste, and that we should do charity and help the poor, for a long time the huge number of animals we sacrificed at Mina during the Haj were just buried in the desert sands. The meat of these animals could feed millions of starving Muslims all over the world, but we are told that we cannot distribute the meat in case some non-believers get to eat it.

11. Is this in fact what Islam wants of us as a way of life? Does Allah want so

many of the ummah to suffer and die because a morsel might go to the unbelievers? Does not Islam teach us to be compassionate as we say Allah is Compassionate every time we begin anything. Does Islam really teach us that Muslims may receive charity from the unbelievers, as is happening in the Sahel, but Muslims must never, under any circumstances, be charitable to non-Muslims, even accidentally?

12. In the field of finance we have the same situation. We define riba as any interest no matter how small. Even a service charge is considered as riba and cannot be taken. While profit sharing may be a method of financing, the fact is that Muslims have more money than there are businesses to finance. And so what happens? Billions of dollars of Muslim money are deposited in non-Muslim banks in non-Muslim countries. Whether we accept the interest or not is irrelevant. The fact is that money will be lent out by those banks with interest, sometimes to the enemies of Islam. These non-Muslim banks enjoy the interest earned by our money when the interest could very well finance the welfare of Muslims. We are deprived of this help because it is riba as a form that we abhor, not riba as a cause of misery the reason why riba is forbidden by Islam.

13. Our obsession with form rather than substance in our interpretation of Islam is seen again in commerce. Profits of 1000% were made at one time from the sale of petroleum. The high price of petroleum deprived many poor people, including the Muslim ummah, from a means of sustenance. Indeed many people suffer and die because they cannot afford to buy the oil. Or if they buy the oil they are left with no money to buy other necessities and so they suffer.

14. Clearly the taking of this very excessive profit caused misery to a lot of people, poor people. But we interpret Islamic teachings as saying that this excessive profit is not a crime as compared to the taking of even the smallest amount of interest. And so we ignore the misery we cause, as if being miserable is a way of life in Islam. Is it true that Islam does not care for the pain and oppression that is caused as long as its injunctions are obeyed? Is this interpretation of Islam correct? Could it not be possible that we have been given the wrong interpretation? Could it not be possible that in Islam substance is more important than form?

Distinguished gathering,

15. I realise that in asking these questions, I am sticking my neck out. It is imprudent for a politician to go against the mainstream of thinking in society. But I believe in Allah and The Prophet. The scholars of the past and of today are no doubt learned but they are not prophets and they are not infallible. Some scholars of today have other motivations which are sometimes far from Islamic. I am not questioning my faith and my religion, Islam. I am merely questioning the interpretations of the Quran and the Hadith made by the scholars, past and present.

16. The Muslim Ummah has been given by Allah every help. We became rich beyond imagination only a few years ago. But what did we do? Did we work for

the well-being of the Ummah work that is well within our means? Did we strengthen their capacity to defend themselves and their faith? Did we follow the injunction to be charitable? Did we seek knowledge? Did we use our "akal", our God-given capability to think?

17. The answer to all these must be a resounding ' No' . We have frittered away our money and our time. If we were not fighting or plotting against each other, we were busy quibbling over insignificant matters or arguing endlessly over words. As a result, the bounty that Allah has bestowed us, the Muslim Ummah, has not made us any better.

18. Today, the Muslims are back to the state they were in prior to the windfall of their oil wealth. In the face of a determined political and commercial onslaught launched by the string-pulling Zionists, we have not been able to do anything. We are poor again. The little charity that we did before has to be curtailed.

19. The Quran says that poverty will undermine faith. We see this happening everyday. Some Muslim nations have forsaken Islam because of poverty. Is it not a sin for the faithful to allow this to happen when the means to prevent this are still with us?

20. The IDB is one of the instruments we can use. Allah be praised, the IDB still has the means. Certainly, it is sincere in its wish to help the Muslim Ummah. But its contribution has remained small because of the stringent conditions and limited area in which it can lend. And so Muslim countries have to borrow from commercial banks and countries who lend on a basis of interest. We must admit that despite the interest charge the loans we get for our development have been helpful. If we are prudent and invest our reserves wisely, repayment is not a burden. But the IDB should be able to do better, governed as it is by the justice of Islamic law.

21. The Islamic banks and financial institutions that exist today are but an embryonic form of the Islamic banking and financial systems that we need. They do business in a very restricted environment. Indeed the system of forward apportionment of profits results in repayments that are more onerous than interests. We hope that this Seminar succeeds in developing a system of Islamic banking that stresses not just the letter but the spirit of the injunctions of the Quran, that is that loans should not be a burden to the borrowers, rather it should help the borrower in his moment of need.

22. In Islam it is important that the right people do the right job. If we choose people who are ignorant of a subject even if he is generally regarded as learned, his contribution can have undesirable results. As banking is not just business, nor is it solely a matter of Islamic jurisprudence and as lending and borrowing have vast social implications, it is important that relevant experts participate in the seminar and their views heeded. We would not like to see Islamic banks oppress their clients more than the ordinary commercial banks.

23. At the sametime it is important to remember that a bank is not the same as a

traditional money lender. The avaricious traditional money lender is interested only in enriching himself, frequently on the blood and sweat of his desperate victims. A bank lends money belonging to numerous shareholders and depositors who are not always rich and avaricious. They are as much in need of protection as the borrowers. Since Islam does not condone injustice and oppression, it would not do to help the borrowers at the expense of misery for the many shareholders and depositors.

24. It is up to this Seminar to propose banking systems that will be just to all, that will not oppress one group at the expense of another. It certainly must ensure that Muslim society becomes strong through a financial system that enable commerce and social life to sustain a fair and just society. What this Seminar will do will constitute ' ijtihad' . It must therefore examine interpretations in the light of the problems faced by Muslim societies in the eighth decade of the twentieth century. Otherwise it will not be true to say that Islam is a religion for all times. Dear brothers and friends,

25. I pray that you will achieve success in your brave endeavour. Now, in the name of Allah the Merciful and the Compassionate, I declare open this Seminar on Developing A System of Islamic Financial Instruments.

Wabillahi taufik walhidayah wassalamu alaikum warahmatullahi wabarakatuh.