
Sempozyum Notları / Conference Reports

Islamic Monetary & Economic System as a Solution to Global Economic Crisis

(Küresel Ekonomik Krize Bir Çözüm Olarak
İslami Para ve Ekonomik Sistem)

01- 02 November 2010, Kuala Lumpur / Malaysia

The 1st World Conference on Riba, jointly organized by the Thinkers Trends Resources (TTR) and Kulliyah of Economics & Management Sciences International Islamic University Malaysia (IIUM), was held on 01-02 November 2010 at Tun Hussein Onn Hall Putra World Trade Centre, Kuala Lumpur. Numerous significant scholars from different part of the world focused on the contemporary challenges and scenarios in the concept of Riba. Local and international media outlets and representatives of government and social bodies, as well as the honorary president of Perdana Leadership Foundation, Mahathir Mohamad, officers from the Department of Minister, Chief Minister for the State of Perak, the Ministry of Religious Affairs, leader of Islamic Party of Britain, a representative of Christian Council for Monetary Justice of United Kingdom, also attended. One of the main objectives was “to bring all stakeholders- business community, shari’ah scholars, academicians, government officials, policy makers, bankers, students etc.-to the discussion table to discuss the one current major issue facing mankind today i.e. the global financial and economic crisis that is threatening to explode into a major global military conflict” in order to “identify the major underlying causes of the crisis and find ways to mitigate it collectively and effectively.

Following the recitation of the Qur'an Shirazdeen Adam Shah (chairman, organizing committee of Riba Conference) welcomed the audience and spoke of the importance of investigating the nature of Riba; Mahathir Muhamad (ex-Prime minister of Malaysia and honorary president of Perdana Leadership Foundation) gave an opening address and declared the event officially opened. Mahathir urged participants to investigate the reality of Riba and he called for to build better society.

The first day's first session of the conference, "Riba according to the Qur'an and the Sunnah" was presented by Omar Ibrahim Badilo (Royal Highness of Nigeria) on behalf of Sheikh Seraj Hendriks (Mufti, Imam, Cape Town South Africa), who highlighted the historical development of gold-dinar, claiming that capitalism unfortunately is over all the religions even in Islamic countries, because the Constitutions, central banks allow riba. The money has great power because who controls money controls the laws; therefore use of money has to be free from obligations; gold-dinar is not a matter of money but it is a matter of freedom. He criticized the Mahathir's proposal on being why he did not successful, is because the administration of Mahathir did not really intend to implement it on a proper way. Omar suggested that the government should have immediate action on implementing riba issue as Ache, Patani, Kelantan did seriously. "Where is Islamic market in Kuala Lumpur?" asked the presenter with questioning the Islamization, although everything is Islamized, nothing is really Islamic because of involving with riba. What can be done about the gold-dinar currently? which was raised by a participant. He replied advising the public to take the case immediately to the Sultan who must implement it due to his obligations of which one of the 9 requirements of being Sultan is to implement the gold-dinar.

The second presentation, "Prohibition of Riba in Islam", was maintained through a power of technological communication apparatus in a life video presentation by Sheikh Imran N. Hosein (Imam, Trinidad & Tobago, Carabian Island) moderated by Hasanuddin. Sheikh Imran discussed the prohibition of riba indicating that it

was declared for prohibition after the declaration of the perfection of the religion of Islam. He suggested the institution of charity as an alternative way to riba. In riba, you have to take without giving anything back, however in bay' it is not the same because you have to share potential risk might occur, in contrast to riba there is no risk of losing any penny, therefore rich becomes richer and the poor becomes poorer continuously. Also Sheikh Imran elaborated the uncertainty of electronic money written numbers on the computer just like a magic word "abraka dabra" then it becomes money. The Sheikh concluded his speech with a radical view saying that in order to bring gold dinars to market the best way is to close down all the Islamic banks. The morning session of the first day of the conference was concluded by a question raised by Saim Kayadibi (lecturer in IIUM) asking whether he has an alternative way of banking system to Islamic banking and finance because simply closing down all the Islamic banks may not provide a concrete solution.

The afternoon session of the first day started with Ahamed Kameel Mydin Meera's session (International Islamic University Malaysia, [IIUM]) on "Riba & Global Economic Crisis". Meera expressed that the interest-based fiat monetary system is structurally unsustainable and is in fact responsible for a lot of socio-economic problems faced by humanity today. There are three sources for the ribavi seigniorage: 1. Fiat money which includes paper currency and bank money (demands deposits including electronic money). 2. Interest and 3. Fractional reserve banking. He suggests that a long-term solution could only be possible by establishing a global currency that is anchored to commodities like gold which would be a politically free-money. This kind of money surely would eliminate vitality, speculation, manipulation and arbitrage in the currency markets. Along with this establishment would bring monetary stability and therefore encourage international trade. The said currency system should not be controlled by any specific nation. Meera stressed on the danger of riba by quoting Robert A. Mundell's word "I believe that exchange rate volatility is a major threat to prosperity in the world today." Finally he concluded saying that all Muslim must give effort

to solve the riba disaster otherwise they would face the war from Allah (swt) according to the Qur'an 2:278-9 "O you who believe! Be careful of (your duty to) Allah and relinquish what remains (due) from usury, if you are believers. But if you do (it) not, then be apprised of war from Allah and His Messenger...".

The second session of the afternoon of the first day began with "The Socio-Political Effects of Riba" presented by Aziuddin Ahmad (Rector, Kolej University Islam Selangor). He addresses that the usury (riba) was introduced to the Islamic world by secular mentality and throughout the time it has gained a substantial grounding in the life of Muslims whether for business or ordinary living purposes. Although Islam clearly prohibits riba whether in the form of debt or trade-riba on the ground of morality, the Western secular law considers it as a legal matter. The usury banking, in contrast to Islamic law, which is based on the Fractional Reserve Banking (FRB) system, is also unquestionable according to them. Aziuddin elaborated the creation of fasad indicating that the solution could not be achieved unless its origin is clearly known. In that respect the role of accounts and the legal fraternity in facilitating and legalizing the creation of money respectively was highlighted. He believed that the future initiatives in Islamic Finance will be shaped by the true desire to observe the objectives of the Lawgiver (Maqasid al-Shari'ah).

The last session of the first day seminar's third sitting was represented by David Musa Pidcock (Leader, Islamic Party of Britain) with an interesting outline "Riba and the New Global Order". He stressed on the double standard of the westerners and their deception to control the world through riba. He considered riba as the modern Jalut. Modern Muslim must know played inside games like the story of Musa in Pharaoh's castle. Pidcock narrated crimes made for the sake of capital throughout the history and he found that the main cause for it was the riba at all times. He also analyzed the war of Dr. Mahathir against IMF (International Monetary Fund) saying that but the IMF, World Bank and George Soros, had not reckoned on Dr. Mahathir Mohammad, having different views on the matter because he sent out a number of trusted associates to see what could be

done to defend Malaysia and its neighbors from the IMF (Infant Mortality Fund) and their pernicious system. After the outstanding presentations the first days of the conference has been completed with exciting refreshment.

The second day of the conference started with a joyful beginning with morning coffee and the morning session comprised Rodney Shakespeare (Christian Council for Monetary Justice, United Kingdom), Zambray Abdul Kadir (Chief Minister, State of Perak, Malaysia), Yasin Dutton (University of Cape Town, South Africa), Asyraf Wajdi Datuk Dusuki (Head, Research Affairs, International Shari'ah Research Academy). Shakespeare spoke on Global Economic Crisis: Causes and Responses from a Christian Perspective, while Zambray focused on the role of government in addressing the global economic crisis. He indicated that the economic crisis started in the US is now spreading globally in a domino style, accordingly millions of people lost their jobs, and people were sent to streets because of unable to pay their mortgage loans. Dutton discussed the Riba and the Gold dinar and Dusuki elaborated upon Islamic micro-finance in alleviating property. After explaining the nature and the models of Microfinance, he made a variety of comparisons between conventional banks and Islamic conventional microfinance institutions.

The afternoon session started with Pervez Nasim (Chairman, Ansar Co-operative Housing Corporation Ltd. Toronto, Canada) paper was on riba-free home financing: a practical cooperative model. The session featured by Shirazdeen Adam Shah (Principal Consultant, Thinkers Trends Resources, Malaysia). He talked on educating public on riba. Shirazdeen emphasized that teaching could not be divided worldly and divinely, they must be together in teaching. He quoted Albert Einstein's saying "The significant problems we face cannot be solved at the same level of thinking we were at when we created them." Unfortunately the graveness of riba has never been told to public even if the nature of riba, which is injustice, oppression and exploitation, causes to misery and many other serious problems to people on the national and global level. The three great monotheist religions, namely Judaism, Christianity and Islam,

have strongly condemned it and consider it as a great sin. It can be summarized that the main reason of prohibition of riba is because of its nature of zulm (oppression, injustice and exploitation). After highlighting some of the references made in the Qur'an and the Sunnah on riba he suggested that education sector should bring riba curriculum to schools and universities.

The 1st International World Conference on Riba concluded with six resolutions and seven action plans presented by Ahamed Kameel Mydin Meera, (Conference Chairman, [IIUM]). Among them were to give freedom to choose their medium of exchange and a network of NGOs, religious organizations, academic institutions, government institutions and individuals with common goal must be established to address and find solutions to the issue of riba. Some of the action were to establish Kuala Lumpur Council for Monetary Justice; Centre for Research on riba; Journal of Ethical Finance; International Network of People against riba (INPAR).

The Conclusion remarks were presented by Khaliq Ahmad bin Mohd. Israil (Dean, Kulliyah of Economics and Management Sciences, [IIUM]). Following the presentation of his appreciations to all participants he heralded them with a newly established Finance Department in the Kulliyah of Economics and Management Sciences, International Islamic University Malaysia and a journal dedicated in ethical finance.

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