

Interviews with the Precursors of Knowledge (3)

**Meeting with History: A Conversation with Prof. Khurshid Ahmad (خورشید احمد),
An Islamic Economist and Activist**

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The emergence of Islamic banking and financial institutions as a potential counter part of conventional banking and financial institutions can be regarded as one of the manifestations of the Islamic renaissance in the present world. It should be remembered that Islamic banking and finance is only one twig of Islamic economics which itself is a branch of the Islamic tree. The knowledge of Islamic economics is historically determined and is closely interwoven with the Islamic socio-political revival or simply the Islamic renaissance movement. What we know today about Islamic economics, perhaps the very existence of today's Islamic banking and financial institutions owes a great deal to the endeavors of Muslim thinkers and activists over the last three centuries; from Shah Waliullah to Ahmad Shaheed; from Sir Ahmad Khan and Jamaluddin Afghani to Muhammad Iqbal and M. A. Jouhar to Manazir Ahsan Geelani, M. Uzair, Anwar Iqbal Qureshi and Mawdudi; and from Mawdudi to Umer Chapra, Khurshid Ahmad and Nejatullah Siddiqui.

Khurshid Ahmad is a creative thinker and activist who's aim is to promote an Islamic approach for living. His thoughts are derived from his multidisciplinary knowledge of science, politics, history, philosophy, sociology, education, and international relations, and his focus on Islamic economics is distinctive. Prof. Khurshid has been involved in the development of Islamic economics since the 1950s, working for the revival of Islamic thought both at national and international forums. His comprehensive work on the Islamizing of Muslim life, the economy, and society at large has been widely acclaimed amongst intellectuals and the academia for its strong arguments, force of conviction and forceful approach. His integration of Islamic perspectives and principles with applied economics in a coherent and reasoned discourse occupies a distinct position in the Islamic intellectual world, and has directly or indirectly benefited all major developments in Islamic economics.

The present study explores Professor Khurshid Ahmad's biographical accounts and family background towards a deeper understanding of his thought and vision of Islamic economics. It is presented in the form of an interview based on specific questions we asked in academic meetings with the professor during the year 2009 at the Institute of Policy Studies, Islamabad, Pakistan. The author would like to express his gratitude to the director and staff of IPS for providing the facilities and support for these meetings.

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Mehboob ul Hassan: *Professor Khurshid, you have received acclaim in the contemporary world for your critical work in all fields of Islamic studies, especially economics. For the benefit of our readers, would you kindly tell us about your family background, your early education, and the political, social, and academic interests of your parents? Furthermore, how do you think that how your parents shaped your character?*

Prof. Khurshid Ahmad: I belong to a Qureshi family. Our ancestry particularly goes back to Sayyiduna Abu Bakar Siddique (*Razi Allah O Ta'ala Anhu*) so we are Qureshi—Siddique. There is *Qureshi* pedigree from my mother as well and it is very clear that our ancestors moved to India around the 5th or 6th century *Hijri* and then settled here. My immediate family tradition was very Islamic, very academic, literary, highly cultural, and sophisticated. My grandfather and my father—they were not from the category of '*Ulama*', but received a modern education. My father, the late Nazir Ahmad Qureshi was a businessman but with very strong academic interests. My grandfather Maulvi Barkat Ali was a leading advocate during the British period. He used to practice in Lahore and later on in the town of Gurgaoon in East Punjab. He had only two sons: Abdullah Shah and Nazir Ahmad. The elder son, Abdullah Shah, who became a leading lawyer, received his Barister at Law from Lincolns Inn and used to practice in U.P. He was stationed in Meerut and was a top advocate in the Province. My father, after his initial education, went to Aligarh and that is why he represented the Aligarh tradition. But he could not complete his studies and as such in the middle of his college life he left and developed his personal business and was very successful in that. He had very close links with the entire Aligarh community because Aligarh was the foremost educational institution of India and Muslim students from all over the sub-continent were educated there and in fact the whole generation of Muslim leadership in the 20th century, by and large, were the product of Aligarh; so he represented the Aligarh tradition. He also had a very keen interest in Islamic studies and world affairs. Originally his business was in Delhi and then he also had some business projects in Bombay but finally he settled in Delhi and I was born in Delhi in 1932.

My father was associated with the Khilafat movement very actively. All the leading '*Ulema*' of his time, political leaders—he had direct contact with them and played a very important role in the freedom struggle of the Muslims in the subcontinent. So now coming to the Islamic Movement; I am not aware of the role of my family members in the war of independence; we never discussed at all ... I don't recollect. But definitely, from my father what I learnt was that the whole family was always Muslim oriented, Muslim *Ummah*, and Anti-British imperialism. So that much is very clear; but as for his political role, what I recollect of my father is that he was in the Muslim League and Jamiat Ulama-e-Hind originally. But, then mostly with the Muslim League because Jamiat Ulama-e-Hind moved

closer to Congress and my father was pro-Pakistan and Muslim League; so and he moved in this direction.

To have an idea of his academic interest — he had a very nice library and when Niaz Fatehpuri planned to launch *Nigar*, which was his monthly — if I remember correctly it was in the early 1920s when *Nigar* was launched and my father was one of those persons in the group who sponsored this academic and literary venture. And if you look into old files of *Nigar*, you will find several articles from my father dealing with thoughts of Marx, Engels and other political thinkers. Mawlana Mawdudi also wrote in *Nigar* and one of his very well-researched articles on Indian economic situation was published in *Nigar* in three parts. That academic interest of my father continued till he died in 1962.

My mother Sarwar Jahan Begum represented the new educated generation of Indian Muslims. Her father Sahibzada Faizullah Afandi was of Turkish origin. Because her grandfather, Sahibzada Yaqub was the Ottoman Representative in Delhi his son Sahibzada Faizullah married in Delhi and my mother was their third child. They were three brothers and two sisters. My mother was third eldest sister and she was educated at Queen Mary School, which was an English medium school, run by the British Educators. So I am very lucky that I had both a father and a mother who were educated and culturally they were rather the upper class. And as my father was a leading businessman, economically our family was quite well off.

My own education, however, had been very traditional and simple. It started with Qur'anic teachings at home — an *Alim-e-din* used to come and teach the Qur'an and Islamics. Then I joined Primary School at Karol Bagh, Delhi where we used to live. In Karol Bagh we had a nice bungalow. It was on Beden Road. Before that my father used to live in Karol Bagh but in a different area when I was a very small child. So my recollections mostly are from my primary stage. It was a simple public primary school in which I was educated. Then I joined a middle school again in Karol Bagh — government middle school and for my higher secondary education, I moved to Anglo-Arabic Higher secondary school, Ajmeri Gate, which was one of the important Muslim educational institutions in Delhi. In fact it was also Anglo-Arabic College. Both were in the same building; but I was in the secondary school. I joined that in ninth class and two years I spent there. When partition took place, I had finished my tenth class and was promoted to the eleventh class which was disrupted because of the riots and migration; Because once the Pakistan plan was announced in June 1947 — the year I had finished my tenth class then there were riots and bloodshed and my education was disrupted and I could not continue for the third year of higher secondary.

My father was very eager to give us the best of education and training. It was very abnormal but he had appointed a Master Muhammad Akram 'Usmani — who used almost to live with us. He was provided a house near our own house and he would look after us after

our school hours. Even when we used to go to play in the garden he used to accompany us. From day one education and co-curricular activities went together. Because of my father's political connections and interests, different political leaders used to come to our house. Radio and newspapers, from very early childhood, were a source of information for me and my education. In Delhi we had formed a very active group for extra-curricular activities; we used to call it *Bachoon ki Anjuman* when we were in primary and my family and many other families, all of them were young boys involved in that. I was very active in it and in fact every year we used to have a change of leadership and I was perhaps the youngest President of this *Bachoon ki Anjuman*. Our activities were story-telling, picnics, *bait bazi*, and competition in speeches in Urdu. Jamia Millia, was not very far; because they had one campus in Karol Bagh and the other major one at a place known as Okhala in Delhi about five kilometers from the city, where later on the Jamia University was established. Dr. Zakir Hussein was the Vice Chancellor of the Jamia University. One of my teachers, Master Barkat Ali was a teacher in Jamia. They were used to organize the Muhammad Ali Trophy every year; a competition between schools, children organizations and as group of *Bachoon ki Anjuman* we used to participate in that; there were two or three days of camping, first aid, sports, then, of course, speech competitions, both prepared and extempore, reciting poems. So it was a very active and balanced life where education and extra curricula activities went together. I was very good in both, speeches, debates as well as *bait bazi* which was a kind of a poetic competition where you recite one couplet and the other group recites a couplet starting with the last *haraf* of your presentation. So that sharpens your mind and we have to learn by heart thousands of couplets. As regards my own brothers and sisters — we were five brothers. We did not have any sisters. My eldest brother was Aftab Ahmad. He died at the young age of twelve. He had tremendous powers of brain and heart and was very good speaker. He was actually the first chairman of the *Bachoon ki Anjuman* whose last and youngest chairman I was. And he used to compete in debate, not only in Delhi but even outside it. I remember at *Panipat*, there was a very big function and debate where he spoke and won the prize. He had pneumonia of which he died at the age of twelve. My second brother was Ahmad Zamir. Actually his original name was Zamir Ahmad but he changed it to Ahmad Zamir because when he went UK everyone used to call him by his surname Ahmad; and he said look, my name is Zamir and Ahmad is my family name. So, he sobbed about that. He wanted to be an engineer and in Delhi he was in a technical college. Then he moved to Lahore with us and he did his F.S.C. from FC College Lahore. He moved to Karachi and then joined NED College in Karachi, where he met Khurram Murad who was his classmate in NED college and that is how he came closer to Islami Jamiat Talaba. He could not complete his BE and was selected for the Pakistan Navy and it was in 1950 that he moved to the UK as a cadet and spent four years there, after which he returned and became a Lieutenant in the Navy and rose to the position of Vice Admiral

of the Pakistan Navy, which is second highest position. He died of a heart attack in 1985. He was poised to become Chief of the Pakistan Navy because his name was among the two names which were being considered for the appointment. He died of heart attack and the other gentleman was promoted to be Naval Chief. He was a prisoner of war. He fought the 1971 war in East Pakistan and spent three years as POW.

I had two younger brothers also; Mumtaz Ahmad who later on modified his name as Mumtaz Tariq. He was a very sharp journalist, a very social person, very well connected. Unfortunately he died very young in the incident of the PIA air crash in Cairo in 1965. He was born in 1936. My eldest brother, Aftab Ahmad was born in 1928, Ahmad Zamir in 1930, myself is 1932, Mumtaz Tariq 1936, and my youngest brother, Dr. Anis Ahmad, who is now VC of Rifah University, was born in 1944.

Mehboob ul Hassan: *Please tell us about the political situation of Muslims during your youth (the years before partition of India) and about the worries of Muslims about their future in India?*

Professor Khurshid Ahmad: The political situation was changing ... the Second World War began. In our house and almost in every household, in the sub-continent, at that time in Turkey, Ataturk, when he died, I remember how that was mourned by the Muslims. I was very young, about 6 years. As the Pakistan movement progressed my father was in the Muslim League. He was part of the top leadership. He was a member of the Delhi Muslim League Working Committee. He was a member of the All India Muslim League Council — about three hundred people from all over India. He was member of the Council which approved the 3rd June Partition Plan. As I remember, it was in Imperial Hotel where this Conference was held. My father participated in that and I was present there too. So, that is how politics was our household commodity; intellectual, literary and political activities. That is how I had my first exposure to these aspects of life. However, my main interest remained in reading and from class five till my Masters, I had always secured first position. Along with that in debates and other intellectual encounters, I used to relish that and take prizes. As the Pakistan movement caught up, *Bachoon ki Anjuman*, *Bacha* Muslim League — they became very active — and I was involved in all of them. When the 1946 elections were held, I was almost twelve years old and we very actively participated in the election campaigns. I remember that in Delhi, the constituency in which I worked; the Muslim League Candidate was Dr. Abdul Ghani and we worked day and night for him. I was also in the *Majlis-e-Adab* for Anglo-Arabic High Secondary School. It was not merely for *Adab*. It was actually for all extracurricular activities and we used to organize protests and support rallies for the Muslim League and the Pakistan Movement. I remember several times we had marched from Ajmeri

Gate to the Assembly Hall in India. We used to meet Muslim Members of the Assembly and used to pray with them and that is how, for the first time, I was in touch with Sardar Abdurrah Nishtar, I.I. Chundrigar, Nawab Ismail, and Mawlana Ehtesham ul Haq, who was also my teacher in my school. I had my lessons in Persian from him. It was only for a couple of weeks because then I preferred to move to Arabic; but the relationship with Mawlana Ehtesham ul Haq continued from those school days till when he died in Karachi. So that gives you, I think, a clear idea of what type of early influences were on me.

Mehboob ul Hassan: *During the independence movement, how was your family planning their future; whether to stay in India or to migrate to Pakistan? What kind of problems and difficulties did you face during migration?*

Professor Khurshid Ahmad: We moved to Pakistan on 12th February 1948——my whole family. It came in two installments——one group came in Dec 1947——I, my father, my mother——we came in February 1948. We spent some months in Delhi, and then moved to Karachi. It was very difficult, because of the highly disturbed situation, to get admission to a good college. I was offered admission in T.I. College in Lahore to complete my inter-arts. Whereas in Delhi the system was higher secondary in Punjab it was matriculation, inter and BA and so on and so forth. I had my mark sheet so on the basis of that I got admission and I was able to finish my inter-arts from Punjab University; subjects being economics English, psychology, Urdu and others. It was in this college——in fact a Qadiyani college; TI College was run by the Qadiyanis. It was very close to the FC College——just about 500 meters from FC College and as I have said earlier my class fellow was Iqbal Ahmad who later became quite well-known as a scholar and a leftist activist. We were really good friends. He came from Bihar, a refugee and I moved to Pakistan from Delhi. It was during this period that I became interested in writing also.

Mehboob ul Hassan: *In Tarjuman-ul-Qur'an and many other writings, you said that you had a dual association with Mawlana Syed Abul 'Ala Mawdudi, one through your family and the other from ideological attachment. Could you please share with us how your relationship with Mawlana Mawdudi developed and how you discovered Islamic Jamiat-e-Talaba?*

Prof. Khurshid Ahmad: Mawlana Mawdudi and my father——they became very close friends accidentally, because after the death of Mawlana Mawdudi's father he moved to Delhi and sought a job. He lived in the same area where my father lived——if I remember correctly, Daria Ganj was the area and so they became in contact with each other and then they developed friendship because of my father's scholarly interests and academic tastes

of Mawlana Mawdudi, they became very good friends. My father was also supporting the Khilafat Movement at that time and in the Khilafat Movement there was also a smaller group that thought that perhaps armed revolution would also be needed. So I remember vividly, once my father told me how he provided some pistols to this group. It was in the early 1920s. But the collapse of the Khilafat in Turkey was a very tragic and catastrophic experience and it was, I think, after that my father and Mawlana Mawdudi also——they became more concerned about Indian Muslims; without any way compromising or abdicating the Ummah concept but to be more concerned what we can do here. Now this friendship with Mawlana Mawdudi——throughout their life they remained friends and Mawlana Mawdudi used to say in Pakistan to us that “your father is my oldest friend in the subcontinent.” My father used to present the latest books to Mawlana Mawdudi and in Mawlana’s library Mawlana showed me books which had the signature of my father. He used to sign them “N.A. Qureshi” and then Mawlana Mawdudi had read those books and had even written notes in the margins in Urdu and one book that I remember vividly was *Social Evolution* by, I think, Benjamin Kid, in which my father’s signature and Mawlana Mawdudi’s notes written in pencil on the borders of the different pages I have seen myself. My father never joined Jama‘at-e-Islami but he was a staunch supporter of Jama‘at-e-Islami and also a financial supporter——he used to give to all the Islamic causes and when Mawlana Mawdudi moved to Lahore from Hyderabad Deccan at the invitation of Muhammad Iqbal, unfortunately Iqbal died the same month in which Mawlana Mawdudi moved; it was in April 1938. Mawlana Mawdudi decided to form a group or an organized movement and the first initiative was Darussalam, and a meeting was held, if I remember correctly——in 1938. When——the first group which was to resolve to plan and establish *Darussalam* was held in Pathankot, my father participated in that and in the minutes of that meeting his name is written. But afterwards he didn’t physically join the group although he continued to intellectually support it and help it in whatever way possible. When I joined Islami Jamiat-e-Talaba my father, I remember, told Mawlana Mawdudi: “You wanted me to join Jama‘at-e-Islami, I could not, but my son has joined hands with you.” Mawlana Mawdudi at that time translated three pamphlets about the Khilafat Movement——one was *Mas‘ala-e-Khilafat*, the other was on *Greek Atrocities against the Muslims* and *Armenian Atrocities*——so I have seen these three pamphlets. These were translated by Mawlana Mawdudi but they were published by my father for large distribution. That is how their cooperation had continued.

It is very sad that the big library of my father which had several thousand books was burnt to ashes when we left our house in Delhi. So were hundreds of letters of Mawlana Mawdudi, which my father had exchanged with Mawlana Mawdudi both when he was in Hyderabad and also when he was in Pathankot. Only one letter survived and that has been published in *Chiragh-e-Rah*. My father also used to have correspondence with all these people

—— Abul Kalam Azad, Mawlana Muhammad Ali, Mawlana Shawkat Ali. But everything was just lost and burnt because we had to leave our house just in the clothes we were wearing and whatever we could carry in our hands, not even a suit case.

Mehboob ul Hassan: *Please share with us your joining with Islami Jamiat-e-Talaba and then Jama'at-e-Islami and please tell us your activities during your student life and after through the platform of these organizations?*

Prof. Khurshid Ahmad: My elder brother Zamir Ahmad became interested in Islami Jamiat-e-Talaba in the late 1940s; it was a group of 6-7 students, my brother Ahmad Zamir, Khurram Murad, Zafar Ishaq Ansari and Najmi, a 'study circle' was organized. They used to hold 'study circles' in our home. Najmi was first Nazim then Zamir; and then of course Khurram and after that I became Nazim in 1950. I spent a part of 1948 in Karachi with my family and of course I participated in the funeral prayer of Quaid-e-Azam in September 1948. Immediately after that I moved to Lahore to complete my Inter-Arts from Talim ul Islam College. It was a two year course so I stayed in Lahore till May 1949. At that time it was at a place near FC College and later on they moved to the city. And they were allotted the building of, I think one of the colleges left by Hindus —— so they moved there. When I studied it was there —— a very simple structure. So my brother introduced to me to Jama'at literature and I used to participate in the study circle and also when I was in Karachi in 1949 and at the end of 49 my brother moved to the UK after his selection as a cadet but I continued with the group. And till January or February 1950, I became a regular member. Immediately after that I was given the charge of Nazim Karachi; then I became Nazim of Sindh and I was elected Nazim-e-A'ala of Islami Jamiat-e-Talaba in 1953. For two years tenure I served as Nazim-e-A'ala from 1953 to 1955. In 1952, I did my B.Com; first position in University of Karachi and then in 1955, I did my M.A. and in 1956, I joined the Jama'at as its member, and was elected to the Jama'at's Central Committee (*Shura*) from Karachi in 1957. In Karachi, I studied in the Government College for Commerce and Economics which was adjacent to TJ College. In fact these four colleges were in the same locality; Government College for Commerce and Economics, DJ Science College, where AQ Khan studied, S.M. College, which was an arts college up to Masters and NED Engineering College. So, all these four colleges were in the same vicinity. And we acquired for Jamiat, a flat on the ground floor, 23 Strachan Road which is just facing the NED College and within walking distance of all these four colleges. So 23 Strachan Road became the centre of our activities. Before that, everything was done either from my house or Zafar Ishaq Ansari's house.

Two important events during that period I can recollect —— one is that we decided to promote our own student's magazine. I was interested in writing and I think my first write-up

was published in Lahore in a magazine, *Pakistani Economist*. It was on the national budget; it had nothing storming in it. But I had this passion for writing. Zafar Ishaq was a very good writer, so we both became the first editors of the *Students' Voice*. For one year we published it in cyclostyled form. Everything was written by me, Zafar Ishaq and other Jamiat workers. Br. Qazi Abdul Qadir, a young worker of Jamiat, used to type them, cut stencils and then because we didn't have these photocopiers at that time, so he used a Gestetner Duplicator and used to bring out copies. For one year we produced it in that cyclostyled form. Then we decided to print it and *Alhamdulillah* it was hit. Within a year we were publishing about eight thousand copies. We used to write, we used to oversee its printing, we used to see to physically selling it, both in our colleges, university and as well as in any public functions. So that gave a boost to our activities and Jamiat became very prominent on the students' front as well as at national level, because we also wrote on political ideological issues. I remember, I wrote on the first page of "*An Open Letter to the Prime Minister*" about the educational problems and that was the time when the first students riots took place in Karachi and that brought Jamiat students' as well as the leftist students' organizations into national discourse. It is interesting that Mr. Altaf Hussain who was the editor of *Dawn*, when he saw *Students' Voice* particularly its open letter to the Prime Minister he said: "I bet somebody is behind you. It cannot be a student, who has written it." Dr. Manzoor Ahmad, who at that time was in Jamiat, he had met Altaf Hussain and told him that it was our own and "If you want I will bring the editor to your room and you can ask him to write." That was my first contact with (late) Mr. Altaf Hussain also. And after that, of course, Altaf Hussain and I, we remained in contact with each other; although he was in a very senior position and I was a young boy.

The other event I would like to recollect is that Jamiat was just an underdog, which did not have any place to have its regular meetings. Urdu College authorities allowed us to have our weekly meetings in the prayer room of the Urdu college and that's where we started our work, in a college premises. Very soon we were able to negotiate with the Principle of the SM College and he was kind enough to give us the Literature Hall of the SM College and we moved our weekly meetings to this hall and that provided us with an opportunity to attract students from the entire students community of Karachi and we used to have normally 80,100 or 150 persons in our weekly meetings. So our office, *Students Voice* and this platform: gave us an opportunity to work on a much wider scale and Jamiat became very popular. In fact it was during this period, the early 1950s, that Karachi was the strongest unit and Jamiat became a force in all parts of Pakistan including East Pakistan. Khwaja Mahboob Ilahi was our first Nazim in Dacca. Riayzuddin Ahmad was also a very active member who is now with Islamic Foundation UK.

Mehboob ul Hassan: *How and from whom did you receive intellectual inspiration and influence?*

Prof. Khurshid Ahmad: So far as the earliest intellectual influence is concerned, very frankly it was my own father's — his approach to religion as well as politics. It was both conscious and unconscious. Then my teachers, who were very good Muslims but also inspired by the ideal of Muslim Ummah. But then the major influence was Iqbal and I reached Iqbal through his poetry; because of my interest in the *Bait Bazi*, and also because of the fact that Iqbal was a household word in my family. All his works were available — *Bang-e-Dara*, *Bal-e-Jibril*, in particular. So I imbibed his message through his poetry. His other academic works, I read only much latter in my life but definitely Iqbal was the earliest influence. Along with Iqbal — Hali's *Musaddas* was also quite an influence; and parts of it we had remembered; Akbar Ilahabadi. Abul Kalam Azad was also a very household name in our family and my father was also not only friendly with him but also fond of his writings. So, I remember that *Tazkarah* and *Ghubar-e-Khatir* are the two books that I read at that age of my life when I was unable to understand them properly. But my father used to read out to me parts of them and then I started reading myself. *Tazkarah* is a very informative work, particularly the *Rifah Movement* of Syed Ahmad Sarhandi. At that time I had not read Mawlana Mawdudi. So, Iqbal, Abul Kalam Azad are the two thinkers that I member in my very earlier life. To be very frank, as I said, reading but not necessarily understanding.

I was very fond of reading newspapers particularly *Dawn*, *Jang*, *Anjam*; these are the three newspapers which used to come to our house in Delhi and there was also a weekly *Deccan Times* and I used to make cuttings from that — good articles, pictures of leaders, events. Although everything was left but I had developed the habit that early. Because of my interest in English language, English Newspapers *Dawn* and *Deccan Times* — sometimes I also used to read *the Statesman*, *the Times of India*. I got introduced to the writings of Pundit Jawhar Lal Nehru. His first book that I read which came just before partition was *Hindus and Muslims over History*; and then I searched for its prelude, *Letters from a Father to his Daughter*, Indra Gandhi, in which he has discussed the theory of evolution. And somehow I was impressed by his ideas, socialism, change, fight against oppression, freedom. It was in that background that we used to discuss with Iqbal Ahmad: what we should do in the future? And he said, "Either I will go into Communist Party or Jama'at-e-Islami" and the same was my feeling; but still undecided. It was only after my contact with Jamiat and joining it that I was able to decide the direction of my life and I am so grateful to Allah that I moved towards Islamic Movement; Jamiat, then Jama'at and now the Global Islamic Movement. Unfortunately Iqbal drifted towards the Communist Party and the secular Western movement, although his commitment to justice, humanity, and higher values of life remained.

It was during the stay in Lahore that I discovered Assad — Muhammad Assad (Leopold Weiss). His first book that I read was *Islam at the Cross Roads*; and it had a very profound impact on me. Mawlana Mawdudi's two books that moved me first in 1949 were *Khutbat*

and *Tanqihat* and probably during the same year *Islam at the Cross Roads* and *Arafat*. *Arafat* was the Journal that Assad had produced in United India during the war period. I think nine issues, if I remember correctly, had appeared. It was a one man journal. He used to write from A to Z. Somehow I developed a very great respect and love for him; and definitely the confidence in Islam and a critical approach to the Western civilization, I have my two main sources: Mawdudi and Assad. It was during this period also that we have a very good teacher; He was Professor of English——Prof. Jaliluddin Ahmad. He used to discuss modern thought with us. He was also very impressed by Jama'at, a very eloquent speaker. He was from Aligarh and had been President of the Aligarh Students' Union. He was my teacher in the Government College of Commerce and Economics. He also used to teach English language in DJ College. He used to come to our weekly meetings and discuss with us ideological and also political issues. He introduced us to modern Western thought and somehow the important books dealing with the European thought, we were able to reach through him——and then of course we discovered for ourselves and so I can say that after my father's influence; the influence of Abul Kalam Azad, Iqbal, then Mawdudi, then Assad.

Now in between Mawlana Muhammad Ali Jouhar also comes——of course he died the year I was born. His younger brother, Mawlana Shawkat Ali, not that intellectually robust, but a very dynamic and impressive figure——was friend of my father. He used to come to our house; I have seen him; I have talked to him. He was always very kind and gave away very good advice, but not very well intellectually. But in that association I came to know more about Mawlana Muhammad Ali, his elder brother; and my father was a fan of *Comrade*——Mawlana Muhammad Ali's newspaper that he produced. Mawlana Muhammad Ali Jouhar——his first major contribution was *Comrade* and then *Khilafat Movement* then *Hamdard*——a daily in Urdu. When he was in jail, he started writing his autobiography. But started it with the life of Muhammad (peace and blessings be upon Him) could not reach much to his own life which is incomplete. I was very impressed by the life fragment in the volume that had been published. My father had a few copies of *Comrade* in his Library, I have seen them, tried to preserve them and do not know where they are now. Then of course his writings and his features were published in a book form, I read them very carefully and was deeply impressed by them. His thoughts, his emotions but more than that his character, his devotion to *Ummah*, his love for Allah, faith in Allah and his love for freedom——to see Islam supreme again. So as I have said; although I had never met him, I read him also rather late in my life and not late in the sense of post student life. I read him during my student life.

But in sequence——Iqbal comes first, Abul Kalam Azad, Mawdudi, Muhammad Asad and then Mohammad Ali. So they have been very influential intellectuals. Although my father was very disappointed with Abul Kalam Azad's latter career; even their personal relationship was affected by that, because my father became very active with Muslim League and Abdul

Kalam was of the top of the Congress leadership. But his intellectual influence remained and *Tarjuman ul-Quran*, particularly the first volume, which deals with *Surah Al-Fateha*, my father, was very fond of it and I have also read it with great benefit. This is how my intellectual horizon was built.

Mehboob ul Hassan: *Could you give us a historical account of the emergence of contemporary Islamic economics?*

Prof. Khurshid Ahmad: We have to understand the contemporary Islamic resurgence in the context of the overall Muslim situation during the last few centuries. Islam, from the moment it was established as a society, as a social order, as a state in Madina, had been a global force and within first century Islam not only reached all the three continents, known at that time but also became a world power in all the three of them. This situation, with many ups and downs, continued for about eleven hundred years. The last three hundred years or so, are very different; in the sense that for the first time the ascending wave of Islam not only didn't continue; a reverse movement began. I want to emphasize that the expanding wave of Islam did not move always through armed struggle. Armed struggle was a part of the process as has been in the history of civilizations but the most important has been that it was a spiritual movement; an intellectual movement; an ideological movement; a mission and a message. There are vast areas Muslims never ruled but Islam became the dominant force, for example the whole of Indonesia, Malaysia, this entire region, many parts of Africa and there have been huge lands where despite long periods of Muslim rule, where Muslims were in power but they were not in majority because they did not use power to convert. For example India; Muslim ruled for about a thousand years but Muslims remained in minority; in Spain Muslims ruled for around 600 years but population-wise they were not in the majority, so on and so forth. So what I want to suggest is that it has been a spiritual, intellectual, ideological and civilizational movement. With the rise of Europe as a global power from the 14th century onwards because of the Renaissance, the Reformation, in the making of both of which Muslim influence was a very important factor. The agriculture revolution, commercial revolution, industrial revolution, the technological transformation because of the application of science to different areas of human activity and the rise of European Imperialism: There were mainly five major imperialistic forces in Europe: Portuguese, Spanish, Italian, French and British. Islam had many encounters. Yet the turning point came from the siege of Vienna, I think in 1683 or 1681 that was a very critical moment in the history of Islam and Europe and after that a reverse flow began. The Vienna defeat or retreat from Vienna led to further shrinking, disintegration and collapse of the Ottomans. Mughals also in India met the same fate. So did the Muslim rule in other parts of the world. So much so that by the end of First World

War Islam and the Islamic world was totally under colonial rule. This was the first time that Muslims had lost their hold on world power. There were three main reactions to this. One was surrender: acceptance of Western hegemony, politically, militarily but also socially, culturally and intellectually. And under that influence many movements emerged which are known as modernist movements, which tried to tailor Islam and adjust it to the new civilizational paradigm of the Western colonial civilization. They didn't want to leave Islam. Those who left Islam were very few and far between. They tried to change Islam, to modify it, to tailor it, so that it could fit into this new paradigm of power. There was another reaction, which was the conservative orthodox reaction. They accepted the fact of European colonial domination; not *de jure*, only *de facto*. They refuse to accept it intellectually, spiritually and morally. They were rebels within, yet because of they lacked power, they lacked resources, they adopted what we call strategy of retreat so that they could preserve whatever they could, so that everything was not lost. First of all Muslims lost political power, and then because of military control and subjugation, they could not continue. They fought back, both at the level of states and at the level of people. The Jihadi movements, as you find them all over the world: Nigeria, Libya, Egypt, Arab world, Sayyid Ahmad Shaheed in Sub-continent, the movement in East Pakistan, movements in Indonesia, in Malaysia, everywhere there were Jihadi movements; but because of the asymmetry of power, because of the superior technology of the West as against the crude swords and very relatively powerless weaponry they were overwhelmed. So after that they adopted the strategy of retreat so that they would preserve something. So law was gone, judiciary was gone, economy was gone, after that political power. They tried to protect the family, the mosque and the Madrassa. These were three major refuges where Muslims tried to preserve whatever they could. So that is why, through the Deoband movement for example, similarly educational movements all over the world, there were efforts to preserve so that everything was not lost. Now the 19th century was the high water mark of European power. But after the First World War, Western hegemony had its first major shock. It came from internal warfare. It was Germany and Britain; there were different non-Muslim forces that were fighting each other; yet the decline of Western imperialism began. Symbolically, the liberation of Japan from colonialism through the Meiji Formation, China's encounter with Russia in 1905 and Chinese victory; that showed that the global situation is now changing and that history will take a new move towards reassertion and reaffirmation of those who were defeated by or subjugated by European colonialism. The rise of Asia, the reemergence of Islam, the Khilafat Movement in the sub continent; although they knew that through the Khilafat Movement they wouldn't gain anything, yet they were supporting the Turks.

It was in this situation that a new thinking emerged. This thinking has its roots in the Qur'an and Sunnah and then in the thinking of three major Muslim thinkers Ibn-e-Tamiyya, Muhammad bin Abdul Wahab and Shah Waliullah. All of them in their own way and in

the context of their own situation had faced similar political, intellectual, civilizational, military challenges and they developed a strategy; neither of retreat nor of, call it reform, modernization, subversion but of reassertion, reaffirmation and resurgence, which we call *Ahya* and *Tajdeed*. *Tajaddud* is modernization, *Tajaddud* is changing Islam to suit modern days; and *Tajdeed* is to face the challenge of modernity on our own value base. It is positive, dynamic and creative movement, where the idea was “Let us analyze what has gone wrong with us. Why we have declined? What was the factor that has led to the rise of European power and how we can meet this challenge?” In the analytical part, they came to the conclusion that nothing is wrong with the message of the Qur’an and Sunnah. That is Divinely revealed guidance. It is not subject to the limitation of time and space. It’s universal. It is also eternal and it is comprehensive in that it covers all aspects of human life. The philosophy of dividing life into watertight compartments — a spiritual side and a worldly side — is not right. So they said that we have to go back to Qur’an and Sunnah; we to have to find the causes of our weaknesses in our behavior, in our relationship with Qur’an and Sunnah, in our relationship with our history and in our relationship with the dynamic change process that Islam initiated, where it went wrong. So the first point they emphasized was that Qur’an and Sunnah should be the source, and going back to Qur’an and Sunnah is the way to resist and revive. They thought that our education system had gone wrong. In that education system we had committed many blunders but the most important of them was that the focus shifted from Qur’an and Sunnah to *fiqh* and *kalam* and *tasawuf* and later human developments. With the result that the Divine which is and would remain as modern as tomorrow morning was eclipsed by human formulations; although based on the Qur’an and Sunnah but subject to the conditions in which that interpretation was done, those rules were laid. So we move from the original source to secondary processes and that weakened our link with the Qur’an and Sunnah; the real source of inspiration and light. Then in education also; originally education’s concept in Islam was comprehensive, i.e. it covered both aspects of life, spiritual and material; religious and what is described as secular. There is nothing secular in Islam and when people ask “What objection you have to secularism?” my reply always is that Islam is a secular religion in the sense that it deals with the entire secular realm. Secularism rose in Europe because Christianity had withdrawn from the worldly realm and confined religion to the spiritual, the moral and personal piety. In Islam public morality, good governance, social justice, are integral to Islam. So secularism is part of us with a difference and that difference is that we face all the secular problems from a moral perspective. We do not delink it from Divine Guidance. That is the failure of secularism; not that secularism is interested in seclusion of life. Islam’s rise owes itself to the application of moral principles to the secular realm. So education, technology, science, sociology, political power, development, human development, institutional and fiscal development are part of the Islamic scheme.

Education failed to keep that balance; with the result that the intellectuals, the manpower it was producing were one-eyed, not two-eyed. So that's education's failure.

Then we became addicted to custom. Custom is important, tradition is important, but not unless it is related to the living dynamism of Qur'an and Sunnah. Sunnah represents continuity. It is the identity of the Muslims but if we are obsessed with local customs, however Islamically consistent they may be, you lose that dynamism, that creativity. Then of course, misuse of economic power, easy living, we had wealth that was not evenly distributed; we had affluence, it was confined to the elite class. Islam came for Justice, gradually which was denied to the people even in Muslim society. Then of course, another very important factor was the absence of *Shura*; the absence of the active participation of the people in the process of decision making and autocratic, dictatorial, monarchical rule. It has its own inherent weaknesses and we have to pay for that. So a consequence of these factors was that after reaching that height of power, Muslims began declining and it coincided with the rise of Europe which had learned from its own experience, also from Islamic sources and in a secular paradigm tried to develop education, science, technology, good governance, human rights, democracy, people's participation plus military power, modernization, technology's harnessing to achieve their own objectives. And secondly you see — another very important factor emerged and that was that no superpower has remained a superpower forever in history. Every superpower, after some time, has faced decline. The 19th century was the highest pinnacle of power of the European states; then they started declining. And the First World War was a mirror, in which this decline could be seen. So we will see that perceptive thinkers in the West, although in the First World War, Germany and its colleagues were defeated and the Alliance powers won; they tried to rebuild the entire world map after the Treaty of Versailles — but the perceptive thinkers started to say that this is beginning of the decline of the West.

So, for the first time perceptive thinkers started thinking about the crisis; although it was at the height of power, yet the inherent weaknesses, of Western civilization, the contradiction of capitalism, of socialism, of even democracy, of a secular paradigm, they began to appear and the most important work is Oswald Spengler's 'Decline of the West.' Then of course [there are] Arnold Toynbee, Brezhnev, Sorokin, Northrop, dozens of philosophers of history. Now there were Muslim thinkers also, and as I said, in 1857 was the national rebellion. Before that there was the Jihadi rebellion and Syed Ahmad Shaheed's movement in 1830–31 challenged English power. Although they were defeated but the movement continued till at least 1883, when the final trials of the '*Ulama* were done and they were subjected to life imprisonment, *Kala Pani*. Then of course Muslim India tried to go towards education; so Deoband and Aligarh were the response. The All India Muslim Educational Association, founded by Sir Syed, was a main vehicle. The Network of Islamia Colleges and Islamia Schools throughout

the sub continent grew and also Muslims started thinking how to get out of it.

Here we find that initially an effort was made to enable the Muslims to have confidence in themselves. Because of defeat on the military, political, legal, economic, educational fronts, they had lost faith in themselves. And you cannot rise unless you have an ideal; unless you have confidence. So, we find that during this period an effort was made to rediscover at least the Islamic past, Islamic history, its relevance, and to regain the confidence that we have something to be proud of, something on which you can build the future. Shibli Nomani and Justice Amir Ali's works were directed to giving a concrete confidence to the *Ummah*.

Then, in consequence came the political crisis of the Ottomans and the uprising of the Muslim *Ummah* in the subcontinent; although they were weak; although they were enslaved politically, yet they asserted for their identity and that gave them a new confidence. So the Khilafat Movement is a turning point — from despondency to resistance. In 1906 the Muslim League was formed initially to make an appeal to Government to have concessions and some rights and later in 1914 the demand for the 14 points of Quaid-e-Azam Mohammed Ali Jinnah: We want a space for ourselves, the idea to get Bengal divided so that the Muslim minority area could become accepted and British accepted that demand, but then undid it because of Hindu pressure. The rise of the militants in 1911 — when the Prince visited India, there was a bomb blast; and [role of] Bhagat Singh — so that revolution also was there. All of these represent resistant, reassertion, freedom from occupation. For Muslims it was not merely political occupation, it was also intellectual, spiritual, ideological, cultural plus economic and political. So we find that these new waves were taking place. In this 1911 is very significant because two journals appeared: *Al-Hilal* by Abul Kalam Azad and *Comrade* by Mawlana Muhammad Ali. Both of them gave the Muslims a revolutionary vision of their identity and their future to take them out of the despondency towards a new wave of assertion and liberation. Iqbal was playing a very important role in this context. Particularly, his long poems on Islam's future, Islam's past and Islam's call in *Bange-e-Dara* you will find in *Tulu-e-Islam*, then *Asrar-i-Khudi* and *Rumooz-i-Bekhudi* they come in the same period of 1911 to 1918. Both of them are actually a powerful presenting of what Islam is: Qur'an, *Sunnah*, family, *Ummah* and what has gone wrong with technology, science, discipline, organization. It has been a very tumultuous period of crisis but also a very important period for Muslims to rediscover themselves. It was in this context that Iqbal and Mawdudi with great clarity but definitely Shibli, Abul Kalam Azad, Muhammad Ali Jouhar, Mawlana Mehmood ul Hassan, Mufti Kifayatullah, all of them, you see, they were thinking as to how we can come out of this crisis. And here I see Mawlana Mawdudi's unique contribution in the same way as in Arab world Hasan al Banna. And in the back ground of that Muhammad 'Abduhu, Jamaluddin Afghani and Rashid Raza; similarly, in Turkey Mustafa Kamal, Saeed Noursi, all of them, you see in their own way. And in Africa you see Abdul Qadir Aljazairi, Bashir Ibrahim were

engaged in these activities. This is the most creative period out of the pangs of that crisis and that state of deprivation in euphoria of re-emergence. That gave rise to what we call the revivalist movement of Islam — Islamic Resurgence. And this Islamic Resurgence has some very critically important characteristics: First it is that Qur'an and *Sunnah* represent Divine Guidance not human effort, they are eternal, they are complete and they provide guidance for every period and every people, the foundation on which individual, family, society and state can be built. And this is a total new paradigm as against the traditional religious view where you're satisfied with *ibadat*, personal life and you neglect the entire worldly realm. The entire dominant Western civilizational paradigm — where if you want to be religious you can be religious but as a private person — but religion and Divine Guidance has no role to play, as far as the society, as far as the state and history are concerned. So it is a different paradigm. Secondly it also made very clear that Islam is for all walks of life and as such unless we make establishment of Din — *Iqamat-e-Din* — as our objective, we would not be able to fulfill the mission that Allah gave to Sayyidina Muhammad (peace and blessings be upon him) and to all his Prophets and as Muslim *Ummah* we are the trustees of that Mission and to fulfill that mission, first and foremost, you have to revive your own faith and understanding. Intellectual and spiritual commitment and clarity and vision is the starting point. Secondly you must have human development, *tazkia* (character purification), without moral behavior of individuals their God-conscious personality, this change cannot come. It cannot come by power only. It cannot come by force. It has to come from within. But along with that change in society is also important and for that family, mosque madrasa, society, community, help, *khidmat-i-khalq*, *takaful-i-ijtemai* and finally state and political power. So, political power in this paradigm is essentially not sufficient. And it is not a purpose or objective in itself; it is only an instrument for the fulfillment of the Divine mission and this is very clear in the prayer that Muhammad (peace and blessings be upon Him) made when he was returning from Taif; a point where he was rejected, even humiliated, yet that was the prelude to *Hijrah* and movement to Madina and emergence of Islamic Power. So Mohammed *sallallahu 'aleyhe wa salaam* in the Qur'anic words prayed:

﴿رَبِّ اَدْخِلْنِيْ مُدْخَلَ صِدْقٍ وَّاَخْرِجْنِيْ مُخْرَجَ صِدْقٍ وَّاجْعَلْ لِّيْ مِنْ لَّدُنْكَ سُلْطٰنًا نَّصِيْرًا﴾

O my Lord, make my exit an exit with truth and my entry an entry with truth and make political power my helper (*Bani Israil* 80)

This is an instrument to fulfilling the Mission and not an objective in itself. So this was the new vision that Islamic Revivalist Movement offered. It is also unique that the Islamic Revivalist Movement has kept itself away from the sectarian disputes. From the rigidity of

fiqh, they have shown openness that whatever *fiqh* you want to follow, you are free to follow. Instead of fighting and shedding blood on that let us come to the common grounds and that is vast.

Islamic Movement has never been involved in *Shia-Sunni* conflict. There are material differences on certain issues, like *Imamat* — yet they say the area we agree is over 90 percent. So let us accept the differences, accept each other and participate in common objectives. Similarly it has shown great flexibility in respect of adopting from other civilizations, other cultures, other countries, in the field of technology, human experimentation; we regard that to be common experience of mankind and we differentiate between technology and values. Where values and technology are intertwined, we will try to develop new technology. Where technology is not rooted in a particular value, it is a common heritage of mankind and we want to use it. Even in social life, in economic life, in political life, if humanity has made experiments which are in consonance with our values, we are not allergic to that, so while we were opposing British imperialism, while we were opposing European civilization, Islamic Movement's approach is of openness. Now, conservative's reactions have closed the door to all modernity. Modernists have fallen a prey to modernity. The Islamic movement is in between. We accept the challenge of modernity. In modernity, whatever is valid and goes with our value framework, we embrace it and integrate it. Whatever is repugnant to that, we refuse to accept it. But we don't refuse it blindly. We engage in intellectual encounter. We have developed a critique of Muslim society; we are also developing a critique of the Western society and civilization; and also the West is not the only example, there are other civilizations and cultures in which China and Japan are very important. So we are open; but without comprising with our value framework, there is flexibility and dynamism. So this third reaction which is the reformist in the true sense but we distinguish ourselves from modernists, we prefer to call it Islamic Revival. Actually it is a modern movement, continuation of the past but in the context of new challenges and situations.

I've taken that long to give you that prospective because whatever we are doing in Islamic economics and banking is so isolated. It is in this context; that is why we always say that Islamic banking and Islamic economies are important, of critical importance, we have to develop an alternate model, but this alternate model would not be able to deliver fully, if the entire context is not changed. So, Islamic revivalist movement is multi-dimensional. It is a spiritual movement because we regard that unless you have a personal relationship with Allah and His Prophet (peace and blessings be upon Him), unless the totality of human personality; physical and spiritual, is taken care of, it will remain one-sided — a moral approach to life and application of moral values to all dimensions of human life. It is also a social movement; service, education, *dawah*, *tabligh*. It is not by force. It is a mass participation and

mass mobilization. It is an intellectual movement, where we develop intellectual critique of dominant thought paradigm and give an exposition of the Islamic approach in a manner that could be understood by the people of our time because the level of knowledge, information and technology is such that unless you are abreast of that, you speak that language, you cannot show your understanding of the viewpoint of your adversary or opponent and you cannot present your viewpoint with arguments and finally of course the proof of your practical dealing when you practice, demonstrate and show how it's done. So the Islamic movement represents this third scheme and Islamic political, or Islamic economic, Islamic educational reform each one is important but is part of that mosaic, the total pattern, which goes to make up what we call Islamic resurgence. So it has also the dimensions, spiritual, moral, intellectual, societal, state legal, global——so all these are relevant parts of it.

Now this was the message that I was able to discover from the writing of Iqbal, Mawdudi, Assad, Shibli, Abul Kalam Azad and other thinkers [including] Hassan Albanna, Syed Qutub, all of them. Their style may be different, their language may be different, their priority may be different but the central theme and idea is the same: that Islam is Divine Guidance; Islam covers all parts of our life; Islam is the Eternal Guidance; Islam has to become basis for a new intellectual and social, political economical, cultural civilizational change.

Mehboob ul Hassan: *We see that soon after the Independence, some claimed that Pakistan should be a socialist or secular country, not an Islamic one, while on the other hand Jama'at Islami was promoting Islamic discipline to convert Pakistan into an Islamic state. In this context, what kind of resistance did you face and which parties and personalities were behind this resistance?*

Professor Khurshid Ahmad: It is a very important question. Pakistan's establishment was not a gift from the rulers, the British. It was hard earned by the Muslims of the subcontinent through sacrifice and a long drawn out struggle. If you read the literature from 1911 up to 1940, you will find that whatever was the political orientation of the Muslim groups, all of them were concerned about two things: one, how to seek liberation from British Rule so that political slavery comes to an end, and two, how to ensure that Muslims are able to maintain their identity, are not dissolved into the culture of the majority and are able to work for Islamic destiny. Both these issues were equally important and agitated their minds. The Muslim League started as an elite group to seek concessions for Muslims. But by 1940, it was transformed into a movement of the Muslim Indians to achieve their political and religious goals, i.e. freedom and Islam. Quaid-e-Azam also changed over the years. He started as secular person, yet as a Muslim who would fight for the rights of the Muslims. But

then he realized over the years that merely fighting for rights would not give the Muslims the opportunity and the role, they are seeking. Also he realized that the Hindus and their leadership were not trustworthy and they were in collusion with the British. So after making every effort for unity, with justice....

Iqbal played a very important role in that respect with great clarity. He said that it is not possible in Islam to divide life into spiritual and mundane; they go together. And if we do that, then even the spiritual side deluded religious side would also be done away with. So the problem of India is that while Muslims are a nation because of their ideological, religious and cultural identify; they are also in a minority; so if we apply that principle of democracy, we will have to find out a solution where we could get both; political freedom and opportunity for our religious spiritual and cultural revival.

Now technically this is not possible throughout the Indian subcontinent. So Iqbal came out in 1930 that we will have to go for division of the country and those provinces where Muslims are in majority, there they should be able to have their own political power so that they could establish their identity and seek their destiny in order to live according to their own values. Initially Quaid-e-Azam was reluctant but gradually he was convinced. So in 1936 he came back to India; from 1936 to 1939, if you critically analyze his writings [and] his speeches, he is in a process of movement from that “*One India Solution with protection of Muslims*” to a new “*Drawing of the Map*,” so that freedom and religious and ideological dimension could be achieved simultaneously. In fact before that, in 1939, the Provincial Muslim Leagues had already asked demanding these things. Mawlana Mawdudi also wrote, during this period, a series of articles which had been published in three volumes *Muslimans and Mawjuda Siyasi Kashmaksh* wherein he has, with strong arguments, shown that Muslims cannot be a part to territorial nationalism of the Congress or Jamiat Ulama-e-Hind. Muslims have to have their own Islamic identity. But he also differentiated Muslim nationalism and Islamic nationalism. He said Muslim nationalism commits the mistake of just attributing or concentrating on Muslim political rights; but neglecting the spiritual and moral and religious and ideological dimension. Islamic nationalism is where Muslim Ummah and its Islamic base and values are totally integrated, not simply the interests of the Muslims. That is the fine difference and that is why he did not participate in the Pakistan movement physically. But all his intellectual work was in support of Muslim identity, Muslim nationalism based on their faith. The Muslim community is a faith-based community and the political future of the Muslims is one where Muslims could fashion their affairs in accordance with their own faith and their values and their vision of man, society, and history. So it was in this context that the entire Muslim movement grew. And there are at least 90 clear statements of Quaid-e-Azam starting with 1939, where he said: “Allah has given me everything. I have all the amenities of life; I am not aspiring for any worldly gain. Now my only desire is that I want to serve Islam,

I want to serve Muslims and I want to die in a state when I could say to Allah that I have fulfilled my duty to Islam and the Muslims.”

Now, here starts Quaid-e-Azam of Pakistan and when he was asked, “Mr. Jinnah, you were in Congress at one time, now you are talking a different language.” He said: “Yes, I am now talking a different language; because I was in primary school also sometime but I did not remain in the primary school always.” His speech on 11th August 1947 is misinterpreted because that speech was delivered three days before Pakistan was established. In that speech Quaid-e-Azam was concerned, first and foremost about Pakistan’s existence, because India was playing every trick with British collaboration to undo Pakistan. Corruption, religious riots and killing of Muslims and Hindus — this was the background and in that background what he said was that in Pakistan people belonging to every religion would have full citizenship. He was discussing the question of citizenship and not the character of the State; and this is very clear that when Reuters asked him: “What did you mean by this speech?” He said, “I was talking of equality of citizenship of people belonging to all religions; majority and minority.” When he asked: “Does that mean there will be a theocratic state?” Quaid e Azam said: “No, you don’t understand Islam; Islam has given us democracy.”

There is not a single occasion throughout his life when he had said that Pakistan would be a secular state. He had always said a Muslim state, the largest Muslim state and at least two times after the establishment of Pakistan, he specifically said that Pakistan would be an Islamic state. When he was confronted with the question whether Shariah would be a source of law in Pakistan or not and whether the constitution would be based on Islam he said, “I cannot speak because it is the Constituent Assembly which will do it; but they are Muslims and our law would be based on our religion.” He has even used the word ‘Islamic Law.’ It is distinct and in one of his interviews he has even said, “I know what an Islamic state is — it means that the legislation would be bound by the injunctions of the Qur’an and Sunnah.” So this was all just the total exploitation of the Quaid and misinterpretation of him. And that is why the secular element, particularly leftists, as well as the vested interests, who had been with British imperialism throughout their lives but when from 1945 onwards they saw that “Pakistan is going to be established; the Muslim League is going to win”; they jumped on the band-wagon and even joined the Muslim League and from within they tried to develop this idea of a secular, liberal, progressive, leftist state.

Mawlana Mawdudi, realizing this situation, in April 1948 said that to settle this issue the State, the Constituent Assembly, should declare what is the nature of the Pakistani State. He visited all parts of the country and Jama’at-e-Islami launched this movement, which is known as *Mutalba-e-Nizam-e-Islami* and it was in response to that the Constituent Assembly, on 12th of March 1949, passed the Objective Resolution, and one has to understand the mind of the people who were piloting the Pakistan movement; because this Constituent Assembly

was elected before partition by the Muslim community, they represented the real objectives of the Islamic Movement in Muslim India. Quaid-e-Azam had died but Liaquat Ali Khan, Sardar Abdurrah Nishtar, Nazimuddin, all those leaders of Pakistan Movement were there and Mawlana Shabbir Ahmad 'Usmani was an elected member of that Assembly. And if you read the proceedings of the parliament, it is very clear that there was complete unanimity amongst all the Muslim Members that Pakistan was established as a trust from Allah *Subhanahu wa ta'ala*, its affairs are to be run by the People of Pakistan within the limits [and] in the light of the guidance given by Allah and there would be equality of citizenship for non-Muslims. They would have equal opportunity. The ideological case of Pakistan is very clear. That is why the Objective Resolution has always remained the preamble of the constitution, even where efforts were made to drive it out. Ayub Khan did that. Ayub Khan changed the name of the Pakistani state from the Islamic Republic of Pakistan to the Republic of Pakistan. He deleted the Objective Resolution as the preamble of the Constitution. There was a protest and in 1964, the Assembly was elected under Martial Law, and the first thing they passed was the restoration of the position as the Islamic Republic of Pakistan and the Objective Resolution as the preamble of the constitution. The 1973 constitution was made by Bhutto, who was a liberal socialist, but it clearly says in the preamble that Islam is the religion of the state. Article 227 says that there will be no legislation against Qur'an and Sunnah and directive principles of state policy clearly state that every effort would be made in all walks of life to enable the Muslims to live in accordance with Qur'an and Sunnah. Elimination of *Riba* is part of that. It is very much in the constitution. So what I want to say the liberals have tried to hijack Pakistan's identity and the people of Pakistan have resisted it and nobody would be able to impose a secular Constitution on Pakistan.

Jama'at-e-Islami faced opposition from this liberal element and Mawlana Mawdudi and Mawlana Amin Ahsan Islahi and Mian Tufail Muhammad were arrested in October 1948; one month after the death of Quaid-e-Azam. During life of Quaid-e-Azam, there was complete understanding. Even Mawlana Mawdudi was invited to Radio Pakistan. He gave regular lectures from there. He was Even involved in a debate about whether Pakistan should be an Islamic state or not on Radio Pakistan. That is on record.

But after Quaid's death, this element who had entered the Muslim league had captured key positions. If you want names, I can say that Ghulam Muhammad was the foremost person in that direction, and he was supported by bureaucracy and Army. Ayub Khan was with him and Ayub and Sikandar Mirza. All of them represented that secular, liberal, anti-Islam lobby. So much so that Sikandar Mirza when the 1958 coupe came, publicly said that we would put all the mullahs in a boat and throw them out of Pakistan. The Islamic forces have remained there. Only Sikandar Mirza had to leave Pakistan. So, we have faced opposition, misrepresentation, false allegations, imprisonments, even the death sentence. In 1953 the death sentence was

awarded to Mawlana Mawdudi and it was due to public pressure here and worldwide that it was commuted to a life sentence. He was released not on any pardon or amnesty. He was released because the law under which the sentence was passed was illegal and when that law was revoked, after three years imprisonment, he was released. In 1964 Ayub banned the Jama'at through two provincial orders: one in West Pakistan, the other in East Pakistan. We fought in the court and the Court said that that order was illegal and that Jama'at-e-Islami is a peaceful democratic political party. Whatever its view it has a right to existence and political activity. I was also arrested at that time and the judgment also said very clearly that the arrest was illegal, so after nine and a half months we were released and vindicated. After that also Jama'at leadership has been arrested again and again. During the Nizam-e-Mustafa movement and even in 1996 when Benazir was in power, Qazi Hussain Ahmad was arrested twice. I and Qazi Hussain Ahmad were taken to Sihala on the day of the protest in Islamabad so that resistance has come but has never affected us. We stand for a principle. Most of the allegations that were made against Jama'at were totally false and untenable and we have faced them intellectually and stand vindicated.

Mehboob ul Hassan: *How would you evaluate the reaction of common people towards your movement? Did they recognize your work with open arms or just neglect it?*

Prof. Khurshid Ahmad: I think, we have had substantial support from the people but I would not make any false claims. Jama'at had always been, in the past, a movement among the educated people: an intellectual movement, a civilizational movement. It had greater influence in cities, much less in villages. Most of the population lives in villages and I think for the first time in Jama'at's history, a real effort to reach the common man in the villages began with the leadership of Qazi Hussain Ahmad and through that, now I can say, that we have very strong power base in some parts of the country in the common man. We have always been quite active in cities. In the first elections in Pakistan history in 1959, in Karachi, Jama'at contested 25 seats and won 23 out of a hundred. Even in 1970 elections, when we were under great pressure and Mr. Bhutto had launched a nationwide campaign which affected us; from Karachi three persons were elected on the Jama'at ticket. In 1985, thirteen were elected. Best was 2002, when we had 28 in the National Assembly and five in the Senate. So what we can say is that Jama'at-e-Islami remains a cadre based organization; it is not merely a political party and its influence goes far beyond the political realm. At the realm of the ideas, of vision, I think its vision has prevailed in the country mostly because the secular elements who demanded the dividing of Pakistan's political life into religion and secular have failed. And every one now accepts that Islam is a complete way of life; it provides us guidance for every aspect of human living and we have to honor that. But as far as the practical support is

concerned, I cannot give you the exact figure but on the basis of what I have analyzed, our following in the country is anywhere between 8 to 10 percent. That is why, we have pockets of political power but it is not spread throughout the country and that is what our effort is: to increase that base. In East Pakistan the same; in the 1970 elections, Jama'at-e-Islami emerged as the second largest party as far as votes are concerned. And even this year when there has been doubt in the election there, but I was analyzing, the number of votes received by the Jama'at has increased while the number of seats which were contested has gone down. In the last elections there were 55 candidates of Jama'at and, I think, 17 had won. This time there were only 35 candidates and the votes they have received are 600,000 more than the votes they had received in the last elections. So we have a popular base, we are moving in that direction. Even our method of work has changed. We began only with the book, the printed work. But later on visits, speeches, public mobilization, public rallies, electronic media, through all of these we are trying to mobilize.

So, I can say that Jama'at has a sizeable support base and that is because of all the political movements we have launched. And we have street power, then we have demonstrated it because of the support of the youth, of students, of workers and a cadre of committed workers in the Jama'at. In the cities we remain an important political force. In the villages we are developing our own constituencies throughout the country. Our Party is not confined to any one area. We have our work in all the provinces of Pakistan, in the tribal area. It is a national organization. And it is not merely a political party; its strength, its successes and its failures cannot be judged merely on the basis of political votes. At the moment it has members about 23000, members between 5 to 6 million, which gives us a reasonably wide base.

Mehboob ul Hassan: *Many research institutions and councils formulated frameworks for the elimination of Riba and the Islamizing of banking and financial institutions. How would you describe the role of these institutions and what were the institutions directly or indirectly under your supervision in this task? How would you evaluate the implementations and measures of the government for the Islamization of the country?*

Prof. Khurshid Ahmad: OK, first of all we should differentiate between two things. Some institutions are in the private sector, some are directly in Jama'at supervision, others are NGOs; independent with their own constitutions and with their own manpower but sharing the thoughts and approach of the Jama'at, and there are some institutions, which have been established at the state level to achieve those objectives which have been spelled out in the Constitution.

My primary contribution lies in the first two. Jama'at always had a Committee for

research and research organizations. I have chaired that for over two decades. Jama'at had a Planning Committee and a *Tarbiyyah* Committee. These two committees are very important committees in the Jama'at and some of the research, policy thinking is done there. We have a Political Committee headed by Prof. Ghafoor, which periodically meets and discusses the political strategies, political situations of the country. We have a department of *Rasayl-o-Masayl*, which deals with religions enquiries from the people to give them religious advice on different issues. Those are strictly under Jama'at's own name and structure. But Jama'at has adopted a strategy of expansion, through sister organizations. These sister organizations are independent. They are not financed by the Jama'at and they are not directly controlled by the Jama'at. But they represent the overall ideological movement and furtherance of those objectives and it was for that purpose that the Islamic Research Academy was established in Karachi under my supervision. Mawlana Mawdudi was its Chairman, I was its Secretary General and Director. Similarly, in Lahore there is Idara-e-Ma'araf-e-Islami on the same lines. I am its Vice President; Mian Tufail Muhammad is its President. There are also about seventy six *Madrasa Dini* which provide education up to the *hadith* level, the *faraghut teshil*; and they tried to provide the traditional religious leadership but with a wider vision that Jama'at Islami has given. Similarly, Jama'at has also encouraged the establishment of private schools from primary to university level. They are not Jama'at projects; but they represent the same movement and the same intellectual approach and vision, but run professionally and independently. At the moment there are about 3,000 to 3,500 such schools of education and institutions that are engaged in that activity.

My own humble contribution lies in promoting this activity in developing such institutions, which could meet the educational, intellectual and civilizational challenge. So, Islamic Research Academy Karachi, Idara-e-Ma'araf-e-Islami, Lahore, and IPS (which is independent but in applied policy research) are doing the same things. In the U.K., I have established Islamic Foundation and Markfield Higher Education Institute, again totally independent but representing the same thought-wave, ideological movement; the University of Management and Technology in Lahore, which is a Chartered University and I am the Chairman of its Board of Governors as well as Board of Trustees of that. It has three thousand students, many faculties including education, social sciences, engineering, computing and business administration. So, all these institutions are in a way playing a critical role in developing Islamic thought, in facing intellectual challenge from the West and making contributions.

Along with that we have played a role in the development of those institutions which are not under our control; which can even come out with suggestions which may be — not in conformity with our thinking, yet they are sincerely working towards this objective and in this respect the Council of Islamic Ideology is the most important institution. We demanded

it, because we said, “If you say that there should not be any legislation against Qur’an and *Sunnah* then there should at least two more institutions — one to enlighten, educate and inform and the other to evaluate and adjudicate.” So the Council of Islamic Ideology is the constitutional body which provides guidance to Government and legislatures of parliament as well as provincial assemblies on legislation and policy issues. And although I have never been a member of it I have been consulted by most of the bodies and people representing Jama’at’s viewpoint have been there. Mawlana Abdul Malik, Mufti Siahuddin Kakakhail — they have served as members of the Islamic Ideological Council and played their role and on the whole the CII has done a very good job. It has produced around 150 reports; it has examined 4,000 laws of the country and out of them it has given its viewpoint on about at least 3,600 laws; identifying whether they are in conformity and whether they are at variance with [Qur’an and *Sunnah*]. The failure lies with the parliament, the government. They have not implemented them. They have even given draft laws, yet those draft laws were never availed of. At the moment the Council does not enjoy so much confidence of the people because General Musharraf dissolved the earlier one and tried to bring a Council which is more pliable and useful to him. But as an institution, Council of Islamic Ideology, during the three decades, has in my view made very valuable contribution and if somebody or a group goes carefully through all the reports he will find a complete picture. And in the field of Islamic banking and finance, I think Islamic Ideological Council’s document is a historic report. I was Minister of Planning at that time when it came. The Deputy Governor of the State Bank, Dr. Ziauddin Ahmad, was the Chairman of that Group. And these three documents, I think, are of critical importance and for understanding of the contribution of Pakistan and Pakistani institutions in this field: The Report on the Elimination of *Riba* from the Pakistan Economy by the Ideological Council, which came in 1980, which you are referring to — J. Tanzil-ur-Rahman was its Chairman — although most of the work was done when Mr. Cheema was the Chairman of the Council; all the work was done at that time but it was published when Tanzil-ur-Rahman was there. Tanzil-ur-Rehman’s other writings have been very good contributions in that direction. It was also based on another report prepared by the bankers, and it was chaired by Dr. Ziauddin Ahmad. It was manned by only economists and bankers. So the report of the Ideological Council is actually based on that report. The second thing, very important in that respect, is the Judgment of the Federal Shari’ah Court. That Judgment in itself is very important. This was written by Dr. Tanzil-ur-Rahman; and then the Judgments of the Supreme Court — J. Khalil-ur-Rahman, J. Wajihuddin and J. Taqi ‘Usmani — I was also one of the witnesses, who appeared there and spoke for several hours making my presentation on Islamic Banking; they have quoted me a number of times in their report. I think these judgments are very important; and they really give a ‘blue print,’ in the real sense of the word, at least for the finance and banking sector.

About others also, there are many important things. For example there was a report prepared by the Planning Commission when I was Deputy Chairman of the Planning Commission on suggesting how in the agriculture sector *usher* has to be introduced. In the Senate, when I was Chairman of the Standing Committee on Finance, we produced a report on taxation and how to bring the taxation system in conformity with Islam. The Islamic Ideological Counsel has also produced a report on Fiscal Reforms and another on Legal Reforms. So, all these things are there. So, No. 1, the report of Islamic Ideological Council; No. 2, Judgment of the Federal Shari‘ah Court and No. 3, the Judgment of the Supreme Court. All these three documents, they represent landmarks and on the basis of these an effort was made in 1980 to start the process of Islamization of Banking. The State Bank issued 12 modes, which were a result of this effort. It is also important to note that throughout this period at the global level a movement for development of Islamic Economics was nearing stature. The process started in 1973; when in Riyadh, on the occasion of the World Assembly Muslim Youth Conference, I was invited — I was in UK at that time — to give the key-note speech on “What is Islamic economics?” And there, you see, I gave a vision of what is the Islamic approach to economics and what is needed is to develop it at the professional level. The central idea was that up till 1970 very good work had been done but that was done to explain Islamic teachings about economic issues, or to critique capitalism or socialism, or to compare Islam and socialism. But a systematic movement from the economic teachings of Qur’an and *Sunnah* to Islamic Economics is a transition that has to be made and that can be made only by economists in cooperation with ‘*ulama*. Neither ‘*ulama* alone nor economists alone can do that. So for that it is very important to have an academic platform where both can meet, discuss, and then spell out outlines on which Islamic Economics has to be developed. A research centre is important; three key demands were made and the President of the King Abdul Aziz University Jeddah, Dr. Umar Zubair — he accepted all the three and immediately after that conference, he formed a Steering Committee for all these purposes.

That is how that first international conference on Islamic Economics was held in 1976 in Makkah Mukarrama. After that the first research centre of Islamic Economics was established in King Abdul Aziz University, Jeddah and in that Conference three hundred scholars — about two third economists and others ‘*ulama*; — they participated and its proceedings were published in two volumes: *Study in Islamic Economics* in English and its Arabic Paper volume was edited by Dr. Ahmad Sakkar. These two volumes were given by the first Conference.

The second conference was held in Pakistan and I was the Chairman of that conference and Islamic Ideology work, Islamization work, it got impetus from that conference. We also had a follow up seminar on Islamic finance in Islamabad. So, these two important meetings took place in the early 1980s and it was on the basis of this that in 1984 State Bank rules and regulations for it came. But as I said at that time I repeat, what the State Bank did or what

the Government adopted was not our blue print. They just high jacked our ideas and tried to introduce an interest free counter; PLS counters in conventional banks. We said that this does not represent our approach and this failed.

Mehboob ul Hassan: *So in your view, the approach was clear but was the implementation true to the concepts?*

Prof. Khurshid Ahmad: No, in my view the vision and the approach were very clear. Government didn't accept that vision in total. There was a pick and choose — so they picked up only one part of it and then even that part was not implemented properly. So I think a fallacy lies in both i.e. not accepting our total program, of total transformation of the system over a period of time, we did not want it to be done with a long jump, and also whatever they adopted they were not sincere, they lacked political will; and also they were not equipped, they did not prepare for that so that is the reason why this was a false start and not a proper start.

Mehmood ul Hassan: *Many researchers have identified many problems and shortcomings within the bureaucracy, banking administration and the political sector. In your view which segment is the most blamable for the failure of Islamization?*

Prof. Khurshid Ahmad: You see most of the critics you have referred to — I welcome criticism from anyone and from any source — but the problem is that this group of writers does not share this vision. In fact they regard this vision to be flawed and impractical. And then they pick holes in the implementation. I don't want to condemn them ... and I don't say that experiment that is being made in Islamic banking is perfect; it is very limited and I will come to it later on. But the criticism that these people are making in my view is confusing because instead of coming out and clearly saying that there is no Islamic banking; *riba* is not prohibited in Islam; or current banking is not *riba* based; they just tried to malign whatever is being done and which is also suffering from certain basic drawbacks. There is a distance, a chasm between Islamic Banking practice and Islamic Banking theory as we have developed — they are exploiting this. I want clarity. For those who say that *riba* is not forbidden we have argument with them and we have proved from Qur'an and Sunnah that *riba* is forbidden. For those who say that *riba* and interest are two different things, we have fought it intellectually and we have shown that No, the banking is based on interest and interest is *riba*. Although there are many things in *riba*, which may not be interest, which are known as *misl riba* or *shibh riba* but definitely modern banking is based on interest and is a *riba*-based institution and we have to move away from that in search of an

alternative. But unfortunately, the global Islamic Banking movement which I regard to be a positive development, at least, it lacks on three accounts: first, it has tried to ignore the *maqasid-e-Shari'ah*, the real objective for which *riba* was forbidden and the total vision of Islamic economy and Islamic banking and finance in that context. Secondly, they have relied too much on certain *fiqh* instruments and those *fiqh* instruments though valid in themselves, they are valid even today but they are subject to many conditions, both historical as well as factual. There over-reliance on this is my second worry because what was allowed as an exception i.e. *murabaha*, *bay muajjal* they have made the basis; what was allowed genuinely i.e. *ijara* is not being implemented keeping all the conditions which have been there. So — first, they have not accepted or adopted the entire vision; and only tried to move from that to a very limited area, where they can provide a service, which is *riba*-free and I don't agree with those who regard *riba* as faceted; third is of course, failure in implementation, even of Islamic banks and the lack of what I call, technical skills, *Shari'ah* understanding, and also public awareness; because the success of Islamic banking would depend upon (1) clarity of vision and a clear road map (2) I am not rejecting what is being done — but I regard it to be insufficient and incapable of achieving the objectives of *Shari'ah* and of Islamic banking — so we have to rediscover this; and (3) unless we have a manpower which is trained, both motivationally and professionally, qualification-wise in Islamic modes of finance and banking, in Islamic economic and its objectives. They have picked up people from conventional banking they are used to that type of banking. So to what extent can that type of banking be made consistent with *Shari'ah*? They are moving in that direction. But it is not *Shari'ah* based it is only consistent and that is too in a limited area and that is why unless it moves in the direction of real *Shari'ah* based banking in finance, being an internal part of the reform in the country and also overall reform in the attitude of the people, education, society, media and government, and for that you need proper awareness in the users. Islamic banking will not succeed unless the user of the Islamic bank is motivationally as well as operationally with you; if they just want to take benefit without taking the risks; the public awareness, the law of the country, the entire financial operational system. Islamic banking is operating in a very hostile environment; even in Muslim countries is in a very difficult situation. Whatever they have achieved I value it; I do not relegate it. I regard that to be a positive outcome but I regard that only as a first step in that direction. And if you do not take the next step that would be, I think, disastrous. It is possible only with the vision, the skill and the manpower, public awareness, law and society's cooperation; all of these are there — and that is our vision for the future. I am quite confident we will move in that direction. Islamic banks are better than conventional banks in many respects. Their primary objective is not profit but they have been profitable and economically viable. Even though it has remote relationship with assets, it has given more stability than conventional banking — that is why whether you look to the 1997

crisis in South East Asia or you look to the current crisis, Islamic banks are least affected; because their financial dealings are not delinked from the physical economy and physical assets relationship that protected them from the shock handling effect. The size of the market they have captured varies. In Pakistan there is about three and three and half or four percent of the total deposits and advances and in Malaysia it is slightly higher than that 10 percent; in Kuwait it is over 10 percent. So, it is moving in that direction and efforts are being made by conventional banks to highjack it. Some people are very happy that leading conventional banks have opened Islamic windows. I am worried because to me, that is a process through which this next step, that I am emphasizing, can be frustrated. And that would be very tragic.

Mehboob ul Hassan: *There are several fully-fledged Islamic banks in Pakistan, but in a meeting of ‘ulama and scholars in Karachi on 28 August 2008, it was observed that the present Islamic banking in Pakistan is not in accordance with Islamic Shari’ah. A fatwa was issued declaring that present Islamic banking in Pakistan is not Islamic and there is no difference between conventional banking and Islamic banking, so it is haram. This situation has created a panic dilemma for the depositors who hope for Islamic banking development in Pakistan. So what is your observation and view regarding the practices of Islamic banking in Pakistan? What is your view on the present practices of Islamic banking? And what would be your suggestions for the development of the Islamic banking system?*

Prof. Khurshid Ahmad: It is a very important question. We have to face it squarely. I have read that *fatwa*. I think it is unfortunate, because in my view it is not based on a proper understanding of the *Shari’ah* basis of Islamic banking as it has been introduced and practiced during the last thirteen years. I have said earlier and I am saying again — it is not fulfilling the objectives that *Shari’ah* has placed before us. Because Islam wants an economy where there would be facility for credit but it would not be a debt based economy; instead it has to be an equity based economy with risk sharing, equity sharing, and active involvement and participation of capital and entrepreneurship in economic activity. While the concept of conventional banking is that it is only a banker, not an investor; except industrial banks or municipal banks; and it is based on the idea of assured return for the capital owners, irrespective of the fate of the project which this utilizes. So conceptually, these are two different paradigms altogether. So what Islamic banking has done so far, in my view, is while it is consistent with the *fiqh* formulations in respect of certain modes of financing and as such it is *halal*, it’s not *haram*; yet as it is not fulfilling the objectives for which the whole establishment, the whole institutions and instruments were suggested, it is halfway through. Now the ‘*ulama* who have given this *fatwa* unfortunately have failed to understand this. I give an example: what is the difference between marriage and *zina*? The act is the same; but

one takes place with the blessing of *'aqd*, a vision, a commitment and the other is illegal and immoral because it lacks that intent. Now the family may not be very religious, the husband and wife may even be engaged in some un-Islamic activities, yet if they have made a *nikah*, the process is valid. What is difference between *zabiha* and *jhatka*? Both mean cutting of the head. So if there is some similarity between the two, they should not be treated as equal. *nikah* is different from *zina* and *zabiha* is different from *jhatka*. What these banks have done they have resorted to *Zabiha*. They have resorted to *Nikah*; it is not haram. But what is correct is that if the goat you sacrificed was stolen, *Zabiha* is OK, yet you see it is tainted. If the purpose for which Islam allows marriage i.e. family, children, a *hasan* protected life; but if after proper *'aqad* they do wife swapping or things like that, that does not mean that their *'aqd* was *haram*; but what is happening after that is *haram* — it is not correct. This they have failed to see and that is why I disagree with them. I regard what they are doing is *Shari'ah* consistent but it is not fully capturing the *Shari'ah* objectives and that is why it is not *Shari'ah* based. We have to move to *Shari'ah* based banking and then we would be able to achieve our objectives....

Mehboob ul Hassan: *When and what factors motivated you to establish educational institutions and research institutions like the Islamic Foundation Leicester in UK, several institutions in Africa and also in Pakistan IPS, the University of Management and Technology and many others?*

Prof. Khurshid Ahmad: I firmly believe in two things: one, Islam has not only encouraged education and learning but has made it obligatory on every Muslim to acquire knowledge and knowledge of every description, not merely religious; Religion is very important but along with religion other fields of intellectual and practical pursuits. The Qur'an in its first revelation that came to Prophet (peace and blessings be upon Him) made it very clear:

﴿اقْرَأْ بِاسْمِ رَبِّكَ الَّذِي خَلَقَ الْإِنْسَانَ مِنْ عَلَقٍ اقْرَأْ وَرَبُّكَ الْأَكْرَمُ الَّذِي عَلَّمَ بِالْقَلَمِ عَلَّمَ الْإِنْسَانَ مَا لَمْ يَعْلَمْ﴾

Recite in the name of your Lord Who created, created man from a clot of congealed blood. Recite; and your Lord is Most Generous, Who taught by the pen, taught man what he did not know (*'Alaq* 1-5)

Here the whole Islamic concept of knowledge has been summed up. The real source of knowledge is Allah. So we have to have access to His guidance which is available in the form of the Qur'an and the Sunnah of the Prophet Muhammad (peace and blessings be upon him). But it is very important that in these verses when *Rabb* is the central piece, the source of knowledge عَلَّمَ الْإِنْسَانَ مَا لَمْ يَعْلَمْ The three things that have been emphasized are:

بِاسْمِ رَبِّكَ الَّذِي خَلَقَ *khalaq* means creation, the physical world, '*alaq*, a piece of flesh, the biological world, and عِلْمٌ بِالْقَلَمِ is technology. So these are the three main fields which should, with the centrality of Divine Guidance, provide the total paradigm of knowledge. So I think that knowledge is part of faith and my primary motivation has been my faith and the emphasis that Qur'an and *Sunnah* have placed on knowledge. Second of course was that I realized that if we look into history, we find that only those people, those nations, those countries who have led have excelled in knowledge, and those who have ignored knowledge, their muscle power could not last long. While physical power, economical power, military powers are essential, unless you have the power of knowledge, you cannot make any real contribution and the threat that confronts the Muslim Ummah today is, among others, in the field of knowledge. Europe and America have given importance to education research, discussion, dialogue, intellectual discourse and are benefiting from that in the form of the application of science to technology, institutions and harnessing of vast human resources. Europe's challenges and Western civilization's challenges are not confined to economics and military hardware. Primarily it comes from their thought, their values, the way they have codified knowledge. So because of that, from my early days I had this ambition and I share this with you that when we were in college and university, the group in the Islami Jamiat Talaba that was lead by myself, Dr. Zafar Ishaq Ansari, Manzoor Ahmad, Umar Chapra, Khurram Murad, we all used to discuss all these things and we decided that even if we get economic incentives from other fields of activities we would prefer to become teachers in a university so that the intellectual challenge could be met. And as I have said earlier, the intellectual challenge, unfortunately, is not merely external; also internal because critical thinking has gone down among the Muslims, because the level of education — quantity wise and quality wise — has been poor. Mawlana Maududi, it was through his powerful intellectual response to the Western challenge as well as to the weaknesses in the Muslim *status quo*. So my first contribution priority had been that we should give knowledge, seek knowledge, promote knowledge and prepare our new generations for meeting the intellectual needs of the Muslim *Ummah* and the global human family. But the second point that I want to emphasis is that I realized very soon that its very good that an individual devotes his or her life to this type of activity but every human being is mortal and his constraints, in spite of opportunities, make his area of activity small; but if we establish institutions they have a life in perpetuity; they can pool all talent, they can provide a climate and an environment in which people think, reflect, discuss [and] innovate, so the importance is seeking knowledge and establishing institutions which believe in knowledge. And these institutions, primarily, are three: one is formal education through schooling, colleges, and universities; second is research through formal institutions or research institutions and third is communication, *iblagh*, media — electronic media print media — personal contacts, dialogues and discussions. So I have tried in both directions. I give priority and importance

to the intellectual challenge and the intellectual contribution that we must make and whatever humble efforts I have made, the Muslim community has recognized that and honored me. The University of Malaya, the International Islamic University of Malaysia, Loughborough University, UK, they have conferred honorary degrees of PhD on me. Similarly the first prize of the Islamic Development Bank for contribution to Islamics and Islamic Economics was given to me in 1989 and the highest Award in the Muslim world; the Faisal Award, was given to me in 1990 for whatever little contributions I have made both at intellectual front and in establishing institutions and in that Award they specifically mentioned that I have not tried to work single handed but my efforts has been to establish such institutions as may continue this work in an organized manner through educational institutions, research institutions and communication arrangements.

Mehboob us Hassan: *Which institution was the first one you had developed and in which year?*

Prof. Khurshid Ahmad: To be very frank my first contribution was within Islami Jamiat-e-Talaba, where we tried to organize study circles; and these study circles were of different layers — elementary, intermediate, higher. This institution works in the Islami Jamiat-e-Talaba until now. In Jama'at also, we introduced the concept of research, dialogue on policy issues, also surveys to find out our own position — both positive and negative dimensions — so we have the committees with deal with *tahqeeq*, research, and research institutions. The formal full-fledged first institution was the Islamic Research Academy, Karachi. It was when I was teaching in Karachi University and in 1958 this institution was formally established. Mawlana Mawdudi inaugurated it. He was Chairman of the governing body and it had '*ulama* and thinkers, not merely from Jama'at but also those from outside the Jama'at: Mawlana Zahoor ul Haq, Mawlana Zafar Ahmad Ansari, Mawlana Nazim Nadvi; all three were members of the Advisory Committee. The idea was to pool talent and to involve all those who share this objective. This Academy is working until now. The second was Idara Ma'araf-e-Islami, Lahore, which started work in 1979. While I was in the UK from 1968 to 1978, I established the Islamic Foundation, 1973 is the year when foundation became operational and within three years it became one of the leading research centers on Islam in Europe. It now has over three hundred publications, three magazines, research staff, a Policy Analysis Wing and then it was in 2000 that we were able to have foothold in the British educational system by establishing Markfield Institute of Higher Education — first in collaboration with the University of Portsmouth. For three years we operated through Portsmouth University. Then for five years, we worked with Loughborough University and now with Leicestershire University, Staffordshire University and York University with whose cooperation MIHE

is working and it has three major streams of education: Islamic Economics, banking and finance; Islamic thought and its sources, and community services, where education, Islam in a multicultural, multi-religious society, mosque organization, imam and chaplaincy, in other words counseling those issues which concerned the Muslim community particularly the youth, we have tried to develop that. Here in Pakistan it was May 1979, when I resigned from the Federal Government, where I was Deputy Chairman of Planning Commission. I realized that throughout the Muslim world, until 1970s, there was not a single institution which was devoted to applied policy research. There were institutions of research like Islamic Research Institute, like Islamic Cultural Institute and many others, where research was done on Islamics but was theoretical.

My idea was that there should be applied policy research and this I learnt from my stay in Europe that every country had dozens of institutions which in their own fields undertake research; some are in the private sector; some are in the public sectors; some are in public-private sector; and they examine all the policies, spell out alternatives. They are helpful to Government and other institutions, even help political parties to formulate their policies — because policy formulation is a very delicate process and unless there is reasonable research input, policies would remain shallow, flawed and superficial, uncoordinated. So from that experience I thought that let us make a humble beginning in Pakistan — and that is how we started in a small rented bungalow — IPS (Institute of Policy Studies). Very soon other Muslim countries also took interest in that and personally I was involved in helping them to develop policy-oriented institutions. Malaysia was the first and with the request of my friend Anwar Ibrahim and the Prime Minister's Office a policy research institute was established, Mr. Qamaruddin Jaffar, a very dear friend and my student as well as good intellectual from Malaysia — he was the first person who was assigned to lead that institution. Then Indonesia and after that many other Muslim countries have established institutions to deal with applied policies.

IPS was a very important experiment for me also because I tried to develop it as a professional institution. I have my close linkage with Jama'at Islami, which is a political party as well as an ideological movement but we have maintained our discipline in IPS that we are in contact with all political parties, our platform is available to all schools of thought, Government, opposition, and those who are critical of us, and we have a national academic council in which we bring intellectuals from every school of thought in the country. Yes, we have made it very clear that we have two points of reference — one, we want to examine and develop policies on Islamic perspective, it is not hidden; and secondly from the perspective of the self-reliance of Pakistan and the Muslim *Ummah* and self-reliance does not mean self-sufficiency, self-reliance means that we should have the capability to make our own decisions according to our own priorities. International contacts, interactions dialogue are

important but dependence is not good. Self-reliance is the other key point.

Then it was in 1990 that I, with the help of my colleagues, established ILM — the Institute of Learning and Management in Lahore and ILM was established not for research but policy oriented teaching. So we started with business administration, BBA, MBA, computer sciences, engineering, education, social sciences. After 10 years of very good services and we got our affiliation during that period with Hamdard University, who would give degrees and we would be giving teaching. We were able to get a charter from Punjab and now it is the University of Management and Technology. It has its own campus in Lahore. We have about 3,000 students at the moment and these five major faculties. It is a growing institution and we have, which is very important, students from all parts of the country, particularly, the less developed and of poorer areas: NWFP (North-West Frontier Province), Baluchistan and rural areas. We give them special incentives, special fee concessions so that the less developed areas have human potential that could help them transform their lives. About 10 to 15 percent of our students are coming from abroad; but mostly of course, Pakistani expatriates. The University is in close collaboration with international institutions and is ranked as one of top three universities in South Asia: The LUMS (Lahore University of Management Sciences), the IBA (Institute of Business Administration) Karachi and UMT (University of Management and Technology). They have been described as three top universities. Our number is number three; but with sheer effort and sacrifice, the team has been able to achieve this level; and 95% of our product is employed and we have very close contact even now with them. We have also tried to develop new subjects which are needed in Pakistan. For example, for the first time in Pakistani history, we introduced courses in textile, both engineering as well as marketing; we introduced courses of hotel administration. So subjects should be related to the society, the needs of the community — not just repeating what has been taught during last fifty years. It is innovative. That is how some of the institutions have been established and they are rendering very valuable services.

Mehboob ul Hassan: *How and to what extent are these institutions developing your objectives and are you satisfied with the performance of the institutions?*

Prof. Khurshid Ahmad: Very briefly, Yes. One should always be an idealist and my ideals are very high and we keep on striving to move up. But I am satisfied and I thank Allah (swt) that the institutions that I have established or had a role in establishing, they have been able to make significant contributions in the field which was assigned to them and they have also been able to earn recognition from the society. Even some of the reports of IPS had been quoted in the parliament and in the cabinet. Our report on Afghanistan was quoted in General

Assembly in United Nations. We are consulted on major issues and we have provided our platform even to government people. One of the foreign ministers made very key policy statement on foreign policy in an IPS Seminar. So, thanks to Allah I think we have been able to achieve something.

Mehboob ul Hassan: *Running these institutions requires huge amounts of financial support. How do you manage these costs?*

Prof. Khurshid Ahmad: No institution can work without a solid financial base. My effort always has been such and I believe, if we are financially independent we can be independent. And if we are financially dependent on anyone then we cannot be independent. So every institution I have established behind that is a *waqf*. The Islamic concept is that whom Allah has endowed with resource should dedicate part of that resource for a cause. Mawlana Mawdudi dedicated all his royalties from the over hundred books to the Islamic Research Academy, Karachi. That is its base support. In IPS, we established a *waqf* and the building where we are, is the property of the IPS; and we have planned it in such way that almost 70–75 % of our expenses come from rental income from this property. Plus, we have made other endowments also an endowment has been done by me, my family, and my friends. I have avoided public fund raising and I have never asked any government to help, neither the Pakistan Government nor Jama'at Islami Pakistan or any other government. However, we have always said that if the Pakistan Government wants us to undertake any research, it can be commissioned and they would be charged for that. This we have done for the Pakistan Government, for the University Grants Commission, for other institutions, and we are open even to the Market. If there is any research that we can undertake, and it has a price tag, we don't mind that. Then we have also kept this in view that the Publications of our institutions should be marketed and also become our source of income. For example, the Islamic Foundation has three hundred publications; almost one-fifth of its budget is supported by income from the sale of books. Then we are open to donations, unconditional; those who value our work and help us either for a particular project or for a particular piece of research that we are undertaking or just generally to the institution — so donations, *waqf* and revenue generating activities of the institution itself. Markfield Institute, for example — students pay their fees. We share that fee with Markfield Institute and the university with which we are affiliated. Similarly, UMT is self-financing — because we are charging fees. We are not charging exorbitant fees; we have kept it within reach of the people and even then 10 to 15% we also give free scholarship to poor but deserving students. Yet we have our own independent source of income and that sustains us and that also ensures a degree of continuity; because our basic budget is supported by solid revenue

from our own endowments or *waqf*. That gives us independence and that makes things sustainable.

Mehboob ul Hassan: *What kind of problems are you facing at present for running of these institutions?*

Prof. Khurshid Ahmad: Well, life is full of problems. We don't have an easy ride. Definitely, we have our financial base but with inflation, increasing activities, there is always a financial deficit, which we try to fill through donations. But the main problem is manpower and there, you see we have a difficulty which we have not been able to surmount. The market is always ahead of us. We are a private NGO. We cannot afford to pay at the level of international institutions. Islamabad is a diplomatic city. European, American NGOs, Arab NGOs — they try to pay very handsome salaries to people. Because of that the mobility of manpower from our institutions has been a problem. We train a person, he makes his contribution, he makes his position five years, ten years, twelve years and then of course he gets an opportunity. Although people have shown their loyalty to the Institution I have never stopped them if they get a better career. So from that viewpoint, I think, the manpower in my view remains our major problem. Although, financial constraint to a certain extent is there but as far as these institutions are concerned Alhamdulillah we have not faced interference or physical difficulties from the government side.

Only in the UK after 9/11 we are facing some problems because of the overall climate against Islam and Muslims. We have received threats; we have to seek police protection. London Times even published an article suggesting that Islamic Foundation has links with Islamic Organizations in Pakistan and other parts of the world and that is the kind of a linkage with those who had been behind some terrorist attacks. Although it was totally stupid but they did say so and because of that there were many apprehensions; but we have faced every challenge. Still because of the overall hunting for Islam and Muslims, all Muslim Institutions including Islamic Foundation and Markfield Institute are at a disadvantage, as far as government is concerned. The Government is trying to promote their cronies in the Muslim community. We have never allowed ourselves to be used by any one. So on the one hand we have good reputation but on the other hand because of this we have problems. Even Markfield Institute of Higher Education — they sometimes don't give visas to students who are coming from the Muslim world on time and because of that our potential students are denied that opportunity and we have to bear the financial cost; because for self-sufficiency there is a particular bottom line that should be fulfilled and that we are doing. But otherwise by and large we are moving in the right direction.

Mehboob ul Hassan: *Mawdudi trained a number of Islamic scholars who are serving Islam in most parts of the world. Can you name some of your disciples of Islamic economics?*

Prof. Khurshid Ahmad: I have taught in Karachi University and in Urdu College taken together for about 18 years and, there have been thousands of students and some of them have reached very high positions in world organizations, in universities. Then my attitude has always been even when I was teaching in University that I never treated students as a lower class. I have treated them as our partners in an academic pursuit. And I used to say that the difference between a teacher and a student is that student leaves the university in four or six years but the teacher continues. The teacher is as much a student as the student whom he is teaching. It has been this friendly approach because of which my students have always been very respectful and wherever I go — somebody comes and greets me as his or her teacher.

In the field of Islamic Economics, my first major contribution was, when in 1962, I prepared a book which was to be taught as a compulsory book at all degree level institutions in Karachi — *Islami Nazriya-e-Hayat*. Literally hundreds of thousands of students have read that. Later on it was included in the course for public administrators; it is still there. So in every department of the government, you will find persons who have read that book and they have benefited from that book. In that book, on the one hand I tried to edit it on the best of the writings of the Muslim scholars of the 20th century but almost half of it was written by me and in that I have tried to address the issues of Islam and changing times, modernity, Islamic approach to education, Islamic approach to economy, the nature of the Islamic state and Islamic political order. All these I have written myself. Then, I introduced in 1966 or 65, at the masters level in Karachi University, Islamic Economics, first as a part of comparative economic system with capitalism, socialism and the welfare state, I added one section on Islamic Economics and was teaching it myself and then I think, it was in 1967, that we introduced Islamic economics as one of the optional hundred marks papers at the masters level. So that was the first effort to introduce Islamic Economics as an academic economic discipline; and as part of the university teaching program. When Karachi University's took this initiative, the Punjab University also, Dr. Rafiq Ahmad was the Vice Chancellor at that time, he is an economist and a good friend, he also introduced Islamic economics in the teaching program. That is how Islamic economics got a foothold and I had a role to play in that.

After the 1973 Conference in Riyadh and the 76 Conference in Makkah Mukarrama, Islamic Economics is now being taught as a full-fledged discipline in over 50 universities of the world, but the impetus came from that initial effort. So from that view point wherever you have Islamic Economics, I have my students, colleagues, and when we established the Islamic University — I was one of its founder trustees — we established the International

Institute of Islamic Economics as an autonomous body; now it is integral with the University and for five years I was its Chairman, and Dr. Ziauddin was Director General. And we tried to develop an integrated approach to economics i.e. we would teach at the undergraduate and postgraduate level, economics in the best possible manner. Along with that we integrated with it a critical study of conventional economics and taught Islamic Economics, Banking and Finance. So an integrated approach was developed. The International Islamic Economic University is the first university in the world which didn't teach economics and Islamic economics separately — we integrated both. So that is how we were able to produce students who were the blend of the two and among the first graduates of this University was Dr. Humayun Dar, who later on did his PhD from Cambridge and is a well-known name. He was the first student of the first batch and many more; Tariqullah is one of them, he was product of our University. Dr. Fahim and Dr. Munawwar — they were teachers whom I brought in and they really constituted a very high powered teaching and research team in the University. So I am very happy and then this whole Institution of Islamic International Conferences, we initiated in 1976 and till now we have held seven conferences — is very successful. The *Review of Islamic Economics* is a professional journal. It was the first Journal that we produced. Now there are a number of Journals in the field of Islamic Economics and we made this first effort and in this the Islamic Foundation and the International Institute of Islamic Economics have joined hands.

Mehboob ul Hassan: *As you are well aware, due to the global financial crisis, which initially started in 2005 and became worse in 2007, the world is facing a much worsened situation now; so in this situation in your view, what will be the future of capitalism in Europe? And on the other hand, what will be the prospect of Islamic economics?*

Prof. Khurshid Ahmad: Number one — Islamic Economics is independent of any other system — and I see a very glorious and productive future for Islamic Economics because Islamic Economics is demanded by our faith. Economics was not born with the publication of Adam Smith's *An Inquiry into the Nature and Causes of the Wealth of Nations*. The economic problems of man were with man from day one; and from day one; economic questions — what is to be consumed, what is to be produced; how the product is to be exchanged — have been there. Every religion, every culture, and every society has tried to address these three key issues. What is unique about the founding of economics as a discipline, interestingly enough, it has been founded by one who was not an economist. Adam Smith was a philosopher. His major work was *Two Sources of Morality* but the contribution lies in: systemizing all the experiences of mankind and discovering from human behaviors what are the motivational forces: what helps in decision making on economic issues? And as this

took place in the context of capitalism, the initial formulation was on the capitalistic canvass. But then a revolt against this came; again first for moral reasons and social reasons of justice and then in a very profound scholarly manner by Karl Marx and Engels, trying to challenge the very premises of capitalism and rescue economics from capitalism to a very different framework of socialism. There are dozens of schools in economics but the major school has remained the conventional capitalistic thinking, socialistic schools, the institutionalists and now the Greens. Irrespective of all them, whether they say it or not, initially there is a vision of man and society and economy and then there is a science and discipline. And hear their positive dimensions and normative dimensions. Sometimes normative dimensions are clearly spelled out as in institutional economics, as in socialistic economics, as in green economics. The conventional, classical as well as neo-classical; tried to hide this vision and concentrate on technical relationships like behavior patterns, predictability, verifiability; but in the background definitely the values as well as the vision are very much there.

In that context when we look upon Islam, we find that Islam has given us a very different objective and vision of what is good economics and that one is where the needs of all human beings are met with honour and justice. Allah has given all the resources that are needed. Scarcity is only a relative term not an absolute term. So we have to see how best those resources are developed and distributed, so that real well-being takes place. So Islamic Economics is based on a vision, a value framework and Divine Guidance ensuring justice; *ليقوم الناس بالقسط*. So our motivation is faith; and 1.4 billion Muslims even if they may not be conscious, it is their inner longing that we should have our economic affairs dealt in a manner that is Islamic, that is *halal* and that enables human beings to establish justice amongst themselves. That is first reason.

The second reason is that as long as the Muslims were under colonial rule they lacked the opportunity to fashion their lives according to their own values, they were at the receiving end of capitalism and of socialism. Now with the freedom of the Muslims and at the moment, at the moment we are 59 Muslim states whose population is nine hundred million to one billion and another four hundred million Muslim communities in different parts of the world. So these Muslims longing to achieve justice and live a life that is *halal* is the basis of Islamic economics and freedom has given them this opportunity to move in this direction. With the freedom of Muslims, *Ummah*, the demand for Islamic Law, Islamic Rule, Islamic Economics, and Islamic Education——it caught up. It is working.

The third reason is the weaknesses and failure of other economic approaches. No economic approach is without its merits——there are merits and there are demerits. But socialism, capitalism, and welfare state are the three major paradigms in current economics. The Greens are still emerging and I hope it would be a useful contribution. Similarly, the institutionalists or evolutionist economists are healthy movements but the three major

paradigms remain — capitalistic, socialistic and welfare state. Now socialism is not dead. It has had a very serious setback and a setback that has shaken the very intellectual foundations of socialism, which was public ownership of the means of production; but the role of the government, the role of the public sector and the role of considerations other than efficiency is very much there. Capitalism — there was euphoria after the fall of Berlin Wall and disintegration of Soviet Empire that communism is dead and now this is the final victory of only one system and that is liberalism, democracy, and capitalism. This euphoria did not last long. It was unrealistic. Capitalism has its own internal contradictions. It's not that capitalism does not have merits. Capitalism has discovered the value of the individual, of private property, of private enterprise, of profit reward, of initiative to innovate, to develop, and to produce. It is production oriented; all these are positive aspects. Along with that it is one sided: individualism is welcome but with social responsibility. Efficiency is OK, it is crucial, but with equity. Private enterprise is a premium mobile for economic activity and development. Market is a very important force in decision making. But if they become exclusive and ignore all other dimensions then that becomes exploitative. Soros has called it market fundamentalism, which suggests that it is unbalanced. In my view capitalism is based on a creed, *profitability* which is devoid of moral values and it has developed economic structures which are infested with inherent weaknesses because unless equity and justice on the one hand and efficiency and innovation on the other go together and are integrated, a healthy civil society in economy cannot work.

Socialism ignored the incentives and the protection dimension and overplayed distribution. Capitalism ignored distribution and if it took the distribution it was haltingly, grudgingly and halfway. Because, distribution does not mean merely distribution amongst the means of production, it also means distribution between individuals, regions and countries. Capitalism is suffering from a gross inherent malaise in the form of the concentration of wealth in a few hands and the deprivation of opportunities to many; even in a country like America, you will find 15% population living below poverty line; there is unemployment and financial instability and in this financial instability, interest has played a very important role. Because, interest assures a fixed reward for the stakeholder and forces the borrowers to shoulder the entire risk of business for others, which is unfair. Qur'ān has called it *zulm* (wrongdoing) and it is *zulm* to both: to the lender, who is deprived of the possibility of a reward based on actual performance of the project; and it is unjust to the borrower — who superficially thinks that he has been given a certain percentage, I am OK, but if there is a loss even then he has to give. So because of interest there is a built in exploitative system; a built in mechanism which leads to greater inequalities in the society and more important than that from the view point of mundane economics the link between money and assets is weakening.

So I was saying that built into capitalism is this unequal distribution and aggravation of

inequalities as they proceed. Plus the marginalization of the role of the state and government, public good, public needs; because of that there are inherent distortions in capitalism and interest has played a very important role. It is the pillar on which capitalism rises; and it creates an exploitative society, which favors the rich and discriminates against the poor, even the talented one, who could make a singular contribution to the economy but lacks the resources. So, these are the major reasons — one faith, eternal values, a higher system. 1.4 billion Muslims, their longings; and Allah has endowed them with natural resources and manpower if they have education, good management, good governance and the failure of other systems to deliver.

Now capitalism's crisis is not something new, there were small crises, big crises, very big crises. Its path is stained with crises. And in the recent history the major crisis came in 1997-98 in South-East Asia. And all those emerging economies and tiger economies they collapsed like a house of cards. Now the global crisis which emanated from America, to which you have rightly referred, I think at least three fundamental reasons are there. First is conceptual: Capitalism as I said has erred on making the individual, individualism the base. Profit motive is the moving spirit. Market is the mechanism through which this effort has to take place and market is to decide all those three questions, which are fundamental to economics: what to produce, how to produce and how to exchange. Now, we have reduced society to economy. We have further reduced economy to market. This is a falsification and this falsification is bound to create distortions, inconsistencies, and adverse consequences for the vast majority of people. The mortgage crisis — and even before that, a number of institutions failed — but in my view in the mortgage crisis the fundamental thing is the spirit of capitalism, which enables you to live beyond your means and which facilitates lending in a manner that does not necessarily lead to the production of goods or services. That brings us to the most fundamental question: What is the role of money in economy? Money, in Islamic Economy is only a measure of value, a means of exchange, and a standard for value; it is not a commodity in itself to be traded. Even Aristotle said money cannot beget money. Money is to be intermediary. Intermediation has a very important role to generate and produce goods and services, which satisfy human beings and leads to development. Now if this link between money and production goods and services is severed and weakened, it is bound to produce abnormality. That is at the root of it because, in the capitalist system, money and profit become objectives in themselves; not an instrument to level up in the economy of society, with the result that now you are trading in derivatives, options, claims on assets and claims on claim on assets. So the real money circulation and the real economy production, exchange and satisfaction of needs: they have no close relationship. You can produce billionaires in this process without actually adding to assets anywhere. Then comes speculation, forward trading and hedging. Genuinely all of them were instruments to manage risk but now they

have become instruments to make money and create risk. So it is this transformation and a conceptual as well as structural problem.

Take these institutions, the way they have been built, even insurance for example; insurance began as service to enable you to face certain risks. It has gained your control. Now it has become a profitable business. And people are exploited; yes some people do get relief also but there is no proper system. The beneficiaries are who? Not the policy holders but those who are at the top of management. So structures have been created in such a manner that transparency, accountability, efficiency and equity doesn't go together. And it is also immoral; because when money is the objective, when everybody is after wealth; they forget whether it's through the right means or the wrong means. It is a whole pyramid business and has thus collapsed. Forty billion dollars lost. Even some of the key financial institutions of the world were playing that game and everybody believed this farce. So the critical issue is whether the money lending processes lead to the generation of goods and services; and consequently the well-being of the people, the satisfaction of the demand and of needs, or whether it produces more risks and provides billions to the players.

Now derivatives: In the business of future derivatives the data is that 97 percent have lost and only three percent have saved. It is immoral. The income and perks and facilities the top management gets, playing with other people's money, they take millions as their take home salaries. They take risks that are unfounded. Corruption and mismanagement is part of it. So conceptual, structural and moral — all these three counts; the present crisis and its causes can be seen in these. Islamic economics have a very important contribution to make to this situation because we are calling them to come back to the basics. What is the purpose of economics? Profit-making or development and allocation of resources in a manner that creates a just human society; which is development oriented, which gives efficiency an important place and it does not stop there. It also ensures that the end product is so distributed and used so that it is not wealth that increases but it is well-being that is promoted and wealth becomes an instrument for well-being and delinking wealth from well-being takes us to the situation which cannot but generate crisis, which cannot but be in the interest of a smaller number of people and at the cost of a larger number of people. The interest-based system would always lead to the transfer of resources, the concentration of resources in the hands of a few, and it has three dimensions: at the individual level, at the level of the country and at the global level. Less developed countries would remain less developed. They would be providing the resources to the rich. This is the real transfer of resources from the poor to the rich. So in individual, domestic and global economics this concentration and this dichotomy is the root of world problem.

Islamic Economics goes to the root of it. First of all I must say that our objective is clear. Our objective is *Falah*, well-being. In the Islamic framework well-being in *dunya*

and *aakhirah* (this world and the Next) both but even for the non-Muslims, at the purely secular level, it is the well-being of the people — not merely wealth. Secondly, this could be achieved only if you have a value system of *halal* and *haram*. So that *halal* is promoted *haram* is discouraged. Then you have a more comprehensive holistic approach where you address the economic problems but in the context of the totality of the economy and of society and humanity at large; not looking only at your personal interest — personal interest is important; it is part of it — but again we don't stop there. Personal interest would be coupled with social good, its consequences towards others. Right to property, for example, has been given in Islam, right of enterprises has been given in Islam, right to profit has been given in Islam, but along with them there are certain values and moral norms which also have to be respected and are not outside the model. They are indigenous to the model.

So market has to be guided by law, by customs and by, if necessary, positive intervention. And the intervening authority should be the one which could be above petty personal interests. Institutions have to be created for this purpose. So that is the model and it is very different from the capitalistic model. Secondly, I must also say that Islamic economics is a nascent evolving discipline. It has not yet reached its maturity. The teachings of Qur'an and *Sunnah* have been there. They are complete but on the basis of that development of an academic discipline which on the one hand could comprehend all the major problems of analysis; and also a basis of prescription, so that policy could come out of that. So this process of the development of Islamic economics is taking place at this moment. It is transition. It is a rich effort spread over thirty-five years. Still it is in the process of evolution and secondly its development has been rather misbalanced. Finance and banking areas have been much more developed; other areas of the economic activity are less developed. That is why in the first conference that was held I tried to address the issue of development. That was the first article on the Islamic concept of development that was written. Similarly, microeconomics, the economics of the business, of the firm, production functions, management functions, how they would be influenced by Islamic values; these are underdeveloped areas. But the most serious underdeveloped area is feedback from practice; verification of our premises and our hypotheses, policy guidelines in practice. Only some efforts have been made in this direction but I think the real challenge for the researchers tomorrow lies in: extending the area of Islamic Economics from almost exclusive involvement in banking and finance to other fields, which means microeconomics, labor economics, commerce, development economics, institutions; and secondly, the application of Islamic economic principles to real life. Finding out which of our premises are validated by action and where some weaknesses are exposed.

That is why I say that Islamic Economics is not a divine word; it would be experimental; we will be making mistakes; we have to learn from that. It is only the values and the ideals, the corner stones, that are unchangeable but from that we make a formulation: we apply it,

we may succeed and we may fail and if we succeed —— well and good —— and if we fail we have to critically examine it; develop new strategy again referring back to the moral values, the vision. That is how we have to go ahead. So, Islamic economics —— there is a vision and then there are mechanics and instruments; both of analysis and then application and then learning from application and interaction. These are the major areas in which we are presently engaged and I want to tell you that one fundamental difference is that the Islamic vision of the economy is that of a sharing economy, of an equity-based economy, not merely a debt-based economy, a participatory economy, A participatory economy where every single member of the society has an opportunity to make his or her contribution. This is not the communistic model and this is also very different from the regimented model of socialism.

In the present crisis you can see that state has to come in. Those who were talking of liberalization and deregulation and forcing other countries to de-regularize and liberalize their economies, now the government is taking over the banks, the finance companies, and the mortgage companies. They are bailing them out. Then there is also a new role of government that has been discovered as was done by Keynes in the first crisis of 1929–32. They are passing through the same phase; but in our view this is only a partial response. Government intervention will save them for some time and I hope it will, but unless you go back to the roots, the needs of all human beings cannot be met; the greed of the few has no limit. Powerful incentives are very important but profit incentive to the neglect of all other factors; both physical and moral, is bound to overshoot. This is what has happened.

I regard this crisis to be a warning, a wakeup call and also an opportunity and one more thing I want to add and that is speculation has become integral to all major areas of activity in capitalism. We have to get rid of that. Risk management is OK, but speculation makes the system unstable and if it overshoots it is disastrous. So dishonesty, speculation and the fundamental conceptual distortions are at the root of the problem. And Islamic economics is a breath of fresh air in this context and it is also a historic opportunity. Even the British PM and Head of the Financial Services Authority have said that this crisis is forcing us to think about the relevance of Islamic banking where lending is asset-based and not merely options or derivative-based. So, I think this is very historic opportunity.

APPENDIX 1: Profile of Khurshid Ahmad

- 23 Mar. 1932 Born in Delhi (India)
- 12 Feb. 1948 Migrated to Pakistan
- 1949 Joined Islami Jamiat-e-Talaba, the student wing of Jama‘at-e-Islami
- 1953 Elected as the Nazim-e-A‘la (President) of Islami Jamiat-e-Talaba
- 1955 M.A. in Economics, University of Karachi
Professor, University of Karachi (–1968)
- 1956 Joined Jama‘at-e-Islami
- 1964 M.A. in Islamic Studies, University of Karachi
- 1974 Vice-President, Standing Conference on Jews, Christians & Muslims in Europe, Berlin and London, U.K.(–1978)
- 1976 Advisor, King Abdul Aziz University, Jeddah, Saudi Arabia (–1983)
Member, Board of Trustees, Islamic Centre, Zaria, NIGERIA. (to date)
Member, Advisory Council, Centre for the Study of Islam & Christian-Muslim Relations, Selly Oak Colleges, Birmingham, U.K.(–1978)
- June 1976 Co-Chairman, Consultation of Christians and Muslims concerning “Christian Mission and Islamic Da‘wah,” Chambésy, Switzerland
- 1978 Chairman, The Islamic Foundation (Head Office), Leicester, U.K., Branches in Nairobi, Kenya & Kano, Nigeria (to date)
Member, National Hijra Committee, Government of Pakistan(–1983)
- 1979 Chairman, Institute of Policy Studies Islamabad, PAKISTAN (to date)
Member, Supreme Advisory Council, International Centre for Research in Islamic Economics, King Abdul Aziz University, Jeddah, Saudi Arabia (–1983)
Vice President, Islamic Research Academy, Karachi and Lahore, Pakistan (to date)
- 1980 Member, Board of Trustees, International Islamic University Islamabad, Pakistan (to date)
- 1982 Honorary Ph.D. in Education, International Islamic University Malaysia (IIUM)
- 1983 Chairman, International Institute of Islamic Economics, International Islamic University, Islamabad, Pakistan (–1987)
- 1984 President, International Association for Islamic Economics, Leicester, U.K.(–1992)
- 1985 Member, Senate of Pakistan (–1997)
- Dec. 1986 Member, Committee of Jurists Invited by the Prime Minister of Sudan to evaluate Islamic Laws of Sudan, Sudan (–Feb. 1987)
- 1987 Member, Foundation Council Royal Academy for Islamic Civilization Amman, Jordan (to date)
- July 1988 Member, International Review Committee, Islamic Research & Training Institute, Islamic Development Bank, Jeddah, Saudi Arabia (–Mar. 1989)

- 22 Feb. 1989 1st Islamic Development Bank Award (1988) on Distinguished Contribution to Islamic Economics at Annual Conference of the Board of Governors, Rabat
- 1990 King Faisal International Prize in Services to Islam, Riyadh
- July 1991 Chairman, Senate of Pakistan Standing Committee on Finance, Economic Affairs & Planning (–Mar. 1997)
- 11 July 1998 5th Annual Prize of American Finance House (LARIBA), USA, in recognition of his services in Islamic Economics and Finance, at City Council, Los Angeles, Pasadena, USA
- 2001 Rector, Markfield Institute of Higher Education, Leicester, UK (to date)
- 2003 Member, Senate of Pakistan (to date)
- Honorary Ph.D. in Literature, Loughborough University, UK
- 2006 Honorary Ph.D. in Islamic Economics, International Islamic University Malaysia (IIUM)

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