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Speech to Khazanah Megatrends Forum

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[*Bismallah...*]

As it is customary for us Muslims, we like to always begin by invoking the name of God, the one God, the God of all of Creation, who created the heavens and the Earth, the God of Adam and Noah, of Abraham, Moses, Jesus Christ, and Muhammad. Peace and blessings be upon all of these noble prophets and messengers.

I would like to thank you for inviting me to speak today, and thank you for putting me on at four o'clock in the morning my time—I just arrived from New York yesterday. But it's always a pleasure to be here with you and I look forward to a very engaging discussion. I've always enjoyed coming to the Khazanah annual forums—I came two years ago and I found I learned so much, as I did today.

I would like to anchor my initial presentation in two or three big things. First, answering some of the questions you set for us (What is a good society? What is the definition of ethics?), certainly from an Islamic point of view but what I believe to be a universal point of view. Second, some comments upon your concept paper, which I think was a very interesting one, and comments on some of the remarks made by previous speakers. And finally, a couple of suggestions on what I think Khazanah should do to be courageous in terms of leading the vision that previous speakers spoke to.

So first, what is a good society? Well, we believe as Muslims that there are three categories of knowledge: knowledge that we learn by deduction; knowledge that we learn from our predecessors, or handed-down knowledge; and what we call revealed knowledge—revealed knowledge being knowledge which we would not have had except from God. Now, for us as Muslims, the Quran represents God speaking to humanity, and that is why when we quote the Quran we are quoting the advice of the Creator, whom we describe as being perfect, who is the absolute, and who created us in his image—a notion that is shared by all the Abrahamic faith traditions.

In a verse (3:110) which is important to us in this context, God says "*kuntum khayra ummatin ukh'rijat linnas*" ("You are the best society established, or emerged, from humanity")—this concept of being the best community. Why? The verse continues, "*ta'muruna bil-ma'ruf wa tanhawna `an il-munkar wa tu'minuna billah*" (you command the common good—or *al-ma'ruf*, which I interpret as the common good— and you forbid, or you prohibit, the common wrong, and you believe in God). A few verses down (3:113) it also refers to the fact that there was a "*laysu sawana*" (not equal) "*min ahl al-kitab*" (among the People of the Book, which means the predecessors of the Christians and Jews) "*ummatun qaimatun*" (a community that was established, upright) "*yatluna ayat al-lahi anaa al-layli wahum yasjuduna*" (that recited God's verses at night in a state of frustration). "*Yuminuna billahi wa al-yawm al-akhir*" (they believed in God and the Last Day).

Belief in God and the Last Day is a fundamental concept of Islamic theology. It is not only an acceptance of the *fact* that God exists, it also implies the contractual agreement between God and man (and I use "man" to mean all human beings, the Arabic word *insan*). And also the belief in the Last Day means that

we believe in human accountability before God—that our ethical decisions are not short term. Our ethical decisions are long term. Sultan Nazrin talked earlier about short term-ism. Well, our ethical decisions are decisions for which we *shall* be held responsible on the day of accountability, which will be called the Last Day, *yum al-akhir*.

“*Wa yamuruna bil-ma’ruf watanhawna ‘anil-munkar wa yusari’una fil-khayrati wa ulaika min al-salihina*” (They commanded the good, they prohibited the bad, and they competed with each other in doing good). So the notion of competition and doing good are important aspects of what you might call an Islamic ethical code.

Our notion of the common good and the common bad is a bit vague, so we need to define and refine that and unpack it a little more. To do this, Muslim jurists looked at the sum total of all the commands of the Quran and the Prophet, the Quran being God’s commandment to us directly, amplified and furthered by the Prophet Muhammad, peace be upon him. They looked at all the commandments and all the prohibitions, and they recognized that what was important was not only the letter of the law but the *objectives* of the law. This was a deduced project. You will not find the results, the *maqasid ash-shariah* (the objectives of God’s law), as such in the Quran. They were deduced from the commandments in the Quran and the *hadith*.

The jurists grouped the commandments into six categories: the preservation and the furthering of life, of property, of intellect, of family or lineage, of dignity, and of religion. These objectives are not just objectives of Islamic law, they’re actually fundamental human rights which everybody in every society aspires to. You might even call them the Islamic, or the universal, definition of happiness.

In fact, I wrote an article in which I compared the *maqasid ash-sharia* with the American Declaration of Independence. The Declaration begins with the words, “We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights...” So the reason our rights are inalienable is that they are given to us by God. They are *God-given* rights, they are not given to us by any government. Therefore no human agency has the power to revoke them. They inhere in us because we are human. “That among these,” the Declaration continues, “are Life, Liberty, and Property.” This was how the first iteration of the Declaration of Independence read, and then “Property” was later edited to “pursuit of Happiness.”

So, life is common to the *maqasid* and the Declaration of Independence. Liberty can be mapped very well to the concept of human dignity. What else do we do to pursue our happiness? We seek property—material self-sufficiency. But that’s not enough for us to be happy. We love to get married to our sweethearts, have a family, and have children. That’s part of what fulfills us as human beings. We like to engage in our intellectual pursuits, whether it is having discussions or going to school, or in my case doing the New York Times crossword puzzle, especially the Monday and Tuesday puzzles—of course those are the easier ones to do! But we all seek our personal intellectual pursuits, and we also like to practice those beliefs that we hold dear to us, which is what religion is all about.

We see then that the *maqasid ash-sharia*, or the objectives of the Shariah, describe the universal human aspirations for happiness. They are fundamental human rights, universal human rights which all societies, or almost all societies, share. These six objectives are also the inverse, the mirror images, of the six great sins, or the six commandments which are sinful to disobey. In fact, think of the Ten Commandments: you shall have no other gods before me; you shall not make idols; you shall not take

the name of the Lord in vain; remember the Sabbath day and keep it holy; honor your father and your mother; you shall not murder; you shall not commit adultery; you shall not steal; you shall not bear false witness against your neighbor; you shall not covet your neighbor's wife. If you look at these commandments, you will see again the *maqsad* of religion (take no gods other than me, do not make idols, etc). The commandment to honor your father and your mother is part of the *maqsad* of family. You shall not murder because life is sacred. You shall not commit adultery because lineage and family is important. You shall not steal because property is important. You shall not bear false witness, or slander, because human dignity is important. So these are major crimes—offenses or sins—in the Islamic worldview, but they also define the meaning of the common wrongs (*al-munkar*) and the common good (*al-ma'ruf*).

This statement, "*ta'muruna bil-ma'ruf wa tanhawna `an il-munkar*," is a general principle in Islamic jurisprudence called *hisbah*, and it exists in all spaces. Take policing, for example—the police and the court system are part of the "*anhawna an il-munkar*," the prohibition of the negative. Even in economics, we now have the FCC and regulations on the stock market. These are all aspects of "*anhawna an il-munkar*," to make sure the markets are productive in an honest way and that fraud is eliminated, or at least attenuated as much as possible.

So these are my introductory remarks regarding the notion of a good society from an Islamic worldview, which I assert and which is clear to us is actually a universal point of view, a universal perspective.

In this forum we're talking about institutions, scaling, innovations, and the importance of institutions in leveraging, or precipitating, or *turbocharging* economic wellbeing and happiness. In my own study and research on why *riba* is prohibited (which is why I was fascinated by the comments of Tan Sri Andrew Sheng earlier), I discovered that the modern notion of money, or currency, is very different indeed from what it was at the time of the Prophet. Unfortunately, many Muslims tend simply to project the idea of money and think it was the same in the time of the Prophet as it is today. The brother from Dubai was talking about money as a criterion of value and as a means of exchange—but there's also a third aspect of currency, which is a store of value. And what we have not addressed but need to address in a far more cogent way from the point of view of Islamic jurisprudence, is how to establish a value for the rental of money as a stored value.

Institutions have become very important recently in our history. Take, for example, the central bank, which makes sure that the value of our currency does not inflate or deflate too rapidly, resulting in losses or gains to fixed-wage earners and capital-holders as opposed to owners of property. One of the reasons I believe northern Europe, especially, advanced over the Muslim world (and southern Europe as well) was the creation of the limited liability company, a corporation in which your liability is limited to your investment. Under classical Islamic law, a partnership exists, but every member is fully responsible not only for the gains but also for the losses. The concept of forgiveness of debt and limiting debt with the limited liability company allowed, in fact, a lot of risk-taking—as you may know, the East India Company was at one time wealthier and more powerful than the British Crown.

The other concept which Muslims did not invent was the notion that a little bit of interest is not usurious, which allowed the creation of banks and the creation of the money markets and brought a lot of prosperity to much of the world. Now, we in the Muslim world have had to play catch-up to that and create the concept of Islamic banking, which initially many jurists felt was nothing more than a *hila*, a legal fiction, to get around the issue of interest, or usury. And I don't think our jurisprudence has really

caught up with the sophistication of the institutional constructs that Western banking and corporations have put forth. But there's no doubt that these institutions are so critical to building a successful economy that I don't know of any Muslim country that does not have a central bank which regulates its currency, and that does not utilize interest or various securities to control the money supply and inflation.

Which brings me to what I would like to see Khazanah do. I believe that today, and especially given talk about ISIS, Ukraine, and Ebola—three major crises which were not on the radar screen a year ago—

[question from audience]

Well, ISIS is an Islamic issue, and as much as we say that extremism, al-Qaeda and all these phenomena or movements have nothing to do with Islam, it is only part of the truth. I was once asked by a journalist after 9/11: "We understand political liberation movements, Imam Feisal. But what we do not understand is why so many of these political movements in the Muslim world deploy the vocabulary of Islam. Why do they call themselves the Muslim Brotherhood (*al-Ikhwan al-Muslimun*)? Why do they call themselves Hamas, *Jaish-e-Muhammad*, *Lashkar-e-Taiba*, *Wajib al-Islamiyah*?"

Even in Malaysia you have PAS, the presumption being that Malays are not Muslim. So we now have a major danger facing the *ummah*: the fragmentation that is the 20th/21st century version of the political difference which split the *ummah*, in the time of Hassan and Hussein, between Sunni and Shia. We have a new split happening throughout the Muslim *ummah* between Islamic political parties and so-called secular political parties.

And the split here between UMNO and PAS, to help the Malays get it, is symbolic of this. The Malays are all Muslim. There are just as many pious people in UMNO as there are in PAS. When I grew up in Malaysia, the word Malay, or *Melayu*, was synonymous with being Muslim. When a Chinese or an Indian or a Hindu converted to Islam, we said "*masuk Melayu*" (he became Malay, he entered Malayness) as a way of saying he became Muslim. The Malays are unanimously Muslim, they are unanimously of the Shafi'i school of jurisprudence. And yet you have this split existing between PAS and UMNO. The same thing is happening in Egypt. The same thing happened in Palestine between Hamas and Fatah. It's happening throughout the *ummah*. And this is something which must be fixed and must be healed.

A month before Morsi was deposed from power in Egypt, Zogby Research Services conducted a poll in Egypt and discovered 30% of the Egyptian population supported Islamic political parties. In a poll by al-Jazeera, over 50% believed that the Shariah must be a source of law. Therefore, it is very easy to convince Muslims that the notion of an Islamic state is something that you must strive for and that if you die in serving this cause, you die as a *shahid*, as a martyr. You will find significant enough numbers of people who can be recruited to that. This is why entities like ISIS call themselves the Islamic State, this is why they seek to restore the caliphate. In part because the greatest heyday of Islamic civilization was in the past, so they strive to recreate the past.

There's a lot of angst and anger and frustration about the corruption, the lack of opportunity, and the lack of inclusivity of people in the political process. This is what created the revolution in Egypt recently. Last week I was at an OIC lunch with the new Secretary General of the OIC, Iyad Ameen Madani, and he asked a question: What is it that attracts educated middle class Muslims from Britain and the United States to go and join ISIS? This is the question that we have to answer.

In a globalized era, I would like to suggest that Khazanah step up to the plate. Be a bit courageous and invest in the future. We need to develop the contemporary versions of Ibn Sina, Ibn Rushd, and al-Ghazali. As Dr. Haa-Joon discussed, 80% of the brightest Koreans study medicine because of stability. When my late father was born, it was considered an honor to have a son who was an *alim*. By the time I grew up, in Egypt, the best and brightest under the Nasser regime went to military college. The next brightest into engineering. Then into medicine. And the C and the D students went to al-Azhar University. So today, very few Muslim parents want their children to be religious scholars. There's not much future in it. The best and the brightest would want to be investment bankers or entrepreneurs. We have lost 2 generations. And part of the problem we have today is that we don't have the kind of polymaths like Ibn Sina, Ibn Rushd, and al-Ghazali, who were so stupendous in their achievements that even the Westerners translated their works, and they're known in the West as Avicenna, Averroes, and al-Gaza. I was once sharing this in conversation with a friend of mine who was a rabbi, and he said, "Imam Feisal, what you need to do is establish an institute, get the best and the brightest, educate them, and make sure they have a prosperous future."

The second thing I would like Khazanah to think about is the holy grail of Muslims as far as economics is concerned, this the idea of a *riba*-free economy. We have not yet fully developed, or I've not seen at least, an analysis and understanding of the concept of usury, and if interest is usurious or not, to really get to the bottom of Islamic finance and Islamic banking. Malaysia is considered a leader of Islamic finance and Islamic banking, and I think Khazanah can play a great role in bringing in the greatest minds and pooling them together on this issue.

I was quite fascinated when Tan Sri Andrew Sheng talked about the difference between a debt contract as opposed to an equity contract and the whole premise of Islamic financing as an equity contract rather than a debt contract, and how most of the problems of the world today stem from a debt contract as opposed to an equity contract.

If you do those two things, I will be grateful. Thank you very much and *as-salaamu aleikum*.