

TENTH CONFERENCE ON TAWHIDI AND THE WORLD SYSTEM: GOD-
CONSCIOUS ORGANIZATION AND THE CONSCIOUS SOCIAL ORDER
(Tawhid and World Economic System)

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Dinner Talk

THERE IS NO SUBSTITUTE FOR EFFICIENCY, HONESTY, DISCIPLINE AND
HARD WORK

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I used to say that quite often I find myself at a wrong place. This is one of them. I am neither a Shari'ah scholar nor an economist. What am I doing here?

Since I am different from all the learned paper writers and since I am speaking at a dinner, perhaps I could be excused for saying something different from what you had heard the whole day today and will hear tomorrow, in the conference hall.

Since my speech is "served" during coffee time, the indication is that I should not take more than the time you take to drink your coffee, I mean after-dinner coffee and not Starbucks. The first time my son took me to the Starbucks, I received a scolding from him for drinking my coffee too fast. When I saw the bill, I understood why.

Where do I begin? I'll begin from where the paper writers stop. That is because, not being an academician or a Phd. candidate, I believe that a theory that is not put to practical use is like conceiving without delivering. Pardon me for borrowing the idea from Queen Victoria. As the story goes, in his maiden speech in Parliament as Prime Minister of Great Britain, Disraeli started off by saying "I conceive....I conceive...I conceive..." At that point, Queen Victoria whispered to him "You have conceived three times but you have not delivered any."

Quite often it is said that there exists an element in Islamic economics which is foreign to conventional economics. That is the element of *tawhid* as opposed to profit and nothing else. Therein lies the difference in the philosophy, purpose and approach of Islamic economics as opposed to conventional economics. In Islam, even in an economic transaction, there is reward for doing good and sin for doing something evil. These factors are additional factors to laws and regulations that govern conventional economics. As such, Islamic economics is more just, more equitable and more humane. Financial crisis will not happen under the Islamic system!

So goes the theory. But, what is the reality? In practice, does anything "Islamic" or anything with an "Islamic" brand name necessarily produce better results?

The word "Islam" means "peace". Are Islamic majority countries the most peaceful countries in the world? Muslims wish each other "Peace be upon you" when they meet. Are they the most peaceful people on earth? Or, is that the reason why they have to be reminded again and again? You walk into a shop in a "Muslim country". You don't know what the reasonable prices of the items on sale are. The price for an item is what comes out of the shopkeeper's mouth, depending on who you are, the

season and his mood. In that sense supermarkets in developed, non-Muslim countries are more transparent and reliable and may be “more Islamic”. That reminds me of Muhammad Abduh’s observation after his first visit to Europe. He said, “I saw Islam without Muslims.” I would not go that far.

We come to Islamic banking. It started as an attempt to provide an alternative to the sinful *riba*-based products of conventional banking. (Personally, I don’t like the terminology because it gives the impression that practising *riba* is conventional and avoiding *riba* is unconventional. It is like calling drinking an intoxicating drink as “having a drink”, while drinking tea, coffee or water is called by its specific name. It makes drinking wine, liquor or beer sound sinless).

At the beginning, it was the pious Muslims who became customers of Islamic banks. However, very soon, the not-so-pious Muslims and non-Muslims joined in, not driven by piety but by money. To many of them, profit is “*ma’aruf*” and loss is “*munkar*”. The bankers and financiers see big money in Islamic banking and finance. The customers see the benefits from it, particularly because there is no interest, no penalty interest and no interest after judgment. (In Malaysia we have remedied that situation). So, the longer they delay payment the more they gain. Indeed one non-Muslim lawyer told me that one good thing about an Islamic bank is that it is very slow in enforcement! Naively, Muslims, including Shari’ah scholars, are celebrating the fact that a great number, if not the majority, of the customers of Islamic banks are non-Muslims. Believe me, they are there not for the fear of sin. They are there because they see benefits, partly due to our weakness.

It is disappointing to see Muslims and non-Muslims alike putting up the defence that the product is not Shari’ah-compliant when they are sued for defaulting. In the case of the Muslim customer, he is like a person who goes to a restaurant, orders the food, eats it and when the bill comes, he says that the food is not *halal* in order to avoid payment.

In the case of the non-Muslim customer, since he does not even accept the religion of Islam, why should he be concerned whether the product is Shariah-compliant or not?

Both the Muslim and non-Muslim customers should be concerned about the Shari’ah-complianceness of the product, if they really do, before they even sign the contract.

As if that is not enough, we read in a celebrated case where a financial institution, having offered what it claims to be a “*Shari’ah-compliant product*” turned around and effectively said “Actually, the product is not *Shari’ah-compliant* and therefore the contract is void.” to avoid an obligation under the contract.

Certainly, these people do not care about *tawhid*.

Please do not get me wrong. I am not saying that Islamic banking and finance (and economics) should be confined to pious Muslims only. If possible, I would like to see the demise of conventional banking and finance (and economics), just like the demise of Communism. All I am saying is that we should not be naïve in thinking that

because we believe that we are doing something “Islamic”, because we are applying the Islamic principles, no matter how it is implemented, it will be fine because “Allah is on our side”. That is a mistake. Even the Muslim army led by Rasul Allah (saw) himself lost the battle of Uhud, not because their intention was bad, not because of lack of faith, but because the archers had disobeyed the order, vacated their positions and scrambled for the spoils war enabling Khalid Ibn Walid and his men to turn around and attack from the opposite direction.

Please put the theories and principles to practical use. Do not think that just because we adopt the Islamic system and Islamic principles and since we are doing something for Islam and in the name of Islam, we are immune from abuse and disaster. The financial crisis was not caused by the system, but by the abuse of the system. Any system may be abused, including the Islamic system. Any system may fail if it is not implemented efficiently and honestly. That is *Sunnah Allah*.

We still need law, regulation and enforcement because, whether we like it or not, we also have to deal with crooks. Unlike most of you who are scholars and academicians, having spent four decades in and around the courts, I have seen quite a number of them. So, we have to be prepared. We have to be one step ahead of them, on the ground. At the same time we should harness the element of *tawhid*, piety, religious obligation, reward and sin present in the Islamic system to our advantage. But, for the success of any endeavour, there is no substitute for efficiency, honesty, discipline and hard work. *Sunnah Allah* is ever present.

Thank you and may Allah bless you all.

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