

Jamaat raises usury debate in Pakistan

by Ramtanu Maitra and Susan Maitra

The recent heated separation of the Jamaat-e-Islami, the religious orthodox Sunni political party, from the ruling Islami Jamhuria Ittehad (IJI) indicates that the Nawaz Sharif government is fast approaching a confrontation with the keepers of Pakistan's Islam.

The issue ready to be exploited is the yet-to-be-implemented 22 Islamic laws dealing with banking and financial matters. The laws were cleared by the federal Shariat Court late last year, and the court has stipulated that the laws must be implemented by June 30, the end of the 1991-92 fiscal year. Sensing the danger in implementing these laws, Prime Minister Nawaz Sharif kept the issue under wraps. However, the Jamaat's joining other Islamic groups pressing for implementation, will put Sharif's tenure to the blade of the Islamic sword.

The most volatile of the issues involved is the *riba*, the money charged by banks and other financial institutions for use of funds. President Zia ul-Haq, a staunch promoter of *Nizam-e-Mustafa* (the rule of Allah), did much fiddling with the definition of *riba* in order to keep the banking system going. He even used to advise the bankers to slightly change their interest rate every other week to establish that these were profits and hence, vary. However, orthodox Islam is not willing to accept such quibbling anymore, and the powerful Council of Islamic Ideology has made it clear that *riba* means usury.

The proponents of this orthodox school point out that literally *riba* means increase, growth, or excess, and is generally interpreted as interest or usury charged on loans for money, goods, or cattle, etc. It is the unearned income which is gained in loans, as well as in sales. In early Islam, *riba* meant any unequal exchange of commodities in which there was likelihood of fraud, exploitation, or any undue profit for one person against the other. In the scarcity-ridden land of Arabia, where Islam was founded, the chieftains, priests, lords, and merchants exploited the poor by loaning them money, goods, staple grains, and cattle and through usurious sales, in an exploitative economic transaction called *riba*.

By this school of interpretation, the Holy Quran says the people who devour *riba* oppress and exploit the weak and seize the sustenance of the needy through fraud and force. They hoard, steal, and lie. Although one can pile up wealth through *riba* earnings, this will, ultimately, lead to losses,

because enrichment of a few at the cost of others will result in inequality, injustice, and social unrest.

Despite such correct reasoning, Prime Minister Nawaz Sharif finds it difficult to eliminate *riba*, or interest-taking or interest-giving from all banking and financial transactions. Pakistan, which depends heavily on foreign loans to pay off its substantial foreign debt, cannot act independently on economic matters, unless it wants to completely break with the International Monetary Fund (IMF) and the World Bank—an act of courage Sharif has shown no inclination for.

Even so, there are reports that the World Bank is slowing down disbursements of its credits because of the uncertainties being created around the *riba* issue. This was also reflected recently when the Minister of State for Economic Affairs Sardar Assef Ali told a correspondent of the *New York Times* that "the whole financial system will collapse. The foreign donors are getting edgy and our own banking system is getting nervous." Putting up a brave front from thousands of miles away, Sardar Assef Ali added: "We have to decide whether we want to go towards the fanatical obscurantist Islam of the mullahs, or whether we want the Islam of Iqbal [national poet of Pakistan] and [Pakistan's founder Mohammed Ali] Jinnah. We cannot leave the decision pending any longer."

Sardar Assef must be feeling the heat from the western bankers. But is it possible for a beleaguered prime minister, whom one Pakistani journalist has dubbed "King Midas in reverse," to defy the federal Shariat Court and destroy what little remains of his image as pro-Islamization? During the last elections, the IJI accused Benazir Bhutto of being a pro-West, pro-India prime minister, and Islamization was its biggest plank. But, as one scribe points out, "facts are most uncomfortable."

The uncomfortable facts are that Sharif's Islamic credentials have taken a serious beating over the last 16 months. His support of the U.S.-led invasion of Iraq, double-talking on the Kashmir issue, and a quiet caving in to U.S. pressure on Afghanistan have all made him suspect in the eyes of orthodox Islam. Besides Jamaat chief Qazi Hussain Ahmed, who had a verbal mudslinging match with Nawaz Sharif at the prime minister's residence at Model Town, Lahore, the Jamiat-Ulema-e-Islam (JUI) of Maulana Fazlur Rehman stayed away from the IJI parliamentary meeting as far back as May 1991. The JUI faction led by Maulana Samiul Haq has ended its nominal presence in the IJI. The Jamiat Ahle Hadith, another religious party in the IJI grouping, has practically disengaged itself from the ruling party's activities.

Confronted with the contradiction of his economic policies—which include privatization of the public sector to make a handful rich, and implementation of World Bank-IMF fiscal and trade programs—and the necessity to maintain some image as a champion of Islam, Prime Minister Sharif is citing the Holy Quran, urging the rich to offer generously to make the program a success.