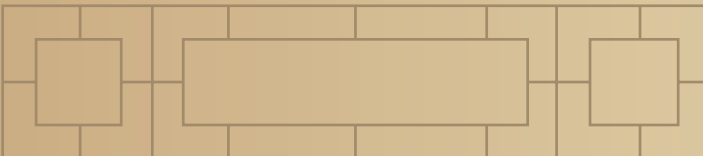


ANSWERS TO COMMON QUESTIONS ON ISLAM



THE FACTS ABOUT USURY



The Facts About Usury

At time of economic hardship, when every good idea fails, just because “the money can not be found”, when a decline in services is explained with the need “to reduce the deficit”, when business can’t afford new investment because of the “high cost of borrowing”, when mortgage rates have gone up so much that it becomes difficult to maintain a decent living standard, many small savers still think that high interest rates mean that they get the best out of their savings. The truth is they pay more than they get.

LOWER INTEREST = LOWER DEFICIT

According to most governments the only ways to control deficit are to raise taxes or to cut government spending.

However, considering that the deficit continues to grow simply because of the exorbitant amount of compound interest added to the original debt, one of the most effective ways to reduce the deficit would be to reduce the interest rates. Lower interest rates = lower deficit. In fact, at zero interest, the debt would not grow at all, and the large amounts of money spent in servicing the debt could be used to pay it off.

Now consider what the Qur’an has to say on the subject of usury, that is, lending money at interest:

“Those who consume interest will not stand other than the one whom the devil has struck with madness – This is because they say interest is like trade, yet Allah has permitted trade and forbidden interest. So when someone receives admonition from his Lord and stops, what is in the past remains his, and his affairs



belong to Allah, and those who persist are inmates of the fire, where they will stay forever. Allah destroys interest and gives increase to charity, and Allah Does not love anyone ungrateful and sinful. Those who believe and do good works and keep up prayer and give Zakat, they will have their reward with their Lord and shall have no fear nor be sad. O you believers beware of Allah and abandon what remains in interest if you are believers. And if you don't do that, then take a declaration of war from Allah and His messenger, and if you repent, then your capital sums are yours. Do not wrong and do not be wronged. And if someone is in hardship then wait until he is at ease, and if you give charity it is better for you if you know.” (Surah al Baqarah, Verses 275 - 280).

A MUCH NEEDED MESSAGE

How urgently is this message needed in a world where the “debt crisis” threatens to destroy and annihilate our civilization, where open warfare is increasingly the consequence of the anxiety and suffering that spring from third world debt. Politicians seldom looked at money-lending at interest as the cause of wide-spread poverty in the midst of plenty because, whilst this practice was once forbidden by Judaism, Christianity and Islam alike, it has become universally accepted in the modern world of secularism. It has been argued that money is a “producer good” and that the lender should receive a share of the extra wealth that these goods produce. Yet this is illogical on several points. The only true producer of wealth (i.e. Goods and services) is Labour when it is applied to either Land or Capital. Unlike Land, Money is infinite when not artificially restricted, which it often is. Money is man-made out of nothing and at tiny real cost. This credit creation confers enormous economic power



and influence on those usually private institutions who have secured for themselves monopoly rights in this money issue.

WHERE DOES ALL THE MONEY COME FROM?

That private banks create money out of nothing is a fact too little known amongst the public. Our national debt stands at almost 400 billion pounds, and that of other industrialised countries is of similar magnitude. Have you ever asked yourself who's that fabulous lender who always seems to have all the money which the government does not have, whom does the nation owe the national debt. The truth is that when banks create money (as cheque – money or blips on computer screens) they lend what they have not got to reap where they did not sow. Their loans are not backed by any real wealth on their behalf. Nor did they lend out depositors money (or when did the bank last tell you that you cannot take out money from your account because it has been lent to someone else?). when you give your house or business as guarantee for their money, this money is not backed by gold, silver or tangible wealth. It is an empty promise except for the fact that the government, with the central bank as lender of last resort, is ready to bail out the banks, should a run on their money occur. Bank-created credit is based on the nations capacity to produce and consume in the sense that whilst it is not issued nor backed by the government, the government – being the larger debtor – guarantees a certain return in debt service payment from its revenue. An increasing part of local and national government taxation today is raised for the purpose of servicing the interest payments on local and national government debt. So whether you personally borrow or not, you pay the interest on the fictitious money. Likewise, when you take a bank loan, you pay at least twice:



you give a guarantee of real wealth in case of default, and you pay a penalty (as interest) for accepting money as a loan which costs the lender nothing and did not exist until it was created as a loan to you. Heads you lose, tails you lose again...

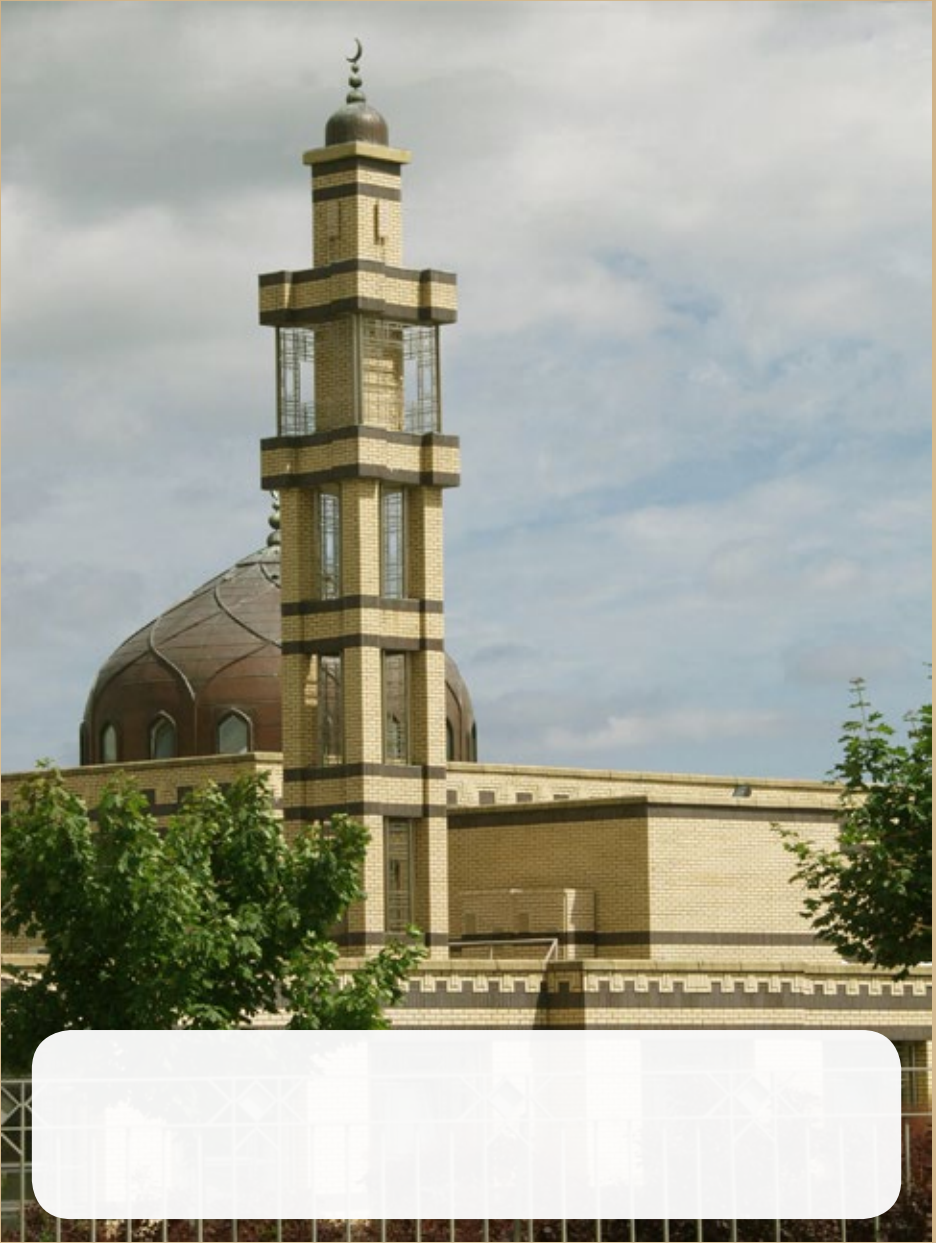
EMPTY PROMISES

As should be evident by now, to base an economy on interest is a pretty stupid way of servicing a nations need to produce, consume and trade. It results in the evils of inflation, unemployment, decline of services, trading wars, and finally, shooting wars. Using interest rates as a means to control the problems of a nation's economy is futile, as these problems were created by interest in the first place. Only when a government creates its own money supply free of charge to the nation to facilitate production, consumption and trade, instead of authorizing private banks to create the nations money and than holding the nation at ransom by breaking its back under the ensuring interest debt, only when we get back to a system where the usurer is not being rewarded for taking advantage of other's difficulties, will we achieve real prosperity.

THERE IS A BETTER WAY

Islam, often laughed at for sticking to its principles and not "moving with the time", has never given in to the demands of the money lenders to change its tough stance on interest. Naturally, Islam has increasingly been attacked by the financial interests behind today's media and politics. Looking at the evidence with an open mind, however, it should not take you long to realize that Islam makes sense, and interest doesn't.





For any further queries, information and tours, please feel free to contact

The Islamic Cultural Centre of Ireland,

19 Roebuck Road, Clonskeagh, Dublin 14, Ireland

T +353 1 2080000 F +353 1 2080001

Web: www.islamireland.ie E-mail: info@islamireland.ie



هبة آل مكتوم الخيرية
Al Maktoum Foundation