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The World Debt lecture 2007 (15th May 2007)

Hosted by the University of Birmingham;
and sponsored by Islamic Relief, and the Jubilee Debt Campaign.

“Global Debt Crises - An Islamic Perspective”

Delivered by Senator Prof. Khurshid Ahmed*

Professor Khurshid began by stating that most low-income countries are now drowning in debt (by 2006 it had snowballed to US\$ 3.242 trillion).

The legacy of colonialism, bad planning & corruption, oil price rises, high interest rates and the exploitative practices of international lenders all share in the blame.

And he warned against the indebtedness in the ‘developed world’ e.g. by 2006, UK individuals and households owed 1,174 £ billion.

He offered other stark facts:

- The world’s 22 developed countries (out of a global total of 182 countries) now make 87% of the world’s annual earnings.
- 1/5th of the human race (1 billion) survive on less than US\$1 a day.
- Millions are struck by curable diseases and malnutrition, with thousands dying daily due to lack of medicine.

He declared that the economic system of the last three centuries has polarised the world; with interest and the banks’ power to create credit playing a major role in landing so much of mankind into the grip of debt slavery.

Professor Khurshid then explored an alternative approach based on Islamic principles:

- Adopt a ‘moral filter’ in all forms of behaviour.
- Abolish interest – preventing the profiteering on a loan; irrespective of the success or failure of a project, or a debtor’s ability to repay.

“God deprives interest of all blessing, but blesses charity:” (Chapter / Surah Al-Baqarah, verse 276)

- Creditors should be risk-sharing and hence responsible lenders.
- Support USEFUL consumption and production in society (avoiding luxury and waste).
- Establish freedom of enterprise whilst promoting civil society & ensuring the State plays a supportive, ‘regulating’ role.
- Urge compassion whenever possible - working to ensure justice, well being and opportunity for all.

“If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if you remit it by way of charity, that is best for you; if you only knew.” (Chapter / Surah Al-Baqarah, verse 276)

Professor Khurshid concluded by emphasising the world was in urgent need of a new economic world order and called for urgent action, including the cancellation of illegitimate debts and a 5-year freeze on other debt repayments.

Above all, he looked forward to a future of global harmony based on a collective struggle for human rights, peaceful co-existence and justice.

* Senator Prof. Khurshid is the Chairman, Institute of Policy Studies, Islamabad, Pakistan & Chair of Islamic Foundation, Leicester.

** For a fuller account, please go to the Islamic Relief UK website on www.islamic-relief.org.uk.....