

TRANSLATION

SPEECH OF Dr.
MOHAMMAD OMAR CHAPRA

At the ceremony of awarding him the Prize
9.8.1410 H - March 6,1990

Your Royal Highness, prince Abd Allah Ibn Abd Al-Aziz,
The Crown prince,
Your Highnesses, the Princes,
Your Eminences and Excellencies, Distinguished guest,
Ladies and gentlemen,

I feel highly honoured to have been chosen by the King Faisal Foundation for this prestigious award for my humble contributions to the field of Islamic monetary system. Therefore, the first thing that I should like to do is to submit my grateful thanks to the Almighty who helped me to pursue studies on this subject and then gave me the honour of this award. After this I wish to thank both the Custodian of the two Holy Mosques, King Fahd Ibn Abdul Aziz, and his trustworthy Crown Prince in whose reign facilities have become available to scholars to pursue their research and studies. I also wish to thank the sons of the late King Faisal who have instituted the King Faisal Award to encourage research on a high intellectual standard.

While I am extremely pleased to receive this prestigious award, I consider it desirable to admit that what has been done so far to provide the intellectual base for reorganizing the financial system in the light of Islamic teachings is very little and very insignificant compared with what needs to be done in view of the economic and financial crisis and the socio-political unrest prevailing all over the world.

It is now clear to everyone that the socialist system has failed and is being overthrown everywhere by mass revolt. However, even the capitalist system has not succeeded. There is poverty and lack of need fulfillment even in the richest capitalist countries: Income and wealth inequalities have also

continued to rise. These countries, and many developing countries following these systems, have in addition been plagued by rising budgetary and balance of payments deficits, high rates of inflation and unemployment, volatility in exchange rates and interest rates, erratic movements in stock and commodity market prices, and undesired fluctuations in the level of economic activity. These symptoms have led many to believe that there is something basically wrong with the system.

While the problems of capitalist countries are due to many causes, one of the root causes is living beyond means that interest based financial intermediation encourages in both the public and the private sectors. Claims on resources have multiplied beyond the capacity of these economies to satisfy. These excessive claims and the fluctuations in them resulting from the inefficient and inequitable interest-based financial intermediation explain a number of these problems.

The world is therefore faced with a challenge - a challenge to design a new financial system that would not only help humanity realize its cherished goals but also minimize the imbalance and instability. Islam is capable of answering this challenge as promised by the Almighty in the Holy Qur'an: "And if the people of those communities have believed and acted righteously, we would indeed have opened for them the blessings of the heaven and the earth". (7:960)

"ولو أن أهل القرى آمنوا واتقوا لفتحنا عليهم بركات من السماء والأرض"

The challenge cannot, however, be answered unless Muslim scholars demonstrate to the world intellectually how the Islamic system can lead to the blessings from heaven and earth, and the Muslim governments actually implement the teachings of Islam in their economic systems.

I am sure that the encouragement provided by the Faisal Foundation will encourage many economists to come forward and do what is necessary.