

The way forward for the Muslim Ummah

Current Situation

The Muslim World, as it stands today, is characterized by paradoxes and contradictions. We have Muslim nations that are resource rich but economically poor and weak. Despite the bounty of Allah SWT, the majority of the Muslim masses live in poverty, amidst plenty for a selected few.

In the last 100 years, we saw the Muslim Ummah tumble from the heights of the Ottoman Empire to, at one stage, becoming colonial servants of non-Muslim masters. Towards the end of the last century, we did witness the liberation of Muslim countries, one by one, from the shackles of colonialism, culminating in the independence of the Central Asian Muslim Nations. We have seen the gradual economic improvement of some of the Muslim countries, and the dependence of the world on the mineral and natural resources of Muslim nations.

And yet, despite our newfound independence, and despite our divinely blessed resources and natural abundance, we continue to be a disparate assortment of third world countries.

Some comparative figures will indicate how really weak we are. Latin America and Asia have shifted away from reliance on exporting natural resources towards manufacturing and services. The Middle East, however, still depends on oil. Today, the United States imports about US\$5 billion worth of manufactured goods and farm products from the twenty two members of the Arab League, Afghanistan and Iran combined. This amount is equivalent to 50% of the imports of the United States from Hong Kong alone. The combined non-oil exports of Middle Eastern and North African countries is about US\$40 billion per year, which is lower than that of Finland. For all the talk of diversifying away from oil, Saudi Arabia has only two main exports: crude oil and related gas based petrochemicals. Together, they comprise 80% of the total annual revenue of the country.

The population of Middle East is young and growing, having doubled to 300 million from 170 million in 1990. Meanwhile, its place in the world economy has shrunk. In 1980, Muslim countries in the Middle East controlled 13% of world exports and received almost 5% of direct investments. Today the figures are barely 3% of world exports and 1.5% of investment. In short, the Middle East has a growing share of the world's population and a shrinking share of its economy. The unemployment in the Middle East averages about 20%, and young people are entering the labour force faster than jobs are being created. During the 1990s, the sluggish economy and joblessness also led to an increase in poverty. Some 30% of the population lives on less than US\$2 a day.

Economic prosperity and development go hand-in-hand with a certain amount of individual freedom. It is about creating an environment where people can participate in deciding their economic and social futures. It is about creating opportunities for everyone to pursue their hopes and dreams. Unfortunately, in much of the Muslim World, the people generally do not have a voice in the development process that touches their lives. This is true particularly for women.

Knowledge-related economic activity is an important measure of development. The Middle East and North African countries have the lowest score in the world with regard to the number of web sites and Internet users, the most basic indicators in the global knowledge economy. A recent survey also revealed that the Middle Eastern countries have one of the worst scores with regard to the reading

habit. Apart from religious books, a large section of the people do not read any knowledge-based books or articles at all.

Since the early 1980s, much of the Muslim world is suffering a crisis of identity, as the crumbling of the Islamic Civilization in the modern age has left Muslims with a profound sense of alienation and injury. Challenges confronting many Muslim nations - failures of development projects and the inability to respond effectively to the Israeli belligerence have induced deep-seated frustration.

A Possible Hikmah

The present dire state of the Ummah, undoubtedly a tragedy, could, however, also turn out to be a hikmah for the Ummah, if it can renew, once again, our search for a New Order based on Islam. The renewed quest for our destiny should make us more conscious of our ideological and historical identity, and should bring us back to the original source of our success – Islamic beliefs and values. Deriving spiritual and intellectual strength from our rich Islamic traditions, we have the potential to climb out of the dark abyss that we now find ourselves in.

We have seen in history that periods of crises often blossom into periods of creative thinking. Today, as the post-1945 world order appears to be crumbling, we could be again in such a period of crisis and creativity. To move forward in unity towards a period of peace and prosperity, as well as physical and spiritual well-being, particularly in the vastly complicated world of today, with its inherently anti-Islamic bias, we need to think outside the box and initiate changes, some of which would be more in the nature of revolutionary rather than evolutionary. The task at hand is, undoubtedly, difficulty, but if we set our minds and hearts to it, and display a new freshness in our thinking, we should be able to meet the challenge.

We have only to look back into our own past, where a small group of people in Medina who, despite being surrounded to the North, West, and East, by mighty superpowers, were able to courageously spread Islamic influence across three continents. Surely, our task is much easier compared to challenges, which the early Muslims in Medina faced. We still have with us today the same source of inspiration and wisdom that launched the Muslim Empire. While we are materially and physically poor, our moral principles and spiritual strength are fairly intact. What we need now is the will to unite and act decisively to regain our dignity.

It is clear that we the Muslim Ummah must once again rely on ourselves. Many attempts in the past have been made to unite the Muslims politically. We have formed the Organization of Islamic Conference (OIC) as a forum and platform to have a common voice. Yet, when one of OIC members is attacked by some external force, we can only watch helplessly. Indeed, the OIC has not been able to move beyond being a talking-shop because the Muslim Ummah is not united and does not appear to have the political will or the mechanism to strengthen itself.

Trade

One solution to our predicament is trade, which was always the cementing factor between Muslim countries even from the earliest days of the Rightly Guided Caliphs. While the armies opened the way through military and political conquest, it was the traders and trade routes that maintained and bound the ties between nations. Furthermore, the Muslim Empire was self-sufficient in every

respect, spices from the Malay Archipelago, textiles from India, musk from the Middle East. Practically anything that was needed could be sourced from within the Islamic Empire.

To disable the Muslim Empire, the West knew that it had to begin a systematic process of disintermediation. Instead of going through Constantinople and the Middle-East, Europe started to trade on its own with the Far East and India by sailing around the Cape of Good Hope. The British, Dutch and Portuguese "trading" ships sailed into the region, heavily guarded by warships to "trade" with the East, as an early manifestation of gunboat diplomacy.

In so doing, they achieved a double success. Firstly, they disrupted the trade relations between the Far-East and the Middle-East, and secondly reduced the wealth, importance and significance of the Middle East as the centre of a vibrant trading system, strategically located on all the major trading routes. This strategy of course extended to other parts of the Muslim World, as well as the Non-Muslim World, such as Africa and China.

Education

As the West grew in material wealth, they also grew in military might. They used the new found scientific methodologies not for peace but to build better ships and more destructive weaponry in order to dominate unsuspecting weaker nations. Through the oppressive force of colonisation, they also dealt a deadly blow to the Islamic education system.

The balanced and creative approach of Islamic education was killed off. The spirit of Islamic learning was replaced by a sanitised "non-threatening" approach. Gone was the inquisitiveness to learn of God's creation and sciences; gone was the boldness to create and innovate for the betterment of mankind. Since the soul of Islam itself had been extracted out the equation, the study of the physical sciences was soon equated with materialism by colonised Muslims, resulting in a general aversion to the sciences.

Through systematic propaganda and disinformation, the Muslim's respect for his own religion and brotherhood was destroyed. All references to Islam's glorious and rich historical and cultural heritage were replaced with Western Civilisation's historical successes, with the objective of creating a sense of inferiority among the colonised Muslims. To confuse and distort the true unity of the Ummah, multiple names were created for Muslims: Moors, Moghuls, Saracens, Mohammedans. Where possible, the colonisers sowed seeds of discord among Muslim groups. They exaggerated differences between different schools of thought in Islam. They fanned the flames of animosity and provided us with the necessary arms to kill each other.

Through this systematic dismemberment of Muslim countries, the unity and the potency of the Muslim Ummah had been weakened. By the turn of the 20th century, Muslims had been materially and spiritually weakened, cut from each other both economically and militarily. Muslims were powerless to help each other.

In summary, the Muslim Ummah has been weakened through four major fronts:

- Economic weakening through the intermediation and control of trade;
- Destruction of the balanced approach of the Islamic education system, which had always stressed on the indistinguishable blend of both material and spiritual knowledge;
- Weakening of Muslim confidence in Islam and the brotherhood of Islam through propaganda and misinformation; and
- Militarily weakening the Muslims by discouraging Muslim military alliances and instead creating artificial enemies among each other.

Halt the decline

Having identified the method in which the Ummah was systematically divided and weakened, it is quite possible that we can reverse the process and once again reunite and strengthen the Ummah through a rebuilding process. This process would include re-establishing trade and Islamic financial and economic systems; restructuring the current education system by infusing it with Islamic pedagogical or learning methods that encourage creativity and curiosity; rebuilding morale among the Ummah and reconstructing a Muslim view of the world; and rediscovering the legendary Muslim military genius. We need to keep reminding ourselves self-sufficiency is not impossible. In terms of labour, the 1.3 billion Muslims account for at least 20% of the world's population. The Ummah live in a compact and contiguous block stretching from the Atlantic to the Pacific Oceans (The Muslims occupy a strategic geographical position occupying the central regions of the earth with some of the most fertile and resource rich lands. Major air, sea and trading routes pass through Muslim territories. Certainly, the Muslim world can once again be self reliant. All we need is the will to do it and the commitment and stamina to see it through.

Increase trade among Muslim nations

In Islamic history, we have seen that trade not only united Muslims, it was also a very important means of spreading Islam. It was perhaps no accident that the Holy Prophet s.a.w. was born in Makkah, a major centre of trade in the Arabian Peninsula at that time. When Islam took root in the Arabian Peninsula, trade was the main vehicle for dakwah activities for the spread of Islam from Andalusia in Spain to the Cape of Good Hope in Africa and to the Malay Peninsula. The volume of trade among Islamic countries, before the Western colonization began, was indeed at a very healthy level.

It was through traders that Yathrib learnt of the new faith called Islam, thereby opening the way for the Hijra and establishment of Medina. During the Caliphate era, apart from conquered lands, Islam was spread by the good words and deeds of the trader, or by mubalighs that the traders brought with them. So strong was the bond between trade and Islam that when the Ming emperor of China wanted to establish trading relations with this region, he sent a Muslim, Admiral Muhammad Cheng Ho, to open the way.

While it is true that, at a political and strategic level, having a central Caliphate was a point of unity for the Muslims, on an everyday and business level, it was trade that mainly formed the bonds of unity between Muslim communities. And the backbone behind the ease and continuance of trade

was a common currency, based on gold and silver, the dinar and dirham. We had, in fact, a powerful de facto trading block.

Thus, today, although many people may associate the lack of political unity with the lack of unity among the Muslim communities, one may also point out that the lack of unity among the Muslim communities is due to the fact that we have stopped trading with each other as much as we used to during the zenith of our Muslim Civilization.

The total exports of the OIC countries in 2000 was US\$50.7 billion of which US\$52 billion (10%) was to other OIC countries. The total imports of the OIC countries in 2000 was US\$406 billion, of which US\$ 56 billion (13%) was from other OIC countries. In terms of total trade, the figures imply that we trade about 8 times more with non-OIC countries than with OIC countries.

As a result of the hurdles left by our colonial invaders and masters, we find ourselves today trading through Europe or through some third non-Muslim country. We note that for much of history, the Middle East was the commercial and intellectual bridge between Asia and Europe. It was among the most cosmopolitan regions of the world, the birthplace of religions and alphabets and the repository and laboratory for knowledge of all fields. Today it is painfully clear that the main roads of international trade have by-passed the Muslim Middle East.

If we can begin to trade among ourselves, without using the Western countries as intermediaries, we can bring about greater prosperity to the Muslim nations.

Gold Dinar Proposal

One effective way of increasing intra-OIC trade is by way of the gold dinar mechanism, that has been proposed by Malaysia, and discussed in a number of international forums. Under the proposed gold dinar mechanism, the domestic currencies will not be replaced, at least not initially. The domestic currencies (e.g. Ringgit) will continue to be used for domestic transactions in the respective countries. The gold dinar will be used only for external trade among the participating countries.

Initially, the gold dinar may not exist in physical form. It will merely be defined in terms of gold. For example, if one gold dinar is equivalent to one ounce of gold, and the price of one ounce of gold is say at US \$300, then the value of one gold dinar will be US\$300 or equivalent in other currencies, on the basis of the prevailing exchange rates.

The actual settlement for trade can be by way of the transfer of equivalent amount of gold. It will not be a physical transfer of gold from one country to another, but a transfer of beneficial ownership in the gold custodian's account. Where it is not possible to transfer the gold, payment can be made by way of an equivalent amount in other acceptable currencies, but this should be the exception rather than the rule.

Encourage grater capital flows

According to conservative estimates, there are at least USD 1 trillion of Middle Eastern, mostly Muslim-owned, funds sitting in Western financial centres (New York, London and Switzerland). There is about US\$700 billion of Saudi money in the United States alone. Some of the Middle Eastern funds

in the United States have now been frozen. The Muslim world has within it countries with large capital surpluses as well as countries which face acute capital deficit. It is, therefore, our collective duty to build bridges to intermediate the flow of funds among the Muslim nations.

As part of our effort to attract at least some of the funds that are sitting in Western banks to be invested in the Muslim countries for productive purposes, we need first to analyse the mobility of these funds, i.e. we need to understand the pull and push factors that motivated these funds to be move to the West in the first place. The pull factors are quite clear: the West provided a better infrastructure for investment, in terms of rule of law, level playing field, ease of doing business, investment opportunities, range and sophistication of products, privacy and security and freedom in lifestyle.

The push factor was that the Muslims with surplus funds did not have confidence in their own countries or regions in terms of the safety (let alone profitability) of their investments.

Some of the previous pull factors have now been reserved. Some funds, identified as charities for example, are most vulnerable to asset freezing. Others, however, are already well integrated and entrenched, such as investments by Al Walid and Al Fayed, and would most likely not be mobile. Most investments would be somewhere in between.

To organize the flow of capital from surplus to deficit countries within the OIC, we need to find a formula, which would ensure that the investors will have the confidence that their investments are safe and profitable. In order to do this, we need a few centres within the OIC to act as a point of intermediation between the investors and the potential recipients of investments. The investors' risk will be against the intermediaries only.

The countries, within the OIC, which can start-off as intermediaries are Malaysia, Bahrain and Dubai (United Arab Emirates). Other OIC countries will be included as they develop their financial system. The following factors are necessary for any country to qualify for the role of intermediaries: -

- (i) Wide range of products to meet varying risk-return appetite - from very conservative to high risk
- (ii) A good system of rule of law
- (iii) Adequate infrastructure - physical and business
- (iv) Competitive cost of doing business
- (v) Good business ethics
- (vi) Protection of privacy and secrecy
- (vii) Allow freedom in lifestyle and culture

To facilitate and accelerate the process of investment and capital flows from surplus Muslim countries to deficit Muslim countries, an important element would be the development of a viable Islamic financial system. This is because the Western financial system of maximizing short term profit is, in the long run, crises-prone and results in unnecessary social pain and destruction of wealth during the boom and bust cycles.

External Reserves Management

Consider this: the economy of the United States has significant structural imbalances and yet it continues to be considered a strong economy. The answer to this paradox lies in the role of the US dollar as a reserve currency and as a petro-currency. The role as a reserve currency and the role as a petro-currency do overlap to some extent, but for purposes of clarity, we will explain them separately.

Role of US dollar as a reserve currency

World trade is now a game in which the US produces dollars and the rest of the world produces things that the US dollars can buy. The world's interlinked economies no longer trade to capture a comparative advantage; they compete in exports to capture needed dollars to service dollar-denominated foreign debts and to accumulate dollar reserves to sustain the exchange value of their domestic currencies. To prevent speculative and manipulative attacks on their currencies, the world's central banks must acquire and hold dollar reserves in corresponding amounts to their currencies in circulation. The higher the market pressure to devalue a particular currency, the more dollar reserves its central bank must hold. This creates a built-in support for a strong US dollar, which in turn forces the world's central banks to acquire and hold more dollar reserves, making it even stronger. This phenomenon is known as the dollar hegemony.

Role of US dollar as a petro-currency

As the international reserve currency, the US dollar has assumed the role of fiat currency for global oil transactions (i.e. petro-dollars). The United States prints hundreds of billions of these fiat petro-dollars, by issuing Treasury bills and bonds without any backing of wealth, made possible by its unilateral departure in 1973 from the Gold Standard of the Bretton Woods System. These dollars are then used by nation states to purchase oil/energy from OPEC producers (and other non-OPEC producers as well). These petro-dollars are then recycled from OPEC back into the United States, via Treasury bills or other US dollar denominated assets. In essence, global oil consumption provides a subsidy to the economy of the United States.

The US dollar's dominance as a reserve currency, as well as currency for world trade, particularly oil trade, is all that permits the US Treasury to sustain the nation's massive deficit, as it can print inflation free money for global circulation.

Proposed Strategy

We need to formulate a strategy to remove the role of the dollar as the international reserve currency, as well as its role as the petro-currency. The following is suggested: -

- (i) Muslim nations must instruct their central banks and large corporations to convert the bulk of their US\$ holdings into assets denominated in Euro, and perhaps even yen.
- (ii) The OPEC countries must take action to denominate the oil trade in Euro, instead of denominating it in US dollars.

(iii) The Muslim nations must attempt to use Euro as the currency of denomination when they trade among themselves.

(iv) The Muslim nations must persuade Europe to denominate its trade with Muslim nations in Euro, and persuade Japan to denominate its trade with Muslim nations in yen.

Review concept of external reserves

The four measures suggested above could serve as effective short-term measure but, in the longer run, we need to evaluate the whole concept of the management of external reserves. In the context of the present international financial architecture, the way the instrument of external reserves functions is extremely unjust to all nations, except for the countries whose currencies qualify as external reserves. This system has a strong bias toward instability and is crisis prone. It forces countries, other than the reserve currency countries (mainly United States) to accumulate increasingly large amounts of foreign exchange reserves. This money, which is mainly invested in US Treasury Bills, finances the over- consumption of the United States.

The US Treasury bills currently offer a yield of less than 3% p.a. while the return on the investment by many developing countries in their own economy could be between 10% to 20% p.a.

We have a very peculiar system in place - the theory is that rich countries should be sending capital to poor countries, but under the current system, it is the poor countries that are sending capital to the rich countries.

On a macro-level, this system of external reserves results in a deflationary bias, given that the income that is not spent increases by US\$ 150 to 200 billion a year. The only offset to that deflationary bias is the progressively higher consumption of the American consumers.

Let us look at this mechanism from the view point of developing countries. The central banks in these countries are the custodians of external reserves. An important factor that leads to the accumulation of external reserves in the central banks is what is known as a favourable balance of payments. However, if we think carefully we will realize that a favourable balance of payments is not necessarily favourable! This is due to the fact that, by definition, a favourable balance means that the country has exported or given away more in real goods and services than it has imported or received. The so-called surplus is represented by payment in foreign exchange, i.e. money held in some foreign country. In other words, the external reserves representing our national savings also represent a form of lending money to the countries in which the savings are deposited, whether in the form of bank balances or some other financial instruments. And the country which is the biggest depository of the external reserves of nations is the United States.

By so lending, we have not only allowed the rich, developed, reserve currency countries to enjoy the fruits of our labour , talent, intellectual capital, natural resources, and sacrificed consumption - we have also provided the depository countries with the resources to finance the expansion of their own companies (including companies that produce weapons used to kill Muslims) and the growth of their own economies. We welcome investments from abroad, with sometimes undue and abject

gratitude, when, ironically, some, at least, of the foreign funds would have been recycled from our own savings.

The national savings of the Muslim countries provide a significant portion of the pool of funds which constitute the foundation of the international capital markets centred in the currency countries. The more we retain our savings in those reserve currency countries, the more we empower them to wield their financial muscle, often with arrogance and disrespect and insensitivity.

We need to be vigilant that, when we accept payment from foreign buyers of our goods and services and then put the money back with their bankers, the foreigners as a whole would not have paid us anything. These indirect credits mean that they, as a group, could continue ad infinitum to take more real goods and services from us than we from them. We are effectively helping to maintain and even enhance their standard of living, while holding back on the living standards of our developing countries.

How do we get out of this inequitable system of external reserves? We need to do the following:

- Remove substantially the factors that requires nations to hold high levels of external reserves; and
- For that minimum amount of external reserves that need to be held, we should hold them mainly in liquid financial assets of Muslim nations.

Reduction of external reserves to minimum level

There are two main reasons why nations hold external reserves, namely:-

- To finance their imports of goods and services;
- To ensure stability of their currencies i.e. to prevent volatile movements in the value of their currencies due to seasonal demand or speculative attack.

Regarding the first point of financing imports and services, countries which consistently have favourable balances of payments would not, by definition, require to hold a large amount of external reserves. On the other hand, countries which do not ordinarily have favourable balances of payments would have to build up external reserves (even by way of borrowing foreign currency denominated loans) to fund their imports.

We need to structure the international trade of Muslim countries in such a way that the need to hold external reserves for trade purposes is minimized. The proposed Gold Dinar mechanism would achieve this objective, as an important objectives of the Gold Dinar proposal is to bring about --- trade between countries.

Regarding the second point on the need to hold external reserves to support domestic currencies against volatile fluctuations, a possible solution is to set up a monetary fund among Muslim nations along the lines of the Asian Monetary Fund that was proposed in 1997/1998, but squashed by the US Treasury.

Investment of external reserves

Irrespective of the actions taken to reduce the holding of external reserves by Muslim countries, some external reserves will certainly need to be held for prudential purposes. A portion of these reserves can be invested in Muslim countries themselves. For this purpose, we need to structure a regional bond market among Muslim countries which would have depth and liquidity.

Conclusion

We need to restructure the system of external reserves management in such a way as to enable Muslim nations to achieve a higher standard of living, social justice and greater economic and political stability.

Promote education

Investment in education, along with basic health services, offers the highest potential returns on development spending. A large part of the continued weakness of the Ummah lies in our low literacy and low educational achievement rates. The illiteracy rate in Afghanistan in 1998 for example was a massive 65%. This obviously contributes to the failure of the Ummah to master science and technology and makes it difficult to be economically competitive. Among the areas which we can pursue are as follows: -

(a) Basic education: As part of development finance, the poorest Muslim countries need to build basic educational facilities that will be provided free of charge to its population. This will cover primary and secondary education, not unlike Malaysia's experience in building its basic educational infrastructure in the 1960s and 1970s.

(b) Reach of education: There is a need to extend educational facilities to girls as a large part of the illiteracy in the Ummah is among women. Over and above the role of women in Muslim societies as economic agents (i.e. as workers, and consumers), they are also the nurturers of the next generation, and hence they themselves need to be educated first. Educating girls and women also removes an inherent injustice in our societies today.

(c) Content of education: Our educational thinkers need to sit down and come to a broad consensus as to what is the body of knowledge that we Muslims require for not just the next world but just as important to redeem ourselves in this world. Hence, in addition to the study of the religious texts and values, we need to master science and technology, medicine, English language, economics and finance.

(d) Tertiary education and centers of excellence: In tertiary education, the centers of excellence are currently in the West. We need to take a multi-pronged strategy in this regards as follows: -

(i) Continue to send our best students abroad to these centers. These graduates should be encouraged to live and learn in the West, while keeping close to the tenets of Islam.

(ii) Developing centers of excellence within the Muslim world. For example, the International Islamic University in Malaysia UIA could be the designated center of excellence for the study of Islamic economics, Indonesia for development finance and Saudi Arabia for oil studies.

(iii) Promote close cooperation between and within (i) and (ii) above. Among the mechanisms could be professional networks, research grants, visiting fellowships, specific research and applied research projects.

(iv) Promote greater linkages between academia, industry and knowledge management. A common weakness among our tertiary institutions is a disconnect with the real world. We should consciously combine efforts on other fronts (say Islamic finance or food security) by working through with designated tertiary institutions of higher learning and think tanks and consulting companies specializing in the specific areas.

Since the failure of the education system was one of the significant causes of the fall of the Ummah, we need to redouble our efforts to provide good education to the younger generation of the Ummah. Such an education should emphasize the sciences and mathematics and the learning of international languages and the development of critical minds. The old emphasis of merely concentrating on religious studies and forsaking the sciences has resulted in weakening the Ummah, and we need to quickly abandon such an approach.

Islamic Union to replace OIC

Given recent world developments, it has become a matter of urgency for the Ummah to consolidate and tighten its bonds of cooperation. While the Organization of Islamic Conference (OIC) in its original structure was a good organisation to share views and discuss matters of common interest, it is clear that the needs of the Ummah now go beyond discussions and ad-hoc actions. From being a talk-shop the OIC must transform itself into a work-shop.

The United Nations, while having supposedly noble intentions, has often acted chauvinistically and failed miserably to defend the rights of not just the Palestinians but Muslims in general throughout the world. With the invasion of Iraq, the U.S. and Britain have betrayed the world and revived the vices of colonialism and military aggression for economic gain.

It is, therefore, a matter of urgency for the Ummah to restructure the OIC and in the process create its own Commonwealth, its own United Nations of Islam, not as a loose discussion forum, but as a cohesive union, bound by trade and economics. It should not be run as a country club with an easy-going atmosphere. Instead it must have a sense of urgency and mission. It must be run as a professional organisation with clear objectives and time-frames. It should be proactive rather than reactive; it must facilitate rather than hinder. The new organisation must be nimble and fast moving; what the OIC achieved in a year, the new organisation must achieve in a few months. And above all, it must have the full support, cooperation and participation of each and every Muslim nation.

The broad objectives of the Islamic Union must be to bring about self reliance among the Ummah in various fields, including economics, trade and capital flows, as well as to strengthen the Ummah economically, socially and intellectually. With a united and economically strong Ummah, we can resist the imperialistic agendas of our enemies.

Summary and Conclusion

There is undoubtedly a need for the Ummah to reorganize itself urgently to meet the challenges of the emerging New World Order. Doing nothing in the face of the imminent threats is no longer an option. The following measures are, therefore, recommended: -

(i) Restructure the OIC into an Islamic Union so that we would have an effective platform for the implementation of an action oriented program to strengthen the Ummah.

(ii) Strengthen the mechanism of trade among Muslim nations to ensure greater self-reliance and self-sufficiency of the Ummah. The Gold Dinar proposal is an important element in this strategy.

(iii) Promote greater investment and capital flow from surplus Muslim countries to deficit Muslim countries. Use the Islamic financial system to achieve this objective.

(iv) Emphasize education as a core activity in our Agenda for the strengthening of the Ummah.

Given the imminent and multiple threats facing the Ummah, there needs to be a sense of urgency in implementing the necessary measures to unite and strengthen the Ummah.