



# Banking

*The root cause of  
the injustices of our  
time*

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Banking: the root cause of the injustices of our time

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*“...it has produced what the world never saw before;  
starvation in the midst of abundance.”*

William Cobbett (1763 – 1835)



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# Twenty Years After

THE TITLE “Twenty years after” refers to our taking stock of the situation since publication in 1989 of the proceedings of the original Norwich seminar, *Usury: root cause of the injustices of our time*. Rather suggestively, it also lends itself to the evocation of Alexander Dumas’ book of the same name. In utterly brilliant fashion, Dumas sketches life in the 17th century French royal court, replete with its intrigues, liaisons and love affairs, usually inextricably interwoven. This occupies a good first third of the book as the reader is gradually drawn into the conspiracies and political game-playing when, quite suddenly, the author introduces into the story the now middle-aged but still heroic figure of D’Artagnan. The effect is astonishing, like the appearance of spring after a long winter, or a fresh wind after a long soporific summer of overcast weather and sultry storms.

For those of us fortunate enough to have attended the original seminar, it had exactly the same effect on us. After lifetimes of hearing the endless analyses of left and right, Conservatives and Labour, Democrats and Republicans, here was an argument that went to the core of the matter in one bound, and yet did so with a degree of scholarship, and indeed erudition, that was anything but cavalier. The result was electric. It was also well before its time.

However, with the catastrophic bank collapses of 2008 and the total systems shutdown of 2009, history has furnished us another opportunity to place this vital material before the reader. Whatever the result of

these signal events – a slide into depression, cataclysmic upheaval or a rebound into dynamic activity – the argument in this work nevertheless stands: usury is demonstrably the motor of the injustices of our age.

Accepting that usury and its machinations have moved on considerably since the term was first coined as a euphemism for the charge made for the ‘use’ of money – we must also acknowledge that we are no longer talking about ‘extortionate interest on a loan’ as in modern dictionary definitions or even just plain ‘interest on a loan’ as in the etymological dictionaries, abhorrent though both these matters are, but we are now confronting the very nature of money itself.

That we have conceded to groups of utterly disreputable people the right to invent money out of nothing, and then to lend it to us, at their discretion, and at ‘extortionate’ interest rates is simply beyond belief. It is hardly credible that we, as human beings, could have been so gullible. Nevertheless, there we are. In the interim, many have pointed to this crime, and many have recommended cures for it, but unfortunately some of the alternatives have been even worse than the original crime.

It would take a leap of utter genius, childlike in its immediacy, such as that provided by Hans Christian Anderson’s visionary tale *The Emperor’s New Clothes*, to reach the perfectly obvious conclusion that we do not need the gold standard again, since that would have to be managed by the banks, whose ill-fitting sheep’s clothing had fallen off once too often to hide the naked fangs of the wolves from whom we wished to escape. What we need is actual gold and silver themselves, and trade in real commodities without the interference of economists and financiers who, to a man, are steeped in the old usurious thinking.



That leap was achieved by Shaykh Abdalqadir as-Sufi, and it was taken to its furthest elaboration in both theory and practice by his student Umar Ibrahim Vadillo, whose works we wholeheartedly recommend to the reader since they introduce us to modes of trade and commerce that are in harmony with the rights of all peoples and the rights of the earth itself and its ecosystems and will remain so into the distant future being based upon natural rather than usurious parameters.

Much of the work in this book, whether from the seminar or the contemporary material, has been carried out by Muslim authors whose aim it has been to recover the values that lie at the core of the Judaeo-Christian and the classical Greek philosophical traditions that lie at the very root of everything that is Western culture. In contrast, spurious so-called 'Islamic economics' consists of a drive on the part of certain Muslim academics and interested financiers to recast modern usurious commercial instruments in such a way as to supply the resulting Muslim demand with an exclusive range of 'alternative' financial transactions. What this book proposes instead is the dynamic reactivation of the original commercial law of Islam which endorses the best of our common Western heritage and involves Muslims and non-Muslims transacting harmoniously with a shared set of non-usurious instruments.

The reader, whoever he or she may be, is invited to take this discovery and make use of it in the assurance that as well as having its roots in the Western tradition, it also formed the substance of non-usurious trade for an entire global civilisation involving Muslims, Christians, Jews and many others, for almost a millennium and a half until, with a number of honourable exceptions, they fell for the lure of the limitless wealth apparently offered by the bankers. Unfortunately, the combination of gullibility and sheer greed was enough to blind

the majority to the realisation that the limitless wealth was based on limitless and exponentially expanding debt which, having been unleashed, has now come close to destroying the social and ecological equilibrium of the entire biosphere we call Earth.

A major change in the book since its first publication in 1989, apart from the addition of some new material, is to rename it *Banking: the root cause of the injustices of our time*, nevertheless acknowledging the inadequacy of the term 'banking' to cover fiat money, fractional reserve banking, the stock exchanges, credit-default-swaps, derivatives, hedge funds and the whole complex of instruments and institutions that is collapsing around our ears.

As to the new articles in the Postface, the first, *Crisis! What Crisis?*, was written in response to two eminent Anglican Archbishops' pontifications on the unfolding economic collapse. Its inclusion here is not accidental since the Church was in at the birth of the current world banking order, baptismal font at the ready. The second is the text of a speech by Dr. Zeno Dahinden to a conference in South Africa in which he outlined the 20th century history that has culminated in the events of 2008-9. The third, *Open Trade – A Call to Action*, is a summary of key elements of the way forward that, as well as being grounded in historical practice, is today being put into action by increasing numbers of people.

A hope is dawning, and many people are waking up to the falsity of the bankers' promises, so our wish is only that this work, though small, will be a sharp and ready tool that will provide the reader with the necessary inspiration to put it to its best use.

Abdassamad Clarke

# Where Does the Buck Stop?

WHAT WE WANT to do is to try and find out what has happened, what's gone wrong. How did we get to where we are?

Let us imagine that we are looking at the body of a crime victim. Multiple injury, heavy duty GBH, rape and robbery of an unprecedented nature. The victim's condition is serious, critical, but there is still life. It's not yet time for an autopsy, but it soon will be, if something is not done.

We have come across the scene of the crime, stumbled over the body, probably got some blood on our clothes. Naturally we are concerned, horrified, but what can we do? We could walk away, pretend we didn't see it, we weren't actually there. It's probably too much to deal with anyway. Can't handle it. Don't get involved.

Or we can accept responsibility for where we find ourselves. The victim is clearly in need; surely there is something that we can do, even if we are not experts.

The victim is the planet and its inhabitants, the people, animals plants, oceans, forests, the air, earth and water. Life itself.

But how did this happen, who did it, why? It's too awful to be an accident. How can we put it right? Can we put it right? The questions beg an answer.

One does not necessarily have answers, but let's at least try and understand what has taken place.

We do know that the official version of things, the story as we have been told it is highly suspect. It sounds very much like an alibi put out by the likeliest of suspects.

So let's try and start at the beginning. This may all sound rather simplistic, but we want to break down a complex affair into sizable bites, in order to digest it, and use it in a positive and intelligent manner.

We are dealing with something unnatural, a gross imbalance, something so out of sync at the centre, that it has thrown everything else out of step.

In trying to understand and cope with this global imbalance, it is tempting to look at the symptoms, because they are more manageable, and try and deal with it in that way. Let's save the whales, or the rain forests. Maybe concentrate on pollution, or the arms race, nuclear power, inner city crime.

These issues are all valid, but they are all symptoms of this extreme imbalance. They are the results of something, and if we only focus on them we may miss seeing the cause. For if we are to nurse the patient back to life we have to find the cause of the disease. How did the cancer start?

One could describe life as a series of transactions, some simple some complex. Chemical, personal, social, national, global, cosmic.

Endless exchanges and interactions. Planets spin, seasons shift, day turns into night.

And people buy and sell, they exchange things. It's probably the most basic human social transaction. Wherever there are people, it's going on. Everything you see has probably been bought, sold or exchanged.

It is a type of social bedrock.

Transactions are exchanges that are mutually beneficial, both parties gain from the exchange, it is part of social movement and growth. I give you this, you give me that, and we are both pleased with the exchange and everyone else can see that everything is OK.  $2 + 2 = 4$ . There is balance, equilibrium.

Things go wrong when someone wants something for nothing

$10 = 11, 2+2=5$

One pound + Gateway Building Society = Three pounds.

In order for you to believe it, some sleight of hand will be needed.



Barter of one thing for another, goods for goods without the use of money is the obvious basis for trade, but from earliest times a medium of exchange has been found to be necessary. You may not

have the goods I need, so if I swap my goods for money, the medium of exchange, I can get what I want.

This medium of exchange must be something of actual value in itself, you are converting your goods into this other thing, this medium, in order to exchange that in turn for what you want. Why would anybody change their goods for something worthless? Would you? You're kidding! My goods represent a lot of my time and energy and sweat, they are worth something, they are real, valuable, they improve the quality of your life, they're useful. Why should I swap them for something of no value? The idea is ridiculous!

And yet this is exactly what we all do, every day.

The medium of exchange is a third element in the equation, or you can almost say it's like the = sign in maths. This table equals these chairs. Or the table equals £50 equals the chairs.

This does not mean that the price of my goods or your goods are not subject to normal fluctuations. That's OK. The price may go up and down, it can be 40 or 60 pounds, but the value of the POUND must remain a constant, or we don't know what £50 means. Then we're all in trouble, we don't know where we stand. It's no longer bedrock, it's quicksand. The medium of exchange must have intrinsic value of its own, it must be worth something. This is a necessary element of social stability.

It is pivotal, and if you change it, you change every transaction, like shifting the fulcrum on a set of scales.



Gold and silver are the obvious choices. They have value, their nature does not change even over long periods of time, they don't decay. They can be split up into lots of small pieces, and then put back into big ones again. They fit the bill, and historically, they have been used with great success.

Ah, yes, that's all very well, they say. But there's only so much gold, what if there isn't enough to go round, supposing it runs out?

Well, lets think about this for a bit. The fact is everything else in existence is finite, there is only so much of anything. There is a limited amount of all of our resources as we are finding out to our concern. There is only so much. This is fine until we get to modern economics.

Modern economics is based on continual growth, endless expansion, it will all keep getting bigger and better, more profits. This idea is now very deeply rooted and, as we shall see, it is very closely linked to the whole concept of Progress. Development. To disagree with the idea of endless growth is like saying you're against progress. You want to turn the clock back, put us all back in the dark ages.

Growth is part of life, it is delightful. Endless growth becomes grotesque.

An international banker was recently asked what he thought was wrong with the world economy, and he said "We need more growth."

This premise of constant growth defies every natural law in existence, it's like trying to deny the law of gravity. What goes up does not keep going up. We don't have endless day, nonstop summer. The wheel turns, there is expansion and contraction, profit and loss.

So, let us, like others have done for thousands of years, accept that a stable medium of exchange with intrinsic value of its own is an integral part of a balanced economy, which is in turn an essential part of a just society. I think that this is a reasonable starting place.

Modern economics is regarded as some kind of specialist subject, it has its own special language. But specialised knowledge should not be necessary to understand something that we all take part in on a day to day basis. The chances are that we all use money everyday. The monetary structure involves us all. In fact it limits us, contains us, we are all subject to its established rules. And if it is unjust, it enslaves us, it traps us. And once trapped, we can be controlled.

And this is actually the crux of the matter. We are proposing that the current economic system, that is now of global proportions, has ensnared all of us. It is unjust, immoral, and highly dangerous. It is like a massive spider's web, spun by the ultimate consumers, and we are all caught in it.

The monetary system is really a control mechanism.

The basis of the system is usury, and I'm using the word in a broad sense. Usury as a principle. Later on we will examine the historical picture of what events actually took place, but what I want to do here





is outline the process whereby money became valueless and unreal. And hand in hand with this process there has developed a network of global banks, markets, and communications, a System, that has permitted those with wealth to get increasingly rich and powerful, and has forced pretty much everybody else, including those of us in the developed countries, into something that approaches slavery. This process has permitted the scale of imbalance that we are now talking about ... and experiencing.

What's usury?

Well, two key principles are: interest and unreal money.

1. Charging interest on loans of real money, gold.
2. Creation of paper money, i.e. promissory notes, as currency even when backed by gold.
3. Charging interest on loans of paper (unreal) money
4. Creating money out of nowhere, i.e. not backed by gold.
5. Creating paper money
6. Plastic money
7. Electronic money
8. Stock markets
9. Futures contracts
10. Eurobonds, etc.
11. Commodity speculation

