

# The Effect of Globalization on the World Order – Islamic Perspective

By

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The past ten years have seen rapid and dramatic economic, political, social and technological changes on a worldwide scale. Transcending borders and accelerating people's ability to communicate and to trade across continents, this global revolution has been described as the process of "globalization." Like the rest of the world, Muslim societies have been deeply affected by globalization. The lives of their peoples have been changed, as have their thought patterns, and sense of creative expression. Some have welcomed these changes, while others worry about the nature of the transformations taking place and the capacity of those affected to respond appropriately. One of the underlying causes of such anxiety has been a multifaceted cultural concern: how to protect a unique heritage in the face of global pressure; to uphold religious traditions; to preserve linguistic purity; to defend social institutions; and ultimately, to maintain a viable identity in the midst of a rapidly changing global environment.

Almost all the Arab nations and a big portion of the Muslim world had signed the GATT Agreement. The Arabs and Muslims around the world were not behind the demonstrations that happened against globalization in different parts of the world. The demonstrators were Americans, British, and Europeans. Violent protests against globalization had taken place in Washington and London. They were followed by similar events in Prague and Davos, Switzerland. Around 40,000 people took to the streets in Seattle and millions more were involved through the net and the World Wide Web. The demonstrators were uncertain about the future of the new World Order as expressed by globalization. It was also strange for them to see the world's elite meeting at Davos, to shape opinions and take decisions affecting the whole world in an environment de-linked from the earthly constraints of democracy, transparency and accountability. The decisions are made behind closed doors at the International Monetary Fund, the World Bank, the General Agreement on Trade and Tariffs, and the World Trade Organization. The demonstrators felt that by what right does a self-selected group of druggists, biscuit makers, and computer designers become the architects of the new world?

The protestors reflected a widespread angst about the direction that globalization had taken - a sense of a loss of democratic control over outcomes, and a lack of faith in the legitimacy of international institutions. The protestors saw that globalization aimed at controlling world economies by giant corporations that don't have an allegiance to a particular country as long as they can make more profit elsewhere. The anti-globalization movement saw that the essence of globalization was the subordination of human rights, labor rights, consumer environmental rights and democracy rights to the imperatives of global trade and investment. They saw that globalization was masqueraded by the term "Free trade" which was in fact a global trade without global law, without global democracy. They regarded globalization as a system designed to establish autocratic governance that undermine open judicial courts and replaces them with secret tribunals. It was an international system of governance that had harmonized health and safety standards subordinated to the imperatives of corporate profit trade and investment.

The anti-globalization movement considered globalization as a form of neo-imperialism. This term was relatively specific about the impact of multinational corporations on poor countries. This detrimental influence was summarized by the opposing groups in: denationalization of existing industries through acquisition and competition, detrimental impact on indigenous production, transfer of appropriate technology and inhibition of indigenous technological development, the displacement of local products by inappropriate patterns of consumption.

In the course of their daily business the managers of the multinational corporations made decisions with more impact on the lives of ordinary people than politicians. These corporations were responsible for: dependence, uneven development and thus the exacerbation of poverty, inequality; the deterioration of living standard and unemployment rights, promoting capital flight from developing countries thus compounding world hunger.

As it seems, the sovereignty of the developing countries had moved from local governments to the multinational corporations. The essence of dependence is being subject to an external source of power. This is exactly a clear case of neo-imperialism where the locus of political and economic power, of decision making, was removed from national territory and national control. Globalization also resulted into a form of cultural imperialism – a

sort of cultural hegemony enabling some states to impose worldview values and lifestyles on others. The U.S. dominated others by disseminating ideology of consumerism, hedonistic popular culture, or particular model of free-market society (1).

As a result developing countries have little, if any, control over critical decisions affecting their economies and their societies. These were some of the fears demonstrators from all over the world were expressing during their meetings or demonstrations.

In Islam, the world is not for sale because money in reality is the property of Allah. Muslims had been appointed by Allah as a trustee over His money that he had given to them. As Allah's successor on earth, Muslims were ordered to deal with money rightly and justly according to the divine revelations sent to Muhammad in the Koran. All economic resources are treated as divine blessings bestowed upon mankind, and are enjoyed by all in accordance with the rules and the values set out in the Koran and the Sunnah.

The Koran says:

“Believe in Allah and His Messenger, and spend from what He has made you guardians over, for those who believe and spend, for them is a great reward.” (al-Hadid, 57, 7).

Because money is the property of Allah, and man is a guardian and a trustee over it, then it is an obligation upon him to follow the instructions and directives of Allah, the owner of that money; what does Allah want from Muslims when dealing with His money? What has He commanded? And what has He forbidden?

Allah says in His Koran:

“O you who believe, do not consume money amongst yourselves in unlawful ways, but let there be amongst you trade by mutual good will. And don't destroy yourselves; indeed Allah has been most Merciful to you.” (An-Nisa 4, 29).

All Muslims are entitled to earn their living according to the Islamic Law (Sharia). Islam does not prevent one from striving and seeking wealth as long as this seeking is by means that are good and lawful.

In Islam money is not sought for itself, rather, it is sought for the benefits it can bring about. Money is a means not an end. The means are praised or blamed according to the results they bring about, either good or evil. The Machiavellian thought, 'the ends justify the means' is totally rejected in Islam.

In Islam money is a means of worshipping Allah and establishing His laws. It is a means of righteousness and rectification - a means of kindness, connection and solidarity amongst Muslims. It is not permissible for a Muslim to regard money as other than what it really is. It is not allowed to love money to the extent of worshipping it. It is not allowed to obtain money from unlawful sources. Unlawful money will not protect man from any sickness, and will not cure him from any disease. Unlawful money will not put off death when one's time is up. On the Day of Judgment everyone will be asked by Allah about how he acquired his wealth and how he spent it. In that day all people will stand before Allah from whom no secret is hidden, a god who knows the treachery of the eyes and what is concealed in the breasts.

On that day, someone from mankind will say:

"My wealth has been of no profit to me, my power has perished from me." (Al-Haaqqah, 29-19).

In order to promote the development of a balanced economy and to protect society from exploitation, Islamic Law forbids monopolies, unreasonable restrictive trade practices, usury, the use of coercion in the making of contracts and the publication of misleading advertising, fraud, gambling, cheating, embezzlement, trickery, bribery and theft in all its types. The same goes for consuming the money of orphans oppressively and transactions involving that which is unlawful, such as selling wine and pork. Also any lack of proficiency and proper conduct in one's dealings, and extortion, which is the seizure of another's money without right and other ways in which money is transferred between people to be possessed and consumed without any consent.

Allah says:

”O you who believe, eat of the good things that We have provided for you, and be grateful to Allah, if it is Him you worship.” (Al Baqarah 2, 172).

Allah commands the believers as He commands the Messengers:

“O you messengers! Enjoy all things good and pure and work righteousness, for I am aware of what you do.” (Al-Mou’minun 23, 510).

All economic activities are permitted provided they are not detrimental to the interests of the community (Ummah) and do not violate Islamic Laws and values.

Those who reject lawful ways of earning money spread evil. They fill their bellies and the throats of their family with unlawful money. Their flesh and bodies become composed of it. They are pushed by the fear of poverty the future might bring forth to their families and children. This false belief is from the whispering of the Devil to deviate the believers from the right path. But Allah is the provider and promises forgiveness and bounty:

“And whoever fears Allah, He prepares for him a way out, and He provides for him from where he would not expect, and whoever puts his trust in Allah, Allah is sufficient for him. Allah will bring His command to pass; verily Allah has measured out all things.” (At-Talaq 65, 2-3).

“But Allah promises you forgiveness and bounty; He is the All-Embracing, the All-knowing.” (Al-Baqarah, 2, 268).

In Islam every individual has the inalienable right to freedom in all its forms-physical, cultural, economic and political-and shall be entitled to struggle by all available means against any infringement or abrogation of this right; and every oppressed individual or people has a legitimate claim to the support of other individuals and/or peoples in such a struggle. Freedom is a must for moral flowering but it should be enjoyed with responsibility otherwise it shall degenerate into anarchy.

In their economic pursuits, all persons are entitled to the full benefits of nature and all its resources. These are blessings bestowed by Allah for the benefit of mankind as a whole.

Islam is therefore a religion based on social justice and Muslims should look deeper into the phenomenon of globalization, modernism and secularism and presents viable solutions to problems arising from these approaches.

To be realistic however, one must admit that the dramatic increases in the scale of technology, the internationalization and integration of production, and especially the digital revolution and the emergence of an electronically networked world economy will be impossible to reverse. Most nations are not against globalization. They accept the reality of globalization and agree that a rule based international system cannot be avoided. Turmoil and uncertainty are however to be expected well into the future because globalization is not reversible but rather a one-way street. This is understandable in the light that national governments have lost the capability to deal with many of the critical problems of our time unilaterally.

The perceived loss of accountability and democratic control as the decision making process shifts from national governments to international institutions such as the WTO, the World Bank, and IMF is an overriding concern of many nations. None of the problems thrown up by globalization can be effectively tackled without accountable and representative institutions for global governance. To do this successfully will require a huge effort to resolve the realities of globalization with a governance structure that is responsive to a wide range of needs and concerns of a much wider segment of humanity than they are perceived to at present. Global governance institutions must be therefore established in a way to be consistent with the norms of effective participatory democracy and accountability (1).

Muslims were not the only ones accused from the Jewish organizations that radical Islam considers global capitalism and globalization as a Jewish conspiracy to dominate the economy of the world. These accusations first appeared in Europe hundreds of years ago and are still claimed until today by many European thinkers and authors. To attach this accusation to radical Islam only is far from truth. To give just one example about the distortion the Jewish capital could inflict on global economy for the sake of only gain, no matter how this distortion might detrimentally affect the lives, peace and future of the innocents, the following story is worth mentioning.

The distortion in world economy which happened in the 1990s due to the greedy and irrational behavior of the global Jewish capital and its gang of money gamblers is not far from memory.

Islam totally rejects such distorted capital behavior because as previously mentioned it is a religion based on social justice and promotes the development of a balanced economy through forbiddance of monopolies and unreasonable distorted and immoral trade practices.

Under globalization, capitalists – the top players – were encouraged to join in by placing cash in the hands of professional gamblers called money managers who traded currencies, bonds, and corporate shares in a great cyberspace casino called a financial market. In the course of their play, the money managers moved trillions of dollars around the world at the speed of light trashing the currencies and economies of helpless countries whose policies displeased them. In the wake of their moves whole governments fell and hundreds of thousands lost their jobs.

These money traders are an elite cabal capable of ruining whole economies. They have access to vast, unimaginable hoards of money. Their maneuvers are convoluted and almost incomprehensible to outsiders. But the shroud of secrecy they employ is inevitably shed when they emerge to claim their hard-earned profits.

They first entered the public consciousness in 1992, when a Jewish American fund manager named George Soros was named “the man who broke the bank of England.” Soros believed that the British pound, tied by the English to the German deutschmark, was overvalued in light of England’s political and economic problems. His notorious Quantum Fund borrowed billions of pounds and sold them for marks. Other, less visible traders quietly followed suit. The resulting glut of English pounds on the currency market drove the price of pounds relative to marks beyond the financial resources of England’s national banking system.

After few months, the Bank of England conceded defeat, and devaluated its currency to avoid financial insolvency or a bank-induced recession. With the resulting collapse in the pound’s value relative to other currencies, Soros was able to convert his Deutschmarks back into pounds at the drastically lower exchange rate, pay off his debt plus its accumulated interest, and still turn a \$1 billion profit (2).

Currency crises that are initially started by currency traders like Soros are inevitably supported by nearly everyone on the financial scene. Currency traders rely on borrowing vast sums of the victim's currency from the victim's own banks. Those banks usually know what that money is being used for, and will lend the money because they can charge high interest for relatively short periods of time. Those foreign investors move in herds, often buying and selling the same stocks at the same time, and they engage in positive feedback trading-that is they buy stocks that had recently gone up in price and sell stocks that have recently gone down.

After few years from the crisis of the Bank of England, Soros jumped into the Russian market after the fall of communism. The jump turned into a catastrophe costing him \$2 billion when the Russian economy collapsed in 1998.

Soros and his band of speculators then turned to Thailand and undermined its economy. Thailand's national bank declared complete insolvency revealing losses from fighting unsuccessfully for six months against currency traders.

As currency traders continued obliterating the economies of Southeast Asia, the resulting financial turmoil escalated dramatically. In 1998 currency traders had been hitting the Hong Kong currency, using a method which involved simultaneously attacking both the stock market and the exchange rate. The result was that Hong Kong residents lost hundreds of thousands of their currency in the market which served as profits for the speculators.

The Hong Kong government declared war on the currency traders and announced that for two weeks it would maintain its exchange rate and insulate the stock market by purchasing stock thus forcing speculators into losses on both fronts (2).

After Thailand came the Philippine, Indonesia and Malaysia. Like the virus the wave of speculating selling followed by collapse of economies, struck the Brazilian stock market and the Polish zloty with tremendous force before moving to hit markets in Singapore, Taiwan and Greece. The Jitters in emerging markets didn't affect big industrial countries' markets much as evidenced by the Dow Jones industrial average's surge past the 8000 level.



Mahathir Mohammad, prime minister of Malaysia, who in just sixteen years had single handedly taken Malaysia from almost nowhere to an illustrious economy, singled out George Soros the American billionaire speculator as the chief villain behind the wave of selling in the Southeast Asian markets. By corrupting the economy of the Asian nations, Mahathir saw that George Soros represented the stereotype of the Jew as the exploiter and usurer who profits from the loss of others. Mahathir Mohammad commented, “We have worked for 30 to 40 years to develop our economy and here comes someone with a few billion dollars and, in just two weeks, he has undone most of our work.”

Mahathir was also quoted as saying, “I say openly, these people are racists, they are not happy to see us prosper. They say we grow too fast; they plan to make us poor.”

Mahathir also identified Soros as one of the major causes of the global crisis. Mahathir then combated Soros by implementing his economic reformatory plan.

Mahathir Muhammad vowed to combat “racist” foreign speculators with a \$20 billion public fund to prop up the nation’s sagging stock market. Mahathir announced the fund in a virtual declaration of war against foreign financiers. Mahathir changed trading rules to prevent investors from betting on lower Malaysian stock prices. He also exhorted Malaysian citizens and local pension funds to buy shares. Under the plan, the national pension fund would contribute much of the money for the stock – buying fund, and some money also would be raised from the sale of bonds by a state investment agency. Malaysian citizens who sold shares to the fund would be paid a premium, while foreigners would receive the market price.

Mahathir deliberately shut down the financial markets to foreigners for one month, but later on he opened it after his monetary authority in cooperation with other central banks took prompt action. Malaysia came out stronger than before.

George Soros appeared before the U.S. House of representatives to talk about his views concerning global economy and the reasons behind the collapse of South Asian economies. He considered the reformatory measures taken by the leaders of the Asian countries to protect their markets against his assaults and his like as one of the main factors disintegrating the global capitalist system. He accused Malaysia that it managed to inflict

considerable damage on foreign investors and speculators and it managed to obtain some temporary relief, if not for the economy, then at least for the rulers of the country. The relief came from being able to lower interest rates and to pump the stock market by isolating the country from the outside world and squeezing short sellers. The measures taken by Malaysia will hurt the other countries because it will encourage the flight of capital. Soros even went to the extent of proposing in front of the House of Representatives that time had come to establish some kind of international supervision over the national supervising authorities. This restriction if implemented would certainly hamper any reformatory actions taken by governments to overcome market failure. In other words, under the pretense of globalization, the markets should be exposed to foreign speculators even if this might lead to the ruin of the economies of promising emerging markets.

Before the collapse of Malaysian economy prestigious American publications used to call Malaysia, “Asian economic powerhouse”, but after the collapse, and after the meeting of Soros with the House of Representatives, the same newspapers and magazines said that Mahathir had to go, and that there was something wrong with the economic management of the country. For the sake of honesty however, the Time magazine described currency traders as “the kind of financial gamblers whose cold-bloodedness could freeze mercury at ten paces.”

It was not surprising then that the speculators had become so loathed by Asian governments. George Soros had been especially vilified. As we have seen in the meeting with the House of Representatives, Soros sharply criticized Mahathir for advocating intervention during the Asian economic crisis. This made Mahathir characterizes Soros as a “moron.” Few years later, Mahathir made remarks on Jews as he opened the biggest gathering of Muslim leaders in 2003. Mahathir claimed that “Jews rule this world and Muslims must use brain and not brawn to fight them, the Europeans killed six million Jews out of 12 million but today the Jews rule this world by proxy. Muslims were suffering oppression and humiliation with their religion accused of promoting terrorism. The Jews had survived 2000 years of pogroms not by hitting back, but by thinking. They invented and successfully promoted socialism, communism, human rights and democracy so that persecuting them would appear to be wrong, so they may enjoy equal rights with others. They get others to fight and die for them. One billion and three hundred million Muslims cannot be defeated by a few million Jews.”

The United States condemned these remarks and considered them offensive and inflammatory-but what about the reasons behind those unpleasant remarks? What pushed Mahathir to utter such angry words against the Jews? The motive for such hatred must be identified first before stating that Mahathir's remarks were offensive or inflammatory. Apart from the fact that Islam totally prohibits monopolies and distorted transactions, Mahathir's reasons for such anger are well understood. What was expected of him? To see the work of his life vanish in seconds without uttering a word of protest! To see the whole economy falls down and millions of people losing their jobs and homes and shut up! Is this what expected by globalization, is this what expected by the free movement of capital; to ruin the economy of vulnerable markets and turns the lives of people into misery!

The Islamic world cannot stop the spread of cultural globalization because it is an integrated system where the political and the economic aspects intertwine, and complement the social and cultural aspects as well.

Information technology is the propelling force of cultural Globalization and hence, the world seems to be divided into three major categories:

1. 15 % of world population provide all modern technological innovations.
2. 50 % of world population are able to assimilate this technology as regards consumption and production.
3. The rest of world population that is 35 %, live isolated and insulated from this technology.

This fact indicates that the influence of cultural Globalization is rather limited. However, the impact of Globalization on the peoples it invades is very baneful given the deteriorated economic and social conditions prevailing in the largest part of the world, including the Islamic world especially at the economic and social levels.

Cultural globalization has penetrated poor and needy societies which lack the capacity of resistance even if they have preserved their sense of difference. We can easily assess the general situation in the Islamic world from the following statistical data:

- World population has reached 6 billion people. This figure increases at a rate of 100 million people each year. 90 % of this increase takes place

inside 127 countries, all of which belong to the developing world that cannot absorb such a rapid increase. The Islamic world is of course part of the developing world.

- At the dawn of the 21st century, one third of world population lives below the poverty line (that is with a per-capita income of 300 dollars). The vast majority of the peoples of the Islamic world are affected by this situation.

- According to the statistical studies conducted by UNICEF, 12 million children under the age of 5 die every year of a curable disease. That is 33.000 children die every day of causes that can be avoided, including malnutrition. This study concerns also the children of the Islamic world which stretches from Bangladesh to Mauritania.

- According to the statistical data released by the United Nations, more than 75 million people have been driven out of their homes during the last quarter of the 20th century as a result of wars and religious, ethnic and tribal conflicts. As the 21st century unfolds, more than 60 million people still live as refugees. A high percentage of these refugees are either Arab, African or Asian Moslems.

- More than 75 countries enter the 21st century with complete or partial submission to the dictates of the International Bank. They apply its dictated policy to avoid being declared in a state of bankruptcy or in deficit. Accordingly, these countries pledge to orient their economies in a direction which does not generate development, by cutting expenditure and subsidies for consumer goods which are meant to support poor people. Muslim countries feature among these states.

Cultural Globalization is forced upon the Islamic world under these hard conditions.

Bridging the yawning gap between the rich and the poor within the Islamic world and achieving an integrated, balanced and comprehensive development are likely to halt the influences of the forces of hegemony, which attempt to subject people and dissolve them in the cultural globalization.

The immune capacities of the Islamic world are not strong enough to protect it from the devastating repercussions of globalization that recognizes no boundaries and destroys all barriers. The Islamic world will find itself

forced into a relentless cultural battle which can be fought and won only if it modernizes its means and revises its goals and objectives.

The first step to be taken to resist the effects of globalization is to encourage the development of Islamic societies at all levels, to begin with a strong support for social and economic development accompanied by the promotion of stability and the consolidation of its bases. This can be achieved through the implementation of the necessary reforms related to the life of citizens. That would enable the Islamic world to evolve from a state of weakness and backwardness to that of powerfulness and development within the framework of Islamic values and spirit of brotherhood, tolerance and cooperation, in conformity with the teachings of the holy Koran.

Such reforms include improving the living standard of people by eradicating injustice, poverty, illiteracy and diseases. The reforms must also seek rational investment in human, economic and natural resources. Without these reforms it is impossible to protect the Islamic civilization and its cultural identity from the threats of globalization.

The whole issue depends on how strong the Islamic development is, and how combined and concerted efforts of Muslim communities are in their quest for a civilization revival which ought to be based on science, reason and conscience after being spurred by faith, solidarity and Islamic brotherhood (3).

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