

Testimony

**Before a Joint Hearing of the
House Financial Services Subcommittee on Oversight and Investigations
and the
House International Relations Subcommittee on International Terrorism and
Nonproliferation**

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*Hearing entitled: "Starving Terrorists of Money: The Role of Middle Eastern Financial
Institutions"*

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Chairman Kelley, Chairman Royce and distinguished members of both the
subcommittees. Thank you for giving me this opportunity to talk about the
significance of Zakah in everyday Muslim life and also to express the concerns of
the American Muslim community on the efforts of starving terrorists of money. I
was asked to address three specific questions and I will do it one by one.

*Q. 1. What role does the Islamic charitable obligation, or "zakah," play in everyday
Muslim life?*

Charity is an integral part of all religions. It is also a fundamental obligation of all
Muslims to share their wealth with the poor and needy members of the society.
Zakah (calculated at 2.5% of total savings/assets per year in the Sunni tradition)
is one of the five pillars prescribed in Islam. The emphasis in Islam is not only on
the profession of faith, but also on practice. A true belief in God is measured by
good deeds, which includes caring for fellow human beings.

It is strongly recommended that Muslims should give as charity more than what
is required by the obligatory Zakah. It is called Sadaqah. The difference between
Zakah and Sadaqah is the nature of the giving. Sadaqah is a voluntary form of
charity and can consist of anything from monetary gifts to acts of kindness, even
a cheerful greeting and a smile. The Islamic tradition discourages to publicize the
act of generosity. For that reason, Muslims give zakah and other sadaqat without
any publicity and fanfare, and only for their own salvation on the Day of

Judgment.

As a spiritual and philosophical matter, ownership of material things does not exist in Islam. All wealth and property belong to God. A person is regarded as a trustee of his/her wealth and property, and has the moral responsibility to spend/manage it well. In that sense, the poor have a right to part of it. On the Day of Judgment, each person will be held accountable for the way he/she has used the wealth and other things that were entrusted to him/her in this world.

Among the Muslim communities all over the world, Zakat has always been an effective tool for alleviating poverty, redistributing the wealth and resources among all sectors of the society, and establishing the system of social justice. The Islamic law has prescribed a detailed set of rules for the collection and management of Zakah money. Zakah has been collected and distributed by the governments as well as by local and national communities in various parts of the Muslim world. Historically, the Auqaf (endowments or foundations), established by the Muslim philanthropists, have provided the majority of funding for the development of public goods, such as schools, universities, libraries and hospitals.

According to the Quran (9:60), there are eight specific categories where the Zakah money could be spent:

1. For the Poor (Fuqrah): those visibly without the basic means of life.
2. For the Needy (Miskeen): those that are not so poor, but still live near the subsistence level
3. For the employees involved in the collection and administration of Zakah
4. For freeing captives
5. For relieving those in debt
6. For those who are traveling and are in need of help.
7. For the sake of God (fi sabi lillah); this is where the public goods, including education, health and infrastructure fall.
8. For winning the hearts and minds of others.

In America, the potential of Zakah collection by the Muslim community is estimated by one economist at the Islamic Development Bank as \$1 billion per annum. Zakatul Fitr (charity for the Ramadan Feast or Eid ul Fitr) is also estimated between \$35-40 million each year.

At this point, let me also briefly talk about the American Muslim community. It is the most diverse and influential community in the world. In the U.S. we have Muslims from eighty different countries of the world. We have representation of all religious schools of thought, intellectual trends, political ideologies, and

Islamic movements. There are large number of highly qualified professionals, scholars and experts in all fields in the American Muslim community. Compared with the national average, the community is much younger; more educated and has a higher income level. An overwhelming majority (more than 90%) also favored their participation in the American political process, interfaith activities, and giving money to non-Muslim charitable organizations.

Q. 2. How have terrorists used this obligation and American-based charities to fund illegal and dangerous activities aimed at the United States? What do you believe the broader Muslim community can do to prevent or at least retard these activities in the future?

I would like to take strong exception with the premise that the Muslim community charitable donations have any connection with terrorist groups. American Muslim charities have performed commendable services in Bosnia, Kosova, several African countries, and for the Afghan refugees, and the victims of communal riots in India. All these services were performed with the collaboration and cooperation of reputable international relief organizations. The American Muslims have also been involved in establishing high quality educational institutions, especially for girls, as well as the most modern hospitals in various parts of the Muslim world.

To the dismay of the Muslim community, several Muslim charities have been shut down by the government after 9/11. Several million dollars of their assets and bank accounts have also been frozen. However, any direct relationship between the Muslim donors and any terrorist activities has yet to be established. The painful situation is that the several million dollars of Zakah money, part of the frozen assets and bank accounts, have been dried out by paying the administrative and legal fees and charges. A plea from the Muslim leadership to spend the frozen Zakah money by a pool of reputed Muslim organizations was also rejected by the administration.

The whole episode has a very negative impact on the Muslim community. There is a general sense of fear and intimidation in the community. We are not only losing the war of public diplomacy all over the Muslim world but also here in America with the Muslim community. This community could act as a first building block for the American policy makers to build bridges of understanding with the Muslim World. But then we have to start public diplomacy right from our own home.

The dilemma is that the mainstream Muslim community leadership has to fight on two fronts: first, against the excesses of the law enforcement agencies and their general perception that everything connected to Muslim charity is

terrorism; and, second, the internal extremism of some sections of the Muslim community who advocate isolationist policies instead of participation in the American Public life.

Being vigilant is one thing, but to look at all Muslim charities with suspicion will have serious consequences in terms of alienating a large segment of our citizens. I would suggest that the appropriate government agencies should establish direct relationship with the Muslim charitable organizations. The relationship should be developed on the basis of respect and understanding for each others' purposes and with a sense of cooperation, not with a priori shadow of suspicion. This mutual cooperation will ensure that the Zakah and other donations are accounted properly and then distributed among the legitimate recipients in an effective manner.

Q. 3. What behavioral changes has terrorist activity stimulated for the charitable traditions of Islam in America?

In response to your third question, I would like to state again that whatever behavioral changes one can discern has not come about as a result of the terrorist activities; rather, it has come about as a result of the government crackdown on the Muslim charity organizations. 9/11 and its aftermath have had a profound impact on the American Muslim practices of giving the charitable donations. However, instead of any behavioral changes, they have vastly improved the charitable traditions in the following two areas:

Enhanced transparency and financial responsibility:

The Muslim community as a whole has become more vigilant in the field of charity. The individual Muslim donors have been asking more questions about where the money will be spent. At the same time, Muslim charities have also been showing a responsible financial behavior with more transparency. American Muslims are, however, committed to use their Zakah collection and other donations for the emergency relief efforts, poverty alleviation programs, and more educational and health institutions for the poor masse of the Muslim world, especially for the Muslim girls.

Another important development is also worth mentioning. The Muslim Public Affairs Council (MPAC) and the Islamic Society of North America (ISNA) have recently spearheaded the formation of the National Council of American Muslim Non-Profits. It is a proactive community initiative which will develop a comprehensive oversight process to ensure transparency and protection of American Muslim institutions. It is encouraging that the Department of Treasury officials have also supported the idea of the Council.

More focus on local social service programs:

Some of the Muslim organizations have been involved in the local social service projects for decades. ICNA Relief has been one of the pioneers in this field. Since the early 1990s, it has established the Muslim Family Services, Homeless feeding program, Battered Women shelter house, and also organized the annual Meat Drive for the needy people. It is a welcome sign that several other Muslim communities have also started focusing on the local social services sector with more vigor since 9/11.

The annual meat drive with the banner of Feast of Abraham is a new American Islamic tradition. It is obligatory for Muslims to donate 1/3 share of sacrificial meat for the needy people on the occasion of Eid ul Adha (Islamic Festival at the time of Hajj). In 2005, the Montgomery County Muslim Council (MCMC) in Maryland and other Muslim communities in Houston, New York, New Jersey and Chicago have collected and distributed several tons of fresh meat among the homeless and other needy people of their areas.

Since 2002, the Maryland Muslims have also been organizing the annual Food Drive during the month of September. Last year more than forty thousand pound of food was collected and distributed among the poor people. Another area where the American Muslims are increasingly becoming more active is the health sector. At this time, more than 100 free medical clinics are being run by the Muslim community in several cities of the country. I am confident that the next five to ten years will witness a tremendous growth of American Muslims' involvement in the social service projects and other faith based initiatives.

Conclusion:

The American Muslim community is determined to perform its Islamic charitable obligations according to the needs of the society and the laws of the land. However, the community is apprehensive over certain government actions against the Muslim charities. It is imperative that a partnership should be developed between the Muslim community, the government agencies and the policy makers. A mechanism is also needed to ensure that the Muslims' donations should reach the intended needy recipients in the U.S. and in the Muslim World. It will certainly enhance the image of America among the Muslim World. It could only be done with mutual cooperation instead of mutual suspicion.
