

Press Release

At the Behest of the IMF, Pakistan's Rulers Slow the Economy Down, Choking Business and Trade, To Conserve Dollars, Just to Pay Off Foreign Interest Based Debt!

The Monetary Policy Committee (MPC) of the State Bank of Pakistan (SBP) has raised interest rates by 1.5 % to 15 %. According to the SBP's own press conference, the increase is to slow the economy down, whilst claiming that such demand contraction is a must, otherwise high growth is unstable, worsening inflation. Even after these cruel and destructive measures, efforts must be made to keep inflation below a back-breaking 20%. This, then, is the capitalist economy and its inhumane decisions, which result in millions being deprived of their basic needs. In contrast to capitalism, under which efforts for development only lead to either soaring inflation, or plunging recession, the economy of the Khilafah (Caliphate) is established on such stable foundations and principles, that prevent the occurrence of such destructive booms and busts in the first place.

In the capitalist economy, under free market capitalism, money circulates in the economy through private banks, stock markets and derivatives' markets. The movement of capital through the market creates artificial, unstable bubbles in the economy, as has recently happened in sectors such as housing construction, textiles, automobiles, fertilizers and cement. Before the current crisis, such sectors were subsidized such that the artificial growth created booms. The booms were financed by interest-bearing foreign loans in dollars, which allowed the import of raw materials for these sectors. These industries were subsidized by the hard earned wealth of the people, to such an extent, that these few industries made around a one thousand billion rupees in profits. Now that it is time for bubbles to burst, money is being frantically pumped out of the entire economy, in the name of managing this volatility. With catastrophic busts in sight, the people are squeezed for even more tax, whilst the economy is firmly choked, by raising interest rates to 15 %, paving the way for worsening unemployment.

In contrast to the private sector dominated economy in capitalism, in Islam, education, health, heavy industry and infrastructure are dominated by the state, whilst water, energy and minerals are public property directly supervised by the state. The Khilafah does not have interest-based banking, stock markets or derivatives' markets that create artificial bubbles, rapidly diverting capital, whilst forcing the economy into recession when bubbles burst. In the Khilafah, capital circulates in the real economy, agriculture, industry and trade, through investments, partnership-based companies

and state activities. So the increase in capital is a result of real economic activity that does not lead to artificially inflated economic bubbles. Islam has organized the economy in such a way that some wealth in the society is distributed to the people through the market, whilst other wealth is through the state. For example, Islam does not allow the privatization of oil, gas and minerals. Thus, such wealth is not distributed to the people through market forces. In contrast, the Law of Allah (swt) mandates that oil, gas and minerals are public property. Islam has made the state responsible for supervising these public properties, making them available to the people at affordable prices. As far as which wealth will be distributed through market forces and which will be distributed through state supervision, it is decided by Allah (swt), Who alone encompasses all knowledge. Through the implementation of the divinely revealed Shariah Law, Islam creates a perfect balance in activities related to private, state and public property, which no ideology devised by the limited and biased human intellect can ever match, whether it is capitalism or communism. Allah (swt) said, ﴿وَمَنْ أَعْرَضَ عَن ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْمَى﴾ **“But whoever turns away from My Reminder will certainly have a miserable life, then We will raise them up blind on the Day of Judgment.”** [TMQ Surah Taha 20:124]

O People of Power and Strength! Pakistan's political revival and economic prosperity is tied to the implementation of the Islamic system alone. Pakistan's current rulers make economic decisions to pay off external debts, whilst protecting the economic interests of every small Pakistani elite. Grant your Nussrah now for the re-establishment of the Khilafah, so that our people are liberated from this exploitative capitalist system. The economic system of the Khilafah in the past did not only meet the needs of the people, but also the requirements of a war economy based on Da'wah and Jihad. Even today, the Khilafah will bring prosperity and development to the Muslim areas by enforcing the economic rulings of Islam.

**Media Office of Hizb ut Tahrir
in Wilayah Pakistan**