

Headlines:

- **Democracy Legalizes Corruption by Allowing the Writing Off of Loans**
- **Steep Slides in Currency will not be Halted until We have Currency Based on Gold and Silver as Islam Demands**
- **Only the Khilafah State will Relieve the Ummah of the Backbreaking Measures of Democracy**

Details:

Democracy Legalizes Corruption by Allowing the Writing Off of Loans

Dawn reported on 9 June 2018 that the Supreme Court of Pakistan directed 222 companies and firms involved in written-off non-performing loans worth billions of rupees taken from commercial banks to come up with their explanations in a week. The directive was issued by a three-judge bench headed by Chief Justice Mian Saqib Nisar which had taken up suo motu proceedings initiated in 2008 on press reports that the central bank had quietly allowed commercial banks to write off non-performing loans under a scheme introduced by then president Pervez Musharraf. Soon after the October 2002 elections, then finance minister Shaukat Aziz and his financial team at the State Bank of Pakistan (SBP) had approved the loan write-off scheme and subsequently the governor of the bank had issued the BPD Circular 29 of 2002 containing new guidelines on write-off of irrecoverable loans. Instead of launching an effective campaign for the recovery of the loans, the SBP offered an incentive scheme to the banks and development finance institutions (DFIs) for waiving the loans of the organisations showing "loss" for three years.

The case of written-off, non-performing loans, worth billions of rupees is one of many examples that prove Democracy promotes corrupt practices. Under Democracy, laws have been made to facilitate large corporate companies, relieving them of the responsibility of paying back loans. Laws under Democracy declare that if a company defaults on its financial obligations and company assets are not enough to fulfill all of her financial obligations, then the owners of the company cannot be asked to cover the gap from their personal wealth. Democratic laws treat the company as a separate entity from its owners, as a company is created on the wealth and not on the body of the owners of that wealth. So no matter if the company failed to fulfill its financial obligations, personal wealth which has been made from the profits of the same company, cannot be touched. If this law does not fulfill the interests of the owners, they are granted new legislation to safeguard their financial interests. In this case, instead of closing those companies that defaulted on their loans, the loans were simply written off and they continued to work as if nothing happened.

The reality of such default is built on the capitalist stock share company. It allowed the capitalists to acquire private ownership of capital intensive enterprises, such as heavy industry, large scale construction, transport and telecommunications. The funds for such enterprises are immense and beyond that of private individuals and so there is little chance that private assets could cover the liabilities. So, as a "patch" to cover this fault, defaulting and write off became common practice. In contrast to this Islam declares that the company is formed on the body of the owners and thus abolishes the capitalist stock share company, which is a formation on the funds. This will prevent private companies from dominating capital intensive sectors, which will then naturally become the domain of the state, allowing it to more effectively look after the affairs of the people. So in Islam, generally private companies will be smaller than the giant capitalist companies of today's.

And in such an Islamic environment, if the assets of the company are not enough to cover financial obligations, the personal wealth of the owners will be used to cover company obligations which are actually an obligation on the owners of the company. Islam considers the issue of debt so seriously that if a person dies without paying back his debts, his wealth

shall not be distributed among his heirs until it is deducted. Al-Nasaa'i (4605) narrated that Muhammad ibn Jahsh (may Allah be pleased with him) said: قَالَ عَنْ إِسْمَاعِيلَ، قَالَ كُنَّا جُلُوسًا عِنْدَ رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ فَرَفَعَ رَأْسَهُ إِلَى السَّمَاءِ ثُمَّ وَضَعَ رَاحَتَهُ عَلَى جَبْهَتِهِ ثُمَّ قَالَ «سُبْحَانَ اللَّهِ مَاذَا نَزَلَ مِنَ الشَّيْءِ». فَسَكَتْنَا وَفَزَعْنَا فَلَمَّا كَانَ مِنَ الْغَدِ سَأَلْتُهُ يَا رَسُولَ اللَّهِ مَا هَذَا الشَّيْءُ الَّذِي نَزَلَ فَقَالَ «وَالَّذِي نَفْسِي بِيَدِهِ لَوْ أَنَّ رَجُلًا قُتِلَ فِي سَبِيلِ اللَّهِ ثُمَّ أُحْيِيَ ثُمَّ قُتِلَ ثُمَّ أُحْيِيَ ثُمَّ قُتِلَ وَعَلَيْهِ «We were sitting with the Messenger of Allah (peace and blessings of Allah be upon him) when he raised his head towards the sky, then he put his palm on his forehead and said: “Subhan-Allah! What a strict issue has been revealed to me!” We remained silent and were afraid. The following morning I asked him, “O Messenger of Allah, what is this strict issue that has been revealed?” He said, “By the One in Whose hand is my soul, if a man were killed in battle for the sake of Allah, then brought back to life, then killed and brought back to life again, then killed, and he owed a debt, he would not enter Paradise until his debt was paid off.” Clearly, the menace of financial corruption, writing off loans, will never end until Democracy is abolished and replaced by the Khilafah (Caliphate) on the Method of Prophethood.

Steep Slides in Currency will not be Halted until We have Currency Based on Gold and Silver as Islam Demands

Only weeks after the former finance minister assured the country that he did not “see any need for further devaluation” of the rupee, the markets proved him wrong. The rupee slipped by 3.8 per cent in the interbank market, or Rs4.40, on Monday to settle at Rs119.8 to a dollar. The decline began with the open of trade in the morning, and only a few hours later all foreign currency dried up in the open market as well. Several dealers visited by Dawn around noon simply said they have no foreign currency to sell, but were ready to buy dollars at rates between Rs119 and 121, depending on location and time.

The huge and constant rise in prices is due to currencies that reduce their values constantly, as they are not based on gold and silver. Like other currencies, the Dollar, the Pound and the Franc, originally, the Rupee was backed by real tangible wealth in the form of a precious metal. In the case of the Dollar, it was gold, in the case of the Rupee it was silver. This system stabilized the value of the monetary unit both internally within the country and externally in international trade. The evidence for this was that the standard prices of gold in 1910 were almost the same level they were in 1890. Today, there is sufficient gold and silver in the world to support the actual economy, transactions such as buying and selling food, clothing, shelter, luxuries, manufacturing machinery and technology and so on. However, due to capitalist practices, the demand for the creation of money outstripped the supply of gold and silver. The states abandoned the precious metal standard, so that currency became backed only by the authority over the state, allowing more and more notes to be printed, without being backed fully by gold and silver, such that each new note has less value than previously. However, money is used to buy commodities and services, so the money became worth less, if not almost worthless. More of it was needed to buy, so the price of all commodities and services began to rise.

Continuous rises in price is now so much part of the system that inflation is a widespread measure of how fast they are rising. Thus, the rupee that was once worth over eleven grams of silver before the British occupation, after over two hundred years of the capitalist system is now worth around one nine hundredth (1/900th) of a gram of silver. Before America's war on Muslims in Afghanistan and Iran, 30.97 Rupees were needed to buy a single US Dollar, and then during the Musharraf-Aziz regime on Friday 15 August 2008 it rose to 76.9 Rupees with inflation in Pakistan at its highest ever in 30 years. Then in January 2013, under the Kayani-Zardari regime over 98 Rupees are required to buy a single US dollar. And now it is over 119 Rupees.

Return to the gold and silver standard for Muslims is eminently practical. The lands of the Muslims in which the Khilafah state is likely to arise contains a lot of gold and silver resources, such as the Sandaik and Reko Diq fields in Pakistan. The Ummah possesses great resources that are direly needed by other countries, such as oil, gas, coal, minerals

and agricultural commodities, which can be used to exchange for more gold and silver. The banks in Muslim Lands have international currency as Forex holdings, such as the Dollar, the Euro and the Sterling which can be used for exchange as well. The Muslim Lands are self-sufficient in basic commodities, so the real economy is stable and resistant to manipulations and speculation, once the parasite economy is abolished.

Islam has mandated that the currency of the state is backed by precious metal wealth, ending the root cause of inflation. RasulAllah (saw) commanded the Muslims to mint Gold Dinars, weighing 4.25g, and Silver Dirhams, weighing 2.975g, as the currency of the state. This is why the Khilafah enjoyed stable prices for over a thousand years. Today the Khilafah will employ exchange of commodities, such as copper, and foreign exchange for gold and silver and will be mindful of net outgoing of gold and silver during international trade, though the Muslim World is self-sufficient in most matters. Moreover, re-establishing gold and silver in international trade will end the unfair disadvantage that America has by imposing the dollar on international trade. As Hizb ut Tahrir has adopted in its Introduction to the Constitution, Article 166, "The State issues its own independent currency, and it is not permitted for it to be linked to any foreign currency." In Article 167 it has adopted, "The currency of the State is to be restricted to gold and silver, whether minted or not. No other form of currency for the State is permitted. The State can issue something as a substitute for gold or silver provided that the Bayt al-Mal has the equivalent amount of gold and silver to cover the issued coinage." In Article 168, it has adopted, "It is permissible to have exchange between the State currency and the currency of other states like the exchange between the State's own coinages."

Only the Khilafah State Will Relieve the Ummah of the Backbreaking Measures of Democracy

The caretaker government on 11 June 2018 announced a considerable increase in the prices of petroleum products for the remaining days of the month of June, DawnNewsTV reported. The price of petrol has been increased by Rs4.26 per litre (4.9%), climbing to Rs91.96, and that of kerosene by Rs4.46 per liter (5.6%), climbing to Rs84.34, read a statement issued by the Finance Division.

Earlier in a summary moved by the PML-N government in May for this increase, based on existing tax rates, inflating Rupees and increasing import prices reported by Pakistan State Oil (PSO), OGRA had recommended Rs12.50 and Rs8.37 per liter increase in the prices of high-speed diesel and petrol, respectively. However, it's worth mentioning that this increase does not account for increase in petroleum levy which has been approved in budget 2018 bill to increase the levy from Rs. 6-10 for different petroleum products to Rs. 30 per liter effective from July 1st which will further take up the price of petroleum products by 20-25%.

Democracy's capitalist polices are breaking the common man's back by charging heavy taxes on all petroleum products and leaving the refining, transportation, marketing and distribution to the hands of private sector, whereby multinational companies and dealers are making huge profits, whilst the common man is compelled to pay 35-50% more than the actual value of petroleum products. The high prices of petroleum products does not only effect the fuel budget for the common man, but it also produces localised inflation in the prices of basic necessities due to increase in transportation prices.

Islam has declared petroleum products and all energy resources as public property as RasulAllah (saaw) said, «المُسْتَلْمُونَ شُرَكَاءُ فِي ثَلَاثِ: الْمَاءِ وَالْكَلِّ وَالنَّارِ» **"Muslims have common share in three (things).water, grass, and fire."** (Ahmad). The benefit is for the public and so the state is only allowed to spend its substantial revenues on matters related to caring for the affairs of the public. Also, by removing profit and taxes from the cost of petroleum products, cheaper fuel will be made available to the common man and industry.