

## Headlines:

- **We Must Reject IMF and Implement Islam for Economic Prosperity**
- **The Khilafah (Caliphate) on the Method of Prophethood will Ensure the Protection of our Young Men and Women from Stress and Suicide**
- **Pakistan is in Economic Crisis due to Obedience to the IMF**

## Details:

### **We Must Reject IMF and Implement Islam for Economic Prosperity**

In the backdrop of the prevailing financial crisis and the collapsing rupee, on 2 December 2018 Pakistan's President Arif Alvi urged the nation to buy local products and avoid using imported goods, saying, "Considering pressure on Pakistani rupee, I urge Pakistanis to buy 'Made in Pakistan' products ... In this time of crisis, we must try to avoid luxury goods and avoidable imported purchases."

The appeal was made when Pakistani rupee plunged to its lowest level against the US dollar in history. The rupee weakened 3.8% and closed at an all-time low of Rs139.05 to the US dollar in the inter-bank market on Friday, 30 November 2018. In the early hours of the day, the rupee hit an intra-day record low of Rs144 to the greenback. This was the sixth round of the rupee depreciation since December 2017. On 29 November, it closed at Rs133.99. Cumulatively, the rupee has dropped 31.8%, or Rs33.55, on closing basis in the last 11 months, with a proportionate rise in prices. The International Monetary Fund (IMF) had recently proposed that Pakistan devalue its currency to Rs145-150 to the US dollar during its talks with the newly installed Pakistan Tehreek-e-Insaf (PTI) government that is seeking a bailout package of \$6-12 billion.

As in many other matters, the Bajwa- Imran regime is deceiving the masses on the economic front instead of presenting real solution and moving with it. The problem of balance of payment is primarily because of the inability of Pakistan to produce goods which are required by its society. At the moment Pakistan imports are more than 55 billion Dollars' worth of goods. The major chunk of these imports comprise of mineral products (including oil & petroleum) at 14.617 b\$, machinery mechanical appliances at 8.335 b\$, products of chemicals or allied industries at 6.040 b\$, base metal or articles of base metal at 4.787 b\$, textiles & textile articles at 4.097 b\$, vehicles/aircraft/vessels/associated transport equipment at 3.257 b\$, plastics at 2.864 b\$, vegetable products at 2.852 b\$, animal/vegetable fat/waxes 2.150 b\$ and special classification provision 1.681 b\$. So almost 51 billion out of the total import of around 55 billion US Dollars resides in this top ten list, with none of these being luxury goods. Designer wear, designer sunglasses, watches, jewellery and art works can be classified as luxury goods. With this definition in mind, the total import for these items last year was 521 million dollars. Even if we include imports of mobile phone which cost 847 million dollars, the total amount spent on luxury item only becomes 1.368 b\$. Let's move this figure upwards to account for errors in estimation, and bring it to US\$1.5 billion. A ban on all these items will reduce our import bill by a relatively amount. The total deficit is more than US\$12 billion and the bulk of the problem will still remain.

Since the late 1950's, Pakistan has taken twelve conditional IMF loan programs, all of which are similar in policy directives: privatisation of state assets, liberalisation of the terms of trade, indirect taxation, subsidy cuts and an almost singular focus on reducing budget deficits. The

reason our economy is not able to produce much of our local needs is because of these lethal policies. This is not going to change in the era of the regime of “change”, the PTI government, as it is also going to seek an IMF loan with almost the same conditions. These conditions make the cost of doing business very high and because of this many people from Pakistan have moved their business to other countries or simply rolled back their industries and started trading business of imported items. The real solution lies in the implementation of Islam's economic system, which places responsibility upon the state to provide opportunities and develop an atmosphere which is highly conducive for business. Islam declares oil, gas and electricity as public property so the people will receive these utilities at affordable prices. Islam does not apply any "regressive" tax, like GST and withholding tax, so the price of finished goods remains competitive. Islam declares gold and silver as the basis of currency, so in the Khilafah (Caliphate) on the Method of Prophethood, allowing stability in its value so that businessmen won't be skeptical about the real worth of their money, resulting in easing of doing business and trade. Islam forbids loan on interests, so businesses will get loans without interest. All these policy measures are commands of Allah (swt) which will boost local production, allowing us to escape from the IMF trap.

### **The Khilafah (Caliphate) on the Method of Prophethood will Ensure the Protection of our Young Men and Women from Stress and Suicide**

The News reported on 4 December 2018, Head of Psychiatry Department at Pakistan Institute of Medical Sciences Professor Rizwan Taj, has said that, "An estimated 10 to 20 per cent of young people may have mental or emotional disorder warranting treatment at any one time worldwide and 32 per cent of Pakistan's population is under the age of 14 and many psychiatric disorders have an onset during childhood and adolescence, and so impair education and vocational choices while higher prevalence of emotional and behavioural problems reported from Pakistan." Suicide too is increasing amongst youth to alarming levels.

Pakistan's parents pay great attention to securing the happiness of their children by all means available to them, but are helpless before a growing societal problem. Pakistan's doctors for some time have been alarmed at the growing incidence of mental health problems amongst youth and have called for measures to safeguard young generation. Globally, suicide has tripled in youth between the 1960's and 1980's and is now the second leading cause of death for those aged 15-24 years. The current man-made system and ideology is clearly failing everywhere to address stress from academic pressure and youth unemployment, social isolation, drug and alcohol use, depression, deliberate self-harm and suicide amongst youth.

Our beautiful Deen uniquely solves the growing problems that our youth face under man-made systems. Islam's education policy equips the youth with the concepts of Provision (Rizq) and Dependence (Tawwakul) on Allah (swt), so that they are able to put the worldly pressures in clear perspective. It guides, grooms and nurtures the youth regarding the purpose of life, which is seeking the pleasure of Allah (swt) so that they are better able to resist destructive behavior, such as drug and alcohol abuse. Islam's social system ensures modesty and chastity between the men and women, so that they are protected from the stresses and insecurities of unregulated gender interaction that the West is afflicted by. Health care in Islam is a responsibility of the Islamic Khilafah state and is provided ample resources so that it can look after the mental and physical well-being of all its citizens. Islam's economic system ensures strong industry and agriculture so that there are ample employment opportunities for young men and women after education. Indeed, the death of our youth by suicide is a painful reminder of the urgent need for us all to work for the restoration of the Khilafah (Caliphate) on the Method of Prophethood. Allah (swt) said, ﴿يَا أَيُّهَا الَّذِينَ آمَنُوا قُوا أَنْفُسَكُمْ وَأَهْلِيكُمْ نَارًا وَقُودُهَا النَّاسُ وَالْحِجَارَةُ﴾ **“O you who have believed,**

**protect yourselves and your families from a Fire whose fuel is people and stones.”** [Surah at-Tahreem 66:6]

### **Pakistan is in Economic Crisis Because of Obedience to the IMF**

Pakistan's Finance Minister Asad Umar on 4 December 2018, rejected the notion that the country is facing an economic crisis, saying, "those spreading rumours about the economy are not doing any favor to the country". The minister's comments come a day after stocks suffered the worst single-day decline in 16 months as the KSE-100 index tumbled 1,335.43 points (3.30 per cent) and closed at 39,160.60. Moreover, the State Bank of Pakistan (SBP) on 30 November decided to raise its policy (target) rate by 150 basis points (bps) to 10 per cent, as effective from December 3. The Nov 30 increase in the policy rate preceded by the rupee's fall to a new low of 139.06 to a dollar. This reveals that the government has submitted to IMF demands to get into another IMF program as an IMF mission told the authorities recently that the rupee was still overvalued from the Fund's point of view and monetary tightening undertaken before Nov 30 was less than sufficient for checking the growth in money supply. This caused panic in Pakistan's commercial markets.

Government surrender to IMF demands will further harm the already ailing Pakistan economy, especially the industrial sector. The output of Large Scale Manufacturing (LSM) has already recorded a 1.71pc decline in the first three months of this fiscal year as ten of the 15 LSM sectors, including textiles, food, fertilizers, automobiles and iron and steel manufacturing, have recorded negative growth. Instead of providing Interest free loans or get into state-private partnership in these sectors to boost production, the government opted for further monetary tightening. The increase in banks' lending rates will mean a higher cost of finance for such leading sectors of the industry. It will also hurt those five sectors of LSM that have so far shown a rising trend in production which are electronics, leather products, paper and board, engineering products and rubber products. These sub-sectors of LSM are already in trouble due to a higher cost of imported inputs after the rupee depreciation. Adding to the problems, increasing the interest rates will move the investments away from the industrial sector to the capital markets. This will hinder further growth in production which will also hamper Pakistan's exports and socio-economics condition in the longer run.

The successive increases in interest rates, currency devaluation and the increased cost of utilities and taxation burdens shows that the government lacks any policy to improve the economy, let alone industrial growth. In reality, any government under Democracy will never allow Pakistan to achieve its potential, because it is what implements the Western colonialist policies, be it the IMF or World Bank or any other international organization. Intent on exploiting the world resources, colonialist powers want to keep Pakistan a state with poor industry, unable to extract its resources by itself, devoid of heavy industry, such as engine and heavy machinery manufacture, dependent on imports of even simple agricultural machinery and a provider of cheap light industry products for Western markets such as electric fans, surgical equipment, hand craft and sports goods. Widespread unemployment, expensive goods, dependence on the West for technology, brain drain of brilliant sons and daughters to the West are just a few symptoms of this deeply seated colonialist program. This colonialist policy is being implemented since the time of East India Company and is implemented today through democracy, which is just a rubber stamp for the colonialist policies. The regime is submitting to foreign dictates even though Allah (swt) said, ﴿وَلَنْ يَجْعَلَ اللَّهُ لِلْكَافِرِينَ عَلَى الْمُؤْمِنِينَ سَبِيلًا﴾ **“...and Allah does not allow the Believers to grant the kafireen authority over them”** [Surah An-Nisa: 141].

Only the Khilafah (Caliphate) on the Method of the Prophethood can make Pakistan an industrial marvel, by making a powerful and diverse industry driven by the objective of being the world's leading state, with the war industry as the leading edge of industrial development. The public ownership of assets related to public resources and the state ownership of essential large-scale industries ensures strong revenues for the state to spur the economy. It will establish

strong industrial research and development, both by the state itself as well as the private sector through significant state support. It will end colonialist loans with their destructive conditions, by replacing them with Shariah based revenue generation.