

## Headlines:

- **Rising Forex Reserves Reveals Deepening Interest Based Debt and More Economic Misery to Come**
- **The Khilafah Will Ensure Pakistan Reaches its Full Potential in Technological Innovation**
- **Pakistan's Economic Woes will Persist Without the Implementation of the Islamic Economic System**

## Details:

### **Rising Forex Reserves Reveals Deepening Interest Based Debt and More Economic Misery to Come**

Pakistan's net foreign exchange reserves have increased to US\$ 17.58 billion with the receipt of US\$ 2.2 billion from the Chinese government. In a tweet on 25 March 2019, spokesperson of Ministry of Finance Dr Khaqan Najeeb said implementation of a successful strategy had ensured the total forex reserves to rise to a comfortable level. In order to deceive the people about the economic situation of the country, Pakistan's rulers are boasting about increase in foreign exchange reserves (Forex reserves) widely. However, the rise in Forex reserves is far from a cause of celebration. The Forex reserves increased due to large interest based loans from China, Saudi Arabia and the United Arab Emirates. Pakistan is plunging deeper into the interest based debt trap and over the next twelve months, Pakistan has to pay \$14.6 billion in debt servicing including \$12.8 billion as principal repayment and \$1.8 billion as interest. The loan situation will become even worse once the IMF loan is secured, which is impending, with the 26 March arrival of the IMF's new mission chief for Pakistan, Ernesto Ramirez Rigo.

Since coming to power, the rulers of Pakistan are battering the local economy by following the IMF priorities to increase Pakistan's ability to pay back interest-based loans in dollars. To reduce government expenditure outside of paying back loans, the IMF demands removal of subsidies and increase in taxation. However increased taxation and reduced financial relief chokes the economy by making production of goods more expensive. The IMF prioritizes devaluation of the local currency, claiming that this will increase exports by making them cheaper so more dollars can be earned. However, devaluation also impacts production of exports, because weakening the rupee increases the local cost of production. Massive devaluation therefore eats into any gains that may result from lower prices of exports in dollar terms, as well as unleashing back-breaking widespread inflation. The IMF prioritizes the privatization of government assets so that money from their sales can pay interest-based debt. However, privatization deprives the state of essential revenue streams which means that it is even more dependent on taxation and taking on even more interest-based loans. It also opens the economy to increased ownership of local assets by foreign companies, which squeeze local competitors out of the market as they have far greater resources.

Real change demands the re-establishment of the Khilafah (Caliphate) on the Method of Prophethood and the implementation of the Islamic economic system. The Khilafah will reject interest-based loans which have bled Pakistan dry for so long. It will implement the Islamic system of revenues, which includes ensuring energy and minerals are public property, whose

benefit is for the entire population. The Khilafah will establish the currency on the firm footing of the gold and silver standard which ensures stable prices. And Khilafah will ensure its own efficient state ownership of capital intensive sectors of the economy such as large scale manufacturing, construction, transport and telecommunications so that it is well-endowed to carry out its responsibilities.

## **The Khilafah Will Ensure Pakistan Reaches its Full Potential in Technological Innovation**

A team of students representing PNEC-NUST unveiled their self-built energy-efficient urban concept car, the Mile-X, at a busy shopping mall on 24 March 2019 reported Dawn. The vehicle is one of the several built by students of seven different universities from across Pakistan for competition in the upcoming Shell Eco-Marathon Asia 2019. This is not the first time that students from Pakistan have shown innovative talent. In 2011, young Pakistani students used nanotechnology to clean polluted water and won the third place grand award at the Intel International Science and Engineering Fair in the United States, whilst a Pakistani student, Habab Idrees, won the special prize in the field of energy in the same competition in 2015. However, it's a pity that despite having capable individuals and 61,000 researchers with 10,670 PhDs, as of 2015, Pakistan was still ranked at 131 out of 141 countries in the 2015 report of the Global Innovation Index. The main reason cited by critics is the lack of funds and facilities provided by the state to researchers and research centres. Allocation for research and development expenditure have always remained low in Pakistan, with only 0.29% allocation of GDP, way less than the average expenditure in developing countries 2.4% of their GDP on research. Thus, the recent publication of Quacquarelli Symonds World Universities Rankings 2018 saw only one of our 180 plus universities under the top 500 universities.

Though the rulers in Pakistan failed to allocate adequate funds for research and education, success in research and scientific invention does not come through funds alone. No nation can progress, scientifically or otherwise, unless it adopts a comprehensive way of life, an ideology that is based on a doctrinal view about life. Thus, the scientific inventions are linked to the ideological orientation of the country. Western scientific advancements came with the West's adoption of the capitalist ideology. The industrial revolution came after the adoption of secularism as a doctrine. Similarly, under the Khilafah state, when Muslims were living by the ideology of Islam and carrying it to the rest of the world, Muslims excelled in science and education. When Islam was implemented under Khilafah state, a number of academies were established in many places in the Muslim World to translate the scientific works of the Persians, Greeks, Indians, and others. Muslim scientists recognized the physical/qualitative and the mathematical/quantitative aspects of science. For instance, Ibn Khurdadbeh determined the latitudes and longitudes of various places in the Muslim world. Al-Beruni ascertained the specific gravity of a number of substances. Under Islamic rule, scientists excelled in establishing theories and models as well as practical applications. They observed the stars and prepared star maps for navigational purposes. Ibn Yunus made use of the pendulum for the measurement of time. Ibn Sina used air thermometers to measure air temperature. Paper, the compass, gunpowder and classification of inorganic acids and alkaline bases are some of the most important examples of scientific and technological developments of Muslim scientists, which brought about an unprecedented revolution in human technological progress. Thus, advances in science and technology are a consequence of believing in Allah (swt), RasulAllah (saaw), and the Last Day, and implementing Islam comprehensively through the Khilafah state. Without the implementation of Islam there can be no structure to harness the creative energies of the Ummah.

## **Pakistan's Economic Woes will Persist without the Implementation of the Islamic Economic System**

Pakistan is on the verge of hitting a kind of jackpot in the form of discovering a huge reserve of oil and gas in the Arabian Sea, Prime Minister Imran Khan said on 21 March 2019, whilst hoping that the discovery will solve the economic problems of the cash-strapped country. Italy's ENI and US oil major Exxon Mobil are jointly drilling for gas offshore in Pakistan's Arabian Sea. Allah (swt) has blessed Pakistan with an abundance of natural resources. However, in the absence of Islamic economic system, the people have not been able to benefit from them, rather the multinationals and rulers are filling their pockets. The example of the Saindak project in Baluchistan is clear. The Geological Survey of Pakistan discovered this site in 1961. In 2002, the China Metallurgical Group Corporation (MCC) was awarded the rights of mining gold and copper for ten years on lease. After the expiry of this agreement in 2012, it has been renewed twice for five years. However, the wealth extracted from this site has not changed the fortune of the country. It has not even changed the area in which this site is located, for it is still the poorest area of Pakistan, whilst much of that wealth has been transferred abroad. The same story is repeated with the Reko Diq mines, which is also located in Baluchistan and full of copper and gold. Here, as well multinational companies are taking the lion's share out of Pakistan.

The reality is that there is no shortage of immense resources in Pakistan. The missing matter is the Islamic economic system. It alone can ensure that these great sources of wealth are used for the benefit of the people. In the capitalist economic system, private companies can become the owners of these huge sources of wealth. However, in the Islamic economic system oil, gas and mineral resources are public property. On behalf of the people, the state manage their affairs. Whatever wealth is being generated from these resources is placed in Baitul Mal and then spent on the needs of the people and providing them better facilities. However, under the capitalist system, the people cannot take full advantage of these resources, as they go into the hands of private companies. The private companies becomes the owners of the wealth extracted from these resources, whilst the people face increases in poverty and hardship. The United States is itself an example of the problem in capitalism. The US is the largest economy of the world and amongst the five biggest oil producing countries in the world. However, every year the US has a budget of deficit, whilst its private oil and gas companies earn billions of dollars in profit every year.

Thus, regardless of new oil, gas and mineral discoveries, the economic problems of Pakistan will persist, unless the Islamic economic system is established. The Muslims of Pakistan must not be deceived by the false claims of these rulers. They must strive hard for the establishment of Khilafah (Caliphate) on the Method of Prophethood in Pakistan. After its establishment. we will be able to enjoy the full benefits of the treasures bestowed by Allah (swt). Allah (swt) said, **﴿وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنْ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبْغِ﴾** **“And seek by means of what Allah has given you, the abode of the Hereafter, and do not forget your portion in this world, and be good (to others) just as Allah has been good to you, and do not seek to make mischief in the land, verily Allah does not love the mischief-makers”** [Surah Al- Qasas 28:77].