

Local Currency will never be strengthened whether we trade in Dollar or Yuan except by adopting Gold and Silver as Currency mandated by Sharia

News:

On Dec 19, 2017, Minister for Planning and Development Ahsan Iqbal said that the government was considering a Chinese proposal to use renminbi (RMB or yuan) instead of the US dollar for payments in all bilateral trade between China and Pakistan. And so the State Bank of Pakistan (SBP) on Monday, 1st January 2018, made it clear that all arrangements for using Chinese yuan for bilateral trade as well as financing investment activity between Pakistan and China are already in place.

Comment:

Currently financial transactions related to international trade are mostly done in US dollars and America has the sole right to print or produce dollars. Countries around the world usually need to import at least some goods or services to meet the demands of the local market and in order to do so, under the current global financial and economic system, they need US dollars which they earn by exporting goods and services to other countries. And if exports are not enough to meet the required amount of dollars for imports then countries borrow dollars on interest from private lenders, international institutions such as World Bank or IMF, or directly from colonial countries like America, France or Britain. Countries often have agreements related to trade with each other which allows them to swap their respective currencies under swap deals.

The ruling circles in Pakistan argue that trade with China in Yuan will help Pakistan in its balance of payments as at least some portion of its imports would be done in other than dollars. But this won't help Pakistan as in FY17, Pakistan exported goods and services worth \$1.62 billion to China while the imports from China were \$10.57bn reflecting a great imbalance. So from where would Pakistan get the remaining Yuan? Either Pakistan would have to increase his exports to China so much that it matches her imports from China but that is not going to happen for quite some time. The other option left is borrowing Yuan from Chinese Banks on interests. So what really is the difference between trade in dollars or Yuan? Both result in exploitation of Pakistan's economy by foreign powers. Currently Pakistan is taking loans on interest in dollars and from now onwards we would have to take loans on interest in Yuan as well. Infact this has already started to happen.

The solution to Pakistan's currency worries lies in abandoning the fiat currency which has no intrinsic value of its own and adopting a currency based on the Gold and Silver standard which has its own intrinsic value. As dollar and Yuan themselves are fiat currencies, therefore small countries will always be on the receiving side

manipulated by America or some other big powers including China because fiat currencies draw strength from the political, economic and military power of the issuing country. The presence of fiat currencies results in currency wars with states accusing each other of manipulating their currencies to gain undue advantage in international trade. In contrast if the Gold and Silver Standard becomes the dominant standard in international trade this will bring stability to international trade and end the undue advantage garnered by colonial states with powerful fiat currencies because all goods and services and even currencies will be evaluated against Gold and Silver.

But switching back to Gold and Silver standard at the international level can only be achieved by the Muslim Ummah if it establishes the Khilafah State (Caliphate). Islam has mandated Gold and Silver as currency so it is obligatory for the Khilafah State to introduce Gold and Silver as a currency both locally and internationally. As the Khilafah State will eventually be the world's biggest and strongest state as well as the biggest economy, it will easily enforce the acceptance of the Gold standard internationally as it will be the World's most resourceful state controlling all strategic shipping, air, land and sea routes. Moreover except for a few colonial powers, Khilafah State's initiative of introducing Gold and Silver as a global currency will be a great blessing for all other countries as they will see that they can now get out of economic and financial slavery of US and other colonial nations.

So we must all strive to make Pakistan the starting Point of Khilafah on the method of the Prophethood which will introduce Gold and Silver as currency to fulfill one of the obligations of Islam's economic system. Only the implementation of Islam's economic system will make us strong and independent and whole humanity will be relieved from the economic and financial slavery it currently witnesses under the Western dominated financial and economic systems.

﴿وَيَسْتَجِيبُ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَيَزِيدُهُم مِّن فَضْلِهِ﴾

“He (swt) responds to those who believe and do right actions, and gives them increase from His favor.” [Surat ash-Shura, 26]

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