

## A Knife Named IMF

### News:

The federal cabinet had approved the ordinance on Thursday to sell stakes of oil and gas companies and government-owned power plants to the UAE to raise \$2 billion to \$2.5 billion to avoid the looming default. The UAE had in May refused to give cash deposits due to Islamabad's inability to return previous loans and instead asked to open its companies for investment. (*Tribune Pakistan*)

### Comment:

Colonialism did not end; it changed its shape. One of the most valuable tools used to keep developing countries from developing some real independence has been debt. Pakistan came into being holding on to a weak economy, hoping to be ruled by God fearing rulers and progressing the way Muslim world progressed under the Islamic rule. Prior to the colonial period, Britain bought goods like textiles and rice from Indian producers and paid for them in the normal way – mostly with silver – as they did with any other country. But after the East India Company established a monopoly over Indian trade, looting and plundering started. 200 year-rule of British caused not only massive material loss but also turned ruling elites into hybrid creatures, and locals into timid labourers. The pact between colonizer and agent rulers was based on protecting each other's interests.

Abu Khidash reported: The Prophet, peace and blessings be upon him, said, «الْمُسْلِمُونَ شُرَكَاءُ فِي ثَلَاثٍ فِي الْكَلِّ وَالْمَاءِ وَالنَّارِ» **“The Muslims are partners in three things: vegetation, water, and fire.”**

Since after its creation, rulers of Pakistan have been selling its valuable assets (Public Property) shamelessly. The story always starts with debt, loss, previous Government's negligence and ends at demanding further sacrifice from its people. Loans after loans and more loans to get rid of those loans have not only crippled the economy but have scarred the self-esteem of its people. Now these rulers have grown so confident that they do not even want formalities of the procedure as a hurdle. We have seen demise of valuable assets like PTCL Pakistan Telecommunication. In 2005 After painting the highly profitable corporation as an inefficient, incompetent, out-of-date behemoth, the government sold off a 26% stake (along with full management control) to Dubai-based Etisalat for \$2.6 billion. Yet, at the time of its privatization, PTCL was technologically one of the strongest telecoms players in South Asia with a number of technology firsts in the region. Financially, the company had just posted annual revenues of \$1.4bn with a net profit of \$452m.

Within four years the company's market value had declined by 75%, resulting in a loss of around \$3bn for the Pakistan government (the majority shareholder). On top of that, Etisalat today still owes the government more than \$800m (from the acquisition

price), which would be twice the value now. Ironically, rather than recovering this amount, the government is now asking for loans from the UAE.

The privatization of Pakistan's energy sector has single-handedly crippled the entire economy. The privatization landed Pakistan in a vicious debt cycle. Energy prices have only gone up, which is unsurprising given the independent power producers face no competition. And if we have a look at Pakistan's Banks, they seem to have become more profitable after privatization in 2000s and that is because this profitability came from lending to the Government.

If we get our strategy right and just stop playing somebody's useful stooge, we can become an example for the whole world. That will not only bring economic stability but we will be able to please Allah (swt). Islamic economic policy emanates from Islamic Aqeedah. Any other economic policy is defective, and can not bring stability as it will be based on human *aqal* (mind). Thus the economic policy of an Islamic State is not based on increasing national income, rather it guarantees the distribution of the country's external and internal wealth to every individual of the Ummah so that each individual's complete satisfaction of his basic needs is guaranteed. Head of the State Khalifah is the guardian of its assets and is obliged to distribute and provide according to need of Muslim areas.

Khawlah al-Ansariyah (ra) narrated that the Messenger of Allah (saw) said: **«إِنَّ رَجُلًا يَتَخَوَّضُونَ فِي مَالِ اللَّهِ بِغَيْرِ حَقٍّ فَلَهُمْ النَّارُ يَوْمَ الْقِيَامَةِ»** **“Some men acquire Allah’s Property (such as the funds of the Muslim state treasury, Zakah etc.) and they will go to Hell on the Day of Resurrection.”** [Related Al-Bukhari].

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