

The International Monetary Fund is the Disease and the Khilafah Rashidah is the Cure

News:

According to Dawn Newspaper, on 3 September 2024 Prime Minister Shehbaz Sharif said “The programme we have with the IMF — the conditions that they have — it is under supervision and we are fully taking steps for it.” and added, “The conditionalities will be fulfilled and our case will be brought forward to the (Executive) Board for approval and, god willing, there will be a new journey.” He emphasised that he hoped this would be the last programme the country has to take.

Comment:

From Egypt to Pakistan, the regimes of the Muslim World claim that the latest painful programme of the International Monetary Fund will be the last. However, rather than being a cure, this colonialist institution has caused economic ruin in the Muslim world.

Like most of the economies in the Muslim World, Pakistan's economy has continuously growing trade and fiscal deficits. Pakistan's trade deficit in 2001 stood at 1.1 billion dollars, which rose to 48.4 billion dollars in 2022. The government manages the ever increasing financing gap through interest based loans from the International Monetary Fund, the World Bank, bilateral agencies and commercial banks. To keep up with interest payments, the governments then raises taxation, crushing domestic industry and the people.

The Structural Adjustment Programs (SAPs) of the International Monetary Fund have reduced state supervision of heavy industry, energy and minerals. They have increased reliance on the industries of colonialist nations by choking domestic industries. The programs keep the Muslim World dependent on foreign goods, preventing self-reliance and true economic prosperity. The austerity measures of the colonialist prioritized debt repayment to international and domestic creditors over domestic industrial development and the needs of the people. Throughout the Muslim World, the colonialist programs have increased inequality, poverty and unemployment.

Adhering to the neo-liberal economic philosophy of the failed capitalist system, the International Monetary Fund stresses trade liberalization, deregulation, the reduction of import tariffs and trade barriers, and the privatization of state-owned enterprises. It also promotes an independent monetary policy and market-driven exchange rates.

The implementation of the colonialist policies is responsible for our current state of economic ruin. Deregulation and privatization weakens the state's role in the economy. Trade liberalization increases the influx of imported goods from foreign industries, displacing local industry. Pakistan's textile sector must import machinery and chemicals for manufacturing supply chain. The automobile sector depends on

imported engines and other parts to assemble vehicles. High interest rates have made loans for local industry expensive. The depreciation of the currency has worsened inflation, increasing the costs of production and reducing profit margins. Privatization of energy has made it more expensive for industry. As the local industry collapses our most capable professionals leave the country.

The only solution to treat the cancer of IMF is by the establishment of Khilafah. It will implement Islamic Shariah rulings to revive the economy. Allah (swt) said, وَمَنْ أَعْرَضَ عَن ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْمَى **“And whoever turns away from My remembrance - indeed, he will have hardship, and We will gather him on the Day of Resurrection blind.”** [Surah Taha 20:124]. Indeed, it is the Khilafah (Caliphate) on the Method of Prophethood alone that will rescue us from the misery and humiliation unleashed by colonialism.

The Khilafah manages the economy according to Shariah rules derived from the Noble Quran and the Blessed Sunnah. Historically, the Khilafah established a strong economy, bringing prosperity for its citizens, whilst generating huge revenues to prepare its powerful, well-equipped armies that spread the Message of Islam across the world, through Jihad in the Path of Allah (swt). The Khilafah will not pay any interest whatsoever accrued on debts, because paying interest is a severe sin in Islam. As for the payment of the principle sums of debt, without paying the interest, the Khilafah will ensure that all the rulers and state officials during the period of indebtedness are made liable for them, for they are the ones who evidently benefited from plunging Pakistan into the trap of interest based loans.

As for providing funds for looking after our affairs, the Khilafah will collect from the revenue sources which are obligatory upon us in our Deen. It will collect Zakat according to the Shariah rulings on livestock, crops and fruits, currency and all types of trading goods and merchandise, Kharaj and Ushr on agricultural lands, Jizya upon the financially capable non-Muslim males and War Booty (Fai) from the opening of new lands to Islam. In addition, the Khilafah will supervise the large revenues generated from public property like oil, gas, electricity and minerals, as Islam does not allow the state to privatize such resources. The Khilafah will also generate revenues from factories associated with public properties, as well as state-owned capital intensive industries, such as those manufacturing vehicles and high end electronics.

**Written for the Central Media Office of Hizb ut Tahrir by
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