

Kenya's Ksh.5.4 Trillion Debt Accumulation a Confirmation that the Capitalist Economic System has Failed

News:

Kenya is paying Sh658.2 billion against Sh1.4 trillion in expected tax revenues meaning half of all the money collected by Kenya Revenue Authority (KRA) goes to pay debt. If one adds non-discretionary spending such as salaries and pensions which are deducted even before they hit our spending accounts, Kenyans will pay Sh735.6 billion this year, leaving only Sh700 billion to be divided between counties, the national government for development. "Most of Government expenditure is non-discretionary if you remove all those you get very little left for other things," Dr Kamau Thugge said during the presentation of the 2018 draft budget. If you include the secret loans, Kenya's debt will hit Sh5.4 trillion this year from as low as Sh2.5 trillion in December 2014 which is a 116 per cent growth in four years. [The Standard]

Comment:

Kenya's current debt crisis is informed by its corrupt and egocentric leadership's high appetite for loans that is dalliance to the evil and conniving, local and international, **interest-based financial** lenders. Their dalliance is systemically drawn from the capitalist economic system's viewpoint that interest-based financial institutions are the backbone of an economy in any secular capitalist state including Kenya. In order for a country to consider itself growing economically, it rationalizes its Gross Domestic Product (GDP) against cumulative debt as such if the ratio of the GDP to that of cumulative debt is bigger e.g. 4:1 it means the economy is stable and can finance its debts! Hence, the capitalist economic system is not concerned about distribution of wealth but production of wealth only.

The (GDP) is high meaning a few elites are pocketing millions or billions against the majority pauper-citizens. Variables like revenue collection targets are not met due to government's tax waivers on certain goods and services and to the circumventing of the super-rich elites of tax-regimes for tax-havens. This has exposed the fallacious nature of the highly publicized slogans of '**paying tax, is to depend on yourself**' and '**investors must be prioritized**'. Such slogans have captured two contradicting realities; one is that of the poverty-stricken citizens who are always preyed on by the tax-collectors and, on the other hand, the super-rich status-quo who operates in tax-haven or in cahoots with tax-collector officers. Investment mechanisms are colonial anchored such that crucial sectors can radically turn-around the economy. For instance, the mineral sector the government has been reduced to a spectator in its own country while the so-called investors using their multinational companies explore and transact in lucrative mineral businesses locally, regionally and globally and in turn offer crumbs to the government in the name of corporate social responsibility and

royalties while ending up pocketing multibillions of profits! The government is left with no option than to embrace taking exorbitant interest-based loans to finance its so-called development projects which in reality are just cash-cow plans to loot public coffers for self-aggrandizement and to either clinch or maintain power.

The solution lies in the implementation of the Islamic ideology as a replacement to the invalid secular capitalist ideology. The Islamic ideology is divinely revealed by Allah (swt) Who says: ﴿وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا﴾ “**But Allah has allowed business and prohibited interest (usury)**” [Al-Baqara: 275]

Any country or state that runs its economy based on interest-based loans will be controlled by mafia capitalists who are hell bent to shackle and enslave both its leaders and citizens in perpetual debt-driven crises. Such a country will crush and its citizens will suffer gravely contrary to the current hypothetical statements made by some dubious economist scholars in Kenya who are peddling lies and appraising IMF and the World Bank that all is well only for them to pounce back with retrogressive approaches including austerity measures that will further the crisis deeper as was witnessed for instance in Indonesia in 1976, Jamaica in 1978, Russia in 1997 and Argentina in 2001!

The Islamic economic system recognizes that ***misdistribution*** of wealth is the primary inhibitor to a vibrant and functioning economy. Hence, it calls for its distribution and also provides avenues to motivate people to earn wealth. Further, the economic policy in Islam is to secure the satisfaction of all basic needs for every individual completely, and to enable him to satisfy his luxuries as much as he can as a person living in a particular society which has a certain way of life. So, Islam looks at every individual independently rather than that of individuals who live in the country. Contrary to the Capitalist economic system that is concerned with a few status-quo establishments which run companies and in turn their companies' increase or decrease in production determines the country's GDP which translates into either a dwindling or thriving economy. Such that the state is mainly concerned with sustaining the status-quo by all means to ensure they prop them up in case they face imminent collapse! On the other hand, they neglect the rest of the majority citizens who are ever languishing and further exploit them by using them as financial security when drawing plans for loan proposals like the current situation in Kenya where approximately each citizen has a debt of Ksh.100,000 on his/her head!

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