

Press Release

Interest-Based Economy Creates Problems, Not Solutions

(Translated)

Hafiza Ghaya Arkan, the head of the Central Bank, stated in her presentation before the Türkiye National Grand Assembly's Planning and Budget Committee on Tuesday, October 3, that the coming year would witness a decrease in inflation. Annual inflation is expected to decline after May 2024, and it will reach single digits by 2026. Responding to questions about the cost of the foreign exchange protected deposit system, Arkan mentioned that the Central Bank had paid 70 billion Turkish liras as part of the protected deposit with exchange rate coverage in 2022. They calculated the installment due in the first half of 2023 to be 90 billion Turkish liras. Arkan's statements indicate that 90 billion Turkish liras will be paid to the protected deposits with exchange rate coverage from the Treasury in the second half of this year. Therefore, the implementation of the exchange rate-protected deposits has placed a new burden of 250 billion Turkish liras on the already struggling population.

The initial purpose of the exchange rate-protected deposit system, announced by President Erdogan almost two years ago on December 21, 2021, as a rescue formula to exit the crisis, was to curb the foreign currency demand, prevent exchange rate attacks, and increase the value of the Turkish lira. However, this hasn't been achieved, and now new solutions are being sought to relieve the burden of the exchange rate-protected deposits on the Treasury. Unfortunately, the government is once again offering policies that have been tried multiple times in the past and have yielded negative results. These practices, implemented alongside the tight monetary policy, will not improve the situation for retirees struggling to make ends meet, workers trying to survive on minimum wages, farmers unable to get fair compensation for their produce, and merchants crushed under the tax burden. Since tax increases lead to inflation, the purchasing power of the people is decreasing day by day. Consequently, all these measures were not taken to increase the welfare of the people but, on the contrary, to boost foreign capital confidence, raise Türkiye's credit rating, reduce debt risk premiums, and prolong the life of the capitalist economic system as a whole.

If the government genuinely cared about the people and was sincere in improving their well-being, it would acknowledge that the true cause of inflation and the economic crisis is the fiat money system based on the dollar, and it would clarify that the problem lies with the capitalist economic system itself, which thrives on interest and high taxes. When President Erdogan stated, "As a Muslim, I will continue doing what our religion tells us. This is the command," he should have returned to the Islamic economic system. However, he did the opposite by placing the cost of exchange rate-protected deposit interest on the already burdened citizens. Even though we have said that the solution lies in the Islamic economic system, the reins of leadership have been handed over to capitalist economists.

In the Islamic economic system, currency is backed by gold and silver. Due to the intrinsic value of gold, there is never any loss of value for money. By maintaining the value of money, price stability is ensured, and inflation is prevented. In the Islamic economic system, there is no place for interest, and money is never allowed to be traded in prohibited areas, such as usurious banks and stock markets. This allows funds to flow into the market, trade to thrive, production to increase, and inflation to permanently decrease. Therefore, what needs to be done today is not to make changes to policies that undermine the capitalist economic system but to launch a comprehensive campaign against the global capitalist system in favor of implementing the Islamic economic system. This is the responsibility of both the rulers and the Muslims who should hold the rulers accountable. Any other steps than these will not solve the problems and will lead to disappointment in the Hereafter. As Allah Almighty says: ﴿وَمَنْ أَعْرَضَ

عَنْ ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْمَى﴾ **“And whoever turns away from My remembrance - indeed, he will have a depressed life, and We will gather him on the Day of Resurrection blind.”** [Surat Ta-Ha:124].

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