

Press Release

Government's Economic Focus Will Ensure More Economic Misery because it is based on IMF Priorities, not Our Own

Whilst lamenting over three decades of economic failure, on 24 January 2019, the Finance Minister, Asad Umar, revealed the government's economic focus on addressing, "budget deficit due to an imbalance between government expenditures and revenues, increasing trajectory of imports vis-a-vis exports, and an increase in investments." Asad Umar further acknowledged on-going negotiations with the IMF and it is apparent the IMF priorities have determined those of the government. However, IMF priority of maintaining dollar based international trade actually compromises Pakistan's domestic needs and increases economic misery.

Regarding the "budget deficit," the IMF prioritizes increasing the ability of the government to pay back interest-based loans in dollars. So the IMF demands removal of subsidies and increase in taxation. However increased taxation and reduced financial relief chokes the economy by making production of goods more expensive. Regarding, "increasing trajectory of imports vis-a-vis exports," the IMF prioritizes devaluation of the local currency, claiming that this will increase exports by making them cheaper so more dollars can be earned. However, devaluation also impacts production of exports, because weakening the rupee increases the local cost of production. Massive devaluation therefore eats into any gains that may result from lower prices of exports in dollar terms, as well as unleashing back-breaking widespread inflation. Regarding "increase in investments," the IMF prioritizes the privatization of government assets so that money from their sales can pay interest-based debt. However, privatization deprives the state of essential revenue streams which means that it is even more dependent on taxation and taking on even more interest-based loans. It also opens the economy to increased ownership of local assets by foreign companies, which squeeze local competitors out of the market as they have far greater resources.

O Muslims of Pakistan! The PTI government promised you change but is actually committed to more of the same. It is lamenting over three decades of economic woes but is committed to the very cause of those woes, IMF priorities. So, its policies are identical to those of other colonialist agent regimes of the past and still it foolishly expects a different result. RasulAllah (saaw) warned, « لا يُلْدَغُ الْمُؤْمِنُ مِنْ جُحْرٍ وَاجِدٍ مَرَّتَيْنِ » **"The believer is not stung from the same hole twice."** [Bukhari, Muslim]. Real change demands the re-establishment of the Khilafah (Caliphate) on the Method of Prophethood and the implementation of the Islamic economic system. The Khilafah will reject interest-based loans which have bled Pakistan dry for so long. It will implement the Islamic system of revenues, which includes ensuring energy and minerals are public property, whose benefit is for the entire population. The Khilafah will establish the currency on the firm footing of the gold and silver standard which ensures stable prices. And Khilafah will ensure its own efficient state ownership of capital intensive sectors of the economy such as large scale manufacturing, construction, transport and telecommunications so that it is well-endowed to carry out its responsibilities.

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