

## Headlines:

- **IMF Dictated Pakistan Budget in Preparation**
- **Crippling Inflation can only be Eradicated by Islam**
- **Whilst Nussrah for Islam Remains Neglected, Washington Decides Our Rulers**
- **Begging and Bargaining For Foreign Weapons is a Mark of Severe Neglect of Local Industry**

## Details:

### IMF Dictated Pakistan Budget in Preparation

Pakistan and the International Monetary Fund (IMF) began talks on 1 May in connection with the 11th review of the \$6.5 billion Extended Fund Facility (EFF), which would lead up to the finalization of federal and provincial budgets for the financial year 2016-17. Finance Secretary, Dr Waqar Masood Khan, led the delegation, to Dubai for a five-day technical level discussion with the IMF mission. Finance Minister Ishaq Dar, who was previously attending the Asian Development Bank's annual meetings in Frankfurt, joined policy-level negotiations with the Fund next weekend to resolve outstanding issues.

It is a familiar pattern. The regime attends a round of meetings with colonialist institutions in general and the IMF in particular. They impose core conditions, signed in the form of a Letter of Intent, which become the basis of the Pakistan budget. Although, the IMF claims to be an institution to help countries overcome their economic problems, in reality it is an American tool to dominate the global economy and prevent the emergence of any rival power, which is critical at a time when the American economy is weakened by a deep crisis, politically is being challenged in its interests by other major powers all over the world and its military stretched beyond its capabilities. America has the greatest voting right in the IMF because it is its largest contributor, giving America a veto power so that no major decision can be taken in the IMF without US consent. The US Congress report by the US Treasury Department for seeking budgetary appropriations for United States International Programs for the year 2014, stated, "Since its inception, the IMF has been a critical tool for the US in promoting global financial stability. The IMF supports US jobs, exports, and financial markets. During crises abroad, the US leverage of the IMF to protect Pakistan's domestic economy. As the world's largest economy, the US is the only country with a veto to shape major IMF governance and resource decisions. As emerging economies play a bigger role and seek greater influence, it is critical that the US maintains its influence in the global economy in the coming years. This requires ensuring the IMF remains the leading first responder with adequate quota resources and that the U.S. continues to preserve its veto power. Unless the US acts now to honour its IMF commitments, we risk jeopardizing our leadership position."

It is well-known that most indebted nations have repaid the principles on their debts many times over, but remain in debt due to interest. Moreover, the loans are used to manipulate the economy through conditions so that the nations are deprived of their resources and industrial and agricultural capabilities. The Khilafah (Caliphate) on the Method

of the Prophethood will set an example for the colonialist oppressed nations of the world by ending colonialist control of its economy.

### **Crippling Inflation can only be Eradicated by Islam**

Inflation increased to 4.17 per cent in April from 3.94pc in the preceding month, mainly on the back of hike in pulse and gas prices. On a month-on-month basis, prices rose 1.55pc in April, the Pakistan Bureau of Statistics said on 2 May 2016. The annual inflation is measured through the Consumer Price Index (CPI), which tracks prices of 481 commodities. Average inflation for the July-April 2015-16 period now stands at 2.79pc compared to 4.81pc a year earlier. Core inflation, measured by excluding volatile food and energy prices, was recorded at 4.4pc in April 2016, slightly lower than 4.7pc in the previous month. Falling inflation has also encouraged the State Bank of Pakistan to maintain its key interest rate at a 42-year low of 6.5pc.

Whilst the regime counts figures, people are being crushed by rampant inflation every month. It is the persistent borrowing by a government to bridge budget deficit that has resulted in inflation. Pakistan's debt obligations have crossed all sustainable levels. A government domestically borrows on interest either from its public, bank and non-bank, or from its central bank. In recent years, government has resorted to heavy borrowing from the central bank, which is called "monetizing" the deficit. Because this method always leads to the growth of monetary base and of money supply and ultimately inflation, it is often referred to as just "printing money." In addition, sustained inflation may stem only from a persistent rather than a temporary budget deficit that is eventually financed by printing money, rather than by borrowing from the public. Since 2008, Pakistan's average budget deficit is around 6% of GDP. By 2013, according to the SBP country's debt and liabilities have soared to Rs. 15.2 trillion, equal to 68% of the total size of the economy. In addition, when banks acquire the government debt, government borrowing puts additional pressure on banks' reserves and banks may demand more liquidity from the central bank. When such an extra demand from banks is accommodated and the central bank supplies banks with additional reserves, then in fact monetary base increases, thereby causing a rise in money supply through deposit multiplication, fueling inflation by weakening the currency.

Not only is Pakistan being made to drown in debt through interest, its currency is being constantly losing value, leading to rampant inflation, because it is a fiat currency that is not backed by tangible wealth. The situation can only be turned around by the Khilafah (Caliphate) on the Method of the Prophethood. Not only will it end interest, it will ensure that the currency will be based on real wealth, gold and silver, to prevent the rampant weakening of the currency that has been seen over the years.

### **Whilst Nussrah for Islam Remains Neglected, Washington Decides Our Rulers**

Prime Minister Nawaz Sharif has cautioned that protests and sit-ins drive away investment in trade and industry. Referring to the political upheaval caused by the Panama Papers leaks, he said a judicial commission was going to be constituted [to probe allegations against his family] on the demand of those people who were creating a political crisis. Now they should wait for the commission's verdict. He was speaking at a ceremony held on 1 May 2016.

The Muslims are seething in anger at the barefaced arrogance of the Prime Minister regarding substantial allegations of corruption. It has been noted that the Prime Minister has not seen fit to address the nation on many recent major issues, including the Indian

hostilities. Yet, when his throne is threatened, the Prime Minister saw fit to make not one, but two televised national addresses. Then to quell the anger he has established a judicial commission, whilst condemning any protest against him.

The Prime Minister is able to play around because of the neglect of the armed forces of granting the Nussrah for ruling by Islam. Whilst the armed forces neglect their role, Washington dictates who sits and leaves the throne of Democracy. Whilst Nawaz Sharif remains a loyal and effective servant to the United States in its major policies, his seat is secure because of traitors within the military leadership come from the same stable as Nawaz Sharif. Their murmurings against Nawaz Sharif are simply for show, because they will not move a finger until their masters permit them. It is more than evident that this entire political drama has one solution, which is that the sincere in the armed forces extend Nussrah for the return of the Khilafah (Caliphate) on the Method of the Prophethood.

## **Begging and Bargaining for Foreign Weapons is a Mark of Severe Neglect of Local Industry**

Dawn reported on 4 May 2016 that Pakistan has conveyed to the United States that it does not have the money to buy F-16 jets from its resources and has cautioned that if the stalemate over funding is not resolved it may consider buying some other fighter aircraft to meet its needs. According to a diplomatic source, this was conveyed by Finance Minister Ishaq Dar to US Ambassador David Hale at a meeting at the Foreign Office. The meeting was held last week before the controversy of procuring the F-16s became public.

What a pitiful state and a reminder of the neglect of the Muslim World by its current rulers. Constant begging and bargaining for out dated weaponry is a sign of the negligence in establishing a powerful industry. Establishment of a powerful industry mandates a focus on military industry. America and China are the world's foremost industrial powers because both have an orientation to war industries, including cutting edge stealth, supercomputers and space technologies. However, due to colonialism, despite the fact that Pakistan achieved nuclear weaponry, it has been denied a powerful industry, with its armed forces dependent on military technology from belligerent colonialist states and vital areas of its economy dependent on foreign products and technologies, from telecommunications to engines and heavy machinery.

From the first day of the return of the Khilafah, the Islamic State will strive to become the leading state, unmatched by any rival, as it was before. Regarding industry, it will have a military focus, which will lead to the rapid development of a heavy industrial base. In its *Introduction to the Constitution*, **Hizb ut Tahrir** has adopted Article 74, *“The Department of Industry is in charge of all the affairs connected to industry, whether heavy industry such as the manufacturing of engines, machines, vehicles, materials and electrical equipment, or light industry. Similarly, whether the factories are of the public property type or they are included in the private property and have a relationship to the military industry. All types of factories must be established upon the basis of military policy... it is a duty upon the State to manufacture weapons by itself and it is not allowed to depend upon other states, because this allows other states to control it, its will, its weapons and its fighting... This can't be achieved unless the State possesses heavy industry and started to build factories which produce heavy industry, both military and non-military alike.”*