

The Economic Hitmen of Pakistan – The Treachery Continues

The economic hitmen of Pakistan, Dr. Reza Baqir and Dr. Hafeez Shaikh, continue their destruction of the economy of Pakistan through their allegiance to the Kuffar via the IMF. On December 4, 2019, press conferences were held detailing the so-called success of their economic policies. The discussion during the press conferences revolved around the reduction in the current account deficit, the flow of foreign direct investment (FDI) and the positive statements given by the international agencies such as the IMF, World Bank and Moody's. In order to understand how the program is proceeding, it is important to digest the essence behind the IMF program and the role of Dr. Hafeez Shaikh and Dr. Reza Baqir.

The IMF and other international lending agencies are essentially profit making institutions, who will lend dollars based on the ability of the recipient country in delivering a return on investment in dollars. The simple implication is that whatever the PTI government does, it must return back dollars. The difference between the IMF and other lending agencies is that the IMF carries political influence behind it, in the form of the US, who ensure that recipient countries are able to comply; that is, the need to have an IMF sponsored finance as the minister and the governor of the State Bank of Pakistan.

As a precondition to the loan, the IMF insisted that the government implement policies to show their commitment to the program. The specific preconditions included a free-floating exchange rate, key interest rate rise, revise utility tariffs amongst others.

The free-floating exchange rate and the interest rate rise had no fundamental effect on improving the economy. Their role was to provide an incentive for investment banks, domestic and international, to make money as detailed in an article by Sakib Sherani¹. In summary it works as follows. By increasing interest rates way above international norms, investment banks borrow at lower rates from Western banks, invest in short term Pakistan T-bills, and make a big profit.

Pakistan has received over \$1 billion worth of inflows under this heading of foreign direct investment. The three-month London Interbank Offered Rate (Libor) is around 1.9 per cent, and the three-month Pakistan government Treasury bill is offering an interest rate of 13.6pc, the difference yielding a return rate of 11.7pc. Further the return is enhanced by the fact that the rupee has appreciated nearly 5pc since the beginning of July.

So to illustrate with figures, if an investor borrows \$1 million from a European bank, and buys 3 to 6 month treasury bills, he will effectively invest Rs160 million based on the exchange rate of Rs160 to the dollar. With an 11.7 per cent return, this will become Rs178.7 million. With the so-called economic stabilisation that is being trumped around, the dollar has devalued to Rs154. Hence, the Rs178.7 million, on withdrawal, will then be converted to \$1.160 million dollars, providing \$160,000 return. As soon as the interest rates are reduced, this money will flow out, which is why it is referred to hot money, as well as the reason the government does not want to reduce interest rates. Charles Robertson, chief economist at Renaissance Capital, said the case for buying Pakistan's bonds was straightforward. "Where else can you get double-digit yield on an undervalued currency?"²

Given that these are short-term loans, the government not only has to hold the \$1million, it also has to arrange for the extra \$160,000 that it would need to be paid as interest. Since

¹ <https://www.dawn.com/news/1520739>

² <https://www.ft.com/content/e2fb378a-1103-11ea-a7e6-62bf4f9e548a>

the government does not print dollars, where will the extra come from? The obvious answer is the dollar revenues from export, meaning it is the Muslims that pay for attracting this type of investment. Further, this benefit at the expense of the Muslims will go exclusively to the investment banks, national and international.

This type of FDI circulates within the banks and hence does not benefit the Muslims at all. Hence the finance minister and governor of the state bank act as guardians of the wealth of the western elite.

During the press conference on December 4th 2019, Dr. Hafeez Shaikh, Dr. Reza Baqir, Hammad Azhar and Shabbar Zaidi, detailed some of the steps towards stabilisation. They stated that:

1. "...the current account deficit reduced by 35 percent and has seen more improvement in the last five months". **But the current account deficit has been reduced simply by devaluing of the rupee. Was commitment to the IMF program, and the subsequent crises, required to initiate this change? Further, the price of oil was around \$72 per barrel in July 2019, and over the next 5 months, it averaged around \$62 per barrel. So part of the reduction in deficit has nothing to do with policy.**

2. "...portfolio investment and Foreign Direct Investment (FDI) are also seeing an upward trajectory." **Indeed, but the bulk of the FDI has come in the form of short term loans, referred to above as hot money. Which industry has it been invested in to actually benefit the economy of Pakistan? Even more fundamental, other than a saturated textile industry, do we have any industries we can invest in to increase exports?**

3. "...the World Bank's President during his visit to Pakistan appreciated the economic performance." **Of course they will, for the return of investment for their partner lenders is almost 16%. But more fundamentally, is the commendation of the World bank something to be proud of or ashamed of? Was it not under the auspices of the World Bank that the 1994 power policy was devised, leading to the exorbitant power rates that are being faced by the Muslims. Was it not under the auspices of the World Bank that the 1994 power policy that has led to the circular debt crisis?**

4. "...said that world renowned rating agency Moody's has upgraded Pakistan's credit rating from negative to stable." **The Guardian reported³ that Moody's agreed to pay nearly \$864m to settle with US federal and state authorities over its ratings of risky mortgage securities in the run-up to the 2008 financial crisis. So Moody's was guilty of supporting the defrauding of US citizens during the 2008 financial crisis. If the US government cannot trust them, how can our economic hitmen?**

The burning question is how does this actually help our economy, and how will we pay back the extra dollars? Large-scale manufacturing has been on the decline since the late 1990's so there is no prospect of increasing exports, and the world textile industry is saturated. The IMF together with our government have already laid the plans for this. As mentioned above, the IMF insisted on certain preconditions for the loan. Gas and electricity were raised prior to the IMF loan agreement to test the ability and commitment of the government to implement the policies. Subsequent to the IMF agreement, the power utility rates have been increased persistently. Electricity prices have been increased 15 times this year with a cumulative increase of 18%, and gas prices have been raised a colossal 55%. The reason why this specific condition was placed by the IMF is the need to resolve the

³ <https://www.theguardian.com/business/2017/jan/14/moodys-864m-penalty-for-ratings-in-run-up-to-2008-financial-crisis>

circular debt that plagues the utility companies, a necessary condition preceding privatization. Privatization will involve international bidders, who will be welcomed for bringing in FDI, which will then be used to pay back the IMF for the interest payments.

So the nature of the conspiracy being implemented by our economic hitmen is clear. They actively work to enrich the Western nations, engaging in usurious agreements, in which the nation is enslaved. They then work even harder to privatize our energy assets, so that our basic necessities, such as gas and electricity, are in the control of the Western nations. The ironic thing is that the economic hitmen of Pakistan do not do this for money, but they actually believe in the economic theories of the West.

The tragedy is the system that facilitates the likes of Dr. Hafeez and Dr. Baqir to freely go about with this conspiracy. From the perspective of Islam, this conspiracy could not have been initiated, let alone been taken to completion.

Allah (swt) said, ﴿يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَتَّخِذُوا بِطَانَةٍ مِّنْ دُونِكُمْ لَا يَأْلُونَكُمْ خَبَالًا وَدُّوا مَا عَنِتُّمْ قَدْ بَدَتِ الْبَغْضَاءُ مِنْ أَفْوَاهِهِمْ وَمَا تُخْفِي صُدُورُهُمْ أَكْبَرُ قَدْ بَيَّنَّا لَكُمُ الْآيَاتِ إِن كُنْتُمْ تَعْقِلُونَ﴾ **“O you who have believed, do not take as intimates those other than yourselves, for they will not spare you [any] ruin. They wish you would have hardship. Hatred has already appeared from their mouths, and what their breasts conceal is greater. We have certainly made clear to you the signs, if you will use reason.”** [Surah Aali Imran 3:118]

The hukm from this verse indicates that the Kuffar will work hard to ruin us. So how could a Muslim trust the World Bank and their policy suggestions on something as critical as the power policy. Hence, the 1994 power policy would have remained wishful thinking in the minds of the world bank policy makers. Further, the Prophet (saw) stated that, «الْمُسْلِمُونَ شُرَكَاءُ فِي ثَلَاثِ أَلْمَاءِ وَالْكَلِّ وَالنَّارِ» **“Muslims are partners in three things: water, pastures and fire.”** [Ahmad]

This is evidence that people are partners (associates) in water, pastures and fire, and that the individual is prohibited from possessing them. But it is noticed that the Hadith mentioned them as three, and they are Jamid (non-derived) names, and there was no mentioning of Illah (reason) in the Hadith. The Hadith did not include Illah (reason) and this could imply that these three things are the only ones that represent public property with no consideration given to their depiction for the community's need for them. However, if one scrutinised the issue, he would find that the Prophet (saw) allowed the possession of water in At-Taif and Khaybar by individuals, and they actually possessed it for the purpose of irrigating their plants and farms.

Had the sharing (association) of water been just because it is water and not because of the consideration of the community's need for it, then he would not have allowed individuals to possess it. From his (saw) permission to individuals to possess water, it can be deduced that the 'Illah (reason) of partnership in the water, pastures and fire is their being of the community utilities that are indispensable to the community. So the Hadith mentioned the three (things) but they are reasoned as being community utilities. Therefore this Illah (reason) goes along with the reasoned (rule) in existence and in absence. So anything that qualifies as being of the community utilities is considered a public property, whether or not it was water, pasture or fire i.e. whether it was specifically mentioned in the Hadith or not.

Thus this includes any natural resources which are used to produce heat and energy, a community need, such as wood, coal and oil. Hence the privatization of any resource is not permitted, let alone to privatize it such that it is under the ownership of the Kuffar. Hence, the current energy predicament would have been prevented at its conception, by preventing the collaboration with the World Bank as well as the specific privatization. From a system

perspective, the viewpoint about economy from Islam is very different. Whilst in Islam the gold and silver standard would eliminate the fiat money, the potential imbalance of imports and exports causing a flow of wealth out of the country is resolved in a much more fundamental economic manner.

The state in Islam is a state of caring, not a state of concentrating wealth in the hands of the few. The concept of caring is that the state takes care of its subjects as the father takes care of his children; feeding the hungry, clothing the naked among them and lodging them where he dwells. It provides education for them, delivers treatment for their patient, and saves them from every fear. This is the reality of caring in Islam which is obligatory on the state by the words of the Prophet (saw): «الإِمَامُ رَاعٍ وَهُوَ مَسْنُونٌ عَنْ رَعِيَّتِهِ» **“A ruler is a guardian and is responsible for his subjects”** (Bukhari). The duty of the state in Sharia is to provide works for all those who carry its citizenship. And the Prophet (saw), the head of the state, has made maintenance of the poor person who has no relative capable of maintaining them to be upon the State due to his (saw) words, «مَنْ تَرَكَ مَالًا فَلِوَرَثَتِهِ وَمَنْ تَرَكَ كَلًّا فَلِإِنْتِنَا» **“If somebody (dies among the Muslims) leaving some property, the property will go to his heirs; and if he leaves dependents (orphans), we will take care of them.”** [Bukhari]. Healthcare and access to food are basic rights that must be enjoyed by all citizens, the Messenger of Allah (saw): «مَنْ أَصْبَحَ مِنْكُمْ أَمِنًا فِي سِرْبِهِ مُعَافًى فِي جَسَدِهِ عِنْدَهُ قُوَّةٌ يَوْمُهُ فَكَأَنَّمَا جِزَتْ لَهُ الدُّنْيَا» **“Whoever wakes up secure in his family with a healthy body, having food for the day, it is as if the entire world is given to him”** (Narrated by al-Tirmidhi)

The responsibility of the state is to focus on the distribution of wealth such that basic needs are satisfied. The policy implications are very clear in that land will be used to produce crops to feed the population, and the natural resources used to benefit the Muslims, not to line the pockets of corrupt rulers or exported for foreign exchange. Pakistan has enough arable land to be the bread basket for the whole Muslim world, with oil and mineral resources to be self-sufficient in fuel and manufacturing activities. Hence the policy imperatives would be to develop these to ensure that wealth is distributed within the Muslims. There would be no issue of importing our basic needs or machinery for our textile and other heavy industry. Hence it is only through the Khilafah Rashida (Rightly Guided Caliphate) on the Method of Prophethood that we will gain in this dunya and the Akhira.

Allah (swt) said,

﴿وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنْ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبْغِ الْفُسَادَ فِي الْأَرْضِ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ﴾

“But seek the abode of the Hereafter in that which Allah has given you, and do not neglect your portion of worldly life, and be kind even as Allah has been kind to you, and seek not corruption in the earth. Verily, Allah likes not the Mufsidun (those who are mischief-makers, corrupted).” [Surah Al-Qasas 28: 77]

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