

Press Release

Pakistan's Rulers Caused a Storm of Inflation by Printing 36 Trillion Rupees Worth of Notes in Four Years Alone. The Gold Dinar and Silver Dirham of the Khilafah Alone Can Prevent Rampant Inflation

According to the State Bank of Pakistan data, in 2018, the volume of currency in circulation was 44 trillion rupees. Today this volume has reached 80 trillion. So, in just four years, the rulers printed 36 trillion notes. It is a 71% increase of the money in circulation. However, the increase in production in the last four years was not even 15%. The result is that the annual rate of inflation is at a record breaking 31%. So until the currency is transferred to gold dinar and silver dirhams, the rulers will continue to cover the fiscal deficit by printing notes. As the rupee loses its purchasing power, the people will pay the "inflation tax" with their tears, sweat and blood.

Under the terms of the agreement with the IMF, the government cannot borrow directly from the State Bank of Pakistan, whose loan was practically covered by printing more notes. The purpose of this condition is that the government is forced to increase the tax burden on the people. The profit of private commercial banks increased, as the government started borrowing from the private banks instead, who in turn borrowed from the State Bank. The situation today is that 83% of the private banks' loans have been taken by the government. The tax burden and debt increased, whilst the commercial banks profited. The government did not stop the annual interest payment of more than 5200 billion, thereby ending almost half of the expenses, ending the fiscal deficit. Instead, the government is continuously printing notes and depriving the people of even two meals a day.

Islam's gold dinar and silver dirham forces the government to exercise fiscal discipline. The government can only issue notes that are fully backed by gold and silver. So, the government cannot spend more than its income under normal circumstances. The state is forced to keep its expenditure within the limits of its income through the Shariah revenues, such as Zakah and Kharaaj. By limiting the ability to print notes in the Khilafah, rampant inflation is practically eliminated. Even in emergencies, the Khilafah covers expenses by obtaining a one-time tax, or interest-free loans, from the wealthy Muslims. It can never issue notes without the backing of gold and silver reserves. The Khilafah does not adopt the expansionary fiscal policy, when the speed of the economic wheel is artificially accelerated, by spending more than income. The Western capitalist uses this to end recession, but it gives rise to inflation. So unlike the capitalist economic system, Islam is free from the boom and bust cycle. Moreover, the economic sovereignty of the Khilafah is not compromised in front of any country or institution.

O People of Power and Prevention! Allah (swt) says in the Noble Quran, which He sent down in Ramadan, ﴿وَمَنْ أَعْرَضَ عَنْ ذِكْرِي فَإِنَّ لَهُ مَعِيشَةً ضَنْكًا وَنَحْشُرُهُ يَوْمَ الْقِيَامَةِ أَعْمَى﴾ **"But whosoever turns away from My Reminder (i.e. neither believes in this Quran nor acts on its orders, etc.) verily, for him is a life of hardship, and We shall raise him up blind on the Day of Resurrection."** [TMQ Surah Taha 20:124]. By not implementing the Deen of Allah (swt) through the system of Khilafah, our life will be ruined in this world as well as in the hereafter. We have tried the best economists of the capitalist system. We got nothing but disgrace, and our lives and economy became restrained. Have mercy on the condition of your people, who long for two meals a day. Come forth and grant your Nussrah for the re-establishment of the Khilafah (Caliphate) on the Method of Prophethood. It is the Khilafah that will change this situation through the revolutionary economic system of Islam.

Media Office of Hizb ut Tahrir
in Wilayah Pakistan

Webpage: www.hizb-pakistan.com <http://HizbPK.page.it>

E- mail: HTmediaPAK@gmail.com WhatsApp: +967 713 645 449

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