

Press Release

Islam's Roadmap for Escaping Pakistan's Currency Crisis

For some time, Pakistan's people of power are struggling with the currency crisis. They are not able to find a way out, clearly. Their budgetary preparations are a further indication of that. Pakistan's current currency crisis stems from a specific monetary framework, which Pakistan's rulers have adopted. Pakistan has adopted the fiat currency model, linking the value of its currency to the US dollar. In this model, the value of the currency is dependent on the productive capacity of the economy, the foreign exchange reserves and Pakistan's ability to earn foreign exchange. Whenever Pakistan's growth rate declines, its dollar denominated foreign exchange reserves deplete, its ability to earn foreign exchange reduces. The value of the Pakistani rupee falls, bringing a wave of inflation for the Muslims of Pakistan.

The Finance Minister's planning will fail, despite his reassurances otherwise. Fixing the dollar-rupee rate at a particular value, or adopting a market-based exchange rate, will not solve Pakistan's currency crisis. Both these ideas are two versions of the same fiat currency monetary model, where the currency does not have any intrinsic value. Instead, it derives its value from other factors, like the strength of the economy, the structure of country's international trade and the value and availability of dollars. So, the people of power will not rescue the country from its currency crisis.

Islam gives its own monetary framework. Islam has mandated that the currency of the state is backed by precious metal wealth, ending the root cause of inflation and the currency crisis. The Messenger of Allah (saw) approved of the minting of Gold Dinars, weighing 4.25g, and Silver Dirhams, weighing 2.975g, as the currency of the state. Gold and silver have intrinsic value and they maintain their value independent of the strength of a country's economy or the amount of its foreign exchange reserves. In the case of a trade deficit when the state's gold and silver leaves the state, the reduction in the amount of gold and silver results in a drop of prices within the state. This drop in prices helps boost the state's exports, resulting in an inflow of gold and silver in to the state's coffers. Thus, gold and silver have a self-corrective mechanism, which automatically deals with the problem of trade deficit.

It is not allowed for the Muslim to implement Islam's treatment of the currency crisis, through Democracy. Democracy is a system where the decisions of men are supreme, over the commands of Allah (swt) and His Messenger (saw). It is Islam's ruling system, the Khilafah, that implements all of Islam's treatments to the problems of Muslims. The Khilafah (Caliphate) on the Method of Prophethood will adopt Dinar and Dirham as the Islamic State's currency, ending Pakistan's currency crisis permanently and ushering in an era of prosperity, which stable money brings. So, O Muslims, work with Hizb ut Tahrir to re-establish the Khilafah on the Method of Prophethood. So, O Muslims of Pakistan's armed forces, grant your Nussrah to Hizb ut Tahrir now, so that you can make the real change that the Islamic Ummah is waiting and praying for.

**Media Office of Hizb ut Tahrir
in Wilayah Pakistan**