

Interest-Based Loans Are a Cause of Economic Destruction, Not a Solution

News:

Pakistan's Finance Minister Muhammad Aurangzeb has announced that the government has agreed to obtain a loan of one billion dollars from two Middle Eastern banks, with an interest rate of 6 to 7 percent. This will be a short-term loan and is being taken to address Pakistan's financial difficulties. The Finance Minister said that the government is working with credit rating agencies to improve Pakistan's economic rating to gain investors' confidence. (Dawn)

Comment:

Pakistan's current economic policies are completely dependent on interest-based loans. The loans cause economic destruction and ensure economic colonialism. An interest-based economy is a link in the exploitative order that concentrates wealth in the hands of the few. Under the policies of the International Monetary Fund, the economy is being established on principles that completely contradict Islam.

In the Noble Quran, it is mentioned that interest invites war from Allah (swt) and His Messenger (saw). Allah (swt) also said, يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ ﴿٢٧٨﴾ * **“O believers! Fear Allah, and give up outstanding interest if you are true believers (278). If you do not, then beware of a war with Allah and His Messenger!”** [Surah Al-Baqarah: 278-279].

Today's entire banking system is based on interest. The system works to promote the capitalist system, making the wealthy wealthier and trapping the poor in debt. Inflation is amongst the fundamental results of this capitalist economy.

Islam presents solutions to all these problems, based on the concept of prohibition of Riba, establishment of a Baitul Mal, taking of Zakat, and public ownership of energy and minerals. The Prophet (saw) said, «الْمُسْلِمُونَ شُرَكَاءُ فِي ثَلَاثٍ: فِي الْمَاءِ وَالْكَأِ وَالنَّارِ» **“Muslims are partners in three things: water, pastures, and fire (energy resources)”** (Sunan Abu Dawud)

The only way to free Pakistan's economy from the grip of the International Monetary Fund and World Bank is the establishment of Khilafah Rashidah (rightly-guided Caliphate). It will guarantee the implementation of Islamic Shariah rulings, ensure the distribution of wealth in society and eradicate all laws of kufr. Allah (swt) says, وَمَنْ لَمْ يَحْكَمْ ﴿٤٥﴾ **“And whoever does not judge by what Allah has revealed - then it is those who are the wrongdoers.”** [TMQ Al-Ma'idah: 45]. Now is the time to move away from this interest-based economy towards an Islamic system and establish the Khilafah. The Khilafah implements a true Islamic economy, and provides prosperity for the people.

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Musa Bin Moazzam – Wilayah Pakistan