

TANZEEM-E-ISLAMI

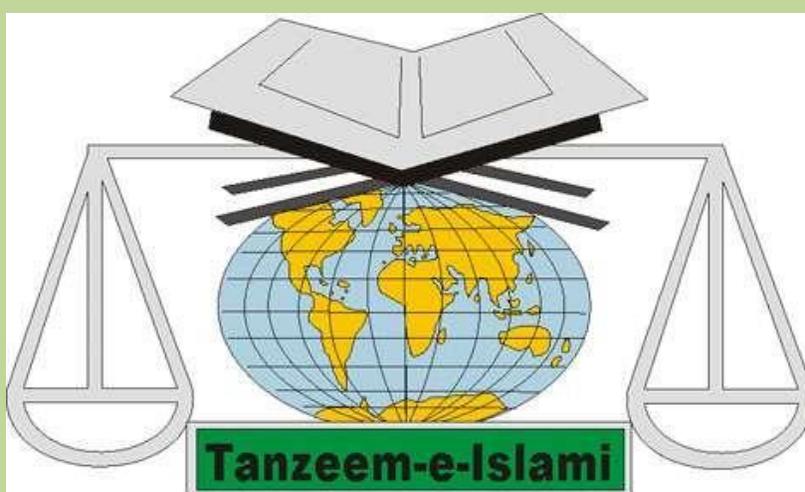


Striving for the Law of Allah, on the Land of Allah

PERSPECTIVE

The official online newsletter of Tanzeem-e-Islami

... Uploaded twice a month to [www. Tanzeem.org](http://www.Tanzeem.org)...



'PERSPECTIVE' is a trend-setting newsletter issued by Tanzeem-e-Islami that focuses on a candid commentary on the current national and international issues, in the light of the Qur'an and the Sunnah.

A blend that gives Muslims an insight into the events of the past, those happenings at present and the Signs of things to come...

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From the Qur'an:

“Those who consume Riba [usury/interest] cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like Riba [usury/interest]." But Allah has permitted trade and has forbidden Riba [usury/interest]. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in Riba (usury or interest)] - those are the companions of the Fire; they will abide eternally therein.”

(*Surah Al-Baqarah: 275*)

Selected Hadith:

Jabir (RA) said that Allah's Messenger (SAAW) cursed the one who consumes riba and the one who pays it, the one who writes it down and the two who witness it, and he said: they are all the same.

(*Sahih Muslim: 1598*)

EDITORIAL

All praise is due to Allah (SWT), and peace & blessing on his noble Messengers (AS), in particular, on the last of them all the blessed Prophet Muhammad (SAAW).

At Davos, Switzerland every year the global capitalist elite gather to party...and to prepare for the year ahead. This year more than 1500 private jets, reportedly, flew in. Thousands more of their underling staff travelled via business class to handle their personal, and corporate, logistics. Shielded from the media and the public, the big capitalists shared views in back rooms and listened to experts on finance, government policy, technology, and the economy. The experts were especially probed to identify and explain the next 'black swan' or 'gray rhino' event about to erupt. Wealthy celebrities were invited to entertain them as well after evening dinner and cocktails. But the real networking was done in privately afterwards, in small groups or one on one, among the big capitalists themselves or in private meetings with heads of state, finance ministers, and central bank chairmen.

Typically each annual meeting has a theme. This year there were several: the slowing global economy, the fracturing of the international trade system, the growing levels of unsustainable debt everywhere, volatile financial asset markets with asset bubbles beginning to deflate, rising political instability and autocratic drift in both the advanced and emerging economies, accelerating income inequality worldwide—to mention just a short list.

On the eve of this year's World Economic Forum gathering, some of the most powerful, wealthy, and more prescient capitalists began to speak out to their elitist cousins, raising red flags about what they believe is an approaching crisis.

Ray Dalio, for example, the billionaire who found and manages the world's biggest hedge fund, Bridgewater Associates, warned that he and other investors had squeezed financial markets to such "levels where it is difficult to see where you can squeeze" further. He publicly admitted in a Bloomberg News interview that, in the future profits will be low "for a very very long time". The era of central banks providing free money, low rates, and excess liquidity have run their course, according to Dalio. He added the global economy is mired in dangerously high levels of debt, comparing it to the 1930s. Paul Tudor Jones, another big finance capitalist, similarly warned of unsustainable debt levels—created by companies binging on cheap credit since 2009—that "could be systemically threatening". Not just government debt. But especially corporate debt, where levels in the US alone have doubled to more than \$9 trillion since 2009 (most of it high risk 'junk bond' and nearly as risky 'BBB' investment grade corporate bond debt). Almost as worrisome, one might add, is the now more than \$1 trillion leverage loan market debt in the US (i.e. loan equivalent of junk bonds). US household debt is also now approaching \$15 trillion. The US national government debt, at \$21 trillion, is about to surge over the next decade to \$33 trillion due to the Trump 2018 tax cuts. Then there is the tens of trillions of new dollarized debt undertaken by emerging market economies since 2010; and the \$5 trillion in non-performing bank loans in Europe and Japan; and an alarming rate of private sector debt escalation in China.

Corporate debt levels are not alone the problem, however. Things get out of control when profits and asset prices (of stocks, bonds, derivatives, currency exchange rates, commodity futures, etc.) no longer rise, or start to turn down, then debt service (principal & interest) cannot be repaid. Defaults often follow, causing & investor confidence to slide. Real investment, employment, and household incomes thereafter collapse, and the real economy is dragged down in turn. The real decline further exacerbates the collapse of financial asset prices, and precipitates a mutual feedback of financial and real economic collapse.

All of the above are currently in the happening around the globe. Financial markets began to deflate in 2018; and it is now becoming increasingly clear that the real side of the global economy is slowing rapidly as well. In February 2018, the first early warning appeared for financial markets. Stocks plunged in the US, Europe and even China. They temporarily recovered—a 'dead cat bounce' as they say before an even deeper decline in autumn. Then oil and commodity futures prices collapsed by 40% or more in late summer-early autumn 2018. Stock markets followed again in October-December 2018 by 30-40% in US, China, Europe, and key emerging markets. Key emerging market currencies—Argentina, Turkey, Indonesia, Brazil, South Africa—all fell precipitously as well. (Continued on Page 2)

Editorial*(Continued from page 1)*

The housing prices from the UK to Australia to China to New York began to implode as the year ended. In January 2019 stock markets recovered—i.e. a classic, short term, bull market recovery in what is today's fundamentally long term global bear market. In other words, unsustainable debt and pending crisis have started to become real. Becoming real as well is evidence of emerging defaults, a critical phase that typically follows asset markets' decline and slowing profits. In the US there is the Sears default, with JCPenney in the wings. Even the giant corporation, once the largest in the world, the General Electric Corp., slouching toward default. In Europe, there is deepening troubles at Deutschebank, and just about all the Italian banks, and UBS in Switzerland, and the Greek banks. In Japan, there is trillions of dollars in non-performing bank loans as well, which Japan's central bank continues to cover up. And then there's China, with more than \$5 trillion in bad loans held by local governments, by shadow bankers, and by its state owned enterprises that the China central bank and government keep bailing out by issuing 'trusted loans' (i.e. the equivalent of "junk bonds"). Default cracks have begun to appear everywhere in the global economy, in other words, major indicators that the excess debt accumulation and financial bubbles of the past decade cannot be 'serviced' (principal-interest paid) and have begun to negatively impact the global economy.

What is becoming clear is that the next crisis will not emerge from the housing sector with excess debt and price bubbles driven by subprime mortgage loans and related financial derivatives. What is more likely is that the next crisis will emerge from debt defaults and collapsing real investment by non-financial corporations. Moreover, the tipping point is nearer than most in business or media will admit. It has now become evident that by the end of 2019 it is likely there will be a massive recession in wide sectors of the real global economy amidst further asset markets' price declines. In Europe, the growth engine of Germany is showing sure signs of slowing. Manufacturing and industrial production in the closing months of 2018 fell by 1.9%. France and Italy manufacturing are also contracting. All that before the negative effects of a UK Brexit, an Italian banks' implosion or protests in France are further felt. In emerging market economies, the steady rise of the US dollar in 2018 (driven by rising US central bank interest rates) devastated emerging market economies across the board. Rising dollar values translated into corresponding emerging market currency collapse. That triggered capital flight out of these economies, and their falling stock and bond markets in turn. To stem the outflow, their central banks raised interest rates, which precipitated deep recession in the real economy, while their collapsing currencies generated higher import prices and general inflation in their economies as well. That was the story from Argentina to Brazil to Turkey to South Africa and even to Asia in places. Along with all the data increasingly pointing to financial asset deflation gaining a longer term foothold—and with real economy indicators like manufacturing, housing, GDP, exports as well now flashing red—there is also a growing list of political hotspots and potential 'tail risks' emerging in the global economy. Some of the 'black swans' are identifiable; some yet to be. In the US, the government shutdown and the prospect of policy deadlock between the parties for two more years could qualify as a source of further economic disruption. In Europe, there are several 'tail risks': the Brexit situation coming to a head in April, the challenge to the Eurozone by the new Italian populist government, the chronic and deep street protests continuing in France, and the general rightward social and political drift throughout eastern Europe. In Latin America there is the extremely repressive policies of Bolsonaro in Brazil and Macri in Argentina, which could end in mass public uprisings at some point. In Asia, there is corruption and scandals in Malaysia, Pakistan and India. Then there is the US-trade war with China, along with some factions in the US that are trying to launch a new Cold War against Russia. All these 'political instabilities', given their number and scope, if left unresolved, or allowed to worsen, will have a further negative effect on business and consumer confidence—now already slowing rapidly—and in turn investment and therefore economic growth. Warnings on the eve of Davos have been echoed by a growing list of capitalist notables and their government servants and echoes. IMF chairperson, Christine Lagarde, has been repeatedly declaring publicly that global trade and the economy are slowing. The World Bank has been issuing repeated downward adjustments of its global economic forecasts. Former Fed chair, Greenspan, has even declared the US is already on a recession path from which it cannot now extricate itself.

No doubt the Davos crowd will be partying and dancing over the next several days in their securely gated, posh Switzerland retreat. After all, the last ten years (since the 2008 global economic meltdown and eventual bailout of capitalists by governments, rather masses, from around the world) has increased their capital incomes by literally tens of trillions of dollars. Capitalists are driven by a mindless herd mentality once they have made money. They believe they can continue doing so forever. They believe the money music will never stop. One can only wonder, if they will be dancing later this year to the same song as the one sung in 2008. **For us, nevertheless, the most important question is what could be the impact of the ominous global recession on the economy of Pakistan? Would Pakistan suffer proportionately from the global economic meltdown or would our country 'miraculously' be immune to it?**

In our considered opinion the answer is very clear and equally simple. Yes it would... The sole reason being the intertwined nature of the global capitalist economy. If the economy of the first world slows down, it would certainly impact the economies of countries such as Pakistan. In fact, the implications for Pakistan and other such third-world countries would be more devastating than the developed countries. The government and the people of Pakistan would be wise to brace themselves for the tough times that lie ahead. We do expect the government of Pakistan to take some measures to minimize the impact of the global recession on our country, which we assume to include both monetary and fiscal tightening, along with other 'belt-tightening steps', however these actions would remain within the bounds and inside the realm of the present global capitalist economic order. While these measures might result in reducing the brunt of the recession, ever so slightly and that too in the short term, they would be far from sufficient to steady the ship of our economy in the long term.

For all intents and purposes, the one and only viable option for the economy of Pakistan to become steady in the long term is to tear down the present capitalist economic order and replace it – brick by brick – with a just and sustainable alternative; one that is free from odious and illegitimate debt, interest, stagnation of capital, accumulation of wealth in a few hands and other forms of economic and financial oppression and blackmail. This alternative has been there with us for more than fourteen centuries. It is the willingness, courage and ability that is required for the leaderships (political, economic and social) of Pakistan to put it into practice. May Allah (SWT) grant us the wisdom to do so. **Aameen!**

Signing off...

Dr. Absar Ahmad (Chief Editor)

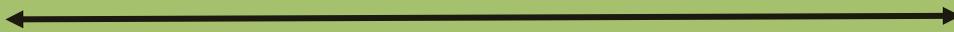
**Press Releases issued by Tanzeem-e-Islami****Date: 25 January 2019****Lahore (PR): “Giving false testimony is a colossal sin and a grave injustice.”**

This was said by the Ameer of Tanzeem-e-Islami, **Hafiz Aakif Saeed**, in a statement issued from the Holy city of Makkah. The Ameer hailed the remarks given by the Chief Justice of Pakistan, Asif Saeed Khosa, in which the honorable judge had expressed the desire to give the maximum possible punishment to the ones who give false testimony in courts. The Ameer of Tanzeem-e-Islami remarked that, indeed, giving false testimony is an unforgivable crime. The Messenger of Allah (SAAW) has compared the nature of the sin of giving false testimony to the nature of committing the sin of polytheism, the Ameer added.

The Ameer noted that the ‘*Qanoon-e-Shahadat*’ (Law governing testimony) has always remained a contentious issue in our country. This law was promulgated by the British Government during the era of colonial rule for their subject peoples living in a subject territory (the colony of the Indian subcontinent), yet even after independence, every government of Pakistan failed to amend and remove the wrongs and distortions inherent in the law.

The Ameer advised the honorable Chief Justice to take religious scholars into confidence and consult with them regarding determining the punishment for giving false testimony, so that a judicious punitive system could be developed for such criminals on the basis of the gravity of their crime, which would rid the courts of this evil once for all.

The Ameer concluded by asserting that in order to mould all laws of the country on the lines of the Islamic Shariah and the crux of the Islamic Shariah, experts in modern jurisprudence and religious scholars ought to work together to formulate and implement the Shariah Law and Islamic System in Pakistan in genuine terms.

**Date: 18 January 2019****Lahore (PR): “The delaying tactics and moratorium being used by the Federal Shariat Court in the case pertaining to Riba are condemnable.”**

This was said by the Ameer of Tanzeem-e-Islami, **Hafiz Aakif Saeed**, in a statement. The Ameer noted that the remark made by the court that it would be useless to abolish *Riba* (Interest; both usury and institutional) until an “alternative system” was developed to replace it was nothing short of being riotously ironic. He added that it was neither the role nor the purview of the Federal Shariat Court to “search” for a system alternative to *Riba* (when it already exists). The court’s jurisdiction was to rule that the current system of Interest (both usury and institutional) was, in fact, *Riba*, which has been declared as an absolute prohibition (*Haram-e-Multak*) in the Qur’an. The jurisdiction of the court is to examine which laws or practices are in violation of the Islamic Shariah and give decisions accordingly.

The Ameer said that this case had been remanded to the Federal Shariat Court in 2002 and its formal hearing began in the court in 2013. Yet the court had been unable to deliver a verdict on this case even after all these years. Whereas, the same institution (Federal Shariat Court) in the year 1991 and the Shariat Appellate Bench of the Supreme Court in the year 1999 had delivered extremely comprehensive, detailed and exhaustive decisions on the matter, after deliberations of only 2 and 5 months, respectively. In the decision made by the Federal Shariat Court in the year 1991, the late Justice (r) Dr. Tanzil-ur-Rahman had categorically stated that the current system of Interest (both usury and institutional) and *Riba* were one and the same thing. The Ameer concluded by demanding that the Federal Shariat Court ought to fulfill its constitutional and religious obligations in the matter pertaining to the pending case of *Riba* (interest; both usury and institutional).

