

In the Name of God, the Most Merciful, the Most Kind



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## Education Can Pave the Way for Social Integration

There is no ambiguity about the essential role of education for development in a society, especially in a society that has a serious consideration about knowledge and learning. Educational institutions shape our attitudes and prepare us for behaving in a certain manner in defined situation. They can supply us instruments by which we can realize our social goals. These goals and values are defined by the system of education prevalent in our society. Hence educational institutions socialize an individual into a useful member of society.

Educational institutions transmit our cultural values to the next generation. During the process of teaching, the teachers while teaching learn the socio-cultural norms themselves. They, themselves, are socialized first in the cultural ways of life. While teaching they add their own experiences in the knowledge that they received from their parents and teachers. They do not transmit the same without change. By adding their experiences, they make knowledge up-to-date and according to the requirements of the society. They, by transmitting the new knowledge, educate the new generation and thus brings social change.

It implies that the process of teaching and transmitting change the teachers, the methods, the contents of education and even those that receive education. Through education the ways of living of our ancestors are transferred to the new generation. The most important example in this regard is the study of science that is transmitted to next generation with changes that take place after research.

Educational institutions also create social organization in society by harmonizing the attitudes, ideas, habits, customs, emotions and sentiments of the people. They develop homogeneity by developing general laws of social life. Different social groups are organized together by cooperation on common principles found in educational institutions. They can, thus, pave the way for social integration.

Educational institutions also support in selection of future occupation. They provide methods and ways to acquire information on various aspects of life. The individuals by this information select their professions that are most suitable for them. Moreover, the educational institutions can have links with public and private institutions that can provide job opportunities to the students; therefore, as the students complete their education, the professional institutions reach to them and hire them for different positions.

Moreover, the interactions and gatherings that are organized in educational institutions can support individuals in developing their personalities as well. By coming into contact with the people of different backgrounds and nature and different educational experiences, the students are able to add much in their knowledge and understanding, which they can use in their personality development. The same experiences can help them in living a positive life in other institutions, like family and society.

Educational institutions can support our young generation to a great extent, but there are certain problems in these institutions that create obstacles in the way. Among them the most important one is poor standard of education. Our educational institutions, unfortunately, are not developed on modern education system. The curricula that are taught to the pupils are mostly obsolete and do not have direct relation with the lives of the students.

Moreover, the syllabi are designed to promote the culture of repetition and cramming. The concepts of investigation and inquisitiveness to learn are not nurtured in our educational system. Similarly, there is no room for research and creativity.

Teachers on the other hand are not trained sufficiently. They are not sure about the teaching methodology that they use. In most of the schools, colleges and universities, there is no such concept as teacher training. Teaching is a vast field and require proper training and skill development. Every person who can study well does not necessarily teach well. However, our educational institutions do not keep in consideration such important issues. Therefore, the teachers who teach mostly use the methods that they consider to be correct. Mostly, they use force and violence, instead of motivational techniques.

Then there is a disparity between the public and private educational institutions. The private institutions are comparatively better than public institutes as far as the quality of education and educational environment are concerned. But, a country like Afghanistan, where most of the people are suffering from poverty there are only few people who can afford private institutions. All the students, therefore, should have access to better educational opportunities as members of a state and the government is responsible to ensure this.

The government has many other responsibilities as well, as far as the development and growth of educational institutions are concerned. The government authorities must ensure that there should be ample educational institutions that must satiate the thirst of students.

There should be efforts to improve the standard of education, particularly, for the improvement of teaching method and teaching staff. Moreover, the government authorities are responsible to ensure that the students are provided favorable environment wherein they are not afraid to go to educational institutions and pursue their education with dedication and motivation and become responsible citizens of the country.



## Financial Serfdom & Freedom

By Dr. Faisal Ali

Continued from Yesterday

The father of modern economics, John Maynard Keynes contended that without the abolition of interest, unemployment cannot be eradicated. Silvio Gesell castigated interest on the basis that his sales were more often related to the price of money (i.e. interest) than people's needs or the quality of his products. Gesell also launched "Stamp Scrip Movement" to make money a public service for a use fee but all his efforts went in vain. In 1919, Gottfried Feder wrote a book "Breaking the Shackles of Interest (Brechung der Zinsknechtschaft)" about the implications of interest and wealthy bankers. He described Mammonism as a consequence of the effortless and endless income that is produced through interest. His endeavors led Adolf Hitler to proclaim that the kernel of National Socialism is breaking the thralldom of interest. Major Clifford Hugh Douglas published "Social Credit" in 1924. In 1929, He went on a lecture tour of Japan. His proposals for creation of the nation's money by government and credit on an interest-free basis were enthusiastically received by Japanese production sector and government. The net result was the rapid boom in the economy of Japan in 1930s. Margrit Kennedy, the ink-slinger about the negative consequences of interest is considered as the mother of anti-interest movement in modern times. In her book "Interest and Inflation Free Money", she inks that interest increases social costs like alcoholism, families breaking up and criminal behavior. Stephen Goodson, a South African banker, politician and leader of South Africa's "Abolition of Income Tax and Usury Party" has also authored several writings about the cynical and gloomy aspects of interest. Economic historian, John L. - King links the rising prices to the interest paid for the "credit balloon".<sup>11</sup> Thomas Greco in his book "Money: Understanding and Creating Alternatives to Legal Tender" says...

"The banks are continually making new loans and retiring old ones as they are repaid. In the aggregate, the debts owed to banks are increasing with the mere passage of time, because interest accrues over time. The money available to repay those debts, however, can be created only by the banks as they make additional loans."<sup>12</sup>

The history of laws has also incessantly lambasted interest and usury. The ancient Roman law punished usurer with forfeiture of quadruple the value of the thing taken in usury.<sup>13</sup> The laws of Charlemagne categorically prohibited usury in 806 CE. In 850, the Synod of Paris excommunicated all usurers.

Interest and Usury was also banned by Common Law. In 1275, Edward I of England passed the Statute of the Jewry which made usury illegal. The great English jurist Lord Coke declared all usury unlawful in the latter part of the sixteenth century. The bygone French law punished usurer for the first time by a public and inglorious acknowledgement of his offence and was banished. The penalty of his second offence was hanging.<sup>14</sup> The prohibition on interest continued in the civil legislation of the countries of Western Europe until the 16th century, when it was removed by the Reformation. In the 16th century, works appeared justifying the taking of interest like that of John Calvin in 1536.<sup>15</sup> In Russia, interest was prohibited morally.<sup>16</sup> The Communist Party of China proscribed

usury in its revolutionary base areas in late 1920s and replaced it with credit cooperatives.<sup>17</sup> The criminal law of North Korea (2009) in the chapter 5 titled "Criminal Violations of The Socialist Economic System" forbids usury under Article 118. The article prescribes a punishment of less than 2 years of Labor training for practitioners of usury and stipulates the same punishment for up to 5 years in case of large profits gained through usury. In similar chain of events, The Khyber Pakhtunkhwa Assembly in Pakistan unanimously passed the Prohibition of Interest on Private Loans Bill on September 19, 2016.

The major religions of the world deplore, condemn and prohibit interest in all its forms. The Manu Smriti of Hinduism categorically expresses sentiments for contempt of usury in chapter 11: verse 62. The Buddhist Jatakas refers to the practitioners of interest as hypocritical ascetics. The Old Testament speaks about the proscription of interest in the books of Deuteronomy 23: 19, Leviticus 25: 36, Exodus 22: 25, Ezekiel 18: 13, Ezekiel 22: 12, Psalms 15: 5, Amos 8: 4-6 & Nehemiah 5: 7. The New Testament confirms the prohibition of interest in the Gospels of Luke 6: 35 and Matthew 5: 17. Jesus (Peace be Upon Him) says in the 95th verse of the Gospel of Thomas that if you have money, do not lend it at interest, but give (it) to one from whom you will not get it back. The forbidding of interest in Holy Koran is mentioned in the Chapter of The Romans: verse 39, Chapter of The Family of Imran: verse 130, Chapter of The Women: verse 161 and Chapter of The Heifer: verses 275-281. The prohibition of interest is also mentioned in the Sayings of Prophet Muhammad (Peace be Upon Him). The Apostle (Peace be Upon Him) said.....

"No matter how much is the increment accrued through interest, the eventual outcome is scarcity."<sup>18</sup>

The Prophet also prophesied that.....

"There will certainly come a time for mankind when everyone will take riba and if he does not do so, its dust will reach him."<sup>19</sup>

The Fractional Reserve Banking became a legalized form of economic sacerdotalism at national and international level after the establishment of Bank of England and the foundation of International Financial Institutions (IFIs).

The era of this banking has affected the countries and humanity in form of interest payments on debts, business cycles, buying power, global imbalance of payments, increased taxation and positively skewed distribution of wealth. In the financial year of 2014-15, the UK government rewarded £34 billion overall interest on its national debt, which amounted to 4.6% of overall spending according to the Institute for Fiscal Studies (IFS). In 2015, the United States of America (USA) paid \$223 billion of interest on the debt which amounted to 6 percent of the federal budget.<sup>20</sup> Pakistan spent Rs 1.3 trillion on debt servicing in fiscal year 2015-16 that represented 42.36% of FBR's tax revenue.<sup>21</sup> In Germany, the poor 80% pay one billion Euros in interest to the wealthy 10% per day which amounts to one seventh of German GDP according to Anthony Migchels of Real Currencies. The system has not only affected the states and humanity but also the interest based banking sector itself in the form of interbank rates like that of Federal Funds Rate (USA), the LIBOR (UK) and the Euribor (Eurozone). (To be Continued)

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## An IMF Bridge to Somewhere for Greece?

By Mohamed A. El-Erian

The International Monetary Fund has resurrected an old technique - commonly used in the 1980s during the Latin American debt crisis - that would allow Greece to avoid a payment default next month on debt owed to European creditors. The reprieve also gives the IMF and its European partners time to sort out their technical differences on the struggling country's growth and budget outlook. But the Fund's elegant compromise still leaves Greece under the shadow of an enormous debt overhang; reducing it requires that Europe find a way to set aside national politics and act on the basis of economic logic and necessity.

Europe and the IMF have been unable to reconcile two views of Greece's debt sustainability, with the two sides' differences spilling over into the public domain. Guided mainly by a cash-flow analysis, European authorities argue that low interest rates and long maturities have made the nation's debt sustainable.

But the Fund notes that, at almost 200% of GDP, Greece's stock of debt deters investment and capital inflows. For the IMF, meaningful debt reduction is critical for generating the confidence and credibility needed to break Greece out of a prolonged period of impoverishment.

This is not the only area of disagreement between Greece's two major creditors. They also differ on the realism of some key economic projections, including the important nexus between growth and the government budget, with Europe adopting a much more optimistic perspective.

For those of us who have been following the Greek economic tragedy for many years, much of the European view continues to defy economic logic - and for a simple reason: European politicians worry about the domestic political consequences of granting Greece debt relief, especially ahead of Germany's federal election in September. Offering debt relief, it is feared, could undermine the credibility of governing parties and provide a boost to extremist movements.

To be sure, debt forgiveness is tricky, raising complicated issues of fairness and incentives. Yet, in some cases, there comes a time when refusal to forgive debt is more damaging. European officials know as well as the IMF does that Greece has long been at this stage, turning the country into a permanent "ward of the state" within a eurozone that does not accommodate this outcome well. But they seem unable to act.

With Europe and the IMF failing to agree, Greece has been robbed of the additional funding it needs to clear domestic arrears and meet its rather large external debt-service payments in July. Meanwhile, growth is languishing once again, despite the pickup in European economic performance as a whole. To overcome this bottleneck, the IMF has compromised, by reviving the practice of approving a financing program "in principle."

An approval in principle signals the Fund's endorsement of a country's economic policy intentions. This can unlock other funding (in

this case, from Europe). But the IMF refrains from actually disbursing its own loans, pending a more satisfactory outcome on overall financing assurances (in this case, proper debt relief for Greece).

It is a short-term compromise that acknowledges Europe's political calendar and constraints, helps Greece avoid a summer default, and safeguards the IMF's resources. The arrangement would shift more of the financing burden to Europe, where it properly belongs. And it even provides a signal of unity, despite the important disagreements that remain.

But this is nothing more than yet another temporary solution - or, to be less generous, the continuation of what has come to be known as the "extend and pretend" approach. While the immediate funding issue is indeed addressed, not enough is being done to put Greece on a realistic path of medium-term growth and financial viability. It also risks exposing the IMF to even heavier political pressure, accentuating legitimate questions about the uniformity of its treatment of member countries.

Having compromised, the IMF should now stick to its guns and refuse to make its arrangement for Greece operational until it is satisfied on both debt relief and technical assumptions. And, rather than declare victory, as they were inclined to do in a mid-June statement by eurozone finance ministers, European officials should treat this compromise as the next step in softening its increasingly untenable stance on Greek debt.

In the meantime, both sides would be well advised to undertake a careful analysis of previous experiences with programs that were approved in principle, rather than becoming immediately operational. When defined well, including by specifying a short period for the prospective shift to being fully operational, such programs can serve as a catalyst and conduit for relaxing a binding constraint on growth and financial viability. They need to be part of a constructive process. They do not work as standalone solutions.

Notwithstanding some bumps along the way, the success of such programs in the 1980s helped avoid disruptive defaults, and culminated in meaningful reductions of debt and debt-service obligations, which helped several Latin American economies restore high growth and financial viability. A few years later, the process was repeated successfully in the debt-reduction programs for low-income countries under the HIPC (Heavily Indebted Poor Countries) initiative.

The grudging short-term compromise between the IMF and Europe comes after months of sometimes acrimonious discussions. For the sake of Greece, and for the credibility of their own future interactions, they should view it as a stepping-stone to the (long-delayed) definitive resolution of Greece's economic and financial malaise. Greek citizens have waited, and suffered, long enough. (Courtesy Project Syndicate)

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