

Date April 18, 2019

PAKISTAN HAS BECOME A ‘CASINO ECONOMY’: BENGALI

ABDULLAH MUGHAL

LAHORE: Renowned economist Dr Kaiser Bengali has said that Pakistan has become a casino economy where development projects are planned only in the interest of contractors but not the public.

“Technically, Pakistan’s economy is already in default; given that there emerges a net negative balance. This crisis has not arisen as a “short-term cash flow problem”. It is rooted in long-term decay of the productive sectors of the economy,” said Dr Kaiser at the launching ceremony of his report “economy on a roller coaster-and stuck in the mud” at a local hotel on Wednesday. The report is a 25-year review of the state of economy from 1990 to 2015.

Dr Kaiser Bengali said that his analysis of the last quarter century performance of the economy shows that 25-year average growth rates of key crops and manufacturing sectors have ranged from negative to as low as one percent and has been consistently unstable.

He said the agriculture and manufacturing are the commodity producing base of the economy and has deteriorated to levels where output, exports, revenues and employment opportunities are effectively declining. The GDP growth reported year to year is artificial, as wealth is being created largely through speculation in the stock market, the property market and the commodity market. “The management of the economy, particularly post-2000, has rendered the economy hostage to foreign interests,” he commented.

“The elites have enough financial cushion to bear the brunt of the emerging crisis, but the ordinary people will be left facing mass unemployment and inflation—and poverty and hunger. The economic decline also poses serious threats to the security of the country,” he wondered.

Bengali also showed data and graphs of Pakistan’s economy of 25 years (1990-2015) regarding the overview of the state of the economy, key crops output, sample manufacturing output, external economy indicators and the growth volatility.

He recommended a 12-point programme to promote industrialization and revive the economy including ban on all non-essential consumer imports, reduction in the GST (goods) rate to 5 percent; single stage (no adjustments, no refunds) to promote manufacturing, strengthening capital gains tax measures in capital markets to discourage short-term speculative trading, induction of the principle of “right of first purchase” in land/property transactions and imports, revival of Pakistan Industrial Development Corporation (PIDC)’s role in setting up industries in Public Private Partnership (PPP) mode.

It may be noted that Bengali had served as the first head of Benazir Income Support Programme and designed the programme and has also represented provincial governments of Sindh and Balochistan at the 7th and 9th National Finance Commission (NFC) respectively.