

Traders' strike

FROM all appearances, the traders pulled off a rare show of unity on Saturday. Barring a few places including some in Karachi, their strike call has been widely observed around the country. Not since the late 1990s have we seen such a forceful response from this disparate and divided community. Bringing the 4m-plus registered traders of the country, and their hundreds of associations, together onto one platform is no mean feat. Such a show of force on a national level means there is deep and widespread sentiment in the community that is hostile to the revenue drive that the government is committed to carrying out.

But having shown this resolve, a problem confronts the trader community. Where does it go from here? If the government stands firm, there is little more it can do to force its demands. Striking on one day, and that too on a Saturday when business is slow anyway, is not the same as prolonged shutdowns. That would be the next test of the mettle of the leadership of the trader community. At this point, the traders' threat of marching on Islamabad seems like a distant prospect. Resorting to a test of wills of this sort will certainly escalate matters, and perhaps carry political ramifications as well, but it will be immensely costly for the traders themselves and is likely to splinter their ranks. Despite the show of force, there is still reason to doubt how far the traders can actually take their protest.

For the government, however, the road forward is more straightforward. This is not the first government to launch an aggressive effort to document the trade and services sector, but it can be the first to break new ground in this effort. Where others before them were brought to grief because of their limited ability to absorb the political fallout, this government has the leverage behind it in the form of support from the establishment. Another reason this government can succeed where others before it have failed is linked to the possibilities opened up by contemporary technology. It is much harder today to conceal the beneficial owner of money than it was a decade ago. The traders have shown immense resilience in being able to shift to cash transactions when they were slapped with withholding taxes for non-filers of tax returns in the past, but even that resilience has its limits. Having programmed the incremental revenues from the documentation drive into the IMF deal, they have very little room for backing down, since that would mean raising taxes in some other sector where compliance issues are not as strident and noisy. Not only would that be bad economic management, it would signal weakness on a scale that the PTI government cannot afford to show.

Editorial