

Budget, IMF & subjugation – I

In 2016, we wrote an article, entitled, 'Budget of trapped and enslaved'. In 2019 the situation is no different; it is rather worse. All the six budgets presented by the last government of Pakistan Muslim League (Nawaz) [PMLN] from 2013-2018 had the common characteristics: encouraging imports and destroying exports, crushing the poor and appeasing the rich, ignoring the suggestions of local experts and toeing the lines of the lenders/donors. The crafty economic wizard (sic) of PMLN, Ishaq Dar, now a fugitive, ensured that our economic enslavement should further accentuate through burgeoning debts. He faithfully obeyed commands of the International Monetary Fund (IMF) that gave US\$ 6.6 billion bailout package. The same amount has now been secured by the coalition government of Pakistan Tahreek-i-Insaf (PTI) with conditions imposed are the most stringent in our history of having many bailouts from the IMF.

During the infamous Dar era, the cause for concern was not as much as toeing the lines of IMF and earning "good" reports and "generous" waivers as it was reflection and confirmation of the age-old adage: beggars cannot be choosers. The real worrisome aspect of his budget making and "managing" (sic) economy was figure fudging and manipulation of incomes/expenditure accounts for painting a rosy picture. He hoodwinked the entire nation and even the PTI after coming into power admitted, "we were not anticipating that situation would be so bad".

During 2013-18, many independent economists have been warning about the deteriorations and distortions in economy, especially on external front with mounting debt burden and dwindling debt sustainability but Dar criticised them and even wrote a column accusing them of doing "disservice to the nation". We took strong exception of that, contested his shenanigans and exposed his lies in two articles, Debt debates, Business Recorder, February 3, 2017 and Rejoinder: Debt Debates, Business Recorder, February 28, 2017, which are now part of history. Other than PTI which at that time was highly vibrant, PPP and others did not pay any heed to the facts we narrated and warning issued for future economic meltdown. PTI though criticised Ishaq Dar for his blatant lies but failed to present its own concrete manifesto/programme/plan/strategy to overcome fiscal woes if voted in power. This confirms callousness on the part of all political parties with PTI being no exception. Had PTI paid attention to what was suggested by us and many economists exposing Ishaq Dar and prepared a well-thought-for plan for economic revival, things could have been much different. We could have averted the chronic economic crisis staring in our face right now.

What our rulers did in the past, where we stand now and what may happen in future is described by economist Kaiser Bengali while speaking at an event in Karachi, titled "Ye Watan Humaara Hai: IMF & the Economic Future of Pakistan", alongside economists Akbar Zaidi and ex-Finance Minister Asad Umar, in the following words:

"After the 1999 military takeover, an imported finance minister who then became the prime minister was brought in who brought an imported team of technocrats who were all employees of international financial organisations. They deliberately opened up the country to such an extent that the foreign exchange gap we are facing today was unreachable without approaching the IMF. I am using the word deliberate because Pakistan has been led up the garden path to this point so that we can be blackmailed, and we are being blackmailed and the story is yet to unfold".

The PTI's performance within few months of coming into power: from seeking help from friendly countries to accumulating more debts without salvation, from failure to attract mega remittances and investments from Pakistanis residing abroad to mismanaging tax collections, from the unceremonial exit of Asad Umar to bowing before the IMF, from slogans of self-reliance and promoting own talent to giving economic affairs to Dr Abdul Hafeez Shaikh of the Zardari era, is continuity of our subjugation and humiliation. Akbar S. Zaidi candidly commented: If Hafeez Shaikh does even one-tenth of what he did when he was part of the Zardari government, then you can only imagine where we are headed. Things can be much worse now."

In a nutshell, on June 11, 2019, we are going to hear the same old style budget where there is no relief for the masses, no structural reforms, nothing innovative, but all efforts in meeting the conditionalities of the IMF. The same old jargon of tough measures for "fiscal stabilization" that means more taxes on the masses, no plan for rapid growth and no measures to end luxuries of the privileged classes.

The trio of incompetent politicians, tax bureaucrats and foreign-imposed technocrats love the agenda of lenders/donors. They keep on singing the mantra of "more taxes" and improving "tax-to-GDP" ratio without admitting that Pakistanis are one the most heavily-taxed nations in Asia where even those not earning taxable incomes [the number is as high as 90 million unique mobile users] pay advance income tax of 12.5% with bills/recharge and the apex court had refrained to intervene. How can you collect advance income tax from those who have no taxable income? This is the cruelest act on the part of State violative of Article 3 and 4 of the Constitution of Pakistan. Adding insult to injury, these taxpayers (majority is not filing income tax returns as they have below taxable incomes) get nothing in return, not even a decent education, healthcare, public transport, clean drinking water and other civic amenities.

The lenders and donor-funded tax reform and other initiatives never stress the governments to start taxing extraordinary perks and perquisites available to the mighty politicians sitting in Assemblies, Senate and powerful members of militro-judicial-civil complex. They never talk about taxing members of elite clubs enjoying huge golf courses on state lands, clubs, rest houses etc. Never recommend adequate and quality spending on health, education and human resource development.

Our privileged classes (militro-judicial civil complex, businessmen-turned-politicians and unscrupulous businessmen) thrive on taxes and borrowed funds, enjoy unprecedented tax-free parks and perquisites and concessions through statutory regulatory orders (SROs). The IMF (lender of last resort) and many foreign donors never in their studies criticise our governments for not living within their means. They never ask them how the super-rich successfully manage to escape taxation on their colossal incomes and why they get generous and frequent amnesties-majority of them are non-filers. Many say that they, in fact, want our incompetent rulers not to bring any meaningful reforms in the existing elitist structures so that our dependence on them should continue unabated. It is evident from the fact that despite giving loans and grants of millions of dollars and sending experts (sic), tax reforms in Pakistan undertaken under their supervision have been failures. Many say just a farce!!

(To be continued) (The writers, lawyers and partners of Huzaima, Ikram & Ijaz, are Adjunct Faculty at Lahore University of Management Sciences)

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