

**Economy & common sense**

THE deed is done. After months of wrangling over matters hidden from public view, an IMF bailout package has been secured. Now a debate is going on among the learned economists about whether the tribulations of the citizens can be blamed on the IMF. The people are yet to be told of the extent of the benefit the IMF deal will bring.

Alright, the IMF should not be blamed for the devaluation of the rupee, nor for the imminent increase in utility charges. Saying that this is the result of the ruinous policies of our past rulers should also be reconsidered. But two points need to be cleared.

First, it is wrong to demonise only the two political parties that were in power from 1988 to 2018. They did contribute to the mess, but the regimes of generals Ziaul Haq and Musharraf caused greater harm to the economy (and politics) than the much-maligned political parties. In any case, it is time the government stopped raining abuse on its political opponents and sought public backing on the strength of its achievements.

Second, if going to the IMF was a totally harmless matter, why did the government look for an alternative and delay its mercy petition to the Fund? Even if the IMF is imposing harsh conditions in the interest of institutions that are expected to lend money to Pakistan, the ordinary people will have difficulty in deleting the names of signatories to the deal from the agents of their torment.

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The citizens understand the fact that the government did not have the fiscal space it needed to keep the state functioning. Have any efforts been made to identify the causes of the crisis that made appeal to the IMF unavoidable?

All experts agree that the next few years are going to be extremely hard for the people. Unemployment, cost of living and pauperisation of the bulk of the population will increase, inequality will grow, crime rate could surge, the cost of law enforcement might mount higher, and discrimination against women and minority communities might become more intense.

It may be borne in mind that the size of IMF's direct financial aid is quite small. It is expected to give six billion dollars over 39 months, roughly \$0.153bn a year, which is considerably less than the monthly remittances from Pakistanis working abroad. The real benefit of the IMF patronage is said to be an increase in foreign investment and the facility of securing loans on low interest rates from various international and regional institutions. The possibilities of gains on both counts need to be realistically assessed. Neither foreign investors nor lenders are likely to rush to embrace Pakistan if law and order and the availability of energy do not improve.

Whoever may be responsible for bringing the country to a sorry pass, it is the duty of the government to overcome the crisis in the shortest possible time. The people will need to be assured of economic recovery through well-conceived strategies and adequate capacity to implement them. Rhetoric alone will not keep hopes of a turnaround alive.

From ordinary citizens' point of view, the bitter pill of IMF patronage will have the best possible effect if Pakistan earnestly launches a two-pronged drive — one to reduce the wastage of resources over non-productive state and non-state activities and, secondly, to use the borrowed money most efficiently, in the largest possible national interest.

The first condition is quite difficult to meet. Pakistan is by habit a profligate state. It spends more on administration, and a corrupt and inefficient one at that, than it should. If one looks at the remuneration and perks of the different bureaucratic services, the increase in legislators' pay packets and the retirement benefits of privileged services and officials, nobody will believe Pakistan is a cash-strapped country.

In the quasi-private sector the savings of the rich are being drained off by the almost autonomous builders of luxury houses. Pakistan cannot afford the palaces that are being built in Karachi, Lahore and Islamabad by the two largest house-building behemoths. And now the epidemic of siphoning citizens' resources into housing has spread to smaller cities, such as Gujranwala and Bahawalpur.

Unless the present level of extravagance by both the state and non-state actors is scaled down, no respectable rate of economic recovery should be expected.

As regards the use of financial resources that are expected to be available over the next few years, a beginning ought to be made by accepting the fact that Pakistan is notorious for wasting its loans on inappropriate undertakings. The people will be justified in calling for guarantees that from now onward the resources will be used on projects that promise progressive accumulation of gains. It is absolutely essential to ensure that recovery and development projects benefit not only the state, but also the citizens. The country can no longer afford enrichment of the state and the members of the elite while a vast majority of the population becomes poorer and inequality becomes more and more debilitating.

Nobody can deny that Pakistan's system of governance is rotten to the core. If the resources now available are to be handled by this system, nothing short of an apocalypse is in store for this country. Unfortunately, the people who have the mind, the will and the skill to create an efficient apparatus for economic recovery are not in sight. At a minimum, there is need for an accountability mechanism of an order Pakistan has never developed. Parliament must be helped to play its key note in steering the country out of the danger zone and the people should be allowed to discuss the responsibilities Pakistan has assumed and will assume. All moves to replace transparency with secret rule and to curtail the freedom of expression must be completely halted.

The people have the largest stake in pulling the country out of the mire; their right to play their due role in national recovery must neither be trimmed nor obstructed.

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