

Harsh measures now must to fix Pakistan's worsening economy

LAHORE: The vibes emanating from the independent economic experts about the state of Pakistan's economy are not very encouraging. By accepting International Monetary Fund (IMF) conditions upfront, we do not have the liberty of any margin of error and perfection is not our forte.

One thing that has now been settled for good is that whether we get the IMF package or not, the economy would remain in recession for at least a year. The steep decline in rupee and high mark-up rates, have ensured that the investors stay away for a while.

All the investment feasibilities have turned topsy-turvy. The uncertainty that prevailed in the first nine months of this regime is still there.

No one is sure about the ultimate value of rupee or the direction of policy rates in the short-term. The energy and power rates are on constant rise and rupee devaluation has added salt to the injury.

Similarly, there is no surety about the directions of exports. Experts wonder as to how long the imports could be curbed to reduce the trade deficit. The decline in imports is not restricted to non essential items, but the reduction in imports of industrial inputs is sharper.

Some experts' advice the government to renegotiate the IMF deal, but it is too late for that because we have already taken painful steps that cannot be reversed. Major IMF conditions have already been fulfilled. We have to move forward. Time has come to either put our house in order or face a more severe crisis.

First of all, the stewardship of the economy should be entrusted to a single person. You have inducted technocrats and now let them operate independently.

The technocrats operate with mind and not heart. They will take decisions that are in the long-term interest of the economy. They abhor public appeasing policies that usually derail the economy.

When government announces that there would be no subsidies, it should be applied to every citizen. Subsidy is not only reducing the cost of services or goods through state money.

The facility allowing import of luxury cars for scores of persons from the prime minister to the head of a few institutions was also a subsidy that the government gives to the beneficiaries by waiving all state levies on that import.

The beneficiary could earn millions the very next day by selling the imported vehicle at a little lower than market price. When we talk about withdrawal of all exemptions then these exemptions must be withdrawn first.

The entitlement of free power supply after retirement to high government functionaries was also a subsidy. When all government servants are entitled to pension only and no other perks then additional perks and privileges to top retired bureaucrats is unfair.

They should be entitled to only their actual pension, as is a peon entitled to after serving the state for 40 years. These measures would be extremely painful for the serving top bureaucrats that hope to avail these perks after retirement.

No politician or even a technocrat would dare to touch the unfair after retirement perks of high government officials.

The government has not raised minimum wage in last two years, but the salaries and pensions of government employees continued to increase above the inflation level. Why can't we cap the salaries of all grade 18 and above officers and instead give rise to government employees working in grade 1 to 16.

This will help narrow the huge wage gap between the high and low level bureaucracies. To ensure better public services, the government would have to treat the ordinary citizen and influential equally.

If there is load shedding in any city it should be in all localities, including residences of the president, prime minister, governors, chief minister and federal and provincial ministers. When they feel the pain of load shedding equally, the service delivery would definitely improve.

Government must make it mandatory that the children of government servants are enrolled at public schools. The conditions of schools and education would automatically improve. Common man will be the beneficiary of these measures.

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