

Business as usual?

COMPARED to other political leaders on the Pakistani circuit, Imran Khan has some things going for him. He is the first elected politician from the urban middle class. To achieve top ranking as a professional, even if one is a sports professional, requires leadership, a work ethic, exceptional dedication, and the ability to recognise skills in people. These are traits that most of his competitors will never develop. No wonder he has chosen a good economic team. However, economic teams need political thought to guide their approach and Imran does not appear to have one.

The tried and tested Mr Hafeez Sheikh is trusted by the establishment which remains Pakistan's biggest stakeholder. A reformer, he is not. We really don't know and will probably never know his economic view about the practicalities of the PTI's manifesto which promises to finance a major public-sector investment of building five million houses and how that spending sits within our economic space.

We are also yet to hear Mr Sheikh's view on the PTI's promise of removing state-owned enterprises like PIA and Pakistan Railways from political control. His past record would indicate that he will find it difficult to sign up on his own and his constituency's behalf to even the less revolutionary PTI promises, namely, that PIA should be removed from the defence ministry's control and that the Railways be placed under professional control (which would effectively mean firing Sheikh Rashid).

What is Imran Khan's new economic team missing?

Mr Shabbar Zaidi is probably the best private-sector choice available in the country for FBR. He was the excise and taxation minister when I was the finance minister in the 2013 caretaker cabinet of Sindh. He had also earlier advised the Sindh Revenue Board informally when I was its chairman. His grasp on Pakistan's tax structure and taxation matters is supreme.

Technically, he is one of the best people to have on a leadership team. However, to make a success out of him, Imran must openly discuss with him not only the issue of raising revenue, but the politics around it. Currently, everything coming out of FBR (including the amnesty) appears to be motivated by big business interests. That might be palatable if Pakistan's big business was independent.

Unfortunately, from Malik Riaz to Jahangir Tareen, there is not a single tycoon in Pakistan that has developed business independent of government interaction. The model of big business in Pakistan is one of reliance on state patronage and not of innovation. There is no Bill Gates, Elon Musk or Richard Branson story here. Any successful big business in Pakistan, if dissected, would reveal a nexus with monopolies, the establishment, or political elites. It is doubtful if Shabbar Zaidi would be able to transform this dynamic in the absence of political support.

Normal business in Pakistan exists not with the support of the state, but despite it. A recent example of the state's response to the challenge of lowering imports was instructive. Some bright spark in the commerce ministry advised that the word 'halal' must be printed on all food products being imported. Enforced without notice, the draconian measure even impacted importers whose products

were already en route. Obviously, imports were reduced as a huge logjam developed at our ports. Nobody was bothered about the distress to the genuine importers whose precious capital underlies such shipments. The distress of labour whose daily jobs were lost due to this false effort to improve macroeconomic indicators will eventually end up at Imran's political door.

Another interesting current account management measure is that the State Bank is not allowing import businesses to book the dollar for forward trades. This essentially leaves businesses with the uncertainty of not knowing the price at which they will be discharging their Letters of Credit when goods land in Pakistan. Obviously, given the free fall of the rupee, this exposes them to massive currency risk. And many of our imports contribute to our exports, so it impacts the ability of our exporters to quote prices. What kind of government acts like this?

Apart from cunning plans of the type mentioned earlier, which eventually do more harm than good, the past nine months indicate no genuine politico-economic reform is being driven. Zulfikar Ali Bhutto was the last politician who introduced measures to try and reform political relations underlying Pakistan's political economy. He then backed out of his commitment midstream by shifting political reliance from his socialist economic team to the local political elites. He paid dearly for the polarisation without panacea which he created. Perhaps Imran is opting for a safer course, which is to play with no political ideals and call it realism — but then Nawaz Sharif and Asif Zardari are better at that game. If Imran's politics is not distinctive, it is doomed.

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