

LETTERS

Uncertainty and business sentiment

In his latest contribution for this newspaper titled “Desperately seeking good news” Shabir Ahmed has raised a highly important point by arguing that “Nothing hurts business sentiment like uncertainty. Everyone understands the government’s compulsions and limitations, but a government that does not share its plans either insults the intelligence of its people or creates an impression of incompetence.”

It is generally argued that uncertainty about the future rises in recessions. It is also argued that uncertainty is a source of business cycles. There are economists who strongly believe that uncertainty in fact is an endogenous response to business cycles affected by woeful economic slowdown. Unfortunately, however, we are facing a recession-like situation in Pakistan at this point of time.

Rawalpindi Mehwish Naqash