

### **Tough conditions**

The first round of talks between the IMF and Pakistan has concluded and it seems that for now the PTI government has shown itself to be unwilling to budge on a number of IMF demands. The IMF has asked the Pakistan government to increase the price of electricity by over 20 percent, as well as a further depreciation of the Pakistani rupee and also for the full details of its agreements with China before it can commit any funding to the country. The first two have to do with public welfare and there is a strong case for the government to avoid any kind of 'bitter pill' for citizens. The demand for details on Chinese loans seems to be a reasonable demand from a lender who wants to know whether they would be able to recover the money they would lend. As a lender, the IMF is well within its rights to ask for details of other loans that Pakistan has incurred, including those with China. The details of these should already be public – but one can argue that the problem of secrecy continues to shroud more than just the China agreements.

Even now, the logic behind the proposals from the IMF and the details of the government response are not available. Finance Minister Asad Umar has made it clear that there are 'gaps' in the position of the two parties – but indicated that the burden was on Pakistan to remove those gaps. What appears clear is that the IMF is planning to keep Pakistan on a tight leash if it agrees to give the country another bailout package.

The PML-N government was able to get away with not fulfilling a number of conditions, which the PTI is now forced to agree to even before it begins to receive funding. But it is also important that serious questions are asked about previous IMF engagements in the country. Will someone in government ask the IMF why it was giving glowing reports of Pakistan's economy only a year ago? How can the lender justify the drastic measures it is proposing when it was praising Pakistan's economic performance only recently? The PTI's problem is its unwillingness to admit that anyone before them knew what they were doing. This is the PTI's 'Trojan Horse' which the IMF will happily deploy to cover for its own shortcomings and blind spots. It is good to see the PTI differ on some key pointers with the IMF. However, it needs to articulate better rationale if it is to avoid being taken on a ride by the international lender.

### **Editorial**