

Economic bits: listen to the whiners

We can endlessly debate over why the Saudis suddenly coughed up US\$ 6 billion. A position polar opposite, which some may even categorize as a U-Turn, to their earlier casual attitude, evident from vague promises of investment, to help Pakistan financially, however, from a personal perspective, we are unlikely to reach a reasonable conclusion; sometimes mortal minds are incapable of understanding the inexplicable.

To add more mystery to the above pinch of supernatural, there are rumours that even the Chinese are desperate to give money to Pakistan, about US\$ 2.7 billion, and that perhaps there are a few more friends who have suddenly appeared on the horizon holding dollars. This is utterly confusing, since according to general knowledge the Chinese have never been in the business of free money; albeit considering what they have already taken from us, this might not be free money at all. Let's see where we are next week when the article, hopefully, gets published and the dust has settled.

In the meantime, the tables surely have turned for the eternal cry babies, the whiners, with just this commitment, not even hard cash yet, of a mere US\$ 6 billion. Nobody seems to be interested in talking about the International Monetary Fund (IMF) anymore, or about the Government's epic failure on the economic front in less than 60 days. And yes, the Saudis and the Chinese are amongst our few friends in the world, and yes the former has helped us financially before as well, but still, however which way you may look at it, whoever is holding the pillow when the music stops, is it!

At this point, I must accept that I was wrong in my earlier position that only gold under the Margalla Mountains or puddles of oil reserves can pull out Pakistan from its current economic woes in the short term; raining dollars works too!

But the economy is a fickle friend, or enemy even; which is why none have succeeded in ever predicting the economy or postulating a universal economic theory which works. And which is why it would not be sensible to become complacent with just US\$ 6 billion in the kitty. And even worse would be to be surrounded by those who cheer rather than those who whine.

Remember, just 5 years ago, when the previous Government came in and the economy was in a mess. And then we went to IMF got some playing money coupled with a structural program and the feel good atmosphere suddenly became pervasive. The stock market went up the GDP went up and we borrowed and borrowed to build infrastructure. Five years later, all we have is more debt, much more, with burdensome loss making projects and no structure; in fact we are much worse off. Even back then, there were voices of dissent, which were unceremoniously ignored. There were those who kept repeating that the stock market has nothing to do with the real

economy and when the feel good goes away the asset prices will come down to their intrinsic values minus the feel good value; and that intrinsic values were not looking that good.

History repeats itself, absolutely, unless you learn from history.

Then and now, the initial cash injection was/is a short term measure, and if follow up steps are lacking, the time frame in which the tide reverses, for the negative, again, will get shorter and shorter. Kudos on the earlier gains, the feel good is in the atmosphere again, things look positive, albeit, the "Bits" are even more important now considering the level of trade deficits we have achieved. This time around, if the leakage is not stopped, we will be back to square one in less than a year. Admittedly, perhaps I am a whiner too, and write this piece in self-interest, but that is exactly the point!

Imports need to be curtailed and tariff hike is the only option, irrespective of the dent it might make in exports. But more importantly we need to invest in industrialization, because that in my opinion is the only way to create jobs and reverse the trade deficit in the medium to long term. Albeit putting everyone in jail will not help with capital investment. Going after the corrupt is indeed a noble cause, but if the system only supported the corrupt, everyone will end up in jail and while state capitalism is needed desperately, there is a limit to what the State can accomplish.

But I digress, today's bit is not about previous bits, it is about the whiners. It is about listening to dissent, and not shooting the messenger. It is not only about whom you have in your economic or business council, it is about who you listen too. If you only have time for those who agree with you, pretty soon you will be walking around without clothes. Admittedly most whiners generally spew bullshit, but sometimes they don't. Ultimately therefore it makes sense to patiently listen to the whiners.

Cheers.

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