

The Business

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Rise in debt

The government's reliance on debt equity is exceeding the reliance placed by the then Finance Minister, Ishaq Dar, on this very expensive source of finance. Debt includes: (i) Eurobonds/sukuk. The government has not yet issued either of these bonds though there are reports that it is considering issuing them in the near future. Pakistan Bnao Certificates were however launched by the present government and envisage an interest of 6.25 percent for those maturing in three years and 6.75 percent for those maturing in five years; (ii) loans procured to deal with power sector arrears attributed to poor governance (the Dar-led Finance Ministry cleared over 400 billion rupee circular debt by borrowing from domestic commercial banks in June 2013 with the interest on this loan still being paid by electricity consumers and the PTI government is planning to borrow half that amount - \$1.44 billion or around 200 billion rupees for the same purpose from Islamic financing through a consortium led by Meezan Bank over and above the more than 100 billion rupees already borrowed from a consortium of banks led by National Bank; (iii) Panda bonds in the Chinese capital market though the exact amount and the terms are yet to be finalised.

The previous governments relied heavily on this as a source of finance - up to \$4 to \$5 billion in the last fiscal year was borrowed from commercial banks abroad and the present government has not abandoned this source of financing, though it reduced the reliance considerably and borrowed up to half a billion dollar from foreign commercial banks between July-December. The PTI government has also engaged in borrowing heavily from the SBP - to the tune of over Rs 3 trillion in the current fiscal year to date, higher than in the comparable period of the year.

The rate of return allowed on debt is a function of the country's rating and in Pakistan's case, it is extremely disturbing that the government has decided to raise debt at a time when both Fitch and Standard & Poor's, two out of three major global rating agencies, have downgraded Pakistan's ranking - the former downgrading Pakistan's foreign currency issuer default rating from B to B negative and the latter lowered Pakistan's long-term sovereign credit rating soon after the government launched the five-year dollar-denominated Pakistan Bnao Certificates from B to B negative. This explains why the interest rate on the debt instruments is more than double the prevalent rate in the international marketplace and this, coupled with the rupee depreciation, is expected to add exponentially to Pakistan's external indebtedness in months to come. One can only hope that the government's over-optimistic prognosis for future growth of the economy and foreign investment inflows would enable it to clear debt payments as and when due.



Traversing presidential slums

AMIR HUSSAIN

What kind of happiness do you want to see in us? We smile not for a social reason, we smile to express our genuine happiness. Happiness for you may be a set of valuables and a sellable proposition but for us it is about relationships and affection.

"When all you have is poverty and destitution with no hopes for any better, you cannot smile in desperation, you can only be taken aback by the lies and deceptions of those who come to us once in five years for a vote. They never return to us then and their false promises of change take their toll on our lives. "We have had enough broken promises from politicians, change-makers and social workers and when you come to us with a promise we have all the reason to laugh at you."

Wisdom oozes out from the words of a poor man in the narrow and crummy streets of a lower-class and near-slum locality in Karachi. The anonymous gentleman runs a small grocery store in a poverty-ridden neighbourhood adjacent to a business hub surrounded by skyscrapers in the city centre. He is among those few wise people who strive to survive in despair far from the limelight of our flamboyant corporate media. These scenes of extreme poverty and wretchedness are not the only story of Karachi though. This metropolis has also stories of growing islands of abundance and riches which in turn create a sharp and visible socioeconomic divide.

The inclusive economic and social culture of this mega city is being replaced by a divided, atomised and exclusionary social life, with opulence and poverty living together but not on talking terms. This rising disparity has all the potential to transform Karachi into an ideal neoliberal mega city with the advent of global private investments if CPEC works well. There is no long-term urban planning in place to cope with the impending challenges of vertical economic growth, exclusion, disparity and deteriorating quality of life of growing poverty. The magnificence of towers of prosperity is overshadowed by the vertical slums of poverty with worsening conditions

of basic civic amenities. From the expensive vantage point of your five-star hotel's window, all you can see is dispossession, plight, poverty, wretchedness and callous disparity in the largest metropolis of the country. If you happen to visit Karachi, all you appreciate is the resilience of city-dwellers who were able to cope with the longstanding economic woes and political turmoil for almost four decades. Karachiites have mastered the art of survival and perhaps are one of the most resilient people on earth. This metropolis has gone through one of the worst times of its history in the recent past and some people believe that Karachi is in its recuperation phase - but what is not returning to normal is its inclusive economic and social life.

The outcome of conflict is a divided urban society on ethnic, sectarian and economic lines. The ethnic and sectarian divide in Karachi was politically orchestrated but it has destroyed the pluralistic culture and inclusive economic life of this mega city. Karachi was once the emblem of national unity, a city where different ethnic groups lived together in peace and harmony, driven by their collective economic necessity. The identity politics that started to reshape the political and economic landscape of Karachi in the 1980s was detrimental to industrial growth and inclusive development when the city emerged as a hotbed of political conflicts on ethnic lines.

The paradox of identity politics to claim equitable access to more resources actually led to a sharp decline in the industrial and economic growth of Karachi. Karachi constituted 70 percent of share in the national economy but its share gradually declined with the process of de-industrialisation and the protracted ethnic conflict. Ethnic political groups in Karachi accuse the state of conspiring to de-industrialise Karachi but in reality these very political forces became the key players to trigger this economic decline. A divided and conflict-ridden society resulted in capital flight and investors had to flee this hitherto national industrial hub to secure their money. Opulence and poverty reside side by side with increasing disparity between the rich and the poor in Karachi. The once dynamic middle

class of the city is now disappearing or being pushed into poverty. A few yards away from the clattering prosperity of the chain of five-star hotels - the usual abodes of our insensitive and supercilious affluent class - there exists a sea of teeming poor whose miseries never come to an end. You cannot evade the scenes of deprivation of the poor masses toiling and sweating for a few bucks in the narrow and dirty streets of Hijrat Colony in the Civil Lines area. This is the political constituency of the president of the country whose political verbiage of change has, perhaps, not reached his own constituency yet.

There is a simmering sense of outrage against the promises of change which are not being materialised. This is, however, not to say that living conditions have deteriorated under the current government; the decline and deterioration of the social and economic life of Karachi has a history of decades. But what is critical for the current government is to act on its promises of change beyond political rhetoric, which is short-lived and has started to adversely impact the image of Naya Pakistan itself - if there is any. This is at least what I could decipher from my discussion with the residents of the poverty-stricken areas of Karachi during my recent visit. The symbolism of popular disdain is reflected through the sarcastic use of the phrase 'Naya Pakistan' by the people I meet in the middle and lower middle class localities of Karachi. The hopelessness stares at you when you traverse the city in the hope of seeing the change that was promised. But it does not move the political elite and town planners of this mega city. The government has to show its seriousness by walking the talk to ameliorate the living conditions of the poor. Would it be possible to think of a changing Pakistan when you are left traversing the sprawling vertical and horizontal slums in Karachi? The most politically debilitating factor for the PTI is the fact that one has to traverse a presidential slum amidst the palatial riches of his political coterie. Poverty is a challenge but you must have an elaborate plan to fight this insidious demon. When you traverse the presidential slum, you do not need any justifications, all you need is change for the better.

Civilians and strikes

BRETT WILKINS

Nearly 12,000 civilians have been killed by US-led air strikes in Iraq and Syria since 2014, according to a statement from the Iraqi High Commission for Human Rights.

IHCHR spokesman Dr Ali A Al-Bayati said on Saturday that "about 11,800 civilians, including 2,300 children and 1,130 women, were killed in addition to 8,000 wounded by the bombing of the coalition in Iraq and Syria".

There have been more than 30,000 US-led air strikes in Iraq and Syria since former president Barack Obama launched Operation Inherent Resolve, the anti-Islamic State (IS) campaign, in June 2014. The vast majority of these bombings have been carried out by US warplanes. Britain, France, Australia, the Netherlands, Belgium, Denmark, Canada, Saudi Arabia, the United Arab Emirates, Jordan, Bahrain and Turkey have also conducted thousands of air strikes. So has Russia, which is fighting in support of Syrian President Bashar al-Assad's government.

While Al-Bayati said IHCHR "appreciates the efforts" of the US-led coalition "in helping Iraq in its fight against terrorism," he lamented that the 11,800 deaths he reported "are much more than the official numbers published by the international coalition".

The US military estimated in December that "at least 1,139 civilians have been unintentionally killed by coalition strikes since the start of Operation Inherent Resolve".

Al-Bayati said the high number of civilians killed constituted "clear violations of international humanitarian law and the Geneva Convention, which oblige all belligerents to abide by safety standards and to protect civilians in wars."

Although US military and government officials claim to take great care to avoid killing or injuring civilians, the country has been widely criticized for the high number of innocent people killed in Iraq and Syria, as well as for undercounting and failing to adequately investigate incidents in which civilians are harmed. Last week, French Col. Fran-

cois-Regis Legrier, who commands artillery strikes supporting Kurdish-led fighters in Syria, blasted allied conduct in the war against IS.

"We have massively destroyed the infrastructure and given the population a disgusting image of what may be a Western-style liberation, leaving behind the seeds of an imminent resurgence of a new adversary," Legrier wrote in the National Defense Review. A French Army spokesman said the colonel could face punishment for his unusual comments.

In the wider US-led "war against terrorism", at least hundreds of thousands and likely well over a million men, women and children have died since late 2001. The US military has killed more foreign civilians than any other armed force in the world since the nuclear war waged against Japan in August 1945.

Shortly after entering office, President Donald Trump - who campaigned on a promise to "bomb the shit out of" IS militants and "take out their families" - loosened rules of engagement meant to protect civilians. A dramatic increase in civilian casualties followed in six of the seven countries subjected to the open-ended US military campaign. In May 2017, former defense secretary James Mattis announced that the US was shifting from a policy of "attrition" to one of "annihilation" in the fight against IS, while dismissing civilian casualties as a wartime "fact of life".

Just weeks after Mattis' announcement, US forces bombed an apartment building in the densely populated Jadida neighborhood of Mosul, Iraq, killing nearly 300 people in what is likely the deadliest single US air strike since the Vietnam War. While civilian casualties caused by coalition forces have fallen off to near zero in Iraq since IS was largely routed in the country in late 2017, coalition bombing and shelling are still killing and wounding civilians in Syria. The UK-based monitor groups Airwars and Syrian Observatory for Human Rights (SOHR) have reported scores of civilians killed since Trump declared victory over IS in December.

The Pulwama aftermath

MURTAZA SHIBLI

The deaths of Indian security personnel in a massive explosion on a busy highway at Lethpora in the Pulwama district was the first such successful fidayeen attack in the history of the Kashmiri militant resistance.

The first such attack occurred almost two decades ago and was a flop; the Kashmiri militant who was driving an explosive-laden car to ram into the Badami Bagh cantonment in Srinagar lost his life but failed to cause any damage to the military personnel. That it took Kashmiris another two decades to produce full-blown destruction is surprising because the raw state repression that drives Kashmiri youth, including intellectuals and scholars, to take up guns have ignored such an easy spectacle for quite a long time. In fact, people have been talking about such possibilities for quite a while, given the amount of radicalisation caused by wanton state brutalities.

Following such a high-impact attack, and the amount of negative reaction that it has generated from the

Indian media, public and the government, there are apprehensions that such a method might catch the fancy of the new generation of Kashmiri fighters. If so, there is cause for much concern for more deaths - those of both military personnel and resistance fighters - and its possible spill over to civilian populations could be massive and devastating. Such a thought conjures up images of Baghdad or Kabul at the height of the insurgency following the US invasions.

The impact of the blast was so strong that those slain were blown to smithereens, catalysing the pain of the tragedy. The government put a ban on showing graphic footage of the destruction, and perhaps rightly so, but social media exhibited a limitless fetish to spread the gruesome images. It is beyond any doubt that none of those killed in the blast could be identified through their bodies.

While I usually refrain from watching such graphic photos of violence, I 'accidentally' saw some of them for they came from a source never associated with such an activity. Frankly speaking, I felt sick to my core and for

several days I remained under the spell of intense sadness. Many felt the same way, but the argument of those who justified such gruesome violence cannot be ignored either. One of them compared the incident with the growing incidents of the military blowing up houses and militants during encounters. "The army could easily capture these rebels or at least fight them humanely. Instead, they choose to blow them up in pieces, destroy houses and celebrate deaths".

During the last few years, there has been a significant change in the rules of engagement - military personnel are willing to increasingly jettison their professional behaviour and indulge in such profanities as taking selfies with dead militants, dancing with their cadavers while chanting Hindu religious slogans, and filming the beatings and torture of the Kashmiri youth. Sometimes, such videos get leaked and reach the public domain only to provoke and further anger and hostility.

The only consolations from the attack were that it did not target civilians or cause civilian deaths and that

the military personnel did not go berserk after the incident to target civilians, an otherwise usual practice. But the pessimistic view suggested that the paramilitary personnel were so frightened after the blast that they were unable to form any sort of reaction. Later, after an hour or so, the military personnel did target unsuspecting civilians and beat scores of them to exact revenge.

The Central Reserve Police Force (CRPF), the agency that was targeted in the suicide blast, also beat dozens of peoples in downtown Srinagar producing yet more anger and hate that will ultimately provoke many more Kashmiri youth down the path of militancy. The story of the alleged suicide bomber, Adil Ahmed Dar, is somewhat similar to the trajectory of other Kashmiris who take to the gun as a path to break the stalemate of oppression. Adil had been continually harassed and humiliated by the Indian army and the personnel of Jammu and Kashmir Police. Knowing no escape, he took the extreme step with a dreaded determination to cause as much damage to the military as possible. Soon after the

blast, the government took the extreme step to ban the internet, but the damage had been done as photographs carrying gruesome details had already been circulated with sensational and often fake news. This spread panic, hatred, and calls for open revenge. Several Indian news channels made consistent calls for revenge, preparing the ground for more violence primarily directed against Kashmiris spread across India.

The speech made by Prime Minister Modi in the aftermath was also provocative and bordered on hate speech.

As the pliant Hindutva media whipped up a frenzy, violent mobs of people were galvanised to exact revenge amid chants of "teaching Pakistan a lesson" that ultimately boiled down to mass violence against Kashmiris. In Jammu, the winter capital of the province of Jammu and Kashmir, thousands of Hindutva youth attacked Kashmiri Muslims, vandalised their properties and burned more than a hundred of their vehicles.

Strangely, or perhaps not so strangely, the police watched helplessly as the mobs ran amok and pil-

laged around for several hours. The Hindu mobs attacked government officials of Kashmiri origin, students and even women. "Where are the pellet guns", asked several Kashmiris over social media. There were wide-scale attacks on Kashmiri students across India, and strangely there were no condemnations from any political party or any serious attempts to stop this from happening.

The only credible help these Kashmiri students received, and in abundance, were from Khalsa Aid, a leading international Sikh charity. Their volunteers offered aid, rescued students from mobs, provided shelter and later procured transport facilities to take those who were stranded back home. This has earned them instant yet massive following and admiration with social media flooded with messages of goodwill. Amarpreet Singh, the Asia-Pacific director of the charity, left a message on my WhatsApp that they were willing to provide more emergency aid and assistance for stranded Kashmiris. In an ocean of hate-filled frenzy, Khalsa Aid offered a glimmer of hope that must grow into a flame!