

# Race to the bottom

**BILAL AZHAR KAYYANI**

The last week of November was a good week for the government's economic team. Not because they did anything good but because someone else was even worse. And that takes some doing.

During that week, the economic team had the limelight of incompetence gloriously stolen from them by the government's legal team which failed to put together a basic summary and notification for the appointment of the COAS despite having several chances to get it right.

Staying true to PTI tradition, the legal team subsequently held a press conference to try and spin this embarrassing failure as a victory. It ended up looking like a celebration of their own incompetence. To make matters comically worse, the same team that couldn't draft a summary will now attempt to draft a bill on the same matter. Some jokes write themselves.

The economic team tried to use the temporary breathing space gifted to them by the legal team to once again try and push the narrative that the economy is improving despite the reality being to the contrary. Their claims of improvement have centred around two indicators: foreign investment and current account deficit. Their silence on other more fundamentally important economic indicators has been telling. More on that in a bit but, first, a couple of humble submissions regarding the two indicators the government can't stop tweeting about.

The increase in foreign investment the government is celebrating has primarily been driven by speculative international investors who have invested in the government's short-term securities, more commonly known as Treasury Bills or T-Bills. These investors are attracted by the State Bank's high policy rate, a whopping 13.25 percent right now. They are parking their money in Pakistan's T-Bills for a few months to earn a quick, handsome interest at the government's expense, and then whisking that money away.

None of these investments is contributing to the creation of jobs, income or production. Pakistan is simply being used as a parking lot to make a quick buck. And the people of Pakistan are paying for it. While foreign speculative investors benefit

from the high policy rate, our economy is suffering because of it. The double-digit policy rate has contributed to a sharp economic slowdown while failing to achieve its primary objective of curbing inflation.

The government's second main claim regarding a decrease in the current account deficit also possesses an ugly underbelly. This decrease has largely been a result of a reduction in imports, and not of any substantive increase in exports. Even this reduction in imports is not of the good kind. Economic activity overall and production in particular have steadily declined over the past 15 months. Large-scale manufacturing (LSM) output contracted for the sixth month in a row in September without any signs of improvement.

Depressed levels of production have caused a decrease in the import of raw materials, machinery and components used for production. This has been the primary driver of the reduction in the current account deficit. As an example, low demand for automobiles resulted in a 27 percent decline in the import of CKD/SKD kits, used in the production of cars, motorcycles and heavy vehicles, in the first quarter of the current fiscal year. Overall car sales have plunged 44 percent in the first five months of this fiscal year. Other industries have witnessed a similar trend. Factories are either shutting down or cutting back. This should be a cause of concern rather than celebration for the government.

Now let's turn to the economic indicators the government doesn't talk much about. During November, inflation rose to 12.7 percent, the highest level in nine years. Food inflation was even higher at 19.3 percent in rural areas and 16.6 percent in urban areas. You won't see the prime minister tweeting about that. This debilitating inflation is a direct consequence of the government's policies - mainly devaluation and the increases in energy costs. Recently, the government increased the power tariff once again, this time by 26 paisas per unit.

Matters are similarly bleak on the growth front. In this government's first fiscal year, GDP growth slowed to 3.29 percent, the worst in nine years. Things are only expected to get worse this year. The Asian Development Bank (ADB) is projecting Pakistan's GDP growth rate to be 2.8

percent in the current fiscal year, which would be the lowest in a decade. Unsurprisingly, the government is struggling on the revenue front as well. Tax revenue shortfall in the current fiscal year has already reached 211 billion rupees. It is also worth highlighting that the State Bank's foreign exchange reserves are actually lower now (\$9.1 billion on November 29) than when the current government assumed office in August 2018 (\$9.9 billion).

The national economy is sinking deeper and deeper into stagflation - a combination of low growth, high inflation and rising unemployment. An increasing number of people are being pushed below the poverty line. On the ground - in markets, factories and offices - there is a strong sense of economic despair. Businesses closures and production cutbacks are resulting in joblessness and brain drain as our best and brightest look for employment abroad due to shrinking opportunities at home.

There is a sense of resignation that this government has nothing left to give on the economic front, and a general acceptance of the fact that the government is incapable of managing the economy. The government's denial of its own economic failures has only further strengthened this sentiment. One sentence from the finance adviser last month exposed how out of touch this government is with the ground realities. His claim about tomatoes being available for sale for 17 rupees per kilo ranks right up there with the PTI's greatest hits such as the '55 rupee per kilometre helicopter ride'. It would be funny if it weren't so terribly sad.

Incompetence and failure have been a trademark of this government. Dreadful mismanagement of the economy is only one of this government's many failures. Lack of leadership on the lockdown in Kashmir, CPEC delays, crop failures, railway incidents, BRT delays, suppression of media freedom, deterioration of law and order, paralysis in parliament - the list is endless. Blunders and mistakes have become the new normal. Ministers, advisers and special assistants are fiercely competing for the title of the Worst Cabinet Member. The sooner the people of Pakistan are saved from this race to the bottom, the better.

The writer is assistant secretary general of the PML-N and a member

# Save the country

**RAMESH KUMAR VANKWANI**

The recent incident in Lahore is yet another black day in our national history. Many innocent lives were lost during the tussle between two honourable professions.

Even during war between two countries, hospitals are considered sacred places that must not be targeted. Many sensible people, including myself, are still in shock to see such a horrible attack on a hospital.

Every religion of the world emphasizes saving one's homeland. Quaid-e-Azam had given us the gift of Pakistan but we are still unable to help it prosper. Most of the time, I love to express my views on ethics, moral values and patriotism. However, the most frequently question asked to me is about the need to deliver lectures on ethics to parliamentarians.

In my view, parliament is a very respectable, honourable and supreme institution. I never ever miss any single opportunity to share my same views with fellow parliamentarians on the need of ethics and promoting moral values in our society.

A number of Hindu citizens also supported the Pakistan Movement, under the dynamic leadership of Quaid-e-Azam, in order to achieve a separate

Muslim-majority country. The contributions of the Pakistani Hindu community for national development are remarkable. Even, today many Hindu soldiers in the Pakistan Army are sacrificing their lives to strengthen the country's defence.

Being a patriotic Pakistani national, I strongly believe that we should not give importance to sectarianism, provincialism and religious bias. We must identify ourselves as Pakistanis at every forum. However, it is very unfortunate to witness some parliamentarians using foul language and indulging in a blame game.

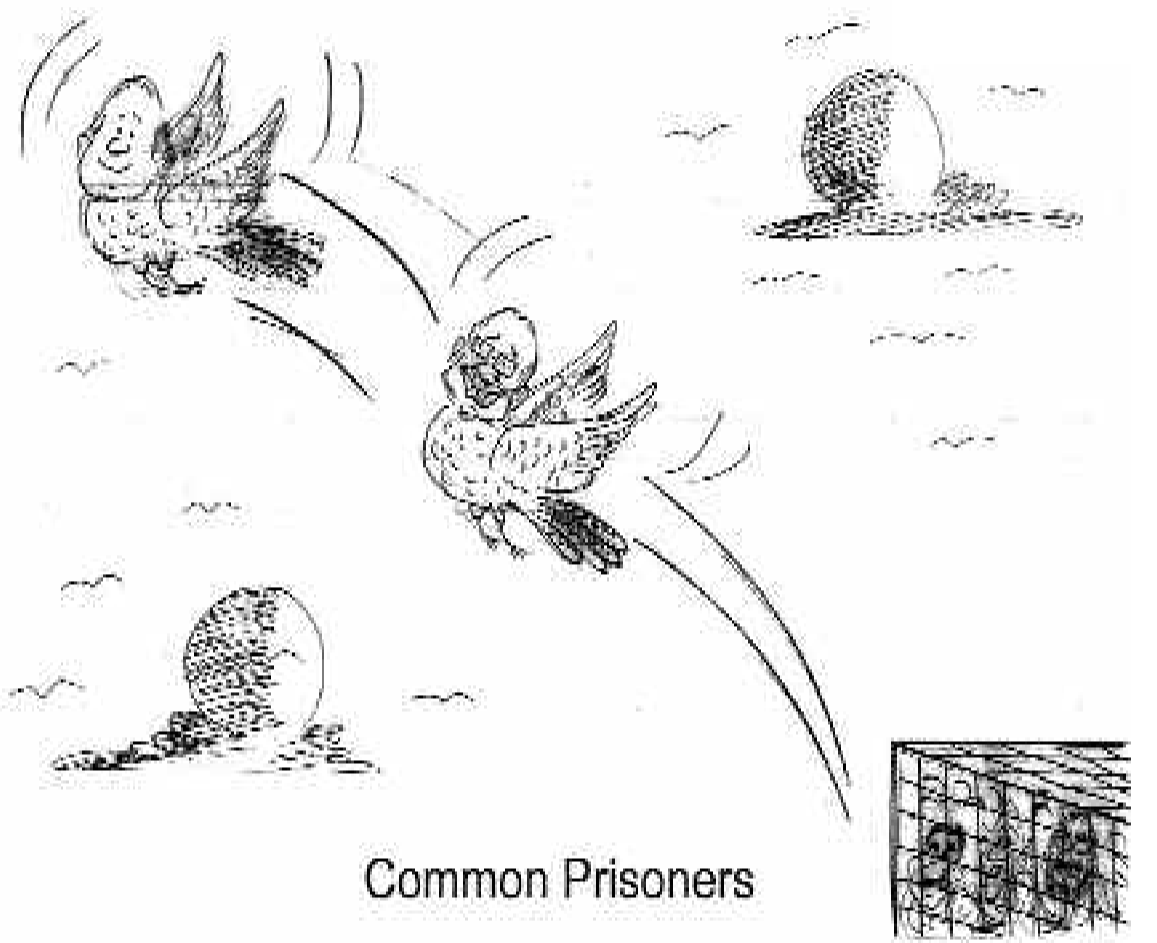
Such an attitude also reflects in our society when we see doctors are on strike, and lawyers are attacking hospitals and public property. This condemnable behaviour, no doubt, leads towards a situation of anarchy, which is not at all in the interest of our country.

When I was in college, student groups were involved in violence in the name of student politics. Unfortunately, there was less education and more bullying in educational institutes. No doubt, students played a key role in the Pakistan Movement but after freedom, Quaid-e-Azam himself advised students to make education their top priority and understand the importance of utilizing their precious time in positive activities to make Pakistan a prosperous and developed country.

Civilized societies are recognized by their high moral values where people debate with logical arguments in a decent and positive way. Today, the focus of every wise country is to pay special attention towards nation-building. Today we need to adopt a 'one nation for all' theory to move Pakistan in the right direction. According to this, there is only one nation resides in Pakistan and that nation is called Pakistani.

Every person, living in any part across the country, belonging to any cast, whatever his/her any religious affiliations is, must have a single recognition and that is Pakistani. Quaid-e-Azam said the same thing during his 11th August speech - that every citizen of Pakistan must play their due role for national development and progress. "You may belong to any religion or caste or creed - that has nothing to do with the business of the state," the great Quaid had ensured.

Today, Pakistan's regional situation stressed the need to focus on Kashmir and Afghanistan. Our borders with another neighbour Iran are also tense. Our economy is considered the weakest economy of the region. In such a critical time, all sensible citizens, doctors, lawyers, engineers, civil society, and the media, should come forward to bring Pakistan out of crisis.



**IKRAM SEHGAL**

'Strategic assets' is a relatively new concept that arose in connection with the fast-forward development of economic globalization in the 20th c. and a new wave of economic cold war that has been leashed by the change in economic power centers more recently and the reorganization of economic, political and strategic alliances connected with it. By strategic assets we mean generally any tangible or intangible asset or concern of significant value in a given economy, state, or nation. Strategic assets are central to the development and security of a country, holding them provides an advantage to the owner both because of the raw force and power of their usage and the implicit persuasive power that they hold.

Pakistan is today embroiled in armed conflict with stateless and state-related enemies who will resort to unprecedented tactics, both kinetic and/or non-kinetic, in sum hybrid warfare, to achieve their extreme goals. The economic weapon is among the most powerful assets that the federal government possesses in protecting national security

# Keeping strategic assets secure

and freedom of development. All the more reason for Pakistan to define and maintain control over our strategic assets.

Considering globalization to be a risk to national security and thinking that globalization opens economy to malicious foreign investment the US government has taken to greater scrutiny to economic transactions involving strategic assets: the US federal government has enacted laws to protect American farmland, airlines, telecommunications, and defence-related corporations from adverse foreign investment. Potential strategic assets include oil and energy. Experts contend that in the absence of any crisis also those considered non-strategic assets, because of their abundance and ready availability in global markets, could be subject. Shortages or even market fluctuations, this could convert them into strategic assets. In deciding what strategic assets one can reasonably afford us to sacrifice, a nation,

one must not only consider the asset's value to it. Any asset holding strategic value is important to the country holding that asset. Strategic assets have national security implications because of their tactical value, in weighing the sale of a strategic asset a country must consider the extent and severity of the sale's national security implications.

The EU is only reluctantly and partly following this road. Given the internal problems the EU has (for instance between west and eastern European countries) the implementation of the new EU legislation that is defining a framework for all member states as to how to deal with FDI is going to take time and effort. For the time being the new legislation seems to be mainly directed against Chinese foreign investment mainly under the pressure of US-China trade war. Chinese access to assets in sectors such as energy and power utilities will be affected if the new framework (that has the character of a recommendation

only) would be implemented. EU member states react touchy to external pressure that prevents them from exercising their national sovereignty. This vulnerability might threaten the EU's security, economic health, and diplomatic freedom of action, allowing other powers to impose their preferences on it.

Considering that despite their alliances, neither the US or EU will allow each other's control of strategic assets we should also devise a policy in this regard

China's National People's Congress recently passed a new Foreign Investment Law (FIL), coming into effect on January 1, 2020. China other than the US in the past had considered almost all sectors of its economy 'strategic' and protected. This new document now will govern foreign investment in China and step by step open up certain sectors to FDI. The new FIL seeks to address common complaints from foreign businesses and governments, such as by ex-

PLICITLY banning forced technology transfers. It will govern the activities of all individual foreign investors and foreign-invested enterprises (FIEs), which include both wholly foreign-owned enterprises (WFOEs) and Sino-foreign joint ventures (JVs). It replaces three previous laws, namely the Wholly Foreign-Owned Enterprises Law (also known as the Foreign-Capital Enterprises Law), the Sino-Foreign Equity Joint Ventures Law, and the Sino-Foreign Contractual Joint Ventures Law.

Despite concerns over the vague wording and the potential selective implementations, the new FIL is in many ways a step to the right direction - a unified and standardized FIL to address long-existing issues in foreign investment. "Next generation information technology," previously ranked second, now tops the list of 'strategic emerging industries' (SEI). This industry's coverage is broad, spanning upstream to integrated circuits and downstream to

network equipment and software. New-comers include big data services, artificial intelligence, and cybersecurity products and services. Two entire sectors are wholesale additions. The first is "digital innovation."

This sector includes "digital cultural innovation" technology, software, and content; "new media services"; and industrial and environmental "design services." Second, the new catalogue includes "related services" including research, standardization and financial services. Potential foreign investors should expect additional scrutiny from Chinese regulators who could be keen to protect these sectors from foreign control and competition.

China's Negative List is a comprehensive list of restrictions on foreign investment determined by the State Council, China's cabinet.

These two negative lists enumerate the industries where foreign investment will either be prohibited or restricted. In terms of managing foreign investment, Article 4 means that foreign investors will be treated at par with domestic investors during the initial stages of setting up.

# Letters to the Editor

## Looting unemployed youth

The government departments of AJ&K are found in the habit of advertising posts and reverting it after collection of money from unemployed youth.

Recently, five AJ&K government departments advertised a total of twelve posts via Azad Jammu and Kashmir Public Service Commission (AJKPSC) later most of announced post are reverted without any intimation. Reasons might be political but AJKPSC collected estimated Rs 4,77,05,000 against application fee from thousands of candidates.

AJ&K has high literacy rates and highly unemployment rate too. In these circumstances, such behaviour of government departments is stimulating distress and uncertainty. It has now become a custom with the government departments of AJ&K on which unemployed youth is perturbed.

WAQAS AWAN  
MUZAFFARABAD

## Effects of climate change

According to recent statistics, Pakistan is the

5th most vulnerable country in the world affected by climate change. The report estimated that the data of 152 extreme weather events from 1999 to 2018, reveals that 9,989 people lost their lives due to weather events resulting from climate change and sustained economic losses worth \$3.8 billion during these years.

So, the government must take strong actions regarding the prevention of climate change in the country.

ZAHEER DOSHAMBAY  
TURBAT

## Halal money laundering

After government's spokesman's announcement that money coming from UK will be submitted in court against 'some' adjustments is really 'appreciated' in extremely 'good' words.

A RICH PAKISTANI  
VIA E-MAIL

## Lawyers vs doctors

According to the news, 12 died and more than 25 people were injured on Wednesday as protesting lawyers broke into the emergency

ward of the Punjab Institute of Cardiology (PIC) in Lahore.

Based on social media reports, few days back, a doctor allegedly misbehaved some lawyers and in reaction lawyers stormed the emergency ward of the PIC, set a police vehicle on fire and attacked provincial minister Fayyazul Hasan Chohan. Several patients were alarmed at the emergency ward of the hospital as a result of the confusion and fear that spread inside the facility.

Our nation's mentality is becoming worse. We are acting more like animals in jungle than humans in society. I do not see any worse conditions than this in near future. Officials which are responsible for maintaining justice and saving lives of people are destroying both elements with their own hands.

I do not have any hope that recommended actions will be practiced but hope keeps the world alive.

ABDUL MUQTADIR  
RAWALPINDI

## Stealing shoes

A pair of shoes allegedly worth Rs one lac was stolen from outside a mosque in Lahore during prayers. Our actions are a sad reflection

of our moral values.

DR IRFAN ZAFAR  
ISLAMABAD

## Smog, air pollution

Because of intentionally plastic waste and garbage burning, air is continuously polluting and diseases asthma, breathing problem due to poor functioning of respiratory system; people are facing hardship due to worst climate condition.

Our government is busy in political confrontations and still unable to handle such basic problem of the masses of Pakistan. It is time to wake up every Pakistani.

SHAHBAKSH  
TURBAT

## Israeli spyware

Indian government had admitted before its parliament that Israeli spyware Pegasus targeted Indian journalists and human rights activists. Facebook has initiated action against the spyware company. Meanwhile, our government should take corrective measures.

MARYUM MALIK  
RAWALPINDI

## Wrong parking

Rawalpindi is expanding along with Islamabad and in between these twin cities, Raja Bazar Rawalpindi is known as main commercial hub for shopping located near Fawara chowk Rawalpindi. Raja bazar covers a very wide range of small markets and Bazaars.

Traffic jam is a common problem in this area because of flow of heavy traffic and wrong parking by the visitors. Though there is a parking building is available at main Fawara chowk but most of the people don't bother to park their vehicle in the parking building and link roads to Raja Bazar, Li-aquat Bagh, Ganj Mandi and Jinnah have whole day traffic jam. Traffic police seems helpless because of uncaring attitude of people who love to park their vehicle wherever they like.

I would like to urge Rawalpindi Development Authority, City Traffic Police and other concerned persons to come up with some better strategy to tackle this issue because it usually caused a heavy traffic jam. Maybe addition of some new parking areas can be helpful to tackle this situation.

QAISAR ANSAR