

The Business

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Budget process

The preparations for the budget for fiscal year 2020-21 began late last year, as is the norm, with ministries/departments projecting their current and development expenditure needs for next year, traditionally overstated to ensure their actual needs are approved by the Ministry of Finance operating under severe resource constraints; and as the country is on one of the most exigent International Monetary Fund (IMF) programmes compared to the previous 23 programmes the budget's design was no doubt in conformity with the quantitative time-bound targets and structural benchmarks agreed. The seismic earthquake that the global economy, including Pakistan, is currently grappling with today as a result of the coronavirus, is compelling us to pledge significant package of relief for the productive sectors as well as the general public scheduled to be announced as these lines are being written) and the IMF to make some major adjustments in the budget.

At present, there is considerable uncertainty as to what is likely to be agreed between the Pakistani authorities and the IMF team for two reasons. Firstly, the report of the second mandatory review detailing the actual staff-level agreement dated 27 February 2020 that, in turn, would provide the basis for renegotiations has not yet been uploaded on the Fund website; and secondly and more relevantly, it is unclear what expenses would be defined as dealing with the Coronavirus and therefore, like the circular energy debt, be exempt from being a component of the budget deficit.

The SBP pledges that it "stands ready to take whatever additional actions that may be necessary to safeguard price and financial stability and support economic growth. The government is once again between a rock and a hard place — not enough domestic resources to sustain the productive sectors and ensure that the medical and essential commodity needs of a growing number of the vulnerable are met. The customary donors amongst the developed countries are suffering major blows to their economies due to the virus have a very limited capacity to assist Pakistan at this time, and multilaterals are focused on the global picture; while there has been a considerable rise in the expenditure needs to contain the negative impact of the virus on the economy. The apprehension is that unless a significant package is injected into the economy, the growth rate already projected at a low of 2.4 percent for the current year maybe less than one percent due to the virus. It is certain that the negotiating skills of the Pakistani economic team with the IMF will be sorely tested in times to come as would their ability to think out of the box.

Back to work

ROBERT REICH

Dick Kovacevich, former CEO of Wells Fargo bank, thinks most Americans should return to work in April, urging that we "gradually bring those people back and see what happens".

Lloyd Blankfein, former CEO of Goldman Sachs, whose net worth is \$1.1bn, recommends "those with a lower risk of the diseases return to work" within a "very few weeks".

Donald Trump is concerned that a prolonged lockdown might harm his chances of reelection. "We cannot let the cure be worse than the problem," he said last week. On Sunday he backed off his Easter back-to-work deadline, saying social distancing guidelines would remain in place until the end of April.

But senior public health officials including Dr Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, think this may be too soon. America already leads the world in coronavirus cases. Dr Fauci believes we haven't yet felt the worst of the pandemic. It may seem logical to weigh the threat to public health against the accumulating losses to the economy, and then at some point decide economic losses outweigh health risks. As Stephen Moore, who is advising the White House, warns: "You can't have a policy that says we're going to save every human life at any cost, no matter how many trillions of dollars you're talking about." But whose "trillions of dollars"

of costs are we talking about?

Workers typically bear the biggest burdens during economic downturns, especially if they lose their jobs and don't have enough money to pay the bills. Eighty percent of Americans live paycheck to paycheck. Late last week, lawmakers made an important step to prevent such hardships. The \$2.2 trillion coronavirus bill provides jobless Americans an extra \$600 in unemployment benefits per week for four months, and includes contract and gig workers. The bill was almost scuttled when Republican lawmakers objected that this would boost incomes of some job losers higher than their pay when they worked. Apparently, these lawmakers hadn't noticed that the pay of the typical working American has stagnated for decades, adjusted for inflation. So a temporary boost in pay in order to get people to stay home and thereby help slow the spread of Covid-19 is hardly unseemly.

Here's what is unseemly. The "economy" that the bankers and billionaires are eager to restart had been growing rapidly before the pandemic. But most of its gains had gone into corporate profits, as shown by the meteoric rise of the stock market until a few weeks ago. The bankers and billionaires now urging Americans get back to work own a huge share of that stock market. The richest 1 percent of the population owns roughly half of the value of all shares of stock. (The richest 10 percent own more than 80 percent.)

From devastating coronavirus pandemic to climate change

MUHAMMAD USMAN



In human history, it is first time that a pandemic has gripped the entire planet in its jaws. It has enveloped the world as of a locust sweep from one distant corner to another devastatingly at lightning speed. Its epicenter continues to shift in quick succession. At the start, it was China in Dec 2019. Now it is from Europe to USA which awaited a rude awakening. Probably they had a misconception of invulnerability to such calamities, being super advanced scientifically and technologically and unassailable economic giant.

They thought that these only happen in poor and alien lands. The US was never shy of making spectacular claims of its prowess and reach. The arrogance was ever conspicuous in its broadcast. They bragged that they have an economy which would take only a genius to wreck it. They rule the skies on strength of their technology which no other one could match. They have military machine which no other civilization has ever seen however, much to their bewilderment, it could not shoot a tiniest virus. Their technology stands time bound before it could respond to challenge of taming the deadly virus. Their economy is in tailspin. Seeing the death spree mounting astronomically, Trump who earlier daggled the possibility of reopening US economy by Easter, succumbed to a harsher reality check. He has

now conceded that death toll could climb up to 200,000 while extending lockdown in the country till April 30 which was otherwise to end by mid-month. This change of mind has just taken few days and clearly hints at nervous breakdown within the US administration. Their healthcare and social security systems are in danger of being handicapped to cope with adversity. They urgently require transfusion of massive amount of money and generosity of spirit to stand up to test of big upheaval.

The US may pump in money but other make and break ingredient is hard to come by in an overgrown materialism which largely makes up US society. The recession in US economy is a foregone conclusion. The projections and indices are unable to determine its degree and range when trajectory of calamity is unknowable and outcome of containment efforts is uncertain. In short, situation is fluid and is generating unfamiliar and unsettling consequences.

When plight of biggest economy of the world is placed so precariously, it is neigh impossible to determine impacts of calamitous tragedy on other economies of the world particularly, on impoverished economies. In its March report, Organisation for Economic Cooperation and Development, downgraded its 2020 growth forecasts for almost all economies. Within a few days, on March 23, it had to change and

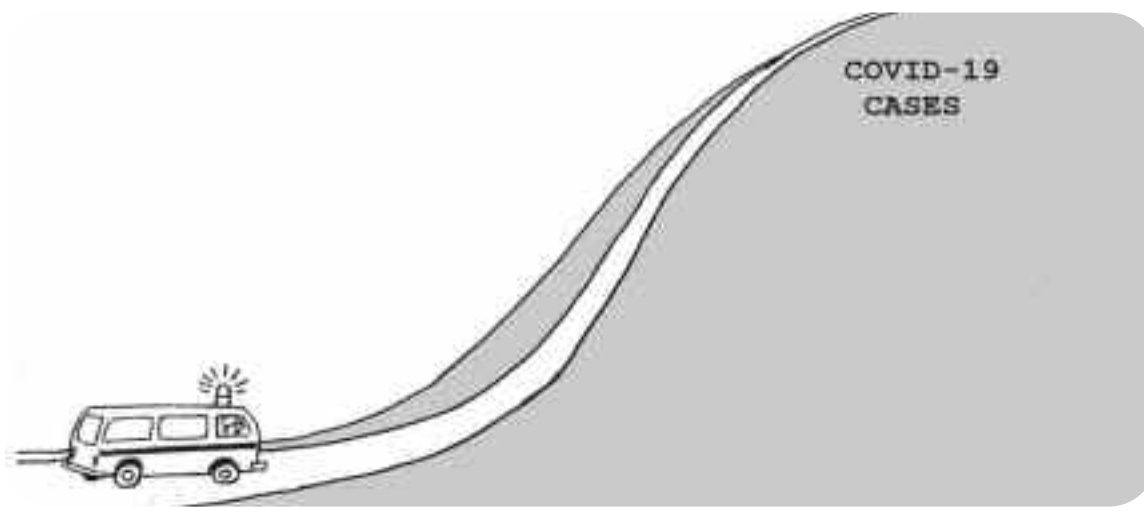
warned that shock from the virus is already bigger than a financial crisis. Its General Secretary said that many countries would fall into recession and they would be dealing with economic fallout for years to come. Possibly there is a dire need of economic rescue package of worth \$5trillion to re-energise economies worldwide as being contemplated at G 20 group. Besides this economic perilous side, epidemic is inflicting severe damages socially and morally. The world is witnessing a defining global health crisis of stunning proportions. There is closure of educational institutions and playgrounds, shutting down of manufacturing/production units, stoppage of transports, banning of air travels and unprecedented shutter down of cities to the extent of stringent lockdowns.

These would entail critical consequence of their own and could push a sizeable population of world to starvation. Due to disruptions in supply chain, there are wide spread instances of panic buying as there is no tomorrow. In times of ordeal, one needs more care and affection. A patient would like to keep his loved ones around but because of inevitability of social distancing, he is isolated. It has multiple negative implications. Combined with this, thought of unceremonious burial/funeral is even more frightening and would tax excessively moral and social culture of a large number of countries. Underlying purpose of above discourse is to highlight man's helplessness against instant calamity, caused by his act

against the nature despite his reach to stars. The coronavirus is byproduct of eating unnatural food which caught the man unaware about its danger. Obviously neither there was a curative treatment nor vaccine to prevent it. The globalisation far multiplied its spread. It was a small flirt with the nature but its incurring cost is prohibitive and inescapable. It reminds one about a much greater foul which man is committing against the nature. It is the climate change which amounts to boring holes in atmosphere. We have already stepped in a period of its forbidding consequences and enduring them foolishly in shape of less reliable/predictable seasons, ocean acidification, habitat loss, increased diseases, food shortages, deforestation and extreme weather.

Air pollution is killing annually about seven million people globally however, as a whole humans remain non serious towards this looming threat, becoming larger and larger with each passing day. Only reason is that it is not direct and immediate so far but ultimately, its pall would descend if humans continue to show indifference, neglect and apathy and there is no other planet to migrate and live. Apart from this, continued fiddling with space could produce an unknown calamity as of coronavirus. Would man like again to remain on mercy of circumstances? The prudence suggests adherence, not the transgression of laws of nature.

The writer, retired Lt Col, is freelance columnist based in Islamabad.



Addressing the confusion

KHURRAM HUSAIN

For many days into the fight against Covid-19, people (including myself) wondered why the government had not come forward with a clear messaging strategy that sought to inform people of the dangers facing the country in the form of the coronavirus, as well as the steps necessary for their protection. But the kinds of messages the prime minister has put out in his public addresses and media interactions have not helped to clear the air. In his first address, he said that the virus was like the flu and that 97 per cent of those infected recover. But the real point that anyone who has worked with numbers will tell you is not that 97pc recover, but that 3pc don't because the numbers can get so large that, even with 3pc, you could be talking of millions of people if strong and decisive action is not taken early.

The fact is that 3pc of a population is a very large number, almost terrifying. Consider that 3pc of the world's population died in the Second World War. That is the scale of the danger, even as we are told that there was not much to worry about.

In his latest address, he again said that only the old and sick are in danger. Not only is this incorrect, it is also misleading — and a dangerous message to be putting out from the top. If that were true, we could ask why countries around the world are taking such extraordinary measures to try and contain the spread of this virus. Have they all misunderstood the danger? Authorities around the world, from governments to the World Health Organisation, have gone to great lengths to convey the opposite message, that the statistical average of those requiring hospitalisation or who are at risk of death might be older people, but that doesn't mean that individuals who are not old or who do not have pre-existing conditions should consider them-

selves safe. Responsible leadership is about highlighting the risk, not downplaying it.

Once again, in his latest address, the prime minister attacked the idea of lockdowns. Perhaps to justify his own stance, he said that the Indian prime minister had apologised to his people for imposing a lockdown on them. The fact is that the Indian prime minister apologised for the hardships that the people have had to face during the lockdown, but he emphasised that the measure was necessary.

Besides, the lockdown in India was remarkably poorly handled, with people being given only a few hours' notice. That has not been the case here. Unfortunately, while arguing against lockdowns, the leadership has no clear idea of what their own strategy is to arrest the spread of this virus. The prime minister argued that nobody knows how far this is going to go, a theme that was also there in his first address on the issue. He had said that the government could consider lockdowns down the road "if this gets really bad". So far, the federal government has come out with no projections about when they anticipate the virus will hit its peak, or how high that peak might be, how long it will last, where the infection clusters are forming or what the geographic spread of the virus is. Until recently, it was not even able to put out accurate data on how many tests have been carried out in the country.

All this is deeply problematic and merits extreme concern because it means we are flying blind into the situation. The value of a leader lies not in telling us that 'nobody knows how bad this is going to get' but in getting the right people to build these projections and gain an idea of where matters are headed. I know for a fact that the governments in Sindh and Khyber Pakhtunkhwa have carried out research. Models developed at the Brookings Institution and Imperial College London have been

used to get a rudimentary idea of the projections.

These models work better if you have more testing data to plug into them, something that our Covid-19 response effort has been lacking thus far. But to get an idea of how lost the federal government is in all this, consider that the situation report produced by the National Institute of Health, the federal entity that supposedly disseminates all virus-related data, showed that 2,720 tests had been carried out in Punjab whereas the chief minister tweeted that more than 14,000 tests had been done in his province. Of course, the fine print in the NIH report says their data is only from the Provincial Reference Lab and not from other labs. It looks like the other labs is where the action is, because the number given by the NIH for the numbers of tests carried out is around one-seventh of what the Punjab authorities are claiming. This is not quibbling over numbers. Testing is at the core of any response. Lockdowns are only supposed to open the space for ramped-up testing; they are not solutions on their own.

If the government can't even count the number of tests being done in the country, how can we expect them to collect the kind of data that is required to gain a clearer picture of the spread, the clusters and the future direction of the virus? Consider also that while the prime minister preferred to argue with TV anchors in one of his media interactions, the drug regulator of his own government was dysfunctional at that very moment simply because 10 appointments of key decision-makers had not been made. Without data, you cannot see where you're going. Without the drug regulator, you cannot build the mix of medicines you need to wage your fight. Blind and unarmed is no way to walk into a Second World War-level fight.

If tomorrow never comes

NIGHAT KAMAL AZIZ

Henceforth, when history is written about our times, it will be divided into life before corona and life after corona.

To think that when we rang in the New Year of 2020, none of us had any idea, whatsoever, that life as we always knew it, will never be the same again. And to think that we had no idea that all the wealth, technology, weapons, status and power anywhere in the world, will be humbled and brought to its knees. Who would have thought that a day would come when all religious congregations would cease worldwide? That the streets would be empty in all countries and people would be indefinitely confined to their homes?

Stock markets crashing, currencies in free fall, people panicking due to an invisible threat with the capability to kill millions and for which we have no cure. No flights in the air, no transport in the streets, borders sealed due to the fear of a virus that can strike a prince or a pauper, a luxury cruise or a slum, with no distinction whatsoever.

What a great equalizer indeed! To think that all this would happen within a matter of days is nothing short of a miracle itself. For the first time in recorded history, we are all stripped of our superfluous armours of wealth, greed, vanity, power, authority or supremacy. Even the dividing lines between the haves and have-nots have been swept clean, making us all equal, without caste, creed or country. No one has special privilege or VIP status that can save them. We are marooned, but with our own families and all we need to do is to remain clean to survive. How simple can that be?

It is as if we are getting a second chance to mend our ways, set our priorities right and stop destroying our planet for greed and power

and wealth. That very wealth is contaminated. But for some strange reason, we are all being given a second chance, an opportunity to reform. We could have all been killed overnight by this strange disease, but no, we are being given an opportunity to redeem ourselves. The coronavirus struck when spring was awakening, making the planet more beautiful and giving as all a chance to literally stop and smell the roses, a simple luxury we had all willingly abandoned due to our mad rush to make more money, to travel extensively, to compete, to strive for better. In the process, all young and old, rich and poor, men or women forgot to enjoy the blessings they possessed, the simple yet abundant bounties that we ignored as we strove for more, our greed consuming us and destroying our peace of mind. Mother Nature sent us to our rooms with a rap on our knuckles and told us to stay in and meditate. The coronavirus is giving us a chance not only to wash our hands, but clean our minds too, clear our conscience and rethink our lives. The lethal reach of the virus is a reminder to countries to live within their own boundaries and quit messing with the fates of others because their assumptions of strength are quite misplaced. Perhaps the threat to the older generations also has a deeper message. The coronavirus will bring out the best and the worst in people.

There will be the hoarders who see this as a catastrophe and go into depression, or the philanthropists and the optimists who will redeem themselves, reach out to others and try to undo the damage done to our planet. For a lot of us, this might be our last time on earth. So in case tomorrow never comes, let us leave behind a worthy legacy and make use of each day so that when history is written, we are remembered for our positive contribution, no matter how trivial,



Letters to the Editor

A helping hand

It is time philanthropists, business tycoons, industrialists and others who have their assets in billions step forward and help those who are in trouble owing to the coronavirus outbreak. Following the country-wide lockdown, mills and factories have been shutdown leading to unemployment on massive scale. In many cases, the sole bread-winners of the families are out of work. In the same way, labourers who live from hand to mouth are also perplexed as finding work during the lockdown is next to impossible. Although the government has announced certain relief packages for the marginalised, there is a lot of slip twixt the cup

and the lip, and the government aid will take quite some time to reach the deserving masses. The data collection of the needy and the impoverished is an arduous task for the government.

Afterwards, providing ration at their doorsteps is another time consuming task. Nobody knows when will this alarming situation come to an end but one thing is sure: by the time the pandemic had ended, it would have already taken a heavy toll on the lives of the affected people. History stands witness to the fact that whenever a crisis situation struck the nation, our resilient people rose to the occasion, stood up to the task and came out victorious from every traumatic incident. It is heartening that activist groups are collecting

funds to provide relief goods to the poor. Hopefully, activists in every district will take part magnanimously in ameliorating the suffering of the oppressed.

Muhammad Fayyaz Nawrha
MIANWALI

Things to do

Here are some suggestions on how to cope with the lockdown. Read, read and read. Read about Covid-19, read about world issues, read about issues that are surfacing in Pakistan and read lots of books. Engage yourself in those activities which are healthy such as playing cricket at home, doing some yoga and jumping

ropes. Try to gain/get new skills such as cooking. Enjoy simple pleasures such as watching/feeding sparrows/birds.

Have a good sleep. Make telephone calls to your childhood friends. Speak to your parents and give them time and do not make them feel alone. Share some practical experiences with your children and teach them and have a conversation with them. Listen to music as it can make you feel fresh and energetic. Get your children involved in home activities such as cleaning their rooms, washing their clothes etc. Offer prayers five times a day. Take this as a blessing in disguise as you are not going to get this opportunity again.

Khalil Ahmed Shar
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