

The Business

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Sudden big rise

The petrol price bomb that hit the people of this country resulted in the overnight disappearance of gasoline and diesel shortages at filling stations as soon as the government mysteriously announced an unprecedentedly large increase in their prices. In fact, so high was the sudden big rise in POL products' prices that nobody has seen or heard of anything like this in at least a couple of decades. In hindsight, it is perhaps only ironic that the government had tried to win nominal brownie points by fixing extraordinarily low prices at the beginning of June. A reduction in prices at that time was the right move considering historically low international oil prices but the government over-corrected the price reduction nevertheless. Historically, POL products' prices in Pakistan are fixed with an eye on the prices of these products in India and Afghanistan because of the porous nature of our borders. In case of a substantive divergence, POL products do get smuggled out of the country and there were reports of extraordinary demand from KP in June.

Oil marketing companies were blaming mismanagement by government for the shortage of POL products while the petroleum ministry attributing it to a sudden surge in demand due to easing of Covid-19 lockdown and accusing the oil marketing companies of not maintaining the mandatory stocks of products and indulging in hoarding to avoid losses and make a killing once the prices rebound. This situation persisted, despite the federal government's repeated promises of reining in the "mafia" that was responsible for the whole mess, till the decision was made to shock everybody and raise prices of petroleum and its products four days short of the usual monthly price review.

Perhaps it would have been better not to go for a heavy cut in POL products' prices in the first place as that would have obviated the need for the massive increase now. That's what the petroleum division is said to have advised the government. Had its advice been heeded it would have, at the very least, kept a lid on the whole thing. Now PTI (Pakistan Tehreek-e-Insaf) is red in the face because people just won't let it hear the last of how it has gone back on yet another one of its core campaign promises. Since POL prices are regulated by the government and the market players do not have much elbow room, it is essential that the government must, at all cost, avoid large swings in POL prices for any reason whatsoever. It is, therefore, high time to revisit the current system of price fixation that ensures supplies at fair prices and promotes efficiencies in the system.

Are deficits always a bad thing?

KHURRAM HUSAIN

In his speech before parliament on June 25, Prime Minister Imran Khan made a number of assertions that are worth reflecting on, even if somewhat belatedly, because they impact the way we think about our economy. Two things he said deserve to be reflected on seriously because they both point to persistent problems in our economy, as well as the quality of economic management we have seen over the decades.

First, he said that the presence of a current account deficit is a sign that the economy is 'ill'. Second, he pointed to the improvement in the primary deficit of the country in the second year of his rule as evidence of sound macroeconomic management. But is he right in making these assertions? Is it true that deficits, especially the ones he pointed to, are always bad and bridging these should always be the top priority of any government?

Consider the evidence. All countries in our region — India, Bangladesh and Sri Lanka to take three examples — have run a current account deficit as well as a primary deficit on their fiscal account more or less non-stop since at least 1990. Their economic management has not been defined by frantic efforts to bridge these deficits. In fact, they have found ways to manage and finance these deficits without going bankrupt every few years like we do. For example, we have gone to the IMF for balance-of-payments support to manage the current account deficit 13 times since 1988. Sri Lanka is next, with

six approaches in the same period, Bangladesh four and India one. All three countries have demonstrated healthy growth rates over the same years. Their experience with balance-of-payments crises and the fact that they both have protracted current account deficits shows that these need not necessarily lead to ruination. India is another example of a country with prolonged current account deficits since 1990 ranging between negative one and two per cent of GDP throughout the period except for a few years in the early 2000s. These countries are only a few examples. One could point to countries like the UK or the US that have had persistent and uninterrupted current account deficits since 1990; however, one could easily counter that those are developed economies and their circumstances are very different from ours, which would be a fair argument. But how does one explain the persistent deficits and persistent growth rates in our region, without as frequent recourse to the IMF as Pakistan has been availing itself of since 1990?

The story is the same with the deficit on what is called the primary balance. The current account deficit measures the difference in a country's transactions with the outside world — how much it earns from outside versus how much it spends in markets abroad. The primary balance, on the other hand, is a strict measure of a



government's ability to service its debts. It measures the difference between the amount of money a government collects in revenue and the amount it spends on everything except debt servicing. If the primary balance is negative, it means the government will have to borrow to repay its debts, which in the orthodoxy of neoliberal economists is considered to be a bad situation. I do not recall ever seeing a sitting prime minister stand in parliament and invoke his government's success in bringing the primary balance out of deficit like Khan did on June 25. The reason is that the primary balance has nothing to do with the people. It is an indicator watched by the country's creditors, particularly its foreign creditors, and any government would usually invoke its success in managing this indicator when presenting its case before its creditors, for example, during the road show before floating a bond. For the people, bringing the primary balance into surplus usually means a great deal of pain, because the government has to raise taxes and cut spending for it. Next thing to note is that every government in Pakistan has reduced the primary deficit in the first year of an IMF programme. This is pretty much the only requirement of every programme that Pakistan has signed that it has really fulfilled, and the only one that has really mattered to the IMF. Among its peer countries — India,

Bangladesh and Sri Lanka — Pakistan is the only one that is constantly trying to bring its primary balance into surplus. All the other countries have run persistent primary deficits since 1990, and in India's case, those deficits are twice as large as Pakistan's on many occasions (when seen as a percentage of GDP). There is only one year in the past three decades when India has seen a surplus in its primary account. It's the same with the other two countries. The experience of Pakistan's neighbours is living proof that deficits are not, by themselves, a bad thing. India, Bangladesh and Sri Lanka have run persistent primary deficits, and my guess is that this is how they have financed their investments that have transformed their countries in their respective ways. Bangladesh has emerged as a powerhouse in export transformation over these decades. Sri Lanka has been the poster child of human development throughout this period. India has been a powerhouse growth economy, transforming its industrial base, its export composition and multiplying the drivers of dynamism within its own economy.

How has Pakistan emerged in the same period of time? Aside from cultivating our nuisance value in the region, there is no meaningful transformation for which Pakistan can be invoked as the example in this period of time. One reason is that we have never been able to focus on economic transformation internally, and so have always been forced to see deficits as a bad thing. But if done right, today's deficits are an investment in tomorrow's prosperity.

Escape to Mars

IMRAN JAN

Humanity is facing a variety of threats to its survival, such as climate change and the threat of a nuclear war. Our planet can also be destroyed if an asteroid hits it. However, while an incoming asteroid is not in our control and wouldn't be of our making either, the other threats that can result in our extinction are made by humans.

The country that is the most proud of its democratic norm has elected a man who boasted of having a "nuclear button" that was "much bigger and more powerful" after Kim Jung-un boasted of having his "nuclear button" on his "desk". The Doomsday Clock, which figuratively reminds us of how close humanity is to instant annihilation, has been moved 100 seconds to midnight this year. Never has the clock, since its Cold War debut in 1947, come so close to the doomsday situation represented by the 12 AM hour. It has been moved so close because of the threat of nuclear war, climate change, and disinformation. The President of the United States is arguably the source of the biggest disinformation in the world. His rise is a man-made democratic wonder. Elon Musk, the celebrity entrepreneur, advocates escaping to Mars in order to save humanity from extinction. Mars has shown some encouraging signs of life. It shows traces of water and the planet is extremely cold. The plan is to warm it up so that the water is released and life sustaining conditions can be created. I do not doubt humans' ability to warm up a planet. Look what we have done to Earth. Whether Mars or Earth, we are the threat. With the exception of an asteroid, the threats to our survival have resulted from what the world regards as scientific marvels. We are rapidly increasing carbon emissions thereby adding ever more carbon to our atmosphere. The result is an unforeseen amount

of heat across the globe. Climate change is not just about heat. It means more loss of jobs, destruction of economies around the world, loss of billions of dollars worth of real estate in coastal cities, and so forth. In 2011, close to a million Syrian refugees were unleashed on Europe by a civil war that was inflamed by climate change and drought. The UN projections for future climate refugees are even bleaker. By 2050, the world would have 200 million refugees. That is about the current population of Russia and Canada combined. The worst-case scenario of UN projections is "a billion or more vulnerable poor people with little choice but to fight or flee". That is equal to the populations of the US, Europe, Canada, and Russia combined.

I was once driving from Texas to California. Upon entering California, I saw mountains on my right that were white, which reminded me of marble factories in Pakistan. But upon asking around, I found that the mountains were white because many years ago they used to be under water. Climate change has happened before too and it sure is happening again. Those mountains might go under water again. Every aspiring entrepreneur nowadays is asked to internalise one undisputed fact: his/her startup should solve a problem, should right a wrong, and so forth. The nature of climate change is such that there cannot be a solution for it after it has become a problem. It has to be preemptively tackled just as the US likes to preemptively kill the bad guys who might someday harm America. The solution has to understand and foresee the problems climate change will cause and try to tackle the threat today. Exploring Mars is great and should continue. However, focus should be given to keep Earth an inhabitable planet, especially for our posterity. Escaping to Mars might be an escape from the truth. It is sort of like the Neeli Jheel of Shafiqur Rehman.

A promising relationship

Relations between Pakistan, Afghanistan and China have not always been smooth. The United States' involvement in Afghanistan, the tumultuous relationship between Pakistan and the Afghan government, and India's repeated attempts to sow discord into the region have often left the three neighbours in a precarious position and unable to reap the many benefits that a good working relationship between the three countries could bring. In this context, the trilateral dialogue that took place between Chinese, Afghan and Pakistani officials this weekend holds promise. The third round of China-Afghanistan-Pakistan Trilateral Foreign Ministers' Dialogue took place in Islamabad this Saturday, where the three sides "agreed on a list of initial projects of enhancing counterterrorism cooperation". This meeting and the subsequent agreement are a step towards working towards the implementation of the trilateral MoU on "Cooperation in Counterterrorism", which had been signed by all three parties last year in Kabul.

The fact that this initiative was furthered, one year later, is a good sign that this trilateral relationship can be sustained. All three countries stand to benefit immensely from a partnership. With the United States' impending withdrawal from Afghanistan, the Afghan government will have to step up and make allies with neighbouring powers to get the country back on track. The strategic geographical location of all countries is an asset which, if they come together, can shift the dynamics of the region. From Kazakhstan to Tajikistan and other regional countries, this is a potential bloc of so many countries that can benefit mutually. Yet the success of this trilateral relationship is contingent upon peaceful relations between Afghanistan and Pakistan, something which has been a struggle in the past. Past relations between Afghanistan and Pakistan have been mired with suspicion and hostility, aided by India's interference. The Afghan government will have to set aside its anti-Pakistan bias and extend a hand, for its own sake.

A hollow promise

RAFAE SAIGAL

Responding to a growing number of sexual harassment allegations at private educational institutions last week, we saw Dr Murad Raas' proverbial assumption of a fatherly figure, taking it upon himself to ensure the cases of his "children" were brought to a "proper conclusion according to the law". But I might ask: under the criminal justice system, what does the Minister hope to achieve for the victims, and other children — in schools, homes, and similar 'safe' environments — that are subject to sexual harassment?

At the adolescent level, sexual harassment is widely unaddressed. Broadly, several laws protect children from sexual harassment. For instance, there are offences that prohibit sexual harassment in general. More specifically, the sexual abuse of minors was criminalised by parliament in 2016, carrying conviction sentences of up to seven years. In either case, however, these are criminal offences. And any successful prosecution of a criminal offence requires undergoing the procedural process of our criminal justice system. Anyone slightly familiar knows the criminal justice system is rigged to work against the victim. Worse, a female victim. And even worse, a child-victim.

Putting things into perspective, a child-victim would have to file a complaint directly against the offender for registering an FIR.

This subjects the child-victim through the ordeal of telling and re-telling the account of their abuse to police officers, investigators, and prosecutors. The law also requires that a child-victim testify against the offender, right in front of them. And that too, in a courtroom full of strangers.

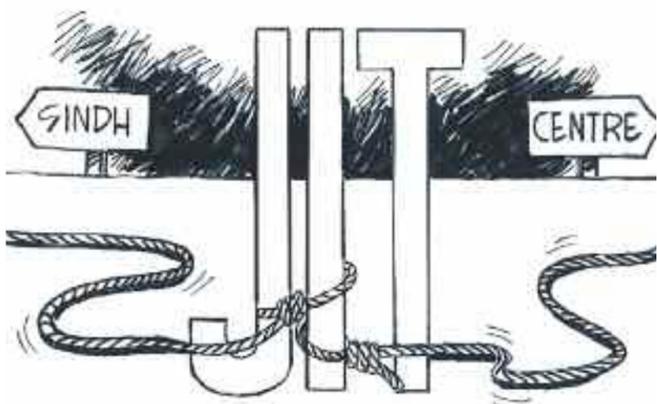
Even so, most cases of sexual abuse take place in a secretive, solitary setting, with no eyewitnesses. There are two things to unpack here. First, our criminal laws generally require an independent witness to validate the victim's account. In the eyes of the court, a child-victim's sole testimony rarely secures a conviction. While this doesn't necessarily mean that a victim's testimony alone is never enough, it outlines the crucial role of a child-victim's testimony. This brings us to our second point: since a child-victim's testimony is normally the only evidence available, it must be safeguarded, and provided a fair chance — at all costs. Particularly in the face of a defence lawyer vigorously attacking the accuser's (child-victim) credibility, and the stressful experience of repeating the intimate and often embarrassing details of the abuse — which potentially dilutes the strength of a victim's testimony.

Moreover, we know it's common for victims to come out years after the abuse. A report by the US Department of Justice suggests 86% of child sexual abuse (in America) goes unreported. Where reported, a high percentage

of cases delay disclosure well into adulthood. This has several impacts. For instance, delays gradually diminish the likelihood of obtaining medical or laboratory evidence to corroborate the child's account. And in Pakistan, any delay in the registration of a criminal case is viewed with extreme suspicion, usually fatal, by the court. This principle also applies in child-related offences, despite statistical evidence of victims delaying disclosure for years, if not decades. The law, however, does not account for this reality.

Globally, legal systems deploy a variety of techniques to ameliorate the trauma of courtroom experiences for children. One example is physically reconfiguring the courtroom to a more informal, comfortable setting, or by placing screens; this imposes a safe, psychological distance between a child-victim, and the sex offender. Alternatively, states across America permit trial courts to temporarily close courtroom as this reduces the pressure of testifying in front of a packed court. Pakistan's criminal justice system, however, offers nothing of the sort. It is survival of the fittest. The playing field is unequal, skewed in favour of the perpetrator, who, almost always, walks away. In a legal system that structurally fails to comprehend the sensitivities of child-related sexual offences, any promise of retribution or justice is hollow. Perhaps Justice Cardozo of the US Supreme Court put it aptly: "Justice, though due to the accused, is due to the accuser, also."

PROBE AGAINST UZAIR BALOCH



The minus one issue

This refers to the article, 'The minus-one riddle' by Farhan Bokhari. The handling of the coronavirus, the lockdown controversy, the unending confrontation with the opposition, NAB's victimisation and one-sided accountability and the uncalled for continued detention of Mir Shakil-ur-Rahman — all this has damaged the credibility of the ruling party. Pakistan's bleeding economy, the PIA fiasco, the sugar and wheat scandals and pending investigations on IPPs etc are serious matters that need consensus of all stakeholders, especially opposition parties. The absence of a consensus has caused unrest and it is no more a secret that this dissent has erupted from within the party at a time when the party needed unity. The statements from the PM and other leaders on 'minus one' reflect the scare. The leadership should know that fire and smoke are inseparable.

Mukhtar Ahmed
KARACHI

Shameful attitude

PIA is a statutory body created to serve revenue paying passengers with safe reliable travel and carriage of cargo, and not as a job provider for political cronies or retired and serving officers nor corrupt bureaucrats, who over the past five decades have driven it to insolvency, plagued by frequent fatal accidents with an incompetent regulator like CAA making it worse. Air crashes are a collateral part of commercial aviation and occur due to a combination of pilot error, technical

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problems and regulatory deficiencies. In the event of a crash, airline executives are supposed to rise to the occasion and be compassionate, humble, apologetic and helpful to the next of kin of the dead — not add to their woes by shouting at them. The video recorded account of the ordeal faced by Al Yaseen Ali, a 32-year-old American of Lebanese origin is heart shattering and shameful for those at helm of affairs in the aviation ministry, PIA and the CAA. Why cannot those at the helm speak the truth? After all, state functionaries exist to serve and protect people, not add to their woes. Yaseen states that he was given false information. The irony is that Yaseen nostalgically quotes his late father "This land is majestic, this country shines with beauty

and the Pakistani people are priceless, but they don't know it, because they have been lied to for so long".

Malik Tariq Ali
LAHORE

PM University

A tweet from a federal minister has revealed that work for turning the PM House into a university will commence soon. What if the next government decides to undo this conversion to use the structure to serve the purpose for which it was built? A university should not function in a high security area. It would be worthwhile to upgrade and renovate some other university instead. A hybrid structure is a self defeating idea.

Dr Najeem A Khan
EAST LONGMEADOW