

# The Business

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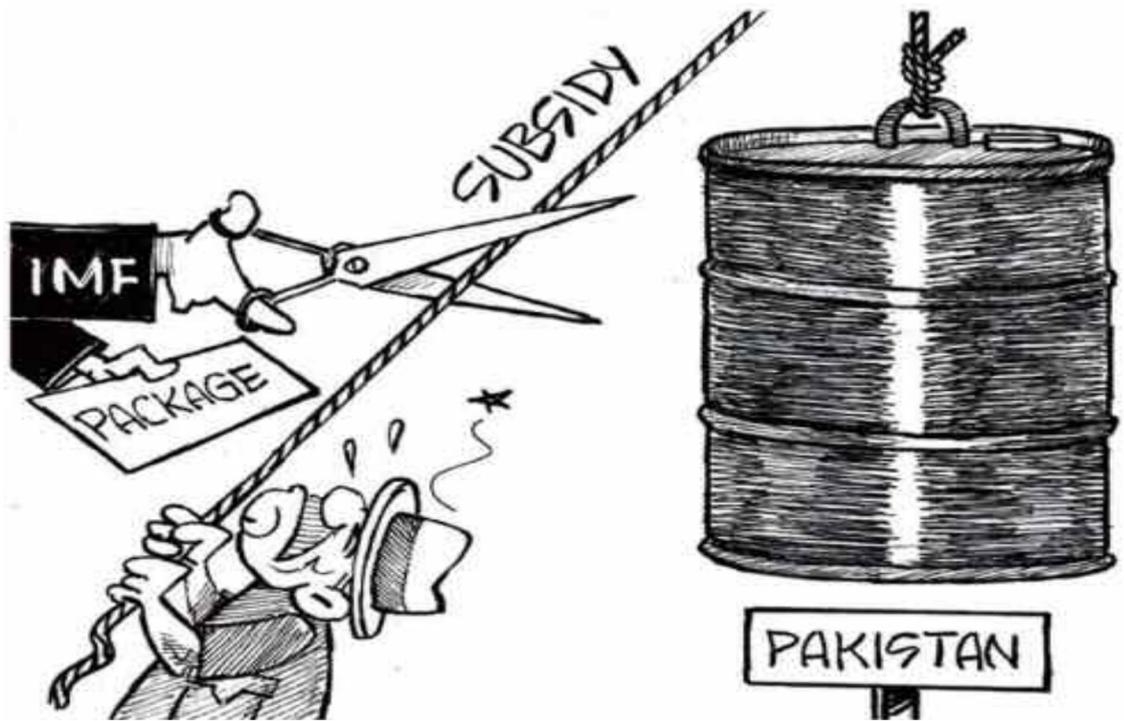
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## Forest fire

Being one of the worst victims of climate change Pakistan too wants to plant more saplings, secure its diminishing forest cover and grow even the otherwise valueless Miyawaki plants. The '10 billion-tree tsunami', launched by the then prime minister, Imran Khan, last year, is also an endeavour to increase the forest cover, which at present is one of the lowest in the world. Against the global average of 31 percent only five percent (United Nations Food and Agriculture Organisation, however, puts it at 2.2 percent) of its land is covered by forests. Of course timber mafia remains unbridled — thanks to local political support and the concerned government departments — lightning too ignites forest fires. The latest entry to this anti-forest forces' group are the TikTokers who would ignite fire to burn trees just to exhibit their peculiarities. Of course forest fires deplete quantity of oxygen, destroy flora and fauna, but how much detrimental these are to people for whom the forests are the only support for living we now know as the pine nuts trees are. And we also now know that the fire-fighting capacity in the country is almost non-existent. The forest fires that are devastating the pine forest in the Koh-e-Suleman mountain range straddling the border areas of Balochistan and KP remain unquenched even after a week or so.

These fires, which have taken their toll on pine-nut trees that are the only source of living for the residents of Sherani District and claimed lives of three persons, also proved that we as a country are ill-prepared to effectively fight and defeat the demons of forest fires. Following the prime minister's order to put out the pine-tree forest fire the local administration has now set up a control room in Zhob and emergency imposed in the district. Army and FC helicopters are taking part in the operation to control the fire. Iran is sending a mammoth air tanker to help Pakistan put out the fire.

The question is why in Pakistan where forests are under threat of extinction there is no standardised fire-fighting strategy. The country needs better and more prompt mechanisms to respond to such eventualities. Moreover, the government should make up for the loss the chilghoza growers have suffered and at the same time put in place economic and industrial resources to end their total dependence on pine-nut forest. The government is also required to acquire latest fire safety equipment that are designed specifically to deal with different classes of fire. The government should be more careful in the activities of the TikTokers, who are out to damage the country's wealth for the sake of their petty interests.

## Tough economic decisions ahead

IMTIAZ RAFI BUTT

There is no way to sugar-coat the harsh reality of Pakistan's socio-economic conditions as we approach the end of the financial year.

The recovery of economy was encouraging and an outlier among developed nations after the enormous impact of the Covid-19 pandemic. Mr. Naji, the Country Director for Pakistan in the World Bank, openly accepted that Pakistan's economy showed remarkable resilience during the covid-19 pandemic which shows the high potential of its people. However, the year 2022 brought challenges both old and new. The surging political and economic shocks have given rise to the perfect storm but its certainly not the dire end of the matter, Pakistan only needs to set its priorities, make a unified approach and aggressively initiate all sectors of the society towards economic revival.

It is now a struggle for survival, and not that of politics and point-scoring. The most deep-rooted economic challenge of the country lies in its massive trade deficit that has been made part of the commerce system since the 1950s. Pakistan, from day one, has focused on meeting local demand of goods through allowing import of cheap goods from abroad. And over many decades, allowing import of these items has dealt damage to the national economy in two specific areas. First, it has eliminated the incentive to install local setups of industry and manufacturing facilities for hundreds of products that are now being imported, and secondly, it has reduced the prospect of "technology transfer" and converting unskilled labour into semi-skilled or highly skilled workforce. The commercial imports have been a continuous burden on the national economy and the import of luxury goods have been a death blow to the foreign reserves of the country. It is true that the top items of the country's import bill is made up of oil and gas, raw material, agricultural items, edible oil and machinery, but the expenditure on these sectors could have been reduced considerably, with the right principle in mind, that is to become financially viable and only allowing imports where no other option exists. The result is the 40 billion Dollar trade deficit today and the Government has to resort to extreme measures to bridge this dangerous gap. On the other hand, the foreign reserves required to meet payments stand at an alarming 10 Billion Dollars that can only meet the country's requirements for two months. Thus, the need to approach the IMF for the 23rd

time. Politics is not always deeply connected to economics of the nation but the economics is always a determinant of the socio-political landscape of a country, and Pakistan is no different. After the ouster of Imran Khan from Government, the subsidies given on fuel prices are proving to be an economic bomb for the country. For four months, Imran Khan's Government did not raise fuel prices, knowing that the incoming Government will have to raise them eventually to save the country from a disastrous default.

This was done, not knowing that there is a multiplier effect in economics. Dwindling foreign reserves due to the subsidy, have sent shockwaves in the stock market and the Dollar rate has crossed Two Hundred Rupee benchmark. And as of now, the IMF regulations are to be implemented. Pakistan has already approached the IMF and the talks with the IMF team for a bail out of 6 Billion Dollars is based on implementation and acceptance of painful economic measures.

First and foremost, it is the removal of fuel price subsidies and raising tax revenue by 1 Trillion Rupees in the next Financial Year. All this was set by the previous Government, as it would hurt their political standing among the masses, not knowing, it could snowball into an economic crisis not yet seen in Pakistan. Now, the Government has agreed to implement IMF conditions. There are not many options on the table. China and Saudi Arabia have also taken the stance to grant loans to the defaulting economy subject to agreement with IMF for a bail-out. The national debt has risen over fifty percent during the PTI Government rule since 2018. But this debt crises, combined with budget deficit and the spiraling trade deficit are challenges that come from decades old thoughtless policies, which must now be reconfigured anew if the country is to survive. When the majority of researchers, analysts and economists are hammering the impending disaster and default of the national economy, it would be most appropriate to look at the strengths as well.

Because, it is only through focusing on the strengths and durability of the people, that an opening can be created. Pakistan, even with its economic and political shocks and uncertainty, has been able to maintain a GDP of five per cent which is the highest in South Asia. The macro-economic profile suggests that Pakistan possesses one of the highest young populations in the world. Further, the education and intelligence index of the Pakistani youth indicates that is one of the best in the world.

UNICEF GenU project suggests that Pakistan young population can be source immense growth not only for Pakistan but the region and its major trading partners. Every year, Pakistan receives billions of Dollars in the form of remittances from overseas Pakistanis, workers and labourers from across the globe.

And all this is achieved through little or no intervention from the Government of Pakistan. It is now time that Pakistan adopts an aggressive stance and utilizes this young workforce and introduces the world especially the major economics to open doors for the young Pakistanis of today. We have not been able to reduce our population growth rates for many decades now, perhaps for a good reason. Pakistan's strategic geographic location remains untapped of its true potential. Collaboration with China in the form of CPEC and OBOR has yielded much needed benefits for Pakistan and there are numerous avenues to explore.

Pakistan's connectivity with the Middle East and with Central Asia remains undervalued. Pakistan has not traded with Iran due to sanctions from the West, but this is the time to take a stand and acquire cheap fuel resources from Iran via land border instead of buying through expensive sea routes. Iran can be a source of other major items that are currently being imported from China or Europe. Finally, the Government has taken the long due step of banning import of completely built cars, appliances, electronics, shampoos, cosmetics, edibles and luxury items. This will reduce the import bill but it must be considered that these make up a small portion of the imports. On the other hand, the top item on the list is fuel and gas. The SS Government must devise a policy to reduce the consumption of fossil fuels and power produced from fossil fuels through installation of renewable energy projects, dams and solar installations and this should be complemented by a national fuel consumption policy wherein transportation must be reduced through smart work from home methods thereby reducing the demand for petrol and diesel.

The savoir from all these import cuts is the export sector which must be prioritized above all else. Pakistan should implement an emergency Export Growth Programme, as Export is the real revenue and not import taxes nor any other indirect taxes. All these untouched areas must be fully incorporated into the National Agenda for Economic Revival and before long, the dark clouds will surely begin to fade, for every passing day is a chance to turn it all around.

The writer is Chairman, Jinnah Rafi

## Who gets to do politics in Pakistan?

RAJA RAFI ULLAH

Despite its associated shortcomings, democracy in its varying forms, is often touted as the most desirable system of government worldwide.

To be fair, the foundational philosophical tenets of democratic governance are indeed very inclusive and representational. Most modern democratic systems advocate for universal suffrage in which every adult in the population in some form or manner has a say in the election of their leaders and lawmakers. However, the 'right for everyone to vote' is a crucial yet only one facet of the total picture at hand. Another pivotal factor that needs to be addressed is the right for anyone within a democratic system to run for office. This right to run for office exists in most democratic systems worldwide, yet in real terms there are significant barriers to entry that automatically preclude many from entering the political space or have any realistic chance of getting elected. The same is true for Pakistan, where only those who have money, influence and hereditary, or often a combination of all three can effectively have chances of entering politics and being successful. These candidates are often colloquially referred to as 'electables' in Pakistan, and most often than not, political parties have strong preferences when it comes to giving them their party nominations (tickets). We economists often tend to think of societal realms where humans interact or transact as markets. And the ultimate aim is to strive for competitive markets where negligible barriers to entry exist for producers/business. Agreed, that hardly any pure competitive markets exist in the real world, yet still competitive markets with minimal 'barriers to entry' are the ultimate aim. When markets are competitive, consumers are fundamentally better off as they have more options and better quality of products — and that too at cheaper rates than in uncompetitive markets.

If one were to extend this logic to the case of politics, the existence of structural factors that are persistent and which effectively result in giving only a few the option to run for office and be successful at it, presents a fundamental problem. Voters are time and again forced to choose between the same faces again and again, despite little or no returns to their vote.

It would be rather naïve to aim for a system where anyone can effectively run for office, as political campaigning requires significant funds — something that is true all over the globe. Another interesting observable fact in Pakistan is the persistence of political dynasties, from individual constituencies to the very top of the executive positions in government. Very often than not, even if one has the funds to run for office, the fact that one does not belong to a political family means that it is quite difficult to run for office and compete with candidates who have dynastic political backgrounds. There are only a handful of

studies on the persistence of dynastic politics in Pakistan. One such study was carried out by Dr Ali Cheema, Dr Hassan Javaid and Farooq Naseer in 2013. Using data from Punjab, they observed that from 1985 to 2008 on average about two-thirds of elected national-level legislators (MNAs) and about half of top three candidates across all constituencies were dynastic politicians. Although these observations were for the Punjab province only, one can reasonably imagine the situation in other provinces being similar if not bleaker. Particularly given the finding that there is an inverse correlation between dynastic politics and urbanization — in provinces that are less urbanized than Punjab one can expect more dynastic politicians.

Here it should be noted that, there is a need to investigate the case of Sindh further, as despite being the most urbanized province in terms of percentage of population, most of the urban population lives in only a handful of urban agglomerations. The effect of such uneven distribution across the province on dynastic politics needs to be explored in more detail.

Furthermore, if one were to compare the predicament in Pakistan to other regional countries, the prevalence of dynastic politics in the Indian Lok Sabha is about half of what was observed by the researchers in the above mentioned study.

Having said that, the political landscape in Pakistan is morphing, albeit at a gradual pace. The country has the second highest rate of urbanization in South Asia, which is altering the manner in which people vote and elect their representatives. However, certain changes are needed to make the political landscape more accessible to non-dynastic politicians. One key step is to have empowered local bodies governments elected through regular elections. Local bodies elections offer an easier entry into politics for those candidates who do not belong to political dynasties. However, due to a number of reasons — the chief being our fascination with centralization — we have ignored local government elections throughout history. With the second phase of local government elections recently completed in Khyber Pakhtunkhwa, and with other provinces set to hold their respective local government elections later this year, steps are being taken in the right direction. It is also important that the Election Commission of Pakistan and other relevant authorities stay true to the commitment of holding these local bodies elections despite the looming possibility of an upcoming general election.

Coming to our main contention, the entire point of having democracy is to achieve some level of representative governance in a society. However, if the political superstructure is set as such that it practically excludes a major chunk of the population, then the entire process itself is put into question. It is true that influential dynastic political families exist throughout the world even in developed countries, yet their persistence in post-colonial states like Pakistan seems to be profoundly more pronounced.

## March to freedom

RAOOF HASAN

The seething rage that had been festering in the country for weeks has finally found resonance through layers and layers of people in a march to freedom called by Imran Khan. This has been so despite the incumbent government using all imaginable draconian and fascist measures to block its passage to Islamabad, particularly from across Punjab where alleged criminal Hamza sits as an unconstitutional chief minister. The barbarity unleashed in the process was absolutely unprecedented. Even women and children were not spared.

One had hoped that it would not come to this but, in the end, no option was left other than the inevitable that has happened: people surging from across the country towards Islamabad to undo the wrong which had been done through a foreign-instigated and funded conspiracy with local collaborators who have since been planted in power to do the bidding of their master. But then, one also thinks that the fate of the country had to be decided one day — so better now than later. The distinction between the traditional beneficiary elite laying siege and the forces rebelling against this capture to introduce a system of justice where all would be equal before law was never clearer than it has been since the advent of Imran Khan into politics who has led the charge passionately and fearlessly. Today, virtually the entire country stands behind him in this endeavour to change its fate by altering the traditional way we have been accustomed to thinking of things in the past. This is a gigantic leap out of yesteryears known for their rabid loot and plunder to present times that come laden with hope and promise. This is what the battle is about, and it looks improbable that this will end without ensuring crossing the threshold to a new Pakistan that would genuinely reflect the dreams of its people. Not long ago, it looked like a long haul. With the raging passion that was resonating with hundreds of thousands of people who stepped out on the streets throughout the country, it now appears to be within reach.

It is not a story of any single conspiracy, but multiple travesties since times when Pakistan had just emerged on the map of the world as an independent country. After the death of the Quaid, and in spite of the fact that an invitation

from the former Soviet Union had been received by our prime minister to visit the country, we somehow remained entranced by the distant magic of the west, particularly the US. So, by spurning the earlier invitation from a not-too-distant neighbour in the region, the prime minister embarked on a trip to the US immediately after an invitation had been sought and received from them.

This marked the beginning of an association across thousands of miles of stormy waters which, on the one hand, plucked us out of the region where Pakistan was located and, on the other, plunged us into a partnership which, through decades, could at best be termed as transactional where mercenary support was extended for jobs done, most of which were to the detriment of the country. But, somehow, because of multiple factors, some of which would be excessively demeaning to even mention here, Pakistan's leadership remained infatuated with their on-now, off-now affair with the US. From becoming members of Seato and Cento to fight communism, to being entangled in getting the former Soviet Union out of Afghanistan, to becoming part of the war against terror that resulted in the death of over 80,000 people and loss of over \$120 billion to the state exchequer, this relationship sowed the seeds of violence and polarization in the country whose harrowing consequences we still remain afflicted with.

When Khan thought of changing the foreign policy to align it with the state interests, he faced resistance from within and outside the country. While the pressure from outside was expected and could be handled with wisdom and sagacity, it was the pressure from within that was not only unexpected, but excessively intense. From securing illicit wealth they had accumulated in the Western world to keeping alive the possibility of finding asylum when they may be ousted from power to catering to a host of other realities that may crop up as a consequence of their loot and plunder, it seemed that the interests of the beneficiary elite remained intertwined with pledging subservience to foreign diktat. Khan did his best to get all stakeholders on board while making policy decisions. Outwardly, they would nod agreement, like they did in the case of the visit to Russia, but, at another level, they started planning to sabotage the working of the government to force its ouster.