

Khan's Naya Pakistan is Increasingly Looking to Become Hostage to IMF

News:

IMF representative to Pakistan Teresa Sanchez said, "The government of Pakistan has approached the International Monetary Fund with a request for not only financial assistance but also for policy advice, which are part of the usual services that the IMF provides to its member countries. Remember that the IMF provides countries with financial assistance to support medium-term (three-year) economic programs." [1] She further added, "We are now in the process of designing and calibrating such a program for Pakistan." [2].

Comment:

All along Khan has maintained his loathing of the IMF; however, it now increasingly appears that his government has no option but to succumb to an IMF bailout package. The about turn comes because none of Pakistan friends have offered enough cash for the country to avert a balance of payments crisis. Even, Pakistan's close friend China has refused to stump up cash to rescue IK's floundering government. If IMF's board approves this will be the 13 time that Pakistan has sought a bailout package [3].

Clearly, the previous 12 attempts at solving the balance of payment issues with IMF loans have failed. Another IMF assistance programme will make no difference. IMF loans focus on cutting public spending, encouraging foreign investment and boosting exports through debasing the currency. Slashing public expenditure has never worked in the past, and is likely to prove very unpopular with the Pakistani public. Likewise, devaluation of the rupee to increase exports have failed to overturn the systematic balance of payments deficits. Had IMF used the loans to build Pakistan's industrial base and revamp Pakistan's debilitated infrastructure the outcome would have been very different. Unsurprisingly then, Pakistan is unable to stand on its feet and use its domestic industrial base to overcome both fiscal crisis as well as the balance of payment deficits.

The net result of IMF assistance programmes for Pakistan has been more eternal debt accompanied by greater interest payments to creditors. Speaking of foreigners, IMF programmes always seek to safeguard foreign direct investment purchases. The privatization of KESC and other independent power producers speaks volumes about the mechanisms that protect foreign investment in return for higher consumer prices and miserable services.

Hitherto, Asad Umar the Finance Minister has refused to make public any substantial economic policies on how to address Pakistan economic woes with new IMF cash. Despite Khan's reluctance to spell out the inevitable, most Pakistanis know what is coming and are gob smacked that Khan like his predecessors has betrayed them.

Pakistanis need to wake up from their slumber: changing leaders without replacing the system will never deliver true economic independence. Economic sovereignty can only transpire, if the root and branches of the prevailing colonialist system are replaced by the Khilafah Rashidah. **يَا أَيُّهَا الَّذِينَ آمَنُوا اسْتَجِيبُوا لِلَّهِ وَلِلرَّسُولِ إِذَا دَعَاكُمْ لِمَا يُحْيِيكُمْ وَاعْلَمُوا أَنَّ اللَّهَ يَحُولُ بَيْنَ الْمَرْءِ وَقَلْبِهِ. وَأَنَّهُ إِلَيْهِ تُحْشَرُونَ** **“O you who have believed, respond to Allah and to the Messenger when he calls you to that which gives you life. And know that Allah intervenes between a man and his heart and that to Him you will be gathered.”** [TMQ: 8:24]

**Written for the Central Media Office of Hizb ut Tahrir by
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References:

[1, 2] <https://gandhara.rferl.org/a/pakistan-imf-representative-on-loan-talks/29637396.html>

[3] <https://www.dawn.com/news/1425319>