Pakistan hostage of IFIs, says ex-ambassador

In his Welcome address, Talib Karim commended association of Syed Hasan Javed, former Ambassador to Germany with the IoBM. He hoped such future seminars would be scheduled in a manner that students could also attend and benefit.

During her opening remarks, Dr Shahida Wizarat said the event was the first under Discussion Paper Series and it would be held after every three to four months. She encouraged HoDs and faculty of IoBM to take part in this series by presenting the discussion paper of their research. She said that an Independent Economist Forum would be established at the IoBM so they could add value to Pakistan’s economy.

Syed Hasan Javed gave his presentation on ‘Developing a New Development Paradigm: A Challenge to Pakistan’s Economists and Development Professionals.’ He said it was imperative to understand the root cause of failure of Pakistan’s economy. He said that Pakistan has been a hostage to the International Financial Institutions (IFIs). He said two distinct eras in economics had emerged in Pakistan: First, 1945-1991 was the era of Neo Classical, Structural, Socialist, Nationalist and Populist regimes. While from 1991-2017 was the period of regimes that were Liberal and Neo Liberal alongside the Washington Consensus.

He termed it the ‘Himalayan blunder’ that the government did not take the private sector on board on the CPEC, neither did mobilize the overseas Pakistanis nor ensure community participation. He also said that the existing system of governance in Pakistan promoted the flight of capital, brain drain and did not allow change or policy reforms from within.

During her presentation on “Balance of Payment Crisis Management for Pakistan,” Dr Shahida Wizarat spoke on implications of poverty and income distribution on Pakistan’s economy. She proposed an alternative strategy of the balance of payment crisis management. Her proposal, superior than the IMF strategy, included: creating selective demand restraint rather than across the board demand restraint; to break the trade-off between economic adjustment and economic growth to bring an expansionary adjustment rather than a recessionary adjustment and increasing foreign exchange reserves by increasing exports. Her short-term goals, however, focused on banning import of luxury and consumer goods, importing essential consumer goods on barter, having a gold reserve management strategy.

Sadia Anwar of the IoBM’s Economics Department shared her research on ‘External Debt Sustainability of Pakistan.’ She highlighted various aspects including Pakistan’s saving-investment gap and the export-import gap. She said the FDI to GDP ratio was stagnant and external debt was sustainable while primary balance and external debt had significantly positive relationship in the long run.