

# Pakistan a 1% republic, says former finance minister Miftah Ismail

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NEW DELHI: Former finance minister Miftah Ismail has termed Pakistan a "1% republic" that offers no upward social mobility to an overwhelming majority of its citizens, according to a report in Dawn. "The 1% elite controls this country," said Ismail who held the portfolio for six months. He claimed that while US billionaires Bill Gates and Steve Jobs "came from nothing and yet built a fortune by dint of their talent", almost all the rich Pakistanis are beneficiaries of "generational wealth".

"When the economy heats up, it is the lower-and middle-income groups that face the brunt as companies lay off employees," the former minister noted.

"(The last government) distributed Rs. 580 billion among the richest 1% Pakistanis under the Temporary Economic Refinance Facility. The government gave the loans to import machinery, however, the elites also ordered consumables for themselves and their families from abroad, thus inflating the import bill. The government itself is borrowing at 15% but the rich people got money at 1% only," he said, adding that liquidity injection increased imports of machinery and widened the current account deficit because local business groups produced goods for domestic consumption only. Without naming anyone, Ismail said a conglomerate requested his support for setting up a 500,000-tonne factory of polypropylene while he was finance minister. They demanded a 20% duty protection for 20 years because "the corporation couldn't compete against its Chinese counterparts", said Ismail.

He also criticised the auto sector for its inward-looking approach that's been draining foreign exchange on imports for decades without generating any dollar earnings through exports, reported Dawn.

Financial crisis

Ismail, who has been replaced by Ishaq Dar, was the fifth finance minister to be take the seat in less than four years as Pakistan's economy has witnessed persistent turbulence while its current account deficit has widened starkly and rising inflation has put pressure on both families and businesses.

Ismail has said the government headed by PM Shehbaz Sharif was suffering because of the economic policies taken by the erstwhile Pakistan Tehreek-e-Insaf (PTI) regime led by ousted PM Imran Khan.

IMF bailout

Pakistan reached a staff-level agreement with the International Monetary Fund (IMF) late July following months of deeply unpopular belt-tightening by the government, which took power in April and has effectively eliminated fuel and power subsidies and introduced new measures to broaden the tax base.

The new government has slashed a raft of subsidies to meet the demands of global financial institutions but risks the wrath of an electorate already struggling under the weight of double-digit inflation. Pakistan had hoped for a quick revival of the bailout, but the IMF has so far not released the much-needed installment. Adding to the crisis, devastating floods engulfed large swathes of Pakistan this month. The disaster killed more than 1,500 people and caused damage estimated at \$30 billion, fanning fears that Pakistan would not meet its debts.