

Privatization on IMF Demands will only weaken Pakistan's economy

News:

On Thursday 22 January 2016, the government tabled a bill entitled, "The Pakistan International Airlines Corporation (Conversion) Bill 2015", so that the PIA can be converted from a national flag carrier to a public limited company. The purpose of this bill was to clear the way for the privatization of Pakistan International Airlines (PIA). The Government of Pakistan has assured the IMF that it will privatize 10 public sector enterprises in 2016 including 26 % of the shares of PIA. In order to stop the government from privatizing PIA, the Joint Action Committee (JAC) of PIA, representing employees, started a strike on Tuesday 2nd February 2016. Two people were killed after law enforcement personnel allegedly opened fire at employees of the PIA protesting near the Jinnah International Airport in Karachi, on the very first day of strike. After eight days of the strike, Joint Action Committee of PIA employees rolled back its protest on Tuesday 9th February 2016, late in the evening. Hundreds of flights were canceled, with passengers stranded, and billions of Rupees lost in revenue because of this conflict between the JAC of PIA and the government.

Comment:

Pakistan International Airlines was formed on 10th January 1955 through the PIAC ordinance 1955. After its formation, it progressed so well that a number of airlines in the region were formed and launched successfully with the help of PIA as their mentor. However, successive political and military regimes appointed their cronies in the PIA management so as to fill their pockets and they appointed their men in large numbers to consolidate their supporters. Deliberate criminal negligence of the affairs of the PIA has brought it to its knees, as now it is now suffering more than three hundred billion rupees of losses, from previously being in robust profit. As it is a government airline, all the losses incurred increase the budget deficit of the government.

When the regime asked for financial assistance from the IMF, in the form of an interest based 6.6 billion dollar loan under the Extended Fund Facility (EFF), extended on 4th September 2013, the IMF placed crippling conditions, as is its habit. One of them was to lower budget deficit, and the prescription was to sell-off government assets. In past in order to veil their ill intended demand of selling previously profitable government assets, the IMF usually asks to sell assets which are incurring heavy losses to government exchequer. However, this time the IMF demanded the selling off of even those companies which are making good profits. Now in order to make their demand rational, the government has started to present a new argument that it is not the job of the government to do business.

To meet the expenses of the state, government needs revenue and this can be managed through taxes and profits from state assets. If the government earns money from its assets, then eventually it will be in less need of imposing taxes on its subjects or obtaining loans from local or foreign sources. So if the government companies perform well then the state and the people become stronger economically and politically as well, because instead of investing billions to cover losses, state will be earning billions as profits, eventually reducing the budget deficit, without burdening the people with more and more taxes. There are many

examples in the past that when a strong management with complete political backing was appointed over a loss-making state company, its fortunes turned around, resulting in the earning of billions of Rupees to the national exchequer.

Also the presence of state companies in transportations encourages healthy competition and places a barrier against cartels that exploit consumers, as was witnessed during the PIA strike, when private airlines started to charge double fare and in some cases triple fare. On top of that, it is the responsibility of the state to substantially provide transportation, whilst allowing private companies to provide it as well. **000 000** has adopted in its book "Funds in the Islamic State" that "Utilities (Marafiq) are the assets from which benefit is derived... The public utilities are the assets and services established by the State for the benefit of all citizens, and they include... Public Transport Services, such as trains in other than the public roads, as railroads in public roads are public property following the rule of public roads, which also applies to planes and means of sea transport.....These means are of individual property which are permitted for individuals to own. At the same time, it is allowed for the State to own these means, such as planes, trains and steamships, if it sees it fit for Muslims to help them and to facilitate their transport." If Umar (ra) was fearful that if a goat may be hurt because of inappropriate road and he will be accounted for it, then it is the responsibility of the state to ensure the availability of transportation at an affordable cost, by providing state transportation. So it is the "business" of the state in the sense that it is its duty to play its role in transportation, for it is its duty to take care of the affairs of the Ummah placed upon her by the Sharia.

No poor nation has ever benefited from IMF programs, as it is a colonialist institution formed to serve the colonialist nations led by America. The IMF and its dictates will only worsen Pakistan's economy, as it will place the state in a position with nothing in its hands, compelling it to take further loans and then imposing even more taxes on the subjects to pay back those loans. Pakistan needs the Khilafah (Caliphate) on the Method of the Prophethood so that the economic system of Islam will enable Pakistan to achieve the economic prosperity in accordance with its huge potential.

Written for the Central Media Office of Hizb ut Tahrir by

Shahzad Shaikh

Deputy to the Spokesman of Hizb ut Tahrir in Wilayah Pakistan