**Can the state do business?**

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We are often told that it is not the job of the state to do business. This ‘mantra’ is constantly repeated by pro-free market economists and other experts who consider the intervention of the state in a country’s economic affairs ‘an unpardonable sin’ that must be prevented at all cost.

They assert that such intervention has always proved to be catastrophic, plunging a country into terrible financial and economic crises. Therefore, they usually advise all states to not meddle with the complex issues of production and distribution, demand and supply, and the planning and execution of economic policies.

Economist Adam Smith advised us to leave such things at the mercy of market forces. Economist John Maynard Keynes adopted a bit lenient position, asking states to let capitalists siphon off the surplus value created by the working class – allowing them to use it for their personal luxuries and family enrichment – but distribute the losses when this inherently corrupt system of laissez-faire crumbles, sending shockwaves across stock exchanges and financial capitals.

Keynes believed that at this point, the intervention becomes mandatory. In simple words, this intervention means that capitalists, who never share the fruit of prosperity with labourers, should be given financial assistance from the taxes that have been extracted from the pockets of ordinary people. The state should launch meaningless capital-intensive projects just to keep an economy, which has largely benefited only people with deep pockets, afloat. State institutions should make hectic efforts to stimulate the economy, nationalising the losses caused by the whimsical policies of money makers and stock exchange speculators.

Chicago Business School, which abominates even the ‘shadow’ of the state when it comes to a country’s economy, exhorts governments to be generous when the system inches towards a collapse. The school that advocates the dominance of market forces wants the state to support ‘greedy’ profiteers when their disastrous policies push the entire society towards a financial and economic meltdown.

For these economists, a state only exists to do the bidding of entrepreneurs who, according to them, should be given the essential supply lines of life like health, education and transport. For them, the biggest moral responsibility of a capitalist is to maximize his profit. While Keynes seems to be in favour of giving some breathing space to the working class, Chicago Business School and neo-liberals are vehemently opposed to even such relaxation.

It is this mentality that has been dominating many countries including Pakistan. Ronald Reagan and Margaret Thatcher were the two great champions of this ruthless ideology in modern times that has played havoc with the lives of millions, or possibly billions of people. It caused deindustrialisation in several parts of the world, besides rendering millions of workers jobless. This ideology forced policymakers to leave even the supply of water and the provision of health facilities and education at the mercy of market forces. As a result, only those who can afford these commodities are able to have them.

This idea propagates that the state is inherently inefficient and is not capable of running economic affairs. Such assertions fly in the face of reality as the countries that had centralised planned economies demonstrated miracles, lifting millions of people out of poverty, improving their living standards, wiping out literacy, and raising life expectancy. For instance, the Soviet Union lost more than 27 million people during World War II, witnessing destruction on an epic scale and suffering from immense financial losses, but even then, it managed to stand on its feet within 11 years with the help of a planned economy, emerging as the second biggest industrial country in 1956.

North Korea was devastated during the Korean War of 1951-53. The US carried out heavy bombardment in the country, reducing it into ashes. The CIA estimated that the country would take at least one hundred years to stand on its feet again, but the socialist government of Korea embarked upon an ambitious plan to rebuild the country, achieving industrialisation within a decade.

Cuba has been under several sanctions for more than five decades now. Several attempts were made to dislodge the socialist government there. Despite all that, it was the first country to prevent the transmission of HIV from mothers to newborn babies, and it is also the most educated country in Latin America. It is also among the world’s few states that have one of the lowest infant mortality rates. This was all possible because of an economy which was largely run by the state.

After the 1949 revolution, China also made tremendous strides in different walks of life, despite brutal sanctions imposed by the West, a civil war, and famines. The country achieved an average growth of five percent from 1949 to 1979, raising life expectancy from 35 to almost 65 besides drastically improving literacy.

It is worth mentioning that the communist country managed to achieve this with the help of the planned economy, and even today, out of 75 top Chinese companies, a quarter of them are owned by the state. State utility companies also played a crucial role in modernising China by offering an efficient mechanism that helped industrialise the country.

It was not only the story of socialist countries, but even in the third world, states which adopted a planned economy served their citizens in a better manner. For instance, Iraq, with a highly state-controlled – almost 70 percent – economy, has the second-highest number of graduates in the Arab world. Libya, which also has a state-controlled economy, achieved one of the highest per capita incomes in Africa.

In Pakistan, most state-run entities were running in profit until the early 1980s, and many of them provided health and education allowances and other facilities to their employees. Noam Chomsky and several other pro-people intellectuals believe that when states want to privatise public entities, they deliberately push them towards bankruptcy to justify their privatisation. This is exactly what happened in Pakistan where deliberate efforts were made to not increase the production of the Pakistan Steel Mills (PSM) that would have turned it into a more profitable company, besides creating more jobs. Lucrative routes of Pakistan International Airline (PIA) were sold out to foreign companies where some PIA executives were offered positions with hefty salaries and perks and privileges.

Almost every government in Pakistan claims that it does not have enough resources to efficiently run state institutions, but every government comes up with bailout packages for stock exchanges, tax cuts for powerful industries, subsidised energy for influential industrial groups, and a policy of appeasement for independent power producers. The huge losses incurred by these policies to the national exchequer are never accounted for.

Last year, in the middle of the Covid-19 pandemic, it announced a Rs1,200 billion bailout package for businesses; a fraction of it was used for ordinary people. Instead of recruiting more nurses and paramedical staff at public hospitals, the government introduced health insurance cards, which benefited private hospitals.

The government preferred to dole out scholarship packages for students which would have largely benefited private educational institutions, instead of improving facilities at state-run education institutions. Precious resources were also wasted on the Single National Curriculum (SNC) – a project that would only appease obscurantist forces of society. Various institutions are also being set up in the name of spiritualism to accommodate the religious right.

Over the years, huge amounts have been pumped into seminaries. This is all happening at a time when universities are dying for funding. So, the state has funds, resources, infrastructure and capacity, and the only obstacle is the private interests that do not want the state to do business.

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