**[Chasing mirages](https://www.dawn.com/news/1774526/chasing-mirages)**

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THE last time an army chief met the business community in the midst of a sharply deteriorating economy, we saw a string of policy gimmicks emerge as attempts to redress the grievances aired during that meeting. This was in [October 2019](https://www.dawn.com/news/1508894), when the country was only a few months into an IMF programme that saw sharp devaluations of the rupee and a hike in the interest rate.

The gimmicks included a [massive amnesty scheme](https://www.dawn.com/news/1492235) and a large focus on [spurring](https://www.dawn.com/news/1492813) real estate speculation under the garb of a great push to make housing and construction a motor force for the economy. That effort did little more than spur speculation in plot file rackets, while providing a brief impetus to sales of construction material, achievements that were cited by the then prime minister Imran Khan as signature successes of his government.

Once again, we have returned to the same point. This time, the [army chief has met](https://www.dawn.com/news/1774148) a far larger group of people from the business community, in separate meetings in Karachi and in Lahore. These ones lasted longer, and seemed to cover a larger spectrum of grievances than the ones Gen Bajwa had tackled. And so far, the responses they have received sound like very large promises of stability to come in the months ahead, but there are good grounds to be sceptical.

First of all, the amounts being presented sound outlandish. Participants of these meetings say [$25 billion each](https://www.dawn.com/news/1774201) from Saudi Arabia and the UAE were mentioned, as investments in mining and minerals as well as the agriculture sector of the country. And a $10bn deposit of some sort also seems to have been mentioned, going by the reports appearing in newspapers and sourced to participants of the meetings.

For perspective, consider that $50bn is more foreign investment than Pakistan attracted in the past 30 years. So we are now to suppose that in the months ahead, a flood of investment is about to come that will dwarf anything seen in the previous three decades, including everything that came under the CPEC umbrella. And $10bn in deposits is larger than the total deposits taken by Pakistan in the past decade, when this business of using central bank deposits from cash-rich countries got going in earnest.

We are now to suppose that in the months ahead, a flood of investment is about to come that will dwarf anything seen in the last three decades.

If funds on this scale, or even a fraction of it, do indeed materialise, they will undoubtedly catalyse economic growth to a level perhaps last seen in the years immediately following 9/11. If that happens (and this is a big if), the political landscape will change dramatically. The woes of the PTI and Imran Khan will be forgotten in days, Nawaz Sharif will have to sit out in exile for another round of the power game, and very likely people will flock to the [king’s party](https://www.dawn.com/news/1756988), that has so far had an abortive start, in droves. The politics of the country will line up behind the ambitions of the military leadership very rapidly.

But if these funds don’t materialise in quantities sufficient to address the deep dysfunctions weighing on the economy, then we will remain at square one. At the moment, Pakistan is staring down the barrel of a very steep macroeconomic adjustment — sharp devaluation and further interest rate hikes and more taxes.

The [Special Investment Facilitation Council](https://www.dawn.com/news/1774316) (SIFC) they are creating to promote these inflows is not some radically new type of vehicle. In large part, it is an admission that the business environment in Pakistan is now so badly put together that it no can longer mobilise domestic or foreign investment. It cannot secure sanctity of contracts or provide a predictable policy and macroeconomic future within which to plan long-term cash flows for large-scale fixed investment.

One would think the appropriate response to such a situation is to fix the business environment. But repeatedly, our response has been to carve out spaces within this environment in which special rules will apply that will be above those that normally operate in the business environment.

Over the years, we have seen Special Economic Zones as examples of such carve-outs. Amnesty schemes are another example, where rules regarding disclosure of source of wealth are temporarily suspended for a select few so that undeclared wealth can enter the mainstream.

More recently, CPEC was another example, where special rules on how payments are to be processed or what tariffs are to be given were introduced to mobilise Chinese investment and other infrastructure investments. Now we have the SIFC.

Having expanded the sway of the SIFC to allow domestic investors to also participate in it, look out for two things. First, keep an eye out for a proposal that will come from somewhere from the bowels of the business community that will look much like an amnesty scheme. If, at some point, somebody proposes that for investments coming under the SIFC umbrella, disclosure requirements on source of wealth should be loosened or suspended, you will know what is happening.

Second, look out for a proposal in which some section of domestic investors argue that construction and property development projects should also be included under the SIFC umbrella. Once this happens, you will know that an old game has got going under a new acronym.

If proposals such as these are granted, they might as well rename it the Special Interest Facilitation Council, because that is what it will become if the body of domestic investors is given too much leeway under it.

Whether or not the dollars actually materialise, we can wait to find out. What we cannot wait to find out is the cost of not moving ahead on the proper reform agenda to restore macroeconomic stability because we were too preoccupied or too distracted chasing mirages. Too much focus on one vehicle to drive the entire economy is precisely what was wrong with engineered growth attempts of the past.

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