**Unceremonious departure**

BY Z A H I D H U S S A I N 2021-03-31

WEEKS after the prime minister claimed the economy was on course to recovery he sacked his finance minister. Hafeez Sheikh`s humiliating exit is yet another example of a government completely losing its bearings. Like his predecessor he has also been shown the door in the midst of negotiations with the International Monetary Fund. Sheikh is yet another scapegoat for the government`s policy failure.

Intriguingly, the move came af ter the prime minister had reportedly asked Sheikh to continue in his post despite losing the Senate election. The government had put its political stakes in the failed attempt to get Sheikh, who was elevated to the position of federal minister last December, into parliament a constitutional requirement.

A government spokesman said the prime minister has decided to bring in a new finance team to deal with the spiralling inflation. According to him, the new finance minister will take forward the prime minister`s `pro-poor vision`. But what is the prime minister`s economic vision that the recently dismissed finance minister f ailed to implement? Not long ago, the government was gloating over the `success` of its economic policies. The nation was frequently reminded that the economy had come out of the mess created by previous governments and was taking off, though the situation on the ground remained precarious.

Indeed, runaway inflation has been the most serious problem faced by the government. But the price hike has not happened in the past few weeks for the prime minister to take such drastic action. The sacking of the finance minister is not going to solve the problem that is linke d to a broader governance issue.

There is something more to the prime minister`s abrupt decision that came in the midst of a controversy over the move to expand the autonomy of the State Bank presumably on the pressure of the IMP.

While the issue of independence of the central bank and other regulatory bodies has been under discussion for a long time, the sweeping authority proposed by the Fund has become a serious political matter.

It is not only the opposition parties that are up inarms over the issue. Several economists too have questioned the proposal to grant such wide-ranging powers to the State Bank. It`s the prime minister who has to take the decision on the proposed bill and just sacking the finance minister will not end the controversy.

It was the government`s decision to go to the IMF and there was sound reason for that. The Fund`s bailout programme carries some tough conditionalities that need to be negotiated. The finance minister is a part of the government that takes decisions. So removing one individual will not make things easier for the government.

Some reports suggest it was differences over the economic policy framework with the prime minister that cost Sheikh his job. The prime minister`s voodoo economic vision built on ideas and priorities ill-suited to modern times seems to have contributed to the slowdown of the economy and the f ailure to contain inflation.

Some of the measures taken by the government may have helped the marginal increase in the country`s exports and improved the current account situation, but overall the economic outlook remains dismal. The prime minister`s so-called pro-poor policies defy the concept of a welfare state in the modern world. Opening shelter homes and free meals will not reduce poverty.

Indeed, monetary support under the Ehsaas programme has helped ease some economic pressure on the poorest section of the population but it cannot eradicate poverty. More importantly, there is a need to generate employment through economic growth. With one of the highest population growth rates in the world, millions become eligible for the job market every year. The growing problem of unemployment cannot be addressed through shelter homes and free meals.

Unfortunately,thefederalgovernmentisincreasingly engaged in charity work rather than focusing on economic growth that could help reduce poverty and unemployment. Theincreasein population that has been the major cause of worsening food security and unemployment has never drawn the gov-ernment`s attention. With the economic growth rate remaining even lower than the population growth rate, the prospects remain bleak.

Spiralling food inflation and the rising cost of living are indeed major challenges faced by the government. But the problem cannot be dealt with by simply blaming `mafias`. It needs prudent policy to maintain a balance between demand and supply.

Crackdowns on shopkeepers and middlemen will not help reduce inflation. It is also an issue of governance and taking the right decision at the right time. The government`s f ailure on all these fronts is apparent. Holding the finance minister responsible for the rising prices is absurd.

Now we have a third finance minister halfway through the PTI government`s five-year term. The first finance minister Asad Umar, one of the leading lights of the PTI and a close confidant of the prime minister, had to exit within eight months of taking charge of his ministry while was in the midst of negotiations with the IMP. He was later blamed for the delay in seeking a bailout. Surely the initial indecision on going to the IMF was unwise but the responsibility for it also lay with the prime minister. Asad Umar may not have been the right choice for the job but his arbitrary removal had no justification.

Hafeez Sheikh, a former World Bank executive who had also served as the country`s finance minister in the last PPP government, was given the responsibility to fix the matter. But he too has met with the same fate less than two years into the job as finance adviser and later minister.

Hammad Azhar, the federal minister for industries and production, has replaced him. The young MNA from Lahore who had presented the PTI government`s first annual budget has now been given the arduous task of running the country`s fledgling economy and fix all its problems. It remains to be seen how long he can enjoy the trust of the prime minister andimplementhis so-called`vision`. The writer is an author and journalist.

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