**Taxation to pay loans**

[Columnist](https://nation.com.pk/authorpost/columnist/)[Dr Farid A Malik](https://nation.com.pk/authorpost/columnist/dr-farid-a-malik/)

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Tax the public to pay back the loans consumed by the elite; this has been the norm in preparing budgets since the debt trap was laid in October, 1958. Various terms like; ‘awam dost’ and ‘tax free’ are used to bluff the public. Budgets are then followed by mini budgets to further burden the masses, and then the rush to get rid of the unspent public money before the June 30 deadline. It’s a total financial mess that continues unabated. The 15 percent raise in the salaries of the non-performing bureaucracy is mind boggling. Who came up with this idea of rewarding those who should have been punished? Where are we heading? It is time to revisit our game plan before the IMF puts us out of business.

In the year 2000, I assembled a team of professionals to prepare a shadow budget from the platform of the Lahore Chamber of Commerce and Industry (LCCI). We followed the age-old principle of budget formulation, in which the earnings and expenses had to be matched. Once we started to study the expenses in the previous year, it was an eye opener. Many organisations were drawing their expenses from the budget while keeping their profits. The National Logistics Cell (NLC) and even some nationalised banks were in this category. Human development (education and health) had the lowest priority. After resetting our priorities, we were able to produce a balanced budget, which was then published together with the official document.

After the budget speech of Dr Miftah Ismail, whom I consider to be the ablest mind in his party, the Chairman FBR (Federal Board of Revenue) had a press conference. He gave details of his efforts to raise Rs 440 billion in new taxes. Despite the fact that less than 1 percent pay income tax in the land of the pure, the FBR is hoping to collect all these taxes this year. The three main expense items in our budget are; debt servicing, defence expenditure and running the state machinery. Except for the security of the country, the rest are a total drain on the economy. Debt is a curse from which there seems to be no escape, while the state institutions are non-functional and a total burden on the people of the republic.

Instead of productive output, the economy of the republic is based on loans followed by loot. There is an influx of easy money which then raises the standard of living of the people and loot becomes a way of life. Money must be earned before it is spent. Only in very large projects some short-term debt makes sense, but with a clear road map to pay it back. Debt with no pay back mechanism is death, both for the nation and the individuals who spend borrowed money as if there is no payback. Imports are a big menace, where a lot of borrowed money goes into buying items of luxury. I remember when I took charge as Chairman Pakistan Science Foundation in 2002, I reviewed the import bill of the country. Fuel at Rs150 billion was the highest, followed by edible oil at Rs 50 billion followed by tea at Rs 20 billion. To reduce the import bill, a plan was prepared to start mining for oil seeds at Thar, a detailed proposal was prepared to develop farms in Cholistan with the application of solar technology for pumping and distillation of water. For tea plantation, an area was identified in Azad Kashmir and Swat. For marketing of green tea, a plant was installed at the National Tea Research Institute at Shinkiari. At 175 billion tons, Thar Coal is the energy future of Pakistan that can meet our fuel needs with the application of appropriate environmentally friendly technologies. The Edible oil and tea bill can also be reduced by establishing plantations in undeveloped marginal lands.

Loans and loot are a recipe for disaster. It is an IMF-laid trap from which no nation has been able to come out. Nations are built on the foundations of self-reliance and productivity, for which facilitation not exhortation can make a difference. Bureaucracy continues to be a major hurdle in our progress, as such its wings have to be clipped. To balance the budget, there should be massive cuts in the salaries and perks of the non-performing members of the state apparatus together with the use of indigenous fuel and a focus on growing edible oil seeds. There should be no taxation without effective representation.

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