

Dear Habibian,

The HPS Alumni Association organized a speaker's corner event on Saturday 27th July 2019 at the Karachi Boat Club from 5.30 to 7.30 pm. Dr. Shahida Wizarat, an eminent Economist, was invited to deliver her views on "Socio-Political Economy of Pakistan". In her opinion none of the countries of the world who have sought IMF's help to get their economies in order have been successful in doing so.

1. The IMF strategy is to advise the governments seeking help to devalue their currency to counter the trade deficit. The IMF says that when you devalue currency the exports become cheaper and imports become more expensive and hence you can bridge the gap between exports and imports. The strategy of the IMF have following flaws:
 - a. If you make your exports cheaper the question arises if there is a demand for them. We have experienced that despite devaluation the country has not been able to increase exports and we have seen this over and over again.
 - b. When imports are made more expensive it impacts the cost of raw material which results in higher cost of production.
 - c. When currency is devalued the prices start rising and there is tremendous inflation. To counter this IMF says to increase the lending rate. The lending rate should only be increased when the demand is high. Since this is cost based inflation the increase in the lending rates results in decline in production which causes social crises and unrest because people lose their jobs.
2. Dr. Shahida Wizarat's explained her alternative strategy.
 - a. Instead of trying to reduce the imports across the board we need a targeted approach. The kind of things we can do without should be totally banned. For example luxury items, Food stuff such as chocolates, fruit etc.
 - b. Instead of imports based on currency barter system should be used for essential goods wherever possible.
 - c. Capital controls should be implementing to avoid the capital flight and money laundering.
 - d. Take concrete steps to repatriate the looted money which is in hundreds of billions of dollars.
 - e. Instead of keeping countries reserves in foreign currency keep the reserves in gold. We have so much gold in Rekodik we should try and get that gold and use it as our reserves.
 - f. In the agricultural sector if we want to increase our exports of the agricultural goods we should avoid the use of genetically modified seed to grow our crops as the world is moving away from it

After listening to her views there was a lively question and answer session following which refreshments were served.

Best Regards

Zafar Kaleem