

Pakistan: Asad Umar's resignation paves the way to major economic offensive

Shahzad Arshad Sun, 05/05/2019 - 11:32

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The most significant developments in the reshuffle of Pakistan's cabinet on April 18 were the resignation of Asad Umar as Finance Minister, and the appointment of the retired Brigadier Ijaz Shah as the federal Interior Minister. Asad Umar had been the poster boy of Imran Khan's party, the Pakistan Tehreek-e-Insaf's, PTI, 'Naya Pakistan' project. The PTI presented him as a breath of fresh air in politics. As Prime Minister, Imran Khan said that Asad Umar was the solution to Pakistan's economic crisis.

Before the PTI-led government was formed, Asad Umar was referred to as the shadow finance minister. Now, however, Abdul Hafeez Sheikh, who oversaw the privatisation portfolio in the regime of the military dictator Pervez Musharraf and also served as Finance Minister under Asif Ali Zardari, has been appointed the Finance Minister.

Imran Khan declared that good governance and an end to corruption could solve all of Pakistan's problems. According to him, his team was so highly qualified that it could deliver on these promises, especially those relating to the economic crisis. Asad Umar was the honourable face of this 'Naya Pakistan', who had promised to create 10 million jobs and 5 million houses. Many other tall claims of this kind were also made. However, the reality is that, despite the uncertain situation, even before the PTI came into power and he assumed the office of finance minister, Umar had announced that he would go to the International Monetary Fund, IMF.

After the PTI-led government assumed power, it quickly became clear that Imran Khan's insistence on simplicity and sacrifice meant that the ruling class wanted to place the burden of the system's crisis onto the shoulders of the working class. Savage attacks were inflicted on the common people in the name of protecting the interests of the national economy. They had to carry the burden of rising inflation and unemployment. The value of the rupee was reduced by 35 per cent, tax exemptions worth billions of rupees were granted to capitalists and developmental projects were largely slashed. The privatisation policy was renamed the 'wealth fund', under which more than 200 institutions are to be privatised. Under the same fund, it was also decided to deprive tens of thousands of workers of their jobs. Orders were issued to fire daily paid workers.

Nevertheless, the government did not succeed in implementing its policy because of the fightback by thousands of workers. Their brilliant show of resistance against the sacking of utility store workers and privatisation forced the government to back off for the moment. Despite having rejected the IMF before assuming power, Asad Umar and the PTI-led government were forced to go to the IMF and are now bound by its policies.

Having said that, the disgrace that the government is currently facing is due to the imperialist tussle

between the US and China. As China becomes more powerful, it exercises more and more influence but this creates tensions within the Pakistan ruling class because of the past links to the US and its military-security apparatus. These internal conflicts are made worse by the need to seek a bailout package from the IMF. Thus, the poor and working class of Pakistan are paying the price of global capitalist crisis and contradictions.

The economic crisis of Pakistan is not just rooted in the ineptitude of the country's ruling class. It is also rooted in the deepening crisis of global capitalism and Pakistan's position as a semi-colonial entity, which has brought the country to the point of bankruptcy. According to the IMF, Pakistan's growth rate will fall to 2.4 percent next year while this year, 1 million people have lost their jobs and an additional 4 million are forced to live below the poverty line.

Because of all this, the popularity of the PTI is declining amongst the common people while the contradictions within the capitalist class regarding economic and political decision-making are also increasing. In this scenario, Asad Umar's resignation depicts, on the one hand, the deepening of the government's crisis. On the other, the appointments of Abdul Hafeez Sheikh and the retired Brig Ijaz Shah clearly show interference from the state apparatus, which wants even more severe measures. The inclusion of non-elected advisors and technocrats in the Cabinet is a step towards a more authoritarian system. Increased powers for the head of government allow her/him to appoint anyone of their choosing as a minister or advisor. This shows that the ruling class now thinks the economic crisis is so severe that it can only be solved by dictatorial measures.

That is surely what Hafeez Sheikh means when he demands that he be allowed a "free hand". The PTI-led government had already initiated that process, but there are contradictions in the way of its implementation. Economically, they advocate the same solution the IMF and World Bank have been proposing for the past three decades: neoliberalism, which is already being implemented. Its purpose is to create as many opportunities as possible for the global capitalist classes to exploit the resources of semi-colonial states, with the local ruling class allowed some benefits.

Nevertheless, instead of coming out of the crisis, Pakistan's economy is crumbling further apart. For the past three decades, different players have been involved in this big game. After every few years, the same game is reinitiated in the name of national economy and further burdens are placed on the shoulders of workers and rural and urban poor. No matter what the official numbers say, nothing really changes for the working-class and common people, except that their lives become even more difficult.

The bourgeois populist government of the PTI promised, like all previous governments, to overcome the economic, social and political crisis of the country, to stimulate growth and investment, hoping to contain the contradictions within the ruling class. Whilst this result is far from certain, as the recent governmental changes highlight, it is clear that attacks on the workers as well as on democratic rights will be a key component of its policy.

Recent weeks have already shown how the government and the ruling elite mean to do this. The Pashtun Tahaffuz Movement, PTM, Pashtun Protection Movement, has become the target of threats by the authorities. It has been threatened with a crackdown, if it does not end its campaigning. The slanderous accusations that the PTM is acting on behalf of Afghan and Indian backers are intended to prepare the ground for a crackdown in the name of "national defence" and to stir up nationalist and chauvinist support.

Therefore, while the Left and working class need to chart a plan for resisting Hafeez Sheikh's policies, they also need to join hands with the movement for democratic rights and wage a common struggle, so

that the upcoming challenges can be met. This means that the struggle against imperialist contradictions as well as the crises facing the Pakistani ruling class will have to be linked to the working class struggle against inflation, unemployment and privatisation.

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