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Pakistan Official Denies Loan Was Requested

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Pakistan's leaders remain deeply ambivalent about taking what many say is their only remaining option to address the country's collapsing economy: a rescue package from the International Monetary Fund.

A day after the IMF said Pakistan had asked for help, one of the country's top economic officials denied the government had made a formal appeal.

Shaukat Tarin, an economic adviser to the prime minister, said Pakistan still hoped to raise \$3.5 billion to \$4.5 billion from friendly governments, such as the U.S. or China, or other international financial institutions such as the World Bank, but not the IMF.

"We have not formally requested the board of the IMF for a facility, as of now," Mr. Tarin told reporters in Islamabad. "We'll make a formal request to the board of the IMF when we believe we aren't getting enough money from option A or B."

An IMF official said the fund was perplexed by the remarks and didn't understand why the Pakistanis "are backtracking."

It is possible that Mr. Tarin's remarks may have been technically correct and aimed at a domestic political audience deeply skeptical of engaging with the IMF.

On Wednesday, IMF Managing Director Dominique Strauss-Kahn said in a statement that "Pakistani authorities have requested discussions with the IMF on an economic program," and that those discussions would begin in the next few days.

Only at the end of those discussions would Pakistan be expected to make the kind of formal request to the IMF for a loan that Mr. Tarin was talking about. Mr. Tarin couldn't be reached to comment.

Eswar Prasad, a former senior IMF official who teaches at Cornell University, says the IMF also may have jumped the gun with the announcement to show that it is back at the center of the action in the global financial crisis. He says Pakistani ministries, apart from the finance ministry, are balking at the idea of accepting a new set of conditions from the IMF, which would likely include

reductions in food subsidies and other transfer payments.

Mr. Prasad said that the tough Pakistani stance in negotiations also means that the government is holding out hope for a package from China, Saudi Arabia or some other developing nation with fat reserves.

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