

How has the IMF program for Pakistan impacted the commoner's education, health, and living standards? Write down a plan to bring economic revivalism without the IMF package.

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Question 01:

Answer:

IMF Programs' Impact on Pakistan's Education, Health, and Living Standards of People and Plan for Economic Revival without IMF

1. Introduction:

Pakistan's economy is at the edge of destruction due to repeatedly pursuing IMF loan programs. Pakistan has availed 24 loans from IMF, since joining IMF in July 1950. The goal of fund programs have always been economic sustainability and balanced growth. However, both of these goals have not be achieved because of incompetance of Pakistan's ruling elites. In result, the non-compliance of suggested IMF policies have has affected country's education, healthcare and living standards of citizens. Pakistan needs to devise a plan for revival of economy without IMF help.

2. Impact of Bailout Agreement of IMF on Pakistan:

a. IMF emphasize on Fiscal Discipline which limits Spending on Education:

Pakistan's education system lags decades behind that of developed countries, due to economic meltdown of the country. The enrollment is very low mostly in rural areas. The literacy rate stands at 62pc due to educational spending at a mere 1.7pc of its GDP. Additionally, IMF programs typically emphasize fiscal discipline, which limits public spending on education. Because of limited spendings, educational institutions lacks better infrastructure, better quality education, vocational training, technological advancements, and well trained teachers.

b. Limited Spending on Healthcare have decreased Life Expectancy:

Pakistan is facing

unprecedented health crisis. The World Health Organization recent ranking places Pakistan at 124th out of 169 countries. It calls for an immediate revision of country's health system. However, due to IMF emphasize on fiscal discipline, Pakistan is unable to spend more resources on its healthcare system. The country is facing high infant mortality rates and low life expectancy.

c. The rising Poverty Rate has Deteriorated the Living Standards of Citizens:

As a consequence of repeatedly pursuing IMF bailout programs, the living standards of citizens have been affected. During July-May FY24, Pakistan's CPI Inflation averaged at 24.52%, according to Economic Survey of Pakistan. The large proportion of population is living below the poverty line. Due to IMF harsh policies, daily life commodities are gone out of the range for the middle class person. Following IMF's harsh policies, Pakistan's 2024 budget has increased unit prices of gas and electricity.

People of Pakistan are unable to pay the bills. In a nutshell, country's middle class population is surrounded by poverty, discrimination, and injustice, caused by IMF aggressive policies.

3. Revival of Pakistan's Economy

without IMF:

a. Minimization of Imports:

Pakistan should learn from its neighbour India in minimizing imports. India has minimized several imported products with locally manufactured ones. This policy succeeded because India promoted domestic production and import substitution. Pakistan should adopt an aggressive policy to minimize imports. Non-essential goods should be banned to reduce current account deficit.

b. Boosting Exports and Remittances:

China's economic model offers valuable lessons for boosting exports and remittances. China created Special Economic Zones that offered her favourable

tax rates, and excellent infrastructure that attracted foreign investment. These hubs significantly increased export of China. Additionally, China created favorable conditions for overseas Chinese to spend on China. Pakistan should consider establishing hubs like China to increase export. Policies should be introduced to encourage overseas Pakistanis to spend back home.

c. Issuing Government Bonds:

During the post-war recovery, Japan issued government bonds to finance infrastructure projects. The bonds played very important role in rapid economic growth. However, these bonds were attracted because of stable political environment and effective fiscal policies. Pakistan should consider issuing bonds. But their success depends on political environment and sound fiscal policies. Pakistan must create such environment for success on her bonds.

d. Balance in Stabilization and Development:

To balance stabilization and development, Pakistan must prioritize economic stability through export-oriented policies. Simultaneously, investing in education, healthcare, and infrastructure. Country's education and healthcare is already suffering from IMF aggressive policies. Devising a policy which balance stabilization and development, Pakistan can promote long-term sustainable economic growth. Additionally, Pakistan is stuck on reduction of budget deficit which has led to slow economic growth.

c. Enhancing Public Investment :

Pakistan should focus on public investment in human capital, such as education, healthcare and rural development. India prioritized the same strategy. Because of that India's information technology (IT) sector is growing rapidly, creating job opportunities, attracting investments, and boosting remittances. While it may seem to increase budget deficit in short-term, however in long-term it will sustain economy of Pakistan.

f. Reforming Tax Policies:

Reforming tax system of Pakistan will broaden tax base. India implemented GST reforms which fragmented her tax system, improved tax compliance, and increased government's revenue generation. Pakistan can follow similar reform to enhance revenue collection, and create more efficient tax system.

g. Promoting Tourism:

Tailand, Malaysia, and Maldives economy is solely dependent on tourism. Their economies have grown because of tourism. Pakistan should promote tourism to support its economy. To promote tourism, Pakistan must eradicate terrorism, stabilize politics, and create easy and visa policies. Furthermore, India hosted G20 tourism meet in Kashmir to promote tourism. Pakistan should follow this approach by hosting summits of organization in such beautiful places.

h. Maximizing CPEC's Potentials

The China-Pakistan Economic

Corridor (CPEC) is the mega-infrastructure project of China, which has ability to grow Pakistan's economy exponentially. The special zones of CPEC can promote industrialization and export growth. The process on building the hubs has been slow. Pakistan can leverage CPEC to attract investments, boost trade, and restore economic growth.

4. Conclusion:

The IMF programs have negatively affected Pakistan. Leaving people undernourished with low life expectancy and miserable life. Pakistan need to come up with local solutions. Pakistan must follow other countries economic models to address economic challenges effectively. So that the future of Pakistan is not dependent on IMF bailout agreement and its policies to make country's budget.