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-(Q.2)-

There is a global recession in place. Critically evaluate the issues related to political-economy of Pakistan which have aggravated this situation - Provide recommendations for these issues as well.

Introduction:-

Conid-19, a global pandemic lead to lockdown all over the world - In 2024, backlashes of this pandemic can be visualized through global recession - Crashing economies, high rates of inflation, increase in unemployment, decline in GDP (Gross Domestic Product) are some key features of global recession. Global recession highly impacted already drowning economy of Pakistan - Along with ~~these~~ this background politics of Pakistan negatively multiplied the ~~affects~~ on Pakistan.

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Issues related to political-economy of Pakistan:-

Politics not only govern the country but highly impacts its economy through policies ^{and} implementations -

1) Import dependent economy:-

Pakistan's economy is import dependent economy. Pakistan Bureau of Statistics economic survey of 2023-2024 quoted imports of 43.4 \$ billion and exports of 25.7 \$ billion in 2024, creating trade deficit of 17.7 \$ billion.

Pakistan is not an agrarian nor industrialist friendly country. Lack of incentives and facilities by government decreases internal production for needs of people. This leads to high imports.

Solution:-

Solution to this issue lies in the

hands of political sector of Pakistan -
The need of investor friendly, industrialist friendly and agriculturist friendly policies by legislature and executive.

2) Inheritance of weak economy:-

Pakistan when freed from shackles of colonialism had only 200 million rupees out 750 million rupees as per its due share. Influx of migrants, lack of infrastructure and many more reasons lead to weak economy. Lack of political leadership after demise of founding fathers delved Pakistan into weaker economic conditions. Its impacts are still visible.

Solution:-

For every problem there is a solution. Pakistan can improve effects because of weak inherited economy through different policies.

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3) Failure of economic plans:-

Shift to

Pakistan's policy makers always made five and three year economic plans - However, none of them was ever completely implemented - This is because of political instability in Pakistan - Through stats it is clear that no prime minister in Pakistan has ever completed in their term ousted by regime change, corruption charges or by military takeovers - All of these created anarchical situation in Pakistan - decreasing the economic activities and decrease in GDP.

Solution:-

Economic plans implementation and their essence can be gathered by political stability in Pakistan - Sovereignty and balance of power among state institutions can bring political stability and better economy for Pakistan.

4) Shift of world from geo-strategic to geo-economic:-

Pakistan's political engineers are still looking for opportunities of geo-strategic investments. But the world's perspective of investments is shifted towards better geo-economic. Better economies and facilities for investors, ease of process of investments - All this leads towards better economy - Pakistan lags behind due to old and repeating politicians running the government ^{through} ~~an~~ conventional policies -

Solutions:-

ease of process for young individuals to participate in politics so that improved and new up to date policies can be ~~at~~ adopted by Pakistan for better economic conditions leading towards better economy.

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5) Policies to exit the vicious cycle of debt:-

From ~~st~~ long term to short term loans from IMF of Pakistan from IMF has always kept Pakistan in vicious cycle of debt - Pakistan's politicians always went for bloc politics - This lead to less trade options for Pakistan weakening the economy of Pakistan -

Solution:-

Pakistan now went for 25th loan program from IMF - Loans from world Bank, alliances, friendly countries and others lead to vicious cycle of debt for Pakistan - Political leadership will for better economic policies and structural changes can improve the economic situation of Pakistan -

6) Lack of loss

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6) Lack of political will to sell loss making state owned enterprises:-

State owned enterprises of Pakistan such as PIA, Railways, Steel mills, Wapda-WAPDA - They all are in loss from decades - Lack of political will to sell them is increasing economical issues for Pakistan as approximately ~~over~~ ten percent of total federal budget is spent on them yearly -

Solution:-

Timely selling of st loss making enterprises can remove this burden from budget improving economic conditions of Pakistan - Also, if they are not immediately sold off then no employment of technocrats and removal of government influence can at least reduce the burden on federal budget by them.

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Conclusion:-

According to UN world economic situation and prospects 2024 report world GDP in 2024 is 2.4% less than pre pandemic that was 3% - So global recession is definitely in place - However, Pakistan can reduce its impacts and ~~and~~ ^{from} further pandemics if our internal political - economic conditions are better - Lack of political stability reduced our GDP from 6.2% of fiscal year 2022 to 2.4%.

in fiscal year 2024 according to Pakistan Bureau of Statistics - Implementation of solutions can take Pakistan back on track of economic growth through political infrastructure of Pakistan.