

The proverbial grass-hopper who enjoyed summer while ants were working for the winters and collecting food is the best example of the political crisis of Pakistan as well as the economic crisis. Instead of emphasizing on our economy we are busy in playing dirty politics and this resulted in the economic crisis. The fight for politics and enjoying the higher post is the aim of politicians instead of a long-term vision to fight with economic crisis. Similarly, low foreign direct investment, deterioration of local market, low loans, government dependent policies resulted due to the political crisis. However, the challenges like trade deficit, agricultural decline, increase volume of foreign loans resulted in it. These challenges can be countered by implication of true democratic values, checks on excessive use of power, judiciary check and consensus on economic policies. In a nutshell, political stability is directly related to the economic stability. Responsible government and policies are one problem. However, by bringing stability by effective policies government

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can become responsible.

After having discussed the overview of the crisis it is important to shed some light on the two crisis. Since its inception Pakistan is facing political crisis every new government toppled by the internal or foreign powers this resulted in the economic crisis as every government brings new policies and due to which investors confidence decline. The previous economic surveys of Pakistan show that our economy is in declining position and our GDP growth is in negative value. The year 2022-23 shows the negative GDP growth which is  $-0.3$ .

It is important to discuss the how political crisis leads to the low foreign direct investment after having discussed the overview. Political instability leads to low foreign direct investment. Low foreign direct investment because investor is not confident about the policies. It is better to invest in a country with the stable economic conditions. Similarly the investment growth in the fiscal year 2021-22 was 29.0 percent while in 2022-23 it is 10.0 percent; (economy survey of Pakistan,

2021-22 and 2022-23). This shows that how investment in Pakistan declined.

Not just (economic) Foreign direct investment but also poor government policies are responsible for the economic crisis. The policies of governments change with every new government. The policies are government dependent this also results in economic crisis.

The investor if not affected by the every changing government results would have been different. Similarly, if the prices and time period fixed no matter what the condition it will boost the confidence of the investor. Every year ~~the~~ inflation is increasing. If the prices are fixed even in case of inflation it will help investors. In a fiscal year 2021-22 inflation was 12.20 and in 2022-23 consumer price index is 28.20 shows a release all difference (Economic survey of Pakistan, 2021-22 and 2022-23).

In a nutshell, the changing governments are the result of economic crisis.

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Not just changing government is the problem but <sup>also</sup> deterioration of the local market is also the problem. The changing government even impact our industries. Weak industries result in lesser exports and blooming imports. The industry in Pakistan has never been our strength. This resulted in the decline in industry **Mega-textile units in Pakistan shifted abroad around 35%.**

80% of the cottage industry has slow down. Local industry decline results in the low GDP and exports our exports in year 21-22 was 29.80 and in 22-23 was 29.20 percent; (**Economic Survey of Pakistan, 2021-22 and 2022-23**). These things

directly impact on the economy. Low industrial volume is our problem along with it low volume of loans by the organisation is also problem. Due to the political instability now the IMF is also not willing to give us loans. Pakistan is unable to pay the loans. In current fiscal alone Pakistan owe \$9 billion dollars out of \$15 billion dollars in debt servicing alone.



to china. This condition where previous loans are not payed no country is willing to pay. As a result every new government shattered the confidence of foreign countries and results in the economic decline. In a nutshell, this leads to the fiscal deficit every year.

Low loans are not the only issue the devaluation of the PKR is also issue in the <sup>current</sup> economic conditions. Political instability leads to the devaluation of the currency. The devaluation of the currency resulted in the increase value of every products. IMF condition is to make rupee floating due to which it resulted in the decline in PKR. 1 PKR is then lower than the India currency and with comparison to the Kuwait ~~100 PKR~~ is around 900 plus 1 Dinar

Pakistani rupee. This resulted in higher prices of even the basic necessities of the ~~country~~ people.

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Not only low value of the PKR is the issue but also these are challenges to the economy. The foremost challenge is the trade deficit. With each passing year Pakistan is facing the trade deficit. Our trade deficit increased in the every tenure of political parties. The trade deficit directly impact the economy. **In year 2022** our trade deficit was 48.64 and in year 2018 to 19 our trade deficit was **31.80** (Economic Survey 2022 & 2019). This resulted in the multiple negative impacts.

Not only the trade deficit but also the decline in agriculture is also the issue. Pakistan an agricultural country is still facing the decline. The decline is due to the economic crisis which is the result of the political crisis. The agriculture crisis is that much that even country is (~~exporting~~) importing the products. According to the economic survey of Pakistan in year 21-22 400 million plus imports of wheat; (Economic Survey, 2022).



This shows the negative growth in agriculture too because of the poor policies of the government.

The increase volume of the loans are increasing with every passing day along with the decline in agriculture. To fulfill the fake promises of the every new government acquire loans.

As the governments think the only short term solution is to beg from the IMF. Instead of long term solution. governments take more loans

**In 2008 our loan was 6 trillion rupees and in year 2023, March the current volume was 51.3 trillion according to the economic division of Pakistan.**

The loans impacts our economy and the debt servicing is along with the ~~the~~ loan.

Along with increased volume of the loans another issue is the change in policies with every new government. Every new government brings new policies. The new policies results in the shut down of the previous government projects which results in the economic loss. Similarly **the Metro project**

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where billion of dollars were spent remains withheld in the previous government tenure.

The withholding of that project resulted in the economic loss.

Along with the challenges it is important to highlight the way forward for the political stability in Pakistan which will ultimately results in the increase in economy.

The increase in the democratic value is a good choice to bring the stability in the economic condition. The country with the true democracy in the world is stable in the economy.

The democratic models of the world are example of this. The **US model** of democracy is perfect example which resulted in US hegemony in trade (**US China trade war**). Implementing true democratic value is the only solution to increase the economy.

Along with implementation of the democratic value checks and balance on the excessive use of the power is also necessary. The political government forms a coalition government.



against the ruling party and it resulted in the removing of ex prime minister. Power checks on the parties is necessary or the China model of government can also be the option where one party resulted in the economic rise of the China.

There should be a proper check and balance to curtail abuse of power. check and balance

Along with ~~that~~ judiciary role is also necessary to check on the government.

The separation of three organs is not working properly in the third world countries. There should be a check on the government policies and the continuous change in policies.

The role of judiciary is necessary for the economic and political stability. US based judiciary model can bring stability in the country.

This will result in the economic prosperity in the country.

Not only the judicial check is necessary along with that party based policies

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and the consensus of the political parties on the policies are also necessary. The policies should be continued no matter what because government is not constant but economy is and it has long term effects. The policies choices must be on yearly basis instead of the tenure of political parties and the government along with opposition <sup>must</sup> agree on the continuing of policies. The projects like CPEC is the economic project and it is still continue the contract ~~must~~ can be on the model of CPEC. **CPEC is the best example of the continuous project.** The stability in policies are helpful for the stability in the country.

~ The discussion on the challenges and

~ In a nutshell, the economy and the politics both are the problems of Pakistan. Economic stability is not possible without the political stability. The flawed political system since the inception is responsible for the economic decline of

Pakistan. A fair analysis reveals the the main cause is the political condition which directly impacts the economic condition not just deteriorate economy but also brings alot of challenges along with it. These challenges can be dealt successfully by adopting some successful measures to improve the political stability like democratic values enhancement, checks and balance and consensus on the policies. Moreover, economic prosperity is necessary for the survival of the country. The earlier ~~it~~ it is realised the better it is.

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