

Current Political Crisis Impacts on Pakistan's Public Life: An Economic Case Study Regarding the Present Situations in Pakistan

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Abstract: From the day first 14 Aug 1947 to now Pakistan passed tough time throughout history, Lack of Economic resources and financial instability political turmoil leadership crisis bad governance and many other factors. All these elements put Pakistan on the brink of destruction. According to a cautious survey in 1987 normal people were earning \$5.50 per day. The overall percentage was \$0.20% earning. The economic progress of the country was \$96.80%. This percentage fluctuates over time according to the economic and political conditions of Pakistan. In 2018 it changed to \$77.60% and overall entire population earned \$1.20%. However on the flip-side population according to the 2000 Census, Pakistan's population was 160 Million. In 2017 it increased the figure to 220 Million. Thus overall it can be analyzed economic sources were not enough to meet the country's requirements. Since April 2022 until now Pakistan's economic situation are going lower and declining day by day due to political instability, poor governance, sick administration and financial crisis.

Keywords: Current political crisis, Pakistan Public, Economic Impact, Present Circumstance,

JEL Classification Code: F36,F52,F63

INTRODUCTION

The main problems and hindrances in the country's economic progress are the political elite, bureaucracy, bad governance, poor administration, and corrupt Mafia in every industry and in public departments which hobbled the country's economic progress and put it on the verge of destruction. Although having all these situations in the past country were making progress even that wasn't enough. However somehow it can be understandable and adjustable apart from all these, a recent political turmoil in Pakistan brings huge economic destruction, increases historical high inflation, edible things are so expensive, consumers are not able to buy, prices are touching to sky, normal things are not easy in the approach of middle-class people, lack of good governance, high corruption, violation of rule of law, poor judicial system. These all elements badly hit the Pakistan economy and made new historical records.

The current Pakistan economic and socio-economic crises are the culmination of previous imperfections and fraught policies, corruption, and bad governance. Presently, politics are fragmented in Pakistan. Every political party wants to rule over Pakistan (Rafique, A, 2022).

Mr. Imran Khan came to power on 18 August 2018. He was in charge of the 22nd Prime Minister (PM) of Pakistan. When Mr. Khan held the position of PM, Pakistan's economy was stumbling. There weren't enough budgets to run the country's economy socio-economically. There were a lot of challenges that have been faced by Mr. Khan and his cabinet. GDP growth was very low. Energy crises, Industrial crises, low export, and bad and corrupt administration were common (Having all of these tough situations, Mr. Khan and his administration delivered efficiently, increased the GDP growth rate per capita, and made shelter homes for poor people who don't have space for living. He established Langar Khana where poor people can eat food free of cost. In the health sector, he introduced the Health Card which can be used up to the cost of 8 Lakh Pakistan Rupee for any disease in any hospital. To overcome environmental pollution, he introduced billion tree tsunami projects.

In short, Mr. IK tried to do his best in every department. Even still there were a lot of things which IK and his Administration failed to perform. For instance, the government was unable to control the inflation rate in Pakistan because of Mafia and the political elite that were involved in many big corruption scandals. Most of the sugar industry

belongs to the political elite and they made much corruption. The Mr. Khan Administration failed to control the political elite and Mafia. He also could not implement fair a rule of law. His administration also failed to implement a fair judicial system. He failed because someone behind the government also interferes with the administration system (Security establishment). Mr. Khan's Administration consisted coalition of many other parties. Those parties always blackmailed Mr. Khan for different transparent decisions. Other parties always oppose and were against the transparent system in Pakistan's situation, its election, judicial, administration or any other state institution.

On 8th April 2022, Khan Government was toppled by the no-confidence motion under the Pakistan Democratic Movement (PDM). As a result, a new PM took the charge of Pakistan by the decision of PDM.

LITERATURE REVIEW

When the new PM took the charge in a few days the situation in Pakistan started changing. Pakistan started going toward disaster economically, socio-economically and politically. In a few months, Pakistan's currency starts declining day by day because of increasing currency fluctuation inflation rate and unemployment. There is big unrest and uncertainty all over the country; people have no direction where are they going? What have to do? What will happen next? Almost these questions rise in the mind of every normal person. These questions become part of every discussion topic. Foreign direct investments all time are low position, and foreign remittances all time is going low because of the uncertain and political crisis in the country. The public is very tense in the current situation almost in Pakistan. 65% population of the country consists of youth below 30 years of age.

Among all these young populations 75% wish to go abroad for employment. They have no hope for employment in Pakistan. From the last 6 months to now, the unemployment rate is increased in Pakistan by 31% and thousands of Pakistan's young graduates with a degree have no employment (M. Karim khan PIDE).

Throughout the history of Pakistan, the security establishment always intervened in political matters directly and indirectly for the selection of losing and winning parties. So in Pakistan security establishment also works as a 3rd political force and contributes according to its powers. Previously, there was an idea that Mr. Khan came into power with the help of the security establishment. But when his government was toppled by the PDM under a no-confidence motion, Mr. Khan blamed PDM toppled.

In Pakistan, many political parties exist, however, three of them are the major parties which have divided their regions to win the election and come into power. Two out of the three parties are Pakistan People's Party (PPP), and the other is PMLN. These 2 parties have a stronghold in Punjab and Sindh respectively. In past, PMLN had a strong vote bank in Punjab. They won many seats in Punjab province in the 2018 election. In Sindh, PPP has a stronghold. PPP also won in the 2018 election and established their provincial government in Sindh. These 2 parties are ruling in Pakistan for the last 4 decades from 1988 until now. But a third party Pakistan Tehreek Insaf (PTI) won the federal election in 2018. Now PTI party is the biggest party across the country at the provincial and federal levels. PDM consist of 13 political parties which toppled the government of the PTI party. Mr. Khan in this party brought a severe economic and political crisis in the country (8th April 2022).

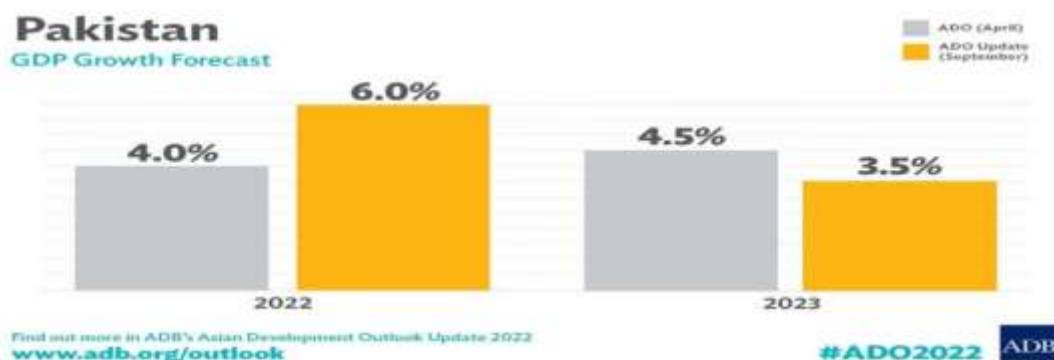


Fig 1.1: GDP growth rate in Pakistan according to Asian Development Bank

METHODOLOGY

Pakistan Diaspora's Contribution to the National Economy

Around 8 Million people in Pakistan live abroad for employment, business, and immigration purposes. 1 million lived in the Kingdom of Saudi Arabia, UAE, Middle East, 2nd largest diaspora lived in Europe, and the UK, after that in the US, Canada and Australia, and a few people in China. These diasporas contribute around \$30 to \$40 Billion annually to the country's economy, overseas Pakistani deposit a big portion of foreign remittances which have very much significance in the national economy. The main portion of foreign remittances consists of Saudi Arabia, UAE, and the UK respectively. These are the main foreign remittances countries where the diaspora of Pakistan lived in other countries and participated in foreign remittances. These diasporas also invest their money in different investment programs like real estate property, insurance, and other financial institution. After the toppled of the Khan Government diaspora, the number of foreign remittances decreased due to the country's economic situation which was suffering a big setback. Overseas Pakistanis stopped investment and started withdrawing their money from banks, due to which the value of the dollar went up and the value of the rupee went down. As a result, inflation and unemployment increased in the country. Overseas Pakistanis have a lot of concerns with the current government. They do not like their policies at all and neither do they trust the current government. So this was a big element of Pakistan's economic loss in the form of foreign

direct investment (Haroon Janjua, Pakistan potential 15, 2022).

Increase of Economic Challenges in Pakistan Because of the Current Political Crisis

Pakistan is a big exporter of textile garments and cloth. The major portion of export is consist of the textile industry. Faisalabad, Sheikhpura, and Lahore are the center of the textile industry. A large population of the country is associated with the textile industry. The employment of more than half a million people is related to the textile industry. 5 Lakh families are also connected with these half million textile employees whose only source of income is the textile industry. Their main income depends on the textile industry. After the political crisis in the country, a severe energy crisis has arisen due to the textile industry being directly attached to energy (electricity). Due to the energy crisis, the textile industry has to face severe losses, millions of people have lost their jobs; thus unemployed people are on the streets. Also, the country's export took a hit and per capita GDP fell from 6% to 5% (Pakistan political crisis, 2022).

On the flip side, mostly in Pakistan, the country's economy depends on imports. When the textile industry also grappled with many challenges like the energy crisis, inflation, market uncertainty and volatility, therefore, ultimate people start importing more than normal which will also increase the financial burden of the country's economy. When imports increase, we will need more foreign currency dollars and when business-person withdraw dollar Pakistan currency, the Rupee price will go down and lower. That will also bring economic challenges and problems for the national economy.



Fig 1.2: Inflation Rate in Pakistan in current circumstances

Political Challenges and their Consequences in the Current Political Phase of Pakistan

For the last 6 months until now, Pakistan's grappled with a severe political crisis due to this crisis, new problems and challenges creating for

Pakistan's economy which affect the normal person's life. It increases uncertainty, depression, anxiety and many other social and medical diseases in people. The public has many concerns about their lives, future, family, and children's

future. Educational institutions also are facing multiple challenges. Recently, a few months ago, Pakistan faced 2 big unseen natural disasters, first, COVID-19 and the second recent flood disaster in 3 provinces of Pakistan. Despite these big disasters now Pakistan started facing political instability and severe economic challenge. Rising petroleum prices increases the prices of all edible and non-edible things. The public does not have sufficient sources and money for their survival industry collapsed, and no new projects. Most of the young nations with high degrees are jobless. There is no opportunity for employment, no new industry. So the current political crises just increase the economic difficulty for the national economy.

The present government has signed an agreement with the IMF for a new tranche. At the same time, the general public, investors, business-persons and

other entrepreneur communities have too many concerns. They are completely apprehensive about the current political crisis, in the meantime, most business-persons leave Pakistan for other countries where they feel safe and secure in their business. Industrialists are thinking to shift their industry to other countries. The young populations have planned to go abroad for a job and study because they think there is no secure future in Pakistan. Islamabad’s monthly economic progress for July mentioned that inflation and external risks can bring more devastating impacts on and increase macroeconomic imbalances and also hit the microeconomic part of the national economy. Therefore, there is no surprise left now that the country’s economy will go down and the worst phase due to political instability, mismanagement, high level of risks and uncertainty.

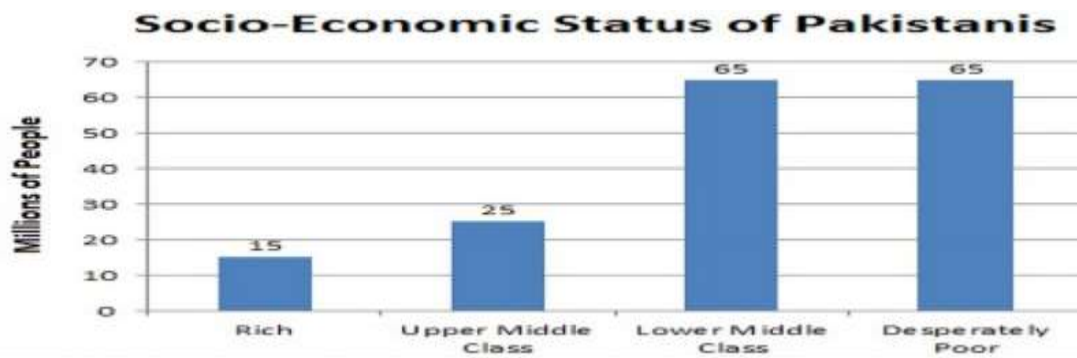


Fig 1.3: Pakistan Economic Growth overall in 4 class people

Uncertainty

At present, there is an atmosphere of uncertainty in the whole country publicly due to the political and economic crisis in Pakistan. Educated and literary classes of the country are worried about their future and job. Investor classes have a concern about business fluctuation and increasing inflation in the country. Farmers are worried about their agriculture business. Agriculture machinery and the prices of agriculture products fertilizer, and Agri medicines are also increased almost doubled. Thus they also have their concerns. Pakistan’s economy is an agriculture economic based country which mainly depends on an agricultural economy. Therefore, farmer uncertainty is also a big risk for the country’s stake and progress. Students are worried about their current and future education and finance; mostly the middle-class of Pakistan does not have sufficient economic resources to finance their children’s education at the best universities, institutions and schools. In the current situation of Pakistan, where people already suffered from 2 natural disasters COVID-19 and the flood disaster, now they are suffering from

severe political crises, indulgences of the political elite and mafia (Economic fallout of Political crisis, 2022).

Unemployment in Pakistan

Unemployment Rate in Pakistan increased to 6.50 percent in 2021 from 4.40 percent in 2020 (source: Pakistan Bureau of Statistics). During the administration of Mr. Khan, the employment rate increased because he started many new construction projects in different provinces and cities under the Ministry of Planning and Development, with the construction industry with almost 40 other industries directly attached that’s why the employment rate was going high during Khan’s administration. Mr. Khan also promised the public that when he came into power, he would provide 50 Million jobs to unemployed graduates and lower graduate classes. Mr. Khan’s administration also introduced EBL (Easy Business Loan) scheme for youth and young graduates from 50 Thousand PKR to 5 Lakh PKR for business purposes. After toppling his government within 6 months, the 31%

unemployment rate increased (Karim Khan PIDE: Pakistan Bureau of Statistics). Still, now the unemployment rate is increasing if Pakistan will remain in the same political and economic

condition. It can be increased by more than 50% in future. So the current political crises also bring unemployment challenges to Pakistan which also harms Pakistan’s economy.



Fig 1.4: Current unemployment rate graph in Pakistan from 2012 to 2022
An intense polarization

In the current political condition, the country is completely polarized. Each party’s supporters support their own leader, even if they do not want to listen to a single word against anyone whether it is true or not. Every political party is blaming each other that the other party is responsible for all of Pakistan’s economic consequences. Also using different kinds of social media tactics, religious blaming and using religion are as a tool to blame other party leaders. The supporters of each party do not have patience and they do not want to listen to the other people’s stances on any topic. This kind of polarization will bring more political and economic disaster for the country instead of political stability (Pakistan economy crisis, 2022).

Pakistan’s Angry Middle-Class (Mediocre Class)

70% of the Pakistan population consists of middle or lower middle-classes. Previously middle-classes people were very angry with Khan’s Government due to the high inflation during his time. Therefore, Khan lost his popularity due to high inflation and some other bad governance steps which he and his administration failed to control. However, after toppling his government, the new government badly failed to control inflation, currency fluctuation etc. Now in 6 months, the inflation rate is almost doubled increased by 30% which is higher than Khan Government. Thus, now middle-classes people are angrier with the current government. Now, they support Mr. Khan. According to the gallop survey, 88% of the Pakistan population stands with Mr. Khan and they wish to see him coming Prime Minister of Pakistan again. Therefore, the current political and economic crises also affect the Pakistan middle-class, that’s why they have no positive sentiment toward the present government.

DISCUSSION AND FINDINGS

From current research and discussion about Pakistan’s political crisis, its impact on the

national economy, and public temperament, it is revealed unbelievable findings are mentioned below.

Pakistan’s public is divided into 2 sections, 1 is the political elite and the other middle-class. In these 2 sections, the political elite has grappled with the country’s interest in their personal interest and hostage the entire public of Pakistan whether its middle-classes or upper or lower middle-classes or poor section of society.

Educated and talented people of Pakistan leave the country and want to serve in other countries. They think their family and own future will be ruined if they stay in the country due to a lawless society, corruption and bad governance.

Most of the young generations of Pakistan are hopeless due to their insecure future and they want to go abroad for a secure future.

Apart from the young educated population illiterate young’s also want to leave the country and prefer to do work in the Middle East or some other European countries despite having a lack of financial resources.

In Pakistan, those people which have not sufficient financial resources or on the flip side, very few people prefer to live in the country. They have optimistic thoughts that one-day circumstances in Pakistan will be changed.

Overseas Pakistanis also stop their investment. They just transfer money for their family members’ survival in Pakistan from the Middle East mostly. Uneducated or illiterate class works in the Middle East and they have a big family burden on their shoulder. For instance, they finance their young siblings; help out their siblings with marriage ceremonies etc.

In Pakistan, Corruption is the major factor which completely hostages the entire country from

bottom to top-level management. Corruption is a scourge that has hollowed out the country's roots and shaken the foundations of the county.

Due to non-appointment on merit, incompetent people are imposed in most of the state departments, due to which the department gets involved in corruption, dishonesty and immoral activities and the whole institution loses its reputation.

The element of individual thinking is dominant almost in the people of Pakistan. People mostly work for their individual interests and not for collective interest or Pakistan interest. The whole country develops individual thinking. As the result, the country suffers from instability and country development.

In the current situation, Pakistan's foreign relations have been greatly affected, due to which Pakistan has lost its confidence at the international level, which is causing a lot of damage to Pakistan and the people of Pakistan.

Economically, Pakistan has become very weak and foreign countries are not ready to lend to Pakistan and also not to IMF because of the political crisis and unrest situation the current government has lost its credibility at the international level.

CONCLUSION AND RECOMMENDATIONS

All the stakeholders in Pakistan should want to sit together putting all differences in the back and setting the country's direction. Pakistan's public wants a new election because holding new elections will end the political crisis. After the end of the political crisis, the country's economy will also be on the right track. Due to corruption, the roots of the country's economy have been affected badly the solution of which is transparent and impartial accountability.

To prevent young educated people from going to other countries, more F businesses and job opportunities should be created, and setting up a new manufacturing industry for more employment

would be useful. Agriculture production should be increased by using information technology in the agriculture department. Collective thinking should be fostered by ending individual thinking and centers should be established to guide people in the right direction.

The current Pakistan economic condition is under the pressure of a current account deficit of \$12. Pakistan also has an external debt of around \$26. Pakistan's currency devaluing and political instability also are increasing day by day due to the dollar rate increasing. The inflation rate is also rising. So keeping the country's economy stable and on the right track is the only solution to finish unrest and political instability in Pakistan.

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