[Mohammad Zubair](https://www.thenews.com.pk/writer/mohammad-zubair)

December 9, 2020

**PML N vs PTI the economic scorecard**

If we start comparing the overall economic environment between the PML-N’s last government and the PTI’s current regime, we see that the PML-N’s five-year period could be summed up as a period of high growth, increasing per capita GDP, low inflation, low interest rates, unemployment decreasing consistently, poverty reduction on a consistent basis, increasing tax revenues, and a booming stock market and higher investments.

This is quite a contrast to the economic environment prevailing since August 2018 – low economic growth (in fact, negative in the second year), declining per capita GDP, highest levels of inflation, significantly increasing unemployment, increasing poverty, stagnant tax revenues, struggling stock market, and falling investment activity.

Economic growth was extremely slow when the PML-N came in power in 2013. From around 3 percent, the growth went up to more than 4 percent in the first year and then witnessed a consistent growth over the five-year period, ending with 5.8 percent in its last year. Compare this phenomenal growth with the PTI’s first two years in power. The first year, growth nosedived from 5.8 percent to 1.9 percent – perhaps the steepest decline in our 73-year history – for no reason.

The second year was even worse and the signs of declining growth were evident much before the coronavirus pandemic hit Pakistan. From 1.9 percent, we closed the year with negative 0.4 percent – only the second time in our history. Recall that there was no corona impact in the first nine months of the last fiscal year; yet all sectors including industry, agriculture and services performed poorly in the first nine months.

When the -N left the government in June 2018, the size of our GDP was around $315 billion which has dramatically come down to around $265 billion in just two years – again the steepest fall in our history. As a result, per capita GDP has fallen from $1652 to $1355.

Perhaps the most relevant economic indicator for the people is the level of inflation. In the last four years of the PML-N government, inflation including food inflation remained extremely low, ending with around 3 percent in its last year. From that stable inflationary situation where the PML-N left in June 2018, there was a sudden jump in inflation which went beyond double digits in the first year of the PTI government. More worrying has been the high food inflation, especially in rural areas – at one time even going beyond 20 percent, but mostly it has been around 15-16 percent. Inability to control prices has been the current government’s biggest economic failure. The combination of high inflation with falling per capita GDP has destroyed the backbone of the people in the last two years.

Keeping interest rates at low levels is good for businesses as well as for people. Businesses are able to borrow at low rates, helping in a lower cost of production which finally leads to lower prices in the market and thus helps the common citizen. That’s exactly the environment that prevailed during the PML-N’s tenure, with the SBP policy rate at its lowest in more than 40 years. Come the PTI, and the policy rate more than doubled in its first year – which has perhaps never happened before in our history. The result: private sector borrowing significantly declined plus a massive increase in our overall debt. The rate was dropped only after the economy nosedived, and due to the Covid-19 impact.

Along with inflation, the other two areas most important for the people are poverty and unemployment. Both have been badly hit since the present government came to power. After years of reduction in unemployment and poverty numbers under the PML-N government, the reverse started to take place as soon as the PTI took power.

The unemployment rate in June 2018 was 5.8 percent which has significantly gone up to 8.53 percent in just two years – again the fastest increase in unemployment in any two-year period. It’s worth recalling that the PTI had promised to provide one crore additional jobs in five years. With almost half the time already gone, we have only seen millions losing their jobs and, as things stand, millions more will be added to the unemployed list in the coming years. As for poverty, no official statistics have been released but independent data suggests that more than 10 million people have been pushed below the poverty line since August 2018 and the trend will continue in the coming months and years.

Pakistan’s ability to spend on the welfare of our people largely depends on how much tax revenues we are able to collect. Almost 60 percent of tax revenues are distributed to provinces that are responsible for education, healthcare, public transportation, water systems, road network etc. As a result of poor tax collection during the current government’s tenure, these sectors have directly suffered.

Between 2013 and 2018, tax revenues doubled from Rs1946 billion to more than Rs3800 billion. This was despite low inflation and a stable currency, two factors that help increase tax revenues. Unfortunately, the momentum could not continue after the PTI came in power. Tax revenues have remained almost stagnant in the last two years.

The PTI had made much about debt and liabilities when in opposition. The total debt and liabilities for the country rose by Rs14 trillion during the five-year of the PML-N’s tenure. As against Rs14 trillion added during the PML-N’s five-year period, the PTI government has accumulated Rs15 trillion in just two years.

In addition to the macro-economic indicators given above, the PML-N government initiated the China Pakistan Economic Corridor, resulting in the largest ever investment in our history. The PML-N was also able to add 11000 MW of electricity, completely resolving the electricity shortages that otherwise derailed the country’s economic activity. A network of world class motorways across the length and breadth of Pakistan were completed in record time. LNG terminals were established during the same period which helped not only in resolving energy shortages but also ensuring cheaper electricity. In the two years since coming into power, the PTI has added nothing to any of the above areas.

The stock market index, an important economic indicator, was at 19000 in June 2013. By May 2017, it had reached an unprecedented high level of 53000. Due to political uncertainty after Mian Nawaz Sharif’s disqualification, the index came down to around 43,000 when the PML-N government left in June 2018. After more than two years, it is still lower than where it was in June 2018.

The difference in overall economic performance is there for everyone to see. More than anything else, the numbers tell the story.

The writer is former governor Sindh and former minister for privatisation.