



**Political Economy of PTI Governance:
Manifesto, Performance, Achievements and Challenges**

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Abstract:

Political parties use their manifestos to exercise a cognitive influence on the public. This study is based on a discourse analysis between Pakistan Tehreek-e-Insaf (PTI) government's economic manifesto and its achievements in the first two years of its tenure. PTI has been vocal critique of bad governance, fiscal management, socio economic injustices and IMF loans. It has to face economic crises in its early days and pandemic situation later on. It was compelled to approach IMF for loan with stringent demands that restricted PTI to fulfill the promises it made. In its first year, it failed to perform well, resulting in low GDP, high fiscal deficit, real sector slowed down, and inflation in double digits. In its second year (2019-20), economy contracted and GDP dropped to -0.3 percent, due to which unemployment increased. PTI worked hard to reduce the fiscal deficit from 9.1 percent to 4 percent. In the real sector, the agriculture sector's performance was good, but in industrial and services sector growth was negative. Government's main concern was to make policies that would help the poor of Pakistan but rising inflation and unemployment put immense burden on this section of society.

Keywords: PTI government, political economy, Economic Performance, PTI Regime, Political Manifesto,

INTRODUCTION

The concept of economic policy is comprehensive and broad and covers all policies, rules, and regulations; industrial and economic affairs of a country. The present study analyses the economic policy of Pakistan Tehreek-e-Insaf (PTI) government in the light of its manifestos, performance of the first two years, and achievements. It also explores the substantial challenges which this regime may face in its remaining tenure. The discourse is based on a comparative dialogue among manifesto, performance, and achievements of PTI political regime.

In Pakistan, economic crises are not new. PTI government inherited the current high account deficit which is believed to be the result of Pakistan Muslim League-Nawaz (PML-N) government's bad performance. The situation of economy was obviously weak that the government was forced to get

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help from International Monetary Fund (IMF) in its first few months for a loan of 6 billion dollars. However, this loan came with strict demands that restricted PTI's ability to fulfill all the promises and goals they set for their tenure.

PTI's MANIFESTO AND PERFORMANCE

McDonald & Mendes (2001) defined Manifestos as, "a form of political discourse that outlines the policies advocated by political parties. Election manifestos have certain ideological objectives and goals." As per manifestos of PTI government, the main problems of the economy were corruption, ignored social and skills sector, bad fiscal management, energy crises, and most importantly lack of political leadership. PTI government's vision was to restore economy and for that purpose they planned to improve the performance of the energy sector and resolve circular debt through the lower cost of production, in order to bring load shedding to a manageable proportion. Institutional reforms, decentralized governance, and empowerment of communities for generating economic activities at the grass-root level were the priorities in political debates and public addresses of PTI leadership from the very first day of its existence.

Efficient public expenditure management was another claim of the PTI leadership. Many attractive slogans were raised, including converting all high valued public places into universities and other useful public utilities, and cutting down of the perks for ministers, members of national and provincial assemblies, and civil and military bureaucrats. Furthermore, they aspired to make Federal Board of Revenue (FBR) fully independent, and all the institutions of state would help in the reduction of expenditure including defence. It was mandated that provisional government play their part to end *benami* transactions, and take agriculture tax from large landowners and GST on services. It was hoped that once reform measures kicked in, tax rates would be reduced, and poor citizens would be relieved.

Human capital development was another main focus of PTI manifestos/slogans. They insisted on special attention of mother and child healthcare, primary healthcare facilities, and job creation for the poor people of Pakistan. Empowerment of community through education with special focus on girl's education, double number of high schools for girls in 5 years, sports and extracurricular activities were especially emphasized.

Performance of the PTI Government

a. First 100 Days

PTI government took control in 2018 following a 100 days' plan designed to improve the quality of life of the people of Pakistan. Furthermore, the priority was human development and investment. These 100 days' plan consisted of 6 themes. These themes included 35 initiatives; 21 were federal, and 13 were provincial initiatives, out of which 18 have been completed till now. The remaining 16 plans were still in progress, although immense work had been done on them (Dawood, 2019). According to a report, the government could not materialize any practical achievement in first 100 days so far (Arshad, 2018).

One of the initial actions taken by the Prime Minister Imran Khan was to cut down all the unnecessary expenses. Soon afterward, he made a special task force to recover all recognized looted

wealth and signed agreements with 10 countries to bring back nearly 700 billion rupees sent through fake accounts, and money laundering.

The main priority of PTI government was to take immediate action regarding the economic crises, and for that purpose, Imran Khan visited different countries for cash assistance. He promised to help the poor people and make policies that would comfort them, but he was unable to arrange sufficient resources.

In these 100 days, PTI government also launched “Naya Pakistan Housing Program” to make houses for low-income families. To enroll more students and improve the quality of education, the government launched “National Education Policy Framework 2018.” The achievements of PTI government in these 100 days comprised foreign policies, brotherly relations with UAE, Malaysia and Saudi Arabia. Some of the other initiatives launched in these 100 days were “10 billion trees program” and “special task force for tourism” launched on 29 September 2018; and “Green Pakistan Program” launched on 13 October 2018 to increase the forest coverage. Initiatives against land mafia and power theft was launched on 28 November 2018 (“1st 100 Days,” 2019).

After the 100 days’ performance of PTI government, Opposition parties criticized that these 3 months of government revealed that PTI leaders had no vision. Almost all the leading economic indicators seemed to deteriorate during the first 100 days. The opposition reiterated that Pakistani Rupee compared to the United States (US) dollar stood at Rs.122.5 on 18 August and by 25 November it depreciated to Rs.135.2. Inflation increased from 5.84 percent to 7 percent, which meant that the purchasing power of the population went down and prices of products increased. The trade deficit grew and Pakistan’s foreign reserves had also fallen to 14.7 billion dollars from 16.72 billion dollars in these 100 days. “Accountability of the promises made before elections may be the least of the troubles for a political party in a country with constant flux and change. However, manifestos play a vital role in understanding the intents and promises of a political party as well as to what appearances a political party wishes to maintain” (Abbasi, 2018). In the light of this study, it can be inferred that poor performance of PTI regime is no surprise in the perspective of usual historical performance of political parties in Pakistan. However, the parties’ manifestos give a way forward to the voters regarding the parties’ intentions.

b. First Year Performance

At the end of PTI’s first year of government, the economy did not show tangible growth. The main reason of slow growth was poor performance of manufacturing sector. For the first time in 10 years, contraction of both, large-scale manufacturing industries and private sector investment took place and the main reason was the high cost of borrowing and production. Due to high inflation and increased unemployment, living standard and purchasing power of the people declined.

In the first year, PTI government set GDP growth target of 6.2 percent but GDP came down to 3.29 percent. There was a massive decline of 59 percent in foreign direct investment (FDI) inflows that showed investors’ lack of trust in Pakistani currency and market. Fiscal deficit was 8.9 percent as compared to PML-N government’s 6.6 percent for the year 2017-18.

PTI government wanted to increase the revenue by imposing some new taxes and expansion of the tax base through amnesty scheme. As a result, PTI claimed that the number of taxpayers increased

by 137000 during 2018-19. However, if we look back to the similar amnesty scheme launched by PMLN government, their revenues were much more than that of PTI government. The facts and figures show that amnesty scheme floated by PTI government was not effective, and raised only 70 billion dollars, much lower than the similar scheme floated by PML-N government.

Contrary to PTI government's claims that, its policies are framed to help poor, it actually raised indirect taxes, a lot of burden was levied on poor and middle class of Pakistan. The business community and traders were also not happy with this new taxation mechanism. Before elections, PTI leadership claimed that it would revive the economy, its major focus would be poor and it would never take help or loan from IMF. Yet after elections, PTI hardly met any of its promises and that was perhaps due to restrictions imposed by IMF.

Some miscellaneous indicators of economic performance are highlighted above. However, there are some specific macroeconomic indicators addressed separately below.

i. Unemployment rate

There are continuous variations in the unemployment rate of Pakistan. Unfortunately, contrary to the manifesto of the PTI government that it would provide 10 million jobs, the country was facing highest unemployment rate of the two decades i.e., 4.45 percent during 2020.

Graph 1. Unemployment Rate in Pakistan (1999-2020)



Source: **Statista 2020**

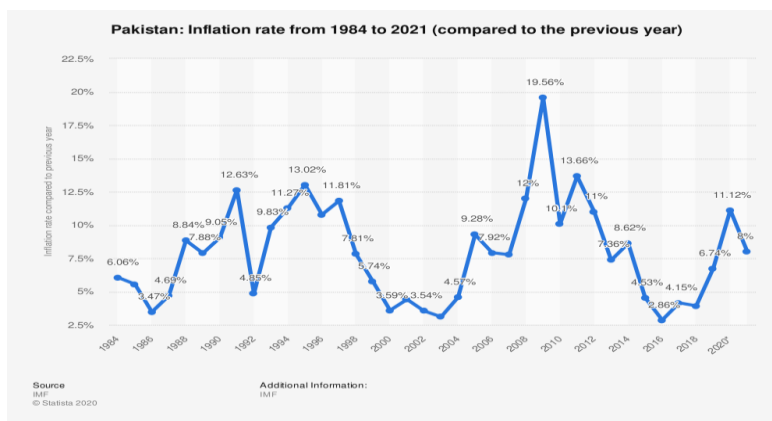
This graph shows that the unemployment rate in the PML-N government for the year 2017 was 3.95 percent, but when PTI came into power unemployment rate for the year 2018 was 4.08 percent, while for the years 2019 and 2020, this rate increased to 4.45 percent (Government of Pakistan, 2020).

ii. Inflation

One of the most critical factors that contribute to the miseries of society is high inflation. Unfortunately, this macroeconomic indicator also went against the claims and manifestos of the PTI government. PTI should overcome this issue only through proper strategic planning, human resource management and expansion in the economy's size.

In 2017, during the PML-N regime, the inflation rate was 4.15 percent. During the first year of the PTI government inflation rate was 3.9 percent then it gradually rose to 6.74 percent in the year 2019 while in the year 2020, inflation rate was recorded at 11.12 percent (Government of Pakistan, 2020). The following figure shows a complete failure of PTI regime to control inflation.

Graph 2: Inflation Rate in Pakistan (1999-2020)



Source: Statista 2020

iii. GDP Growth

Pakistan's GDP growth in the PML-N government went up from 3.6 percent in 2012-13 to 5.8 percent in 2017-18. It sharply declined to 1.9 percent during the first year (2018-19) of the PTI regime, which means it declined for about 3.6 percent as compared to the previous year. While in the year 2020, Pakistan faced a negative economic growth rate of -0.4 percent.

iv. Sector Wise Growth

The growth target for the *agriculture sector* was 3.8 percent, but it grew only by 0.85 percent in the year 2018-19. The main reasons for this sector's slow performance were reduction in cultivated area, lower water availability, and high input cost. Nevertheless, livestock performed well by showing growth of 4 percent. In 2020, the *agriculture sector* performed well as compared to the other sectors with recorded 2.6 percent growth. The growth rate of the *services sector* for the year 2018 was 6.3 percent. In the year 2019, it was 3.8 percent, and for the year 2020, due to Covid-19, the *services sector's* growth declined to -0.6 percent. In 2018, the growth of the *manufacturing industry* was 5.4 percent. In 2019, it declined to -0.7 percent and in 2020, it is the 2nd consecutive year that manufacturing sector growth is negative i.e., -5.6 percent (Government of Pakistan, 2020).

v. Current Account Deficit

One positive performance indicator of PTI government in its first year (2018-19) was reduction in current account deficit by 32 percent and by 73 percent during (2019-20). It was due to an increase in remittances by 10 percent during the first year of its governance.

In the first year of PTI government, most of the economic policy changes were part of the conditionalities imposed by the IMF. Although most of the problems of PTI were structural due to IMF loan, which cannot be solved in one year, however, PTI failed to make the right policies in the first year of its government in the light of their vision and manifestos (Mamoon, 2019).

c. Second Year Performance (2019-2020)

In the second year of PTI government, the economy of Pakistan contracted, GDP was -0.3 percent due to Covid-19. Due to this pandemic, a lot of other emerging economies recorded negative GDP and contracted consequently unemployment increased. To address the problem of unemployment, the government took certain initiatives like “Kamyab Jawan Program” in which they provided low-interest loans to youth. There was a shortfall of 10 million houses which would be met through one million every year, and during the tenure of PTI regime 5 million houses would be handed over to the poor people under “Naya Pakistan Housing Program.” The project of “10 billion tree tsunami” was also executed. According to the government these projects would generate job opportunities.

Pakistan's economy is divided into three sectors; mainly *agriculture sector*, *industrial sector*, and *services sector*. In the year 2020, the performance of the *agriculture sector* was positive, with 2.67 percent of growth rate and main reason of this good performance was the massive production of rice and wheat. However, the growth of the other two sectors i.e., industrial sector (-2.67 percent) and services sector (-0.5 percent) was not positive, mainly due to Covid-19 lockdown.

PTI worked on fiscal deficit, and successfully reduced it from 9.1 percent to 4 percent, which was the biggest achievement for PTI in the year, 2020. Furthermore, taxes increased by 10.8 percent and there was also an increase in non-tax revenues. Foreign remittances increased to \$18.8 billion in the year 2020, as compared to the last year, i.e., \$17.8 billion (Government of Pakistan, 2020).

Achievements of PTI government

During the era of PML-N, the growth in exports declined along with a drop in foreign exchange reserves from 16 percent to 9 percent. Simultaneously, the debt increased to 25000 billion Rupees and by adding liabilities to these debts, it reached to 30000 billion Rupees. External account was moving towards deficit, and expenditures were very high from revenues. In this situation, PTI government's major focus was to mobilize more dollars, to contain this issue. They took loans from many countries, signed programs with IMF of 6 billion dollars, and the government also tried to improve tax revenues. Some other achievements of PTI government are listed below:

- i. Current account deficit was very high due to PML-N wrong policies that was reduced by PTI government from 20 billion dollars to 3 billion dollars. The government reduced its expenditures, and for the first time in Pakistan's economic history, the primary balance was seen in surplus.
- ii. Government was trying to provide basic necessities to the public and make infrastructure like roads, bridges, etc. to reduce the dependency on other countries. For this purpose, PTI performed well in areas of taxes, and before Covid-19, there was 17 percent increase in revenue collection from taxpayers.
- iii. Prime Minister Imran Khan's vision revolved around the people of Pakistan, especially poverty-stricken and underprivileged segments of the society. So, the budget of “Ehsas program” was doubled from 100 billion to 150+ billion, and the main purpose was to distribute this money among poor and needy ones.
- iv. To grow exports and to attract investment in Pakistan, PTI government established the council of business. To improve the agriculture sector, PTI government worked on credit

availability and introduced regenerative agriculture, weed management, and change in crop mix ("1st 100 Days," 2019).

- v. PTI also worked on educational reforms by formulating and publishing different strategies. Government repaid loan of 5000 billion rupees in 22 months. PTI government made 200 plus panahgahs for poor in 22 months.
- vi. 10 billion tree tsunami project was one of the remarkable initiatives implemented successfully and was praised at the international level. Thousands of poor citizens imprisoned abroad were brought back to Pakistan.
- vii. PTI's priority was to improve the business opportunities in Pakistan. In 2018, Pakistan ranked 147th globally for doing business, and currently, Pakistan ranked 108 in the world in less than two years. Construction of Kartarpur corridor and to make it operational within few months was also the biggest achievement for the PTI government.
- viii. In two years PTI government has brought down trade deficit to 21 billion dollars from 37 billion dollars. In the first nine months of 2019-2020, Pakistan secured FDI of 2.1 billion dollars. One of the achievements of the PTI government in its first year of performance was an increase in remittances by 10 percent. In the first year of the PTI government, most of the fiscal policy that PTI implemented, like an increase in prices, rise in taxes on imports, rupee devaluation was the requirement of IMF loan. Although most of the problems of PTI were structural, which cannot be solved in one year. However, PTI failed to make the right policies in the first year of their government (Memon, 2019).

In comparison of achievements with manifesto, the results are not much encouraging. However, in light of the challenges faced by this government during this short period and political research on the subject matter, the findings are not much different. As the key results of the study by Ali *et al.*, (2020) also concluded that Pakistani political parties use language contents to attain cognitive control and domination over the public to win elections. The political affiliations of the mainstream print and electronic media also made the performance picture unclear and vague. The results of the study on media coverage of PTI performance by Adnan & Awais (2019) indicated that the two leading English Newspapers cover the activities of the Pakistan Tehreek Insaf (PTI) differently.

A study conducted by Sarwar *et al.*, (2020) regarding voters' opinion about PTI performance concluded that the government's monetary and exchange rate policy had been seen as the worst part of the party performance so far by the voters while tax reforms, accountability and foreign policy on Iran and Kashmir have been termed as "excellent." Mamoona, (2019) conducted a study based on the data of World Economic Survey. The study produced a mixed story of success and failure in different sectors of the economy. As it stated that PTI government's performance during first year discouraged both the consumers and private investors, however, its performance in the foreign sector and foreign policy were encouraging.

Challenges to the Government

The PTI government faces several challenges on various from that can adversely affect its performing in the coming years. Some of these changes are discussed below:

a. Covid-19

The Pandemic of Covid-19 is a real challenge for PTI regime. It will slow down the economic growth of the economy and curtail the options of public expenditures. Total expenditures grew by 15.8 percent in the year 2020 due to this outbreak. The government distributed money among the poor to help them in this challenging situation. In the beginning of the year 2020, there was an increase in exports and government planned to depreciate the value of rupee, to further increase exports, but due to COVID-19 exports declined. Many researchers wrote a mixed response over the tackling of the Covid-19 issue by the government. As Waris *et al.*, (2020) appreciated the government policy with the words, "Even with less resources Pakistan also taken rigorous measures like designed special hospitals, laboratories for testing, quarantine facilities, awareness campaign and lock down to control the spread of virus."

b. Sectoral Growth

All major sectors of the economy squeezed during the PTI regime resulting in a fall in total size of the economy, per capita income, and negative growth of individual sub-sectors. Revival and expansion of the economy is a big challenge for the present government. *Agriculture sector* is considered to be the backbone of Pakistan. Due to inflation during this regime, the input prices like the price of fertilizers and energy has put a pressure on farmer in terms of cost production. The government has to share the burden of farmers through input price support and other policy encouragements.

Industrial Sector also performed very poorly during the first two years of this regime. A special attention to improving the productivity of the industrial sector is required. Technical education, skilled workforce, investors encouragement, and political stability can enhance the performance of this sector. *Services Sector* performed poorly due to the Covid-19 lockdown. Subsequently, the economy slowed down and there was an increase in unemployment. Revival of the sector is a big challenge for the government. It can be improved by encouraging staff with rewards to come up with different ideas.

c. Unemployment and Inflation

Unemployment and inflation in double-figure are enormous challenges for the PTI government. PTI came into power with the promise to reduce unemployment through the creation of 10 million jobs and reduction of miseries of the poor people by controlling the prices of basic needs. Pakistan has the 9th largest labour force, which is increasing every year, and overall unemployment among degree holders is even higher than overall unemployed people. Malik *et al.*, (2020) stated that, "this goal of 10 million jobs appears to be an exaggerated estimate. PTI government's initiatives demonstrate that the new jobs creations required at the current speed and scale appears to be an unattainable goal."

CONCLUSION

It was a difficult two years of governance for PTI. The government has to face real challenges like contraction in the economy's size through negative growth in all sectors, increased inflation and unemployment, bad fiscal management, and pandemic breakout. These factors put a lot of pressure on the party leadership as these results are opposite to the party's manifesto. However, corruption

control, positive initiatives for promised manifestos, and success in the foreign sectors is like a light at the end of the tunnel.

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