

## Musharraf Revived Pakistan's Economy and Reduced Poverty

Based on an Article by Riaz Haq\*

On the 11th anniversary of General Musharraf's assumption of power, the dominant political rhetoric on the airwaves of Pakistan completely obscures his daring rescue of the nation's economy from total collapse in 1999. Instead, Musharraf's enemies are focusing entirely on his missteps.



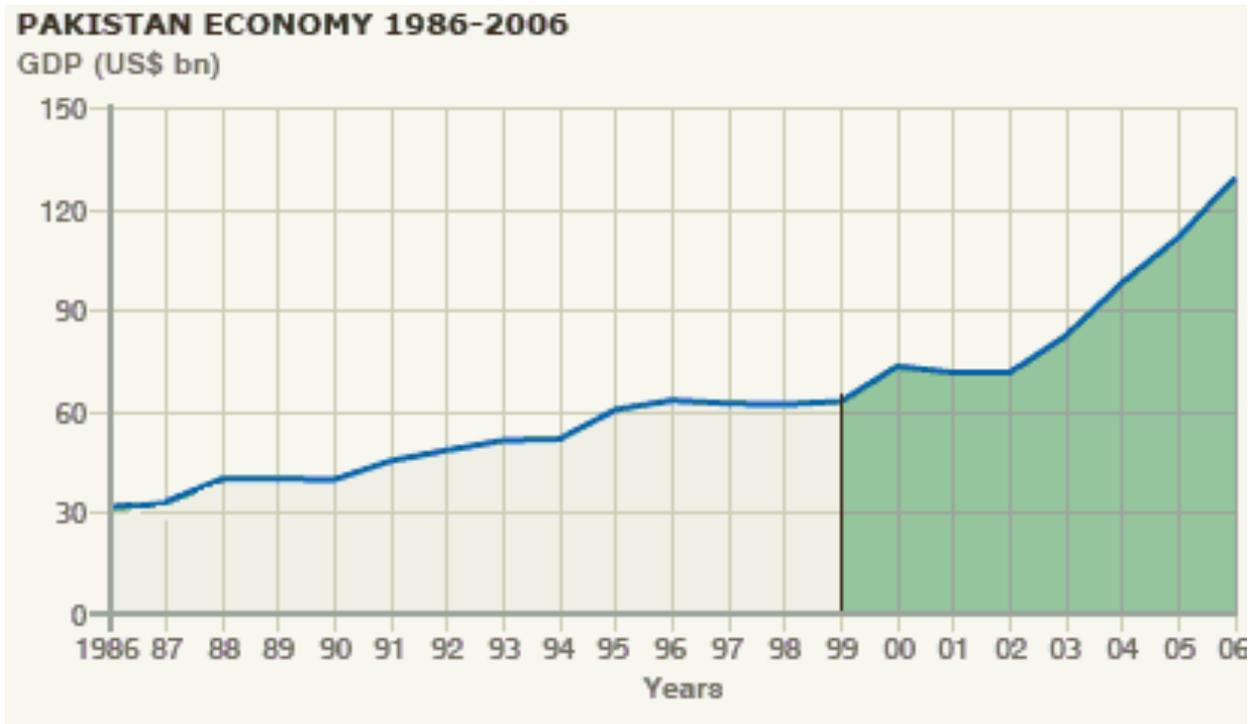
To set the record straight, let me quote from the current PPP government's letter it signed and sent to the IMF in 2008. Here is how it hails Musharraf's economic record without mentioning his name:

***"Pakistan's economy witnessed a major economic transformation in the last decade. The country's real GDP increased from \$60 billion to \$170 billion, with per capita income rising from under \$500 to over \$1000 during 2000-07.....the volume of international trade increased from \$20 billion to nearly \$60 billion. The improved macroeconomic performance enabled Pakistan to re-enter the international capital markets in the mid-2000s. Large capital inflows financed the current account deficit and contributed to an increase in gross official reserves to \$14.3 billion at end-June 2007. Buoyant output growth, low inflation, and the government's social policies contributed to a reduction in poverty and improvement in many social indicators". (see MEFP, November 20, 2008, Para 1).***

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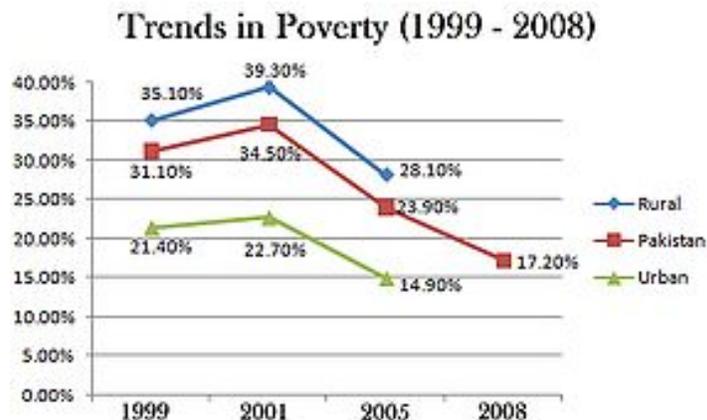
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## ECONOMIC GROWTH UNDER PRESIDENT MUSHARRAF



In the 1990s, economic growth plummeted to between 3% and 4%, poverty rose to 33%, inflation was in double digits and the foreign debt mounted to nearly the entire GDP of Pakistan as the governments of Benazir Bhutto (PPP) and Nawaz Sharif (PML) played musical chairs. Before Sharif was ousted by General Musharraf in 1999, the two parties had presided over a decade of corruption and mismanagement. In 1999 Pakistan's total public debt as percentage of GDP was the highest in South Asia – 99.3 percent of its GDP and 629 percent of its revenue receipts, compared to Sri Lanka (91.1% & 528.3% respectively in 1998) and India (47.2% & 384.9% respectively in 1998). Internal Debt of Pakistan in 1999 was 45.6 per cent of GDP and 289.1 per cent of its revenue receipts, as compared to Sri Lanka (45.7% & 264.8% respectively in 1998) and India (44.0% & 358.4% respectively in 1998).

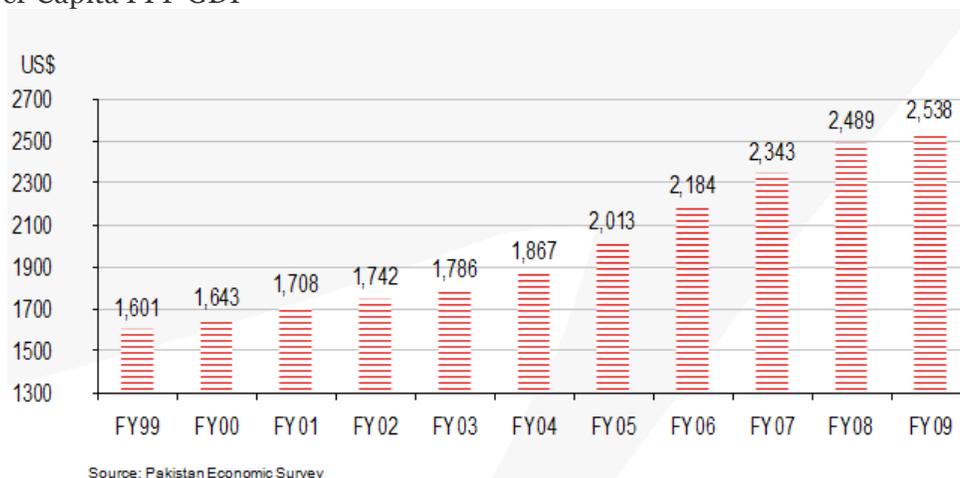
## POVERTY REDUCTION UNDER PRESIDENT MUSHARRAF



The IMF has acknowledged that Pakistan became one of the four fastest growing economies in the Asian region during 2000-07 with its growth averaging 7.0 per cent per year for most of this period. As a result of strong economic growth, Pakistan succeeded in reducing poverty by one-half, creating almost 13 million jobs, halving the country's debt burden, raising foreign exchange reserves to a comfortable position and propping the country's exchange rate, restoring investors' confidence and most importantly, taking Pakistan out of the IMF Program.

### PER CAPITA GDP RISE UNDER PRESIDENT MUSHARRAF

Per Capita PPP GDP

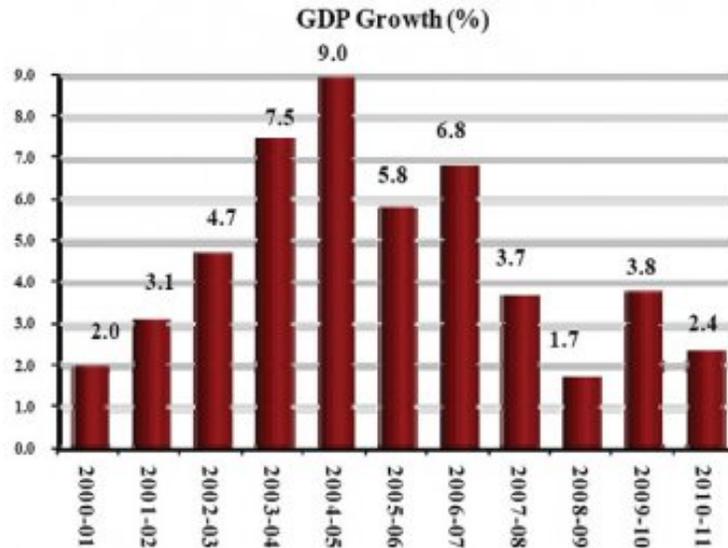


Poverty in Pakistan decreased from about 34% to 17% and hunger went down with it during Musharraf years from 2000 to 2008, as reported by World Bank and IFPRI as lagging indicators. The global hunger index score, published annually by the International Food Policy Research Institute (IFPRI), is a number between zero and 100, with lower figure signifying less hunger.

While Pakistan's hunger index score improved over the last three year since 2008 from 21.7 (2008) to 21.0 (2009) to 19.1 (2010) and its ranking rose from 61 to 58 to 52, India's index score worsened from 23.7 to 23.9 to 24.1 and its ranking moved from 66 to 65 to 67 on a list of 84 nations. Given the lag in reporting, the GHI scores represent data from 2003 to 2008.

At 22.67% improvement in its hunger score since 1990, Pakistan has improved less than India's 23.97% reduction, explained by little or no progress in Pakistan during the lost decade of the 1990s under Bhutto and Sharif governments.

## GDP GROWTH RATE DURING AND AFTER THE MUSHARRAF YEARS



Since the return of the current PPP government with its replay of incompetence and corruption of the 1990s, economic growth is barely keeping pace with population growth, per capita gdp has decreased, prices of basic commodities have risen 3 to 4 times of the level in 2008, the Pakistani rupee has lost about 30% of its value against the US dollar, and the nation's economy is on IMF's life support, as it was prior to Musharraf's coup. The corrupt and incompetent politicians from the 1990s have crushed all of the hopes and dreams Pakistani voters yet again, and their faith in democracy is being sorely tested.