
SUMMARY of the Article “Economic Pessimism,” Dawn, September 1st, 2024

The article discusses the widespread pessimism among Pakistanis regarding the country's economic situation, despite recent claims of improvements in macroeconomic indicators. A recent Ipsos survey highlights that only 10% of Pakistanis believe the country is headed in the right direction, a sharp decline in optimism from previous quarters. The pervasive gloom is largely driven by the soaring cost of living, especially due to high inflation, rising electricity prices, and heavy taxation, which have severely affected the middle class, particularly in urban areas. The survey findings reveal a significant drop in optimism, with only 10% of respondents hopeful for improvements in the next six months, a stark contrast to earlier in the year. The article points out that public confidence in the economy has declined even though there has been some recovery in macroeconomic fundamentals. However, this so-called recovery has not translated into better living conditions for the majority, especially the struggling middle class. The macroeconomic stability cited by the authorities is fragile, reliant on external financial aid and debt relief, and unable to sustain growth beyond 3-3.5%, far below the 7% needed to create jobs, reduce inflation, and improve living standards. The article concludes that without sustained structural reforms, public confidence in the economy will continue to erode.

Easy/Short SUMMARY:

The article highlights that many Pakistanis are feeling pessimistic about the country's economy, even though there have been some improvements. A survey shows that only 10% of people believe the country is moving in the right direction, and most are worried about rising costs, especially for electricity and taxes. The middle class, particularly in cities, is struggling the most. Even though

the government claims the economy is stabilizing, people aren't seeing these improvements in their daily lives. The article suggests that real economic reforms are needed to restore public confidence.

SOLUTIONS of The Problem:

Implement Structural Reforms

The government should prioritize structural reforms in key economic sectors to ensure sustainable growth and reduce reliance on external financial aid.

Reduce Inflation and Control Prices

Efforts must be made to curb inflation and stabilize prices, particularly for essential goods and services like electricity, to ease the burden on the middle class.

Increase Employment Opportunities

Policies aimed at boosting economic growth should focus on creating jobs, especially for the youth entering the job market, to improve public confidence in the economy.

Enhance Taxation Fairness

The government should work on creating a more equitable taxation system that doesn't disproportionately impact the middle class, thereby reducing public discontent.

Strengthen Public Communication

Authorities should enhance communication with the public, clearly explaining economic policies and their benefits, to rebuild trust and address misconceptions.

Promote Domestic Investment

Encouraging domestic investment through incentives and reducing bureaucratic hurdles can help stimulate economic activity and increase optimism.

Focus on Rural Development

Investing in rural infrastructure and development can help reduce the urban-rural divide in economic sentiment and provide more balanced growth.

Diversify the Economy

Efforts should be made to diversify the economy, reducing dependence on a few sectors and making it more resilient to external shocks.

Foster Innovation and Entrepreneurship

Supporting innovation and entrepreneurship can drive economic growth and create new opportunities, which can help shift public sentiment towards optimism.

Monitor and Adjust Macroeconomic Policies

The government should regularly monitor macroeconomic policies and make necessary adjustments to ensure they are effectively improving the lives of ordinary citizens.

IMPORTANT Facts and Figures Given in the article:

- An Ipsos survey shows that only 10% of Pakistanis believe the country is headed in the right direction.
- Optimism decreased from 18% in the second quarter to 11% in the third quarter.
- Only 10% of Pakistanis are hopeful of economic improvements in the next six months.
- The country's growth prospects are limited to 3-3.5%, against a required minimum of 7% to reduce inflation and create jobs.
- Public confidence has declined despite some recovery in macroeconomic fundamentals.

MCQs from the Article:

1. What percentage of Pakistanis believe the country is headed in the right direction according to the Ipsos survey?

- A. 20%
- B. 15%
- C. 18%
- D. 10%**

2. How much did optimism among Pakistanis decrease from the second to the third quarter?

- A. From 25% to 20%
- B. From 18% to 11%**
- C. From 30% to 20%
- D. From 22% to 15%

3. What is the growth rate required for Pakistan to absorb new entrants in the job market and reduce inflation?

- A. 5%
- B. 6%
- C. 7%**
- D. 8%

4. What is the current growth prospect of Pakistan's economy as mentioned in the article?

- A. 4-4.5%
- B. 2-2.5%
- C. 3-3.5%**
- D. 5-5.5%

5. Which group is particularly struggling due to the economic

conditions mentioned in the article?

A. Farmers

B. Middle class in urban areas

C. Industrialists

D. Rural population

VOCABULARY:

1. **Pessimism** (noun) (پسیمی): A tendency to see the worst aspect of things or believe that the worst will happen.
2. **Gloom** (noun) (گloom): A state of partial or total darkness or a feeling of being unhappy and without hope.
3. **Reckons** (verb) (ریکون): Concludes after calculation or thought.
4. **Prevalence** (noun) (پریولینس): The fact or condition of being widespread or common.
5. **Pervasive** (adjective) (پیرواسیو): Spreading widely throughout an area or a group of people.
6. **Soaring** (adjective) (سوارینگ): Increasing rapidly above the usual level.
7. **Skyrocketing** (verb) (سکیراکیتینگ): Rising quickly to a very high level.
8. **Rampant** (adjective) (رامپنٹ): Flourishing or spreading unchecked.
9. **Macroeconomic** (adjective) (میکرواکنامکس): Relating to the large-scale or general economic factors, such as interest rates and national productivity.
10. **Fundamentals** (noun) (فانڈمنٹلس): The basic principles or underlying concepts.
11. **Optimism** (noun) (اپٹیمزم): Hopefulness and confidence about the future or the successful outcome of something.
12. **Deteriorating** (verb) (ڈیٹیریورٹینگ): Becoming progressively worse.
13. **Disposable Income** (noun) (ڈسپوزیبل اینکم): Income remaining after deduction of taxes and living expenses.
14. **Multilateral** (adjective) (مالتی لائیٹرال): Agreed upon or participated in by three or more parties, especially the governments of different countries.
15. **Bilateral** (adjective) (بائی لائیٹرال): Involving two parties, usually countries.
16. **Stability** (noun) (سٹیبلٹی): The state of being stable; firm and unchanging.
17. **Prospects** (noun) (پروسپیکٹس): The possibility or likelihood of some future event occurring.
18. **Survival** (noun) (سوروایو): The state or fact of continuing to live or exist,

typically in spite of difficult conditions.

19. **Faith** (noun) (فائث): Complete trust or confidence in someone or something.
20. **Confidence** (noun) (كونفidence): The feeling or belief that one can rely on someone or something; firm trust.

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Economic pessimism

Editorial

A RECENT survey reckons that widespread pessimism and gloom prevail among Pakistanis, as economic hardships continue to worry them in spite of recent ‘improvements’. An Ipsos survey released on Friday suggested that only one out of every 10 Pakistanis believes that the “country was headed in the right direction”. This does not necessarily mean that the rest of them thought or felt otherwise. But it does underline prevalence of a pervasive dark mood among citizens deeply burdened by the soaring cost of living due to elevated inflation,

especially skyrocketing electricity prices, and heavy direct and indirect taxation. According to the survey findings, optimism has “significantly decreased from 18 per cent in the second quarter to 11pc in the third quarter”, bringing it back to the levels seen earlier this year. That pessimism is more rampant among urban dwellers than among the rural population is understandable, since taxes and expensive power have hit the former harder in recent years. Moreover, optimism about domestic economic conditions has declined by nearly three times since the first quarter of this year, hitting a one-year low with just 10pc of Pakistanis hopeful of improvements in the next six months.

If anything, the survey highlights two things: first, public confidence in the economy has declined despite “recovery in macroeconomic fundamentals” over the last year; second, fewer people now believe that this ‘macro improvement’ would lead to betterment in their living conditions in the near future. This public perception is based mostly on the consistently deteriorating lifestyle of the middle class struggling to survive in a highly inflationary environment. However, this perception is reflective of the country’s economic reality. The so-called macro stability claimed by the authorities is dependent on timely flows from multilateral agencies and debt relief from bilateral lenders. The country’s fiscal and current account troubles have long capped our growth prospects to a maximum of 3-3.5pc, against a minimum of 7pc required to absorb new entrants in the job market, reduce inflation and interest rates, and put some disposable income in the pockets of the middle class. Any effort to grow the economy beyond that immediately lands us into more trouble, forcing us to take emergency steps to compress demand and borrow more for our survival. It, therefore, is hard to blame people for losing their faith in this economy. Only sustained structural reforms can restore their confidence.

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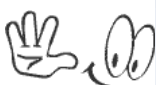
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