

The state of public health is even worse. Due to poor health facilities in government hospitals people have to buy these facilities in private sector. So expensive are the private hospitals that poor people prefer self-medication or consult the local quacks, risking their health. In the last year, more than 460 children died from measles in Sindh. The lives of about 200 people were claimed by Dengue last year in Punjab province alone. One of the major reasons for this epidemic is the lack of vaccination coverage in different parts of the country. Pakistan spends 2.6 per cent of its GDP on health, which is the lowest in South Asian countries with comparative spending of 7.4pc in Afghanistan, 4.2pc in India, 4pc in Sri Lanka and 5.6pc in China. Today, nearly half of Pakistan's children and mothers suffer from under-nutrition. The existing health/medical facilities in rural areas are undersupplied. About 352000 children die every year due to lack of basic health services. This situation has not improved for over forty years; Pakistan risks being left behind in the global economy if it fails to act soon.

Contrary to health and education sectors, the debt servicing is consuming significant portion of the existing budget. Pakistan will spend Rs.1.658 trillion (42.1% of Budget) during the fiscal year 2014-15 on public debt retirement and payment of interest on the huge borrowing piled up on the nation where more than half of the population lives below the

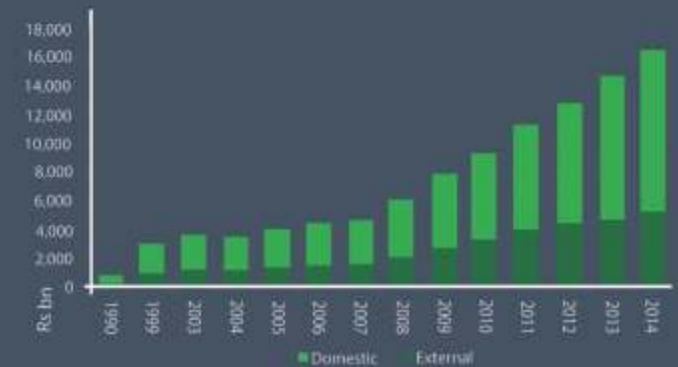
absolute poverty. The amount allocated for public debt servicing is far more than the planned expenditure of the country's development and 6.5 percent of the GDP.

The successive governments of former military ruler Pervez Musharraf, the PPP and the PML-N have made huge borrowings to run the affairs of the government, which compromised the productive potential of the economy. The debt burden is mounting every day leaving little space to spend on dilapidated infrastructure and much desired social spending. On top of that, the "debt seeking behavior" is closely associated with mismanagement of public money, promoting lavish spending on wasteful expenditure.

"We appreciate the PML-N's commitment, expressed in its Election manifesto 2013 to reduce country's dependence on foreign loans. However, this promise is yet to be translated into action through undertaking solid and alternative measures to reduce the chronic debt burden."

CHAINED INTO DEBT

EACH PAKISTANI OWES Rs. 101,338/- OF PUBLIC DEBT



WE DEMAND A DEBT FREE PAKISTAN

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Impact of Debt Burden on Social Sector of Pakistan

The average common person of Pakistan has suffered from a crippling national debt for long. The devastating earthquake of 2005, the global financial crisis of 2008 and the horrific floods of 2010, and so-called war on terror have increased the miseries of people. These internal events such as earthquake and floods have created a dearth of food items, while the external event made the oil prices very expensive. These internal and external events increased inflation a great deal in Pakistan since 2008. The double-digit inflation since 2008 has impacted the purchasing power of the common man. This higher inflation normally impacted those people who receive fixed income such as pensioners, contractual workers, disabled, widowers etc., while other segments of population remained insulated since they may demand wages according to the rise in inflation.

The production of electricity has been mainly done through hydro-sources from 1947 to 1990s. Unfortunately, the energy mix radically changed in favour of thermal means in early 1990s. Presently, the production of electricity is mainly done through thermal means, which contribute around 60 %, while the hydro share is around 38 %. The global financial crisis of 2008 played a pivotal role in increasing the international prices of crude oil from \$ 60 to \$ 120 per barrel. The heavy reliance of Pakistan on imported oil not only put strain on the foreign exchange reserves owing to high international crude oil prices, but also contributes heavily to

circular debt, resulting into increasing the existing debt burden.

These higher international prices aggravated the domestic energy crisis and the crisis has worsened to the extent that government has no option but to close down its educational institution. So much so that operation theaters in rural areas hospitals have to suspend their work due to lack of power. Labor has been laid off due to closure of industrial units on account of load shedding, causing unemployment. The labor-intensive textile sector is devastated by chronic power crisis, rendering thousands of workers out of work.

Pakistan has to approach the IMF to ward off the balance of payment crisis in 2008 and 2013. As condition of IMF package, public spending are being cut and prices for food increased in order to reduce the budget deficit. Under Extended Fund Facility, the IMF has increased its indirect influence in policy-making substantially by setting fiscal, monetary, financial and energy sector criteria. These long lists of reforms have the worst implications on the lives of the poverty-stricken people. Since Pakistan has to repay its debts at any cost, it is unable to resolve its pressing problem. Under IMF pressure the increase in indirect taxation on daily use items has further made the life of those millions living below poverty line, miserable. Many poor families have no choice but to withdraw children from schools, particularly girls. These children are sliding down to the child labor market.

Pakistan is currently unlikely to meet many of the Millennium Development Goals (MDGs), including on hunger, education, gender equality, child and maternal mortality

and access to basic sanitation. High debt payments, and cuts in government spending, make it more difficult for the state to provide decent quality public services such as healthcare and education. According to the World Bank's Poverty Head Count Analysis for 2014, if income per adult in Pakistan is taken as \$1.25 per day, then 21.04pc of the population lives below the poverty line (according to 2008 population estimates). But if the poverty line is raised to \$2 per day in line with international standards then 60.19pc of the population falls below the poverty line.

This debt has done little for the majority of Pakistan's people. It has increased inequality, and depended impoverishment. About 46% of the people in Pakistan live below poverty line. Worryingly, 47% of whatever the government generates in revenue between July-March 2013-14 went to paying off the debt against 44% in the previous year. Ideally, this ratio should be less than 30% to allocate more resources to social and poverty related expenditures.— more than on Education & Health combined.

Education is equally neglected sector as average Govt. spending on education stands around 2.2 per cent of the GDP. There are 5.5 million out-of-school children in Pakistan; three times more than India. A report by UNESCO revealed in 2013 that Pakistan boasted the second largest number of out-of-school children in the world. The only other country bypassing Pakistan in this notoriety was Nigeria. And the conditions of the existing primary educational facilities are dismal. A number of schools, particularly in villages, with facilities like boundary wall, toilet, playgrounds, furniture, teaching aids teachers and classrooms missing fully or partially.