# Article information:

Economy: myths and failures (Part – I)
<https://www.thenews.com.pk/print/1050808-economy-myths-and-failures-part-i>

# Article summary:

1. The belief that IMF loans are necessary for Pakistan's economic survival is false, as these loans only add to the country's debt burden.

2. Import substitution as a solution to reduce foreign exchange needs and create local employment has not served Pakistan well, as it leads to shoddy product quality and a growing foreign currency debt mountain.

3. The government cannot be solely blamed for foreign currency insufficiency for import needs, as business owners have a responsibility to generate their own foreign income. Seeking indiscriminate FDI and privatizing state-owned enterprises to foreign investors can also be costly and destructive.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article "Economy: myths and failures (Part – I)" presents a critical analysis of Pakistan's economic situation, highlighting eight erroneous beliefs that have hindered the country's progress. The author argues that these beliefs have led to chronic trade and fiscal deficits, enormous debt, and a hungry and disenfranchised population. However, the article suffers from several biases and one-sided reporting.

Firstly, the author claims that seeking loans from the IMF and friendly nations will only lead to further debt servicing needs, cannibalizing the nation's future. While it is true that loans need to be repaid with interest, they can also provide much-needed liquidity in times of crisis. The article fails to acknowledge this aspect of borrowing and instead presents an overly simplistic view of debt as a burden on the economy.

Secondly, the author argues against import substitution as a solution for reducing foreign exchange needs and creating local employment. While it is true that import substitution has not served Pakistan well in the past due to shoddy product quality and growing foreign currency debt, it is also true that some level of import substitution is necessary for developing domestic industries. The article does not explore this nuanced perspective on import substitution.

Thirdly, the author places all responsibility for generating foreign income on business owners rather than acknowledging the government's role in promoting exports. While it is true that businesses should take responsibility for their own import needs, it is also true that governments can create an enabling environment for exports through policies such as export subsidies or trade agreements.

Fourthly, the author argues against indiscriminately attracting Foreign Direct Investment (FDI) as a solution for revitalizing the economy and cushioning foreign currency deficits. While it is true that FDI can come with high repatriation expectations and may not always benefit domestic markets, it can also bring much-needed capital and technology transfer to developing economies. The article does not explore this potential benefit of FDI.

Overall, while the article raises important points about Pakistan's economic challenges, its biases towards certain solutions and one-sided reporting limit its usefulness as a comprehensive analysis of the issue.

# Topics for further research:

* Nuanced perspective on import substitution in developing economies
* Role of government in promoting exports and creating an enabling environment
* Potential benefits and drawbacks of Foreign Direct Investment in developing economies
* Importance of liquidity and borrowing in times of economic crisis
* Strategies for reducing debt servicing needs while still accessing necessary funds
* Comprehensive analysis of Pakistan's economic challenges and potential solutions

# Report location:

<https://www.fullpicture.app/item/039396b7241c4f0705283408c5074a7a>