

# \* Political Stability and economic development.

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## Introduction:

"The emotional security and political stability in this country entitle us to be a nuclear power", said George Osborne about the British political system.

Political stability and economic developmental are greatly intertwined. World Bank, IMF, Asian Development Bank and all other international monetary and financial institutions lay great emphasis on political stability. Moreover, leading countries of the world also prove how political stability garners economic progression such as Denmark, Sweden, Norway etc. So in order for Pakistan to have a dignified standing on the international arena, it must ensure that the polity in the country is stable, strong and dependable.

# \* Political Stability and Economic Development.

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## Outline:

- 1) What benefits does political stability have for economic development?
  - i) Predictability in economy.
  - ii) Protection of property rights.
  - iii) Rule of law that encourages private businesses.
  - iv) Incentives for people to work, save and invest.
  - v) Ease of doing business
  - vi) Greater civil liberties that translate into lower violence and terrorism
  - vii) Incentive for the government to do economically good to increase prospects for re-election.
  - viii) An effective safeguard against corruption.
  - ix) Positive role played by opposition.
  - x) Greater ~~income~~ income distribution.
  - xi) Democracy also ensures accountability.
- 2) Why Pakistan is unable to achieve political stability and in turn good economic performance.

i) Votes and money in Pakistan are intertwined.

ii) Politicians in Pakistan have always ceded space to undemocratic forces.

iii) No intra-party democracy.

iv) Political populism.

v) Any type of dissent is viewed as a law and order situation.

vi) Rules are bent to benefit a narrow elite.

vii) Unappreciable role of opposition.

viii) Puzzling role of judiciary.

3) What needs to be done to improve political stability in Pakistan

i) Separate money from votes.

ii) Politicians need to take a stand and should not side with undemocratic forces.

iii) Democracy within political parties.

iv) Rule of law must be ensured.

v) Need to build strong institutions instead of strong individuals.

vi) Ensure civil liberties like speech, association and expression.

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Thesis statement:

Political stability is part and parcel of economic development. There is not a single political arrangement in which existence of one is possible without existence of another. Pakistan has had a history of political instability. We need to take affirmative measures to attain political stability to have a better economic profile.

Essay.

Political instability means the propensity of ouster of a government before the completion of its term. The ouster can be through legal as well as extra-legal means. Thus, the chances of overthrowing of a government is what is called political instability. Also, political instability tends to be persistent. World Bank says the prospects of

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removal of a government and its subsequent ouster actually encourages a kin treatment for the next government in line. So, this results in an instability cycle.

Talking about the economic cost of political instability, different studies by World Bank, IMF, Harvard University, Deakin University, etc have highlighted the fact that it is political environment of a country that has the most notable mark upon the economic development of a country. The better the political course of a country, the better will be its performance on all the economic indices.

How does political stability have positive impact on economic development?

Firstly, political stability is a harbor of predictability in the

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economy of a country. What  
water is to plants, predictability  
is to economic progression. It is  
this predictability and certainty that  
encourages foreign as well as domestic  
investors to come and invest in  
a country's economy. Moreover,  
predictability is also linked with  
greater remittances, better dollar  
reserves and growth for private  
business. For example, Pakistan's  
economy started to spiral downward  
in 1990s. From 1990 to 1999,  
the average years a government  
stayed in power were 2 to 3  
years. Resultantly, Pakistan's economy  
was jolted. Poverty, which  
came down from 40% in 1950s  
to 18% in 1980s, soared back  
to 34% in 1990s. Then came  
the period of General Pervez  
Musharraf. Though it was a  
martial law, an undemocratic

practice, yet the country's performance in all economic indices saw positive results. For Musharraf's regime espoused predictability and certainty.

Furthermore, property rights in a stable political environment are secured. All the major political and social philosophers like Marx, Hobbes, Locke, etc converge on the issue of ~~property~~ private property. They say it is the property that a man can call his own <sup>that</sup> is the greatest motivator for working and striving in life. Thus, politicians recognise this fact and in order for the government to complete its term, they ensure that the property of people in the country is secured. Otherwise, the people will get disillusioned if their property is not secured. <sup>encourage</sup> the

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removal of a government. For example, if we look at the countries that have the best property securing laws, their political history and future also seems predictable. Like in the case of US. There may be many issues in the US electoral system. But one thing is certain, there will be elections after every four years, barring emergency situations. X

In addition, political stability exists there where rule of law is enforced. This rule of law then ensures arrival and growth of private businesses. X The only safeguard private businesses enjoy against any unlawful incursions upon their rights is the law of the land. There are two aspects in this respect: First, the law of the land protects business rights, and second, the law of the

Political stability



law is enforced. So, in such an environment that fulfills both these aspects, if any business is threatened by an actor, it can approach the justice system and protect itself. Conversely, if any or both the above aspects don't exist, private businesses are forced to exit the market. And it is these private businesses that move the wheel of economy and also fund political process. So, while political stability ensures rule of law, the rule of law also has many political and economic dividends in the store for the country and the government. For example, in rule of law index, the best performing countries are Norway, Sweden, Denmark, etc. And these are also the most democratic and politically stable countries of the world.

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Moreover, political stability encourages people to work, to save and to invest. In a stable political environment, the people know the term of a government and the expected dates of next elections. So even if they are not happy with the policies of the current government, they would not give up on working and investing as they are aware of the life of the government and would wait for the next government instead of delving into politically destabilizing activities. Furthermore, World Bank has defined "doing business" aspect of institutions. According to it; easy procedures for registering a company, hiring and firing people, shutting down a business, and enforcement of contracts by institutions of a country are

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conducive to better private  
business environment. This ease  
of doing business is ensured  
by a stable political government.  
As the government is aware  
of its own tenure and  
wants to maximize the chances  
of its return to power, it  
would ensure greater ease of  
doing business as better business  
means that people's incomes  
are increasing. And the income  
growth in turn helps in  
harbouring a positive outlook  
of the government in the  
minds of people. Thus, a  
government being cognisant of this  
fact, will work for easing the  
business rules for investors and  
entrepreneurs. For example, in ease  
of doing business index, again  
European countries like Denmark,  
Iceland, Norway, etc boast

top spots. And as discussed earlier, these are also the ones with the best functioning democracies. Another aspect that exists in a stable political environment which compounds to economic development is the greater civil liberties people enjoy in a democratic and stable political environment. In such countries, grievances of people are heard and responded to instead of attempts to stifle them as happens in authoritarian and despotic political arrangements. Resultantly, in authoritarian regimes, the chances of an uprising are much higher and economies of such countries are stagnated or even deteriorated. Conversely, people in democracies enjoy greater civil rights and are thus disincentivised to engage in politically destabilizing activities. For

example, in Pakistan, there are high chances of a government removal and even violence and terrorism because ~~the~~ grievances of people are not heard. In such an environment, people are not willing to support a government and terrorists and other extremist elements get space to breathe and operate. Pakistan has lost over \$100 dollars to terrorism.

In a stable political environment, the government knows there will be elections in stipulated time and the one most crucial and instrumental way to increase chances of re-election is to do economically spectacular work. This is ~~the~~ one most powerful incentive for a government to perform better economy-wise. So the governments ensure better working conditions for businesses, attract FDI's

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secure private property, etc. Conversely, according to a study by Deakin University, when a government feels it will be thrown out before the end of its tenure, greater chances are it will engage in suboptimal economic activities and lay economic "death-traps" for the upcoming government.

In addition, stability is also an effective safeguard against corruption. Pakistan's founder M.A. Jinnah called corruption "poison" for a country.

In a stable environment, government knows it needs to get in the good books of people. So it makes policies that discourage misuse of funds and ensures transparency in all governmental affairs. In corruption index, for example, Pakistan is ranked at 140<sup>th</sup> place in a total of 180~~0~~ countries. This tells a relation that where

corruption is rampant, the stability of a government is always under threat.

Moreover, in a stable environment, the opposition is involved in playing a positive role for a country. Opposition keeps government on its tenter-hooks about its performance in all national affairs. When the government and opposition both know the current government will complete its term, then the only way left for both to make a mark is if they concentrate on their respective roles. The government ensures the overall state of the country improves while the opposition broaches up where the government is lacking. In this way, both get political dividends and economy of the country also improves.

Talking about income distribution,

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which means the citizenry of a country receives comparable monetary dispensation for their work here too, stability works like a charm. Governments make policies that result in income distribution, the people are satisfied as everyone gets equal chances to climb the social ladder and stability and economic growth, both are ensured.

Norway is the world's top country in income equality index and also one of the most politically and economically stable.

And lastly, accountability in a stable political environment is also present in the form of general elections. This is accountability of a government. While for accountability of institutions, mechanisms are put in place to ensure transparency and accountability. So, both accountability of a government and accountability



of institutions are ensured.

Since political stability has so many benefits for the economy and in turn for common people, why is it that Pakistan is unable to achieve politically stable environment?

Pakistan is struggling to achieve political stability because, firstly, votes and money in Pakistan are linked. In her book *Big Capital in an unequal World: The micropolitics of economy in Pakistan*, author Rosita Armitage argues that it is the economic elite of the country that is controlling the political process in Pakistan. Leaders of all the leading political parties are also one of the wealthiest men in Pakistan. It is this money that they use to hold rallies, buy votes and loyalties and "capture"

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the political process of the country.

Secondly, politicians in Pakistan have always surrendered space to undemocratic actors. Britain, when left the subcontinent, Pakistan, India, Nepal, Burma, Singapore, Sri Lanka and Bangladesh got independence. Today, in all economic and human development indices, Pakistan and Burma occupy the last places, with Burma being at the bottom. The only thing the two countries have in common is they had multiple martial laws and multiple constitutions. And why is it so? Because in both countries, the military has always found people in political parties to do their bidding and make way for their takeover. Even after the takeover, some political parties ~~just~~ justify the undemocratic activity. So, they have

always ceded space to them.

Thirdly, there is not a hint of intra-party democracy in Pakistan.

The leading political parties have hardly had any intra-party elections.

Even if they do, they are only a theatric as the expected candidate, who more often than not, happens to be an offspring of an erstwhile party leader, wins the election unopposed and becomes the new leader of the party. Common

man finds it really hard to even enter a political party, let alone contest and become the leader of a political party. For example,

in Pakistan, two of the three national parties have a blood relative of the former party leader as the current head of the party.

~~Fourthly~~ Fourthly, politicians in Pakistan resort to political populism to

secure political score. They target the religious belief of other party leaders, their preferences in wearing clothes, etc. Such an environment in which nobody is deemed pure enough to challenge another party leader is anathema to political stability as the other side then employs similar tactics and the cycle continues on.

Fifthly, any type of political dissent is treated as law and order situation. In his book Pakistan: A Modern History, Ian Talbot has shed light on this fact as he says, in Pakistan's history, any disagreement was stifled by the use of full state force. Opposition leaders were jailed, their houses and businesses sealed and their families targetted just for doing their jobs and playing their roles, as mandated

by the constitution. This practice, Pan says, has left a permanent dent on the politics of Pakistan.

Sixthly, in Pakistan, rules and processes are bent and ignored to benefit a narrow elite of the country. Ishaat Hussain, in his book "The Economy of an elitist state", says that 1% of the population of the country controls 30% to 40% of all private capital in the country. And it is this elite that goes on to make and sponsor political parties to get their desired projects and rules passed. Also according to World Bank, the poor in Pakistan get only 23% of the total subsidies. While the 77% subsidies are bagged by elites.

So since the elite is so powerful, they enjoy the authority to send any government home and force them

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to play to their chords if they wish to stay in power.

Seventhly, the role of opposition in Pakistan is unappreciable. The opposition makes deals with undemocratic forces and actively gets involved in sending a democratically government home. And then when the government is sent home and opposition forms the new government, the new opposition, which was previously in government, employs the same tactics to destabilize the new government. This cycle has spelled doom for political stability in Pakistan. For example, the government that was ousted in 2017 and whose leader banned from politics for life, employed similar tactics to cut a deal with powerful quarters and formed the new government in 2022.

And lastly, the role of judiciary

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is really puzzling. From 1950s till today, the judiciary has always sided with undemocratic forces. They have sanctified martial laws, sent democratically elected leaders home and even gave orders to hang a former Prime Minister. In such an environment the survival of a government become increasingly difficult as two organs of the state collude and succeed in overpowering the third one.

Given the importance of political stability to economy and the abysmal state of politics in Pakistan, what needs to be done?

First step should be to separate money from votes. As long as people are able to buy votes and loyalties with money, the rich will always be in control. So, first step should be to end

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this trust. Sweden faced similar problems in the past. Then in 1921, Sweden introduced a set of sweeping reforms that extricated votes from money and look at them now, boasting top spots on all human development indices. So Pakistan should learn from their example and introduce similar reforms to ensure political stability.

In tandem, politicians should take a stand and deny any space to undemocratic forces that aim to destabilize our political environment. Such steps are not unheard of as in 1968, all political parties joined hands and forced the then president Major General Ayub Khan to resign in 1969. So, such commitment to democratic practices is the need of the hour.



Thirdly, political parties should ensure intra-party elections are held after a specified period of time. In this way, the echelons of the political parties will open up for common people and citizens will feel empowered. For example in India, BJP's erstwhile leader was Atal Bihari Vajpayee. While today's current leader is Narendra Modi. Both do not have any blood relation and Modi used to sell tea on a tea stall. This exudes democracy.

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Fourthly, rule of law must be ensured for all. The poor and the rich, both should be equal in the eyes of law. But the practice today is in reverse. The rich get away scot free while the poor face the wrath of the law for as meagre a crime

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as establishing a tea stall on specific places. This results in poor trust and hope for the people towards the government of a country. So, rule of law must be ensured.

Fifthly, as history shows, Pakistan always had strong and powerful individuals, instead of powerful institutions.

This results in powerful individuals bending the balance whichever way they like. So, Pakistan needs to build strong institutions through reforms, capacity building, greater transparency and accountability.

And lastly, leaders in Pakistan must ensure that people are granted fundamental liberties such as freedom of speech, freedom of expression, freedom of association, etc. When people enjoy these rights, they get involved in the political process of the country and

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play a positive role in nation building.

Nelson Mandela ~~says~~ <sup>said</sup> when the decision about his unconfinement from prison was announced and he was walking through the gates of the prison, he knew if he didn't leave hatred and contempt behind in those cells, he would still be in prison.

So, politicians in Pakistan need to bury the hatchet of the past and play their positive role so that Pakistan makes a mark on the ~~arena~~ ~~of~~ international arena.

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