

Date: \_\_\_\_\_

Day: \_\_\_\_\_

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## Question

Critically analyze the argument for the need for a character of economy in Pakistan. In your answer, consider the context of Pakistan's current economic challenges and discuss implementation Plan?

## Introduction:-

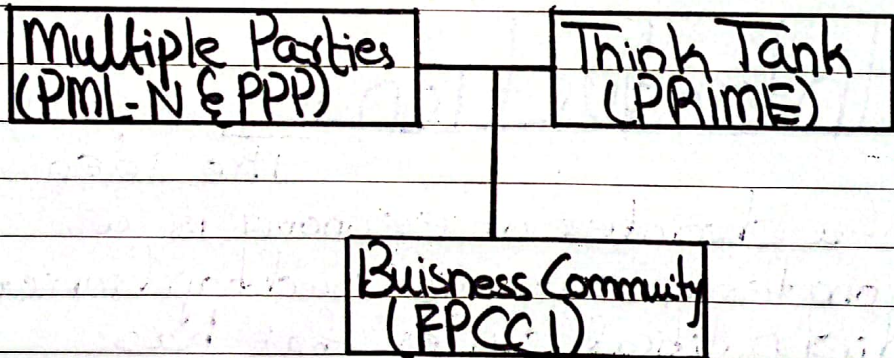
The idea of a character of economy is a long term economic roadmap transcending political cycles that has gained traction in Pakistan amidst chronic economic woes.

## Character of Economy Debate in Pakistan: Critical Analysis :-

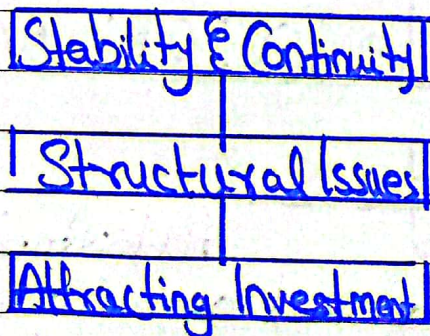
Pakistan's economic woes demand a collective response and the proposed character of

offers a framework for such collaboration. However, its successful implementation hinges on the effective engagement of diverse stakeholders, government, private sector and civil society. Character of economy a proposed document outlined long-term economic policies envisioned to achieve stability and prosperity.

## Calls for a Character



## Arguments For a Character of Economy



## 1) Creating Stability and Continuity :-

A key argument for the character is its potential to foster stability and continuity in economic policies. Currently, Pakistan suffers from frequent policy changes dictated by the political whims and. For example, the frequent changes in trade policies have discouraged long-term investments in the export sector. On other Example, Pakistan's average annual inflation rate between 2000 to 2022 was 8.6%. This reflecting to volatile market (World bank).

Dr Atif Mian, economist and academic remarked, "Without a long-term vision and stable policies, Pakistan will remain hostage to the whims of Political expediency".

## 2) Addressing Structural Issues :-

Pakistan's economic problems are deeply rooted in structural issues such as a weak

tax base, dependence on imports and an insufficient public sector. A comprehensive character could tackle these issues head-on outlining sector-specific reforms, promoting export-oriented industries and streamlining government institutions. Pakistan's tax/GDP ratio is around 11.1% lower than regional average (World Bank).

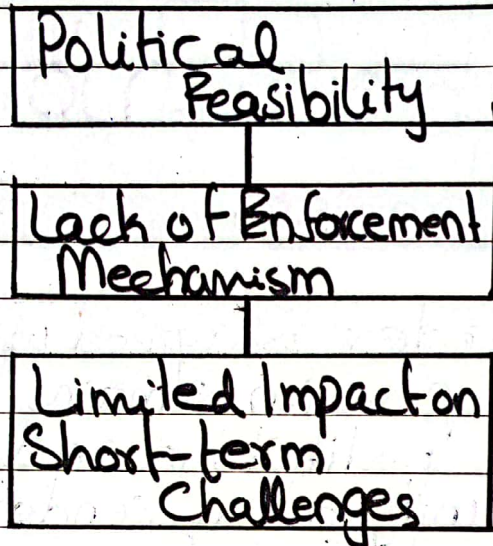
The Pakistan Institute of Development Economics (PIDE) proposed character of economy in their reports.

### 3) Building Confidence and Attracting Investments :-

A well defined character demonstrating a commitment to sound economic policies could boost investor confidence.

As former Finance Minister Ishaq Dar stated, "A common economic vision could send a positive signal to investors and international markets, improving Pakistan's credit worthiness and attracting much-needed foreign capital".

# Argument Against a Character of Economy



## 1) Political Feasibility against Character

The biggest hurdle of the character is its political feasibility. Reaching consensus among diverse political parties on complex economic issues is not easy feat. Past attempt at similar agreement like character of economy Democracy 2006 have struggled with implementation due to political discord.

“In Pakistan’s volatile climate of politics, the character of

Economy risk becoming a political football, tossed around for partisan gain rather than guiding economy policy (Abid Sher Ali)

## 2) Lack of Enforcement Mechanism

Even if a charter is agreed upon, enforcing its provision remains a concern. Weak institutions and a culture of impunity often renders such documents toothless.

The economist Shahid Rashid argues "Without strong accountability mechanism, the character of economy could become just another piece of paper, gathering dust in government archives."

## 3) Limited Impact on Short-term Challenges

The character's focus on long-term reforms might not offer immediate solutions to Pakistan's pressing economic needs such as current

balance of payments crisis or fiscal deficit. Critics warn that while the character might build a better future, it does little to address the present hardships faced by millions of Pakistanis.

## Implementation Plan on Character of Economy

### 1) No Official Character Yet

While various proposals and outline exists but officially legal binding document hasn't been adopted. Reaching an agreement on a comprehensive character in Pakistan's diverse and often polarized political landscape remains significant hurdle.

According to a 2023 survey of PIDE, 78% of Pakistani support idea of a character of economy. While PML-N suggest character of economy as a slogan in election 2024.

# Conclusion :-

Considering Pakistan's current economic situation, characterized by a 22% inflation, a 7% GDP growth. Therefore, character of economy not seen as a magic of bullet but as a broader strategy that combines short-term measures to alleviate immediate hardships with long-term reforms.