

DATE: ___/___/___

Pakistan's sustainable economic recovery is not linked with foreign aid but with its political stability. Discuss.

INTRODUCTION:

Political instability is the tendency of a change in the government and its structures, either in constitutional or unconstitutional way.

On the other hand, economic growth is the measure which reveals the number of monetary transactions happening within the economy. Political stability and economic growth walk in association with each other.

In the delicate scheme of things, their relationship is such that in the absence of the former, the latter dies away. The relationship between economic growth and political stability has always remained the core of policy making in almost every country. However, Pakistan faces significant instability in political systems and extreme law and order situations. As Pakistan has low national income and low per capita GDP, their probability of facing prey to political crises increases. It is a fact that the meager economic growth of a country leads to political chaos. An unstable political system is the hazard that hampers smooth running of governance and enforcement of law and authority in the country. It is caused due to irregular political exchange.

resulting into breakdown of policy implementation and feeble institutional structure, disobeying social behaviour that effects or alters decision making parameters of the society. While foreign aid can offer temporary relief, it is the combination of stability, consistent policies, and long term economic planning that is fundamental to achieving sustainable economic recovery. Foreign aid can play a role in economic recovery, political stability remains a critical factor in Pakistan's journey toward sustained economic growth and development.

HISTORY OF POLITICAL INSTABILITY IN PAKISTAN

The stability under the leadership of Quaid-e-Azam Mohammad Ali Jinnah and Liaquat Ali Khan didn't last long and from 1951-1958, the inconsistent period of prime-ministers began with Khawaja Nazimuddin and ended with Feroz Khan Noon. Those were the days when Pakistan was also going through a constitutional crisis. With the beginning of the stable military government of Ayub Khan, Pakistan's economy grew at the highest rate. However, in 1970, Pakistan experienced a period of the highest political instability which resulted in a

high economic loss for the country because of the separation of the East Pakistan. The last period of the 1990s is a sad metaphor for Pakistan's economic condition because of political instability which plunged the country into foreign debt, and a decrease in export rates and revenues. The instability due to the delay of elections and the rise of emergency by Musharraf made the GDP growth rate fall from 4.8% to 1.7%. The situation was aggravated when the political instability augmented by the fragile policies led to post 9/11 terrorism in Pakistan. In 2007, the assassination attempt of Benazir Bhutto drove the nation into a dilemma of uncertainty. The ignorant attitude of the government towards economic policies and institutional development caused extreme macro-economic instability. Similarly during the tenure of PPP regime from 2008-2013 the country faced massive increase in corruption and low economic growth owing to surge in political instability. Moving further to the civil regime from 2013-2018 Pakistan's economic progress faced a drastic political unrest in the shape of demonstrations, rallies and protests by the oppositions. Due to the protest for 126 days in Islamabad country's economy witnessed unprecedented losses because the trade routes

were, business activities were frozen which resulted a loss of Rs 500-600 millions.

Also foreign direct investment was affected during this tenure due to political instability. Protests are one of the factors which express the situation of political instability. Although protests are the signals of the healthy democracy, their association with the shutdown of economic events and loss of private and public property make them stressful for the economy.

The state of political instability and policy uncertainty destroy the confidence of the investors.

It was observed in 2014-15 that foreign direct investment was affected or decreased due to unstable political situation incorporated by panaman leaks and PTI's continuous protests to throw out PML-N's regime / government. If we observe the tenure of 3.5 years of PTI government from 2018 to 2022 the political instability increased from and from the very first day of PTI government's performance.

For that PDM was formed which created challenging situation for PTI government to run the country with huge foreign debts, inflation, unemployment and inappropriate utilization of economic resources.

The country has faced various substantial exchange of power due to which a stagnant

and poor economy remained the fate of the country. Government in power implement short term policies for rapid results to sustain their rule which causes long term threats to the economy.

Further, upon collapse of political governments the incumbent political groups terminate the policies of the former. Such constant change in political power created uncertainty in the country.

IMPACT OF POLICY INSTABILITY

ON POLICY CONSISTENCY

Political instability has a profound impact on policy consistency within a nation, exerting far reaching effects across governance, economics, society, and beyond. Understanding the intricate relationship necessitates a comprehensive exploration of the multifaceted consequences that political turbulence can impose on the coherence, formulation, implementation and sustainability of policies.

Dynamics of political instability and policy consistency:

Political instability, characterized by frequent changes in leadership, government upheavals, social unrest, and unpredictable

shifts in policies, poses a considerable challenge to maintaining policy consistency. It erodes the stability of the institutions, creates uncertainty, and undermines the coherence and continuity of policy making processes. Following are the important dynamics of the political instability and policy consistency.

1. Policy reversals and incoherence
2. Economic implications
3. Social unrest and fragmentation
4. Governance challenges
5. Implementation hurdles

1. POLICY REVERSALS AND INCOHERENCE :-

Policy reversals and incoherence manifest when there are abrupt changes or inconsistencies in government policies, leading to disruptions, uncertainty, and inconsistency in governance.

a. Changing leadership and ideological shifts:

Political instability often arises from the changes in leadership due to elections, coups, or resignations. New leaders often bring their ideologies and policy agendas, leading to the reversal or alteration of existing policies. This frequent policy oscillation creates uncertainty, making it challenging to establish a coherent and consistent policy framework.

b. Impact on long-term goals:

Continual policy reversals disrupt the pursuit of long-term goals. Industries, businesses, and citizens require stable policies to plan and invest. When policies change frequently, it creates uncertainty, impacting investment decisions, economic growth, and societal development.

2. ECONOMIC IMPLICATIONS:

Economic implications refer to the consequences, effects, or outcomes that various actions, policies, events, or decisions have on the overall economic conditions of a country, region, industry, or market. These implications encompass a wide array of impacts that influence the factors such as growth, employment, inflation, trade, investment, and overall economy stability.

a. Investor confidence and economic growth:

Political instability erodes investor confidence. Investors seek stability and predictability in policy frameworks to make long-term investment decisions. Uncertainty stemming from political instability can lead to capital flight, reduced investments, and sluggish economic growth.

b- Policy inconsistencies and economic management:
 Policy that fluctuate with changing administrations or unstable political environments disrupt economic management. These inconsistencies affect fiscal policies, monetary policies, and regulatory frameworks, leading to suboptimal economic outcomes and inefficiencies.

3. SOCIAL UNREST AND FRAGMENTATION:

Social unrest and fragmentation characterize periods of societal discontent, tension and division within a community or country.

These phenomena a range of social, political, and cultural issues that can lead to discord, polarization, and division among different segments of a society.

a. Divisions in Society:

Political instability often fuels social unrest, exacerbating societal divisions. Polarization within the society makes it challenging to build consensus on policies. Fragmented societies struggle to support cohesive policies, leading to the further instability and hindering the implementation of effective governance measures.

b. Trust deficit:

Frequent changes in policies contribute to a lack of trust between the government

and citizens. This distrust affects citizen participation in governance and diminishes the effectiveness of policy implementation, as public support and cooperation are crucial for successful policy execution.

4. GOVERNANCE CHALLENGES:

Governance challenges encompass a wide array of obstacles, complexities, and issues that governments and governing bodies encounter in effectively managing and addressing the needs of societies. These challenges can arise from various sources and impact different aspects of governance, including policy making, administration, institutional structures and public service delivery.

a. Diverted attention and resources:

Political instability demands significant attention and resources from governments. Leaders might focus on consolidating power or managing crises, diverting attention away from long-term policy planning and implementation.

b. Policy implementation disruptions:

Even if policies are well-formulated, their implementation can be disrupted by changes in leadership or government instability. This leads to delays,

inconsistencies, or even abandonment of policies, undermining the intended outcomes and effectiveness of governance.

5. IMPLEMENTATION HURDLES:

Implementation hurdles refers to the challenges, obstacles or difficulties encountered during the execution or implementation phase of policies, programs or initiatives. These hurdles often arise due to various factors that impede the smooth and effective implementation of intended actions or strategies.

a. Lack of continuity:

Frequent changes in leadership or political turmoil disrupt the continuity of policies. Incomplete or haphazard implementation of policies due to transitions leads to inefficiencies and undermines the credibility of governance structures.

b. Inadequate Resource allocation:

Instability can lead to inadequate allocation of resources for policy implementation. Short term policies or initiatives might overshadow long term developmental strategies, perpetuating the cycle of instability and inconsistency.

CONCLUSION:

Pakistan's sustainable recovery is intricately intertwined with its political stability rather than solely relying on the foreign aid.

The nation's economic trajectory, while susceptible to external financial support, fundamentally hinges on its capacity to address and mitigate internal political instabilities that often act as barriers to sustained growth and development.

Political stability forms the bedrock upon which sustainable economic policies can be formulated, implemented, and perpetuated. In the absence of political stability, economic strategies lack continuity, subjecting the economy to erratic shifts due to changing leadership, divergent policy directions, and inconsistent governance. Pakistan's history has witnessed fluctuations in economic progress directly correlated with political unrest, highlighting the imperative need for a stable political landscape to foster sustainable economic recovery.

While foreign aid can offer temporary relief or support for specific projects, it does not provide a lasting solution to Pakistan's economic challenges if underlying political instabilities persist. The nation's reliance

on foreign aid often mask the core issues of governance, institutional weaknesses, and policy inconsistencies that impede long-term economic stability. Sustainable economic recovery demands a robust internal framework that ensures policy coherence, transparency, and effective governance mechanisms.

The relationship between political instability and economic recovery in Pakistan is evident in the disruptions caused by frequent changes in government, power struggles, and governance inefficiencies. These factors deter foreign investment, inhibit economic growth, and hinder the implementation of coherent economic policies necessary for sustained progress. Without political stability, efforts to attract investment, foster innovation, and address socioeconomic disparities are substantially constrained, impeding the nation's ability to achieve sustainable economic recovery.