

What does Pakistan need the most, Charter of Economy or Charter of Democracy.

Outlines

1. Introduction

Thesis statement: Pakistan is facing political and economic crisis. Political and economic instability prevent country's progress. There is a necessity to work on the charter of Democracy than on the charter of economy. Because a politically stable state could bring reformation in the political system as economic institutions and make economic situation stable.

2. Crunch Paragraph.

3. Pakistan needs a charter of Democracy. (Thesis).

a). Pakistan needs to overcome political instability.

b). Nation needs to be united for charter of Democracy to overcome fiscal Debt deficit.

c). Political Stability is important in making long-term policies and their implementation.

- d). Need of Institutional reforms, making inclusive institutions.
- e). Political centralization is important to maintain national integration.

4. Why Charter of Economy is necessary as compared to Democracy. (Antithesis)

- a). Charter of Economy is needed because of economic instability increases the risk of bankruptcy.
- b). Charter of Economy is more significant than the Charter of Democracy to overcome fiscal debt deficit.
- c). In order to become economically stable, there is need of making strong long-term policies and implementation on those policies.
- d). Institutional reforms will be possible when state will be economically stable.
- e). Economically independent state is important to maintain national integration.

3. Why Charter of Democracy should be the priority.

(Synthesis)

- a). Charter of Democracy is the key to Political and economic stability as well.
- b). Politically stable country will perform better ^{economically} making country stable.
- c). Implementation of Long term policies is only possible in the strong Democratic state.
- d). Stable economic state is only possible after the end of extractive institutions that will be possible in democracy.
- e). Political centralization is important for economic independence hence Democracy is mandatory to maintain National Integration.

6. Conclusion.

"Democracy arises out of the motion that those who are equal in any respect are equal in all respects; because men are equally free, they claim to be absolutely equal." - Aristotle

Main stance of the Democracy is that all men are born equal and they should have equal rights of representation in government bodies and in decision making. They can claim for their rights. But unfortunately there is elite capture in Pakistani institutions. Power is revolving in some hands. This is the reason behind Pakistan is suffering from political and economic crisis. Pakistan is facing political and economic instability. These crisis stunt country's progress. There is a necessity to work on the Charter of Democracy than on the charter of Economy. Because a politically stable state could bring reform in the political as well as in economic institutions and will make economic situation stable. Pakistan needs to overcome political stability. Political stability is important in making long-term policies and

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implementation of these policies. Nation needs to be united. On Charter of Democracy for institutional reforms and economic stability. Pakistan is also suffering from severe economic crisis. Very much low GDP, increasing inflation, Rupee devaluation and energy crisis are some indicators of economic crisis. In order to escape from the debt trap for which our country is struggling and dependent on international economies i.e., IMF and World Bank there is need to work on the charter of Economy. But democracy and economy are the two terms intermingled with each other. Charter of Democracy needs more attention because it is directly and indirectly linked with the economic growth as well. It is important for the wellbeing of a nation. 246 273

The term '**Democracy**' appeared in the 5th century BC in Greek city-states, notably Classical Athens, to mean "rule of the people", in contrast to

aristocracy, meaning "rule of an elite".
The United States is the only country
with a continuous democracy more
than 200 years old. Pakistan was
emerged with the name of "Islamic
Republic of Pakistan" in 1947 but
Pakistan never became a strong
democracy due to the establishment
rule and elite capture. The democratic
elections held in 2008 were the first
to conclude a complete 5-year term
in the nation's political history. The
Charter of Democracy was signed
by Nawaz Sharif of Pakistan Muslim
League and Benazir Bhutto of Pakistan
Peoples Party on May 14, 2006 in London.
This charter is failed to complete
its objectives. Now increasing political
and economic unrest in the
country needs to focus on the
new charter of Democracy for
institutional reforms. Pakistan adopted
economic stabilization and structural
reform policies in 1988 in an effort
to reduce domestic financial imbalances
and external deficits. However, there
have been problems with the
implementation of these policies, in
terms of consistency and sequencing.

The period 1988-1996 was characterized by repeated attempts to stabilize the economy. Since policy measures were not able to achieve their objectives, economy continued to be trapped in vicious circle. Now in 2023, the situation is more worsen than the past. Pakistan needs to work on the charter of Economy.

Pakistan is entrapped in Political Unrest, there is an urgency to overcome it. During political instability nation loses trust on state because of increasing extremism, terrorism and economic instability. Political polarization especially after May 9 incident following the arrest of PTI leader Imran Khan is the one such evidence. Pakistan needs and deserves better leaders - but it is also needs stability and an end to games played by politicians and generals, argued guest columnist **Ahmed Rashid** at BBC. on **29 August**. Pakistan needs charter of Democracy to overcome

these crisis.

(98 words)

Nation needs to be united in controlling debt trap with the help of Democracy. Pakistan's current fiscal debt deficit is **4.6% of GDP** and rupee devaluation has crossed 296.42 against USD Dollar. It is the main reason behind poverty, inflation and political Unrest. If country will be political strong it will bring institutional reform through Democracy and will end elite capture. There are lots of examples in the world where democracy is the reason behind progress and happiness.

Thirty Eight 38 parallel border is an international border between **North Korea** and **South Korea**. After World War two South Korea⁹⁵ has reformed its institutions, has flourished Democracy and it started development. Its Per capita income is 10 times than that of North Korea. While on the other hand there was extracting institutions in North Korea and low income per capita. **Reference:** Why Nations fail by Daron Acemoglu and James Robinson. Therefore Charter of Democracy will be productive in controlling debt trap. (word: 150)

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Pakistan has faced Policy crisis. Due to the Elite capture, Dictatorship rule, political and economic instability majority of the government ended before completing their 5-years tenure. The long term policies made by the former government were not followed by the new government. First of all power centered government make short-term policies that are effective for the short period of time but in long term they are not beneficial for country's health. All this is because of institutional crisis. Establishment-interference in the political policies. If there will be strong democratic country there will be check and balance in the institutional setup and a new government will be bound to follow the good policies of a previous government. In this way political stability is important in making long-term policies and their implementation.

Character of Democracy is important for Institutional Reforms. ^{Nature of} Political and economic institutions determine the fate of the nation. Inclusive institutions are necessary for the wellbeing of any nation. There will be check and balance on institutions. North of Nogales is the city of United States of America Arizona and South of Nogales is the city Mexico named as Sonora. In South of Nogales there is low income per capita, people are suffering from disease, low education rate and poverty because of elite capture and extractive institutions. While on the otherhand in North of Nogales there are inclusive institutions free from elite capture and vicious cycle. There is more income per capita and more happiness. Reference: **Why Nations fail** by **Daron Acemoglu** and **James Robinson**.

Democracy is important for institutional Reforms. ^{words of} Political centralization is important to maintain national integration. It means that when there is strong centralization it will hold check

and balance over the institutions are playing key role in the development of any democratic country. Through state has check and balance over the unions. There are some examples in the world where state is centralized and countries are developed. The Republic of China and Republic of Indonesia have centralized government. China is going to be the world largest economy. Hence Democracy is important for state centralization and country's development work.

Although charter of Democracy is important but charter of Economy is more important than charter of Democracy. Because country is facing economic crisis. Economic crisis has caused the increased inflation, poverty, unemployment, ill health and increasing criminal rate. **Pakistan stares at bankruptcy as economic crisis worsens.** The depreciation in PKR's value comes as Pakistan battles a widening current account deficit, coupled with the state

Bank of Pakistan (S.P.B) - held reserves hitting their lowest level since November 2017. Reference The Economic Times. Pakistan Economy needs special attention and needs good policies to reduce the risk of default. Therefore, Charter of Economy needs more attention as compared to Democracy.

Charter of Economy is more suitable to deal with balance of payments and fiscal debt deficit. Pakistan's economy is worsening day by day, it is in the trap of debt cycle. Fiscal debt deficit is because of low developmental works, increasing imports and less exports, downfall of industry, low tax revenue and rupee devaluation. Underpaid tax is the most important reason behind debt deficit. Because of less generation of tax revenues governments have to take bailouts in order to meet country expenditure. Tax is not collected because of the elite capture. Elite class and business class do not pay

Taxes. According to data compiled by the FBR in August, the

salaries classes pay 200 percent more taxes than the combined taxes paid by the country's exporter and highly undertaxed retailers. While more taxes have been piled on the salaries classes in the last budget.

Therefore, Charter of economy is needed to overcome debt deficit

In order to become economically stable long term policies are required and their implementation is important. Charter of economy should bound the government,

that if the nature of government will change they are bound to follow the

long term fiscal policies. But Pakistan is exporting severe economic challenges reflecting long standing structural weaknesses.

According to The World Bank's Statements in April, 2023, "Economic growth is expected to slow sharply to **0.4%** in **Fy 23**, reflecting corrective

tighter fiscal policy, food impacts,
high inflation, high energy control.
The Govt faces a difficult policy
challenge in maintaining progress
towards macroeconomic stabilization.

Hence Charter of Economy is
necessary for economic stability. (107.)

In an economically independent
state reformation of institutions
is possible. Institutional reformation
is the key to the development,
peace and economic success.

Under the inclusive institution
there will be fair trials and
justice, eradication of poverty and
lay man or power middle
class will enjoy the ^{equal} opportunities
of jobs and representation.

Education will be easily accessible
to all especially middle class and
lower middle class. There is the
example of **Chinese Republic**.

Because of institutional reformation
in China there are inclusive
institution with check and balance.

They are enjoying the status of
the highest economy after United
States and going to be the largest

economy till 2030. Hence institutional reformation is mandatory and is only possible with the help of Charter of Economy National Integration could be maintained by the economically independent state. If country will not rely on the foreign loans for example IMF bailouts and on World Bank it could maintain its harmony and decision making will be done independently according to the benefits and wellbeing of the nation. Pakistan's current economic position is affecting its country's internal policies as well as external foreign policies. We are dependant on imports of hydrocarbons to overcome energy crisis and other commodities. For this we need dollar reserves and for that we have to take loans. In this the cycle is repeating and we have to follow the SAPs and terms and conditions of the International Monetary Fund in our policies. It

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hampers our national integration. Hence economically independent state is important for national integration.

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Charter of economy is important for economic stability but charter of democracy is the key to political stability as well as economic stability.

Economic growth and political stability are deeply interconnected. On the one hand, the uncertainty associated with an unstable political environment may reduce investment and the speed of economic growth. On the other hand, poor economic performance may lead to government collapse and political unrest. Political stability is very much significant for stable economy.

For example, **Switzerland** is generally called the most politically stable country on Earth. This is a country that takes a stance of isolationism whenever a conflict breaks out.

Switzerland has the second highest per capita **GDP** in the world (USD 86,850 in 2020 based on IMF statistics). Hence charter of Democracy

2023

is more crucial for Political
as well as economic stability. 13

Politically stable country
could perform the better
role in making country
economically stable. When there
will be constitutional crisis,
Political unrest, institutional clashes,
violation of the rule of law
^{there} neither political stability will
maintained nor economy. If
there will be democratic
government elected through
fair poles/elections ~~they~~ it will
maintain rule of law and peace
and justice. For example ⁱⁿ the
current scenario of Pakistan
there is political unrest, violation
of rule of law, economic
stability will never be possible
in this situation. According to
the 1973 constitution of
Pakistan election must be held
within the 90 days after the
dissolution of National Assembly.
But Chief Election Commission (C
has announced to delay
elections. It is the violation

of National Document but there is no check and balance on the institutions. This situation could be handled by strong democratic state and then economic stability will only be possible. 165

In the strong democratic state implementation of policies will only be possible if there will be changing government; there will be policy crisis. New coming government might not follow and implement on the policy made by the former government because of political polarization. Similarly when the tenure of one government is going to end it makes policies that are pro-public friendly in order to secure voter but in reality their implementation is difficult or not possible. 84

There should be proper check and balance and policies should be made through the consent of the opposition party of that time. This will only be possible in a strong

democracy and it will be responsible for economic development possible with the eradication of extractive institutions and through the development of inclusive institutions. Because in inclusive institutions there will be checks and balances and they will be free from elite capture. Inclusive growth is economic growth that is distributed fairly across society and creates opportunities for all. People would feel more motivated and involved if the benefits of economic growth were not allowed to flow into the pockets of a rich minority. This can be happened by making our tax system fairer and more effective, ensuring people are able to earn the wages they need to thrive, creating a business environment that attracts new firms and boosts communities. All these phenomenon are possible in a strong democratic state.

Political centralization is important for economic development and Democracy is important for maintaining National Integration. If there will be political centralization state will have the strong hold over its units and there will be check and balance in unit and inclusive institutions. For example the Finance Commission (NFC) award is most helpful in provincial autonomies; it will promote the sense of National integration.

On the other hand Political centralization is important for the power of state. Pakistan need charter of Democracy the most

Pakistan is facing Political and economic crisis. At this time Charter of Democracy is most important as compared to the charter of economy. Charter of Democracy is important to maintain political and economic stability. It is important in controlling poverty, inflation, educational

gap and crime rate etc. It performs
a major role in the implementation
of long-term policies and
institutional reformation. Democracy
is important to maintain
national integration, political
stability and economic stability.
Hence Pakistan needs charter
of Democracy the most. 90