

## Question

Political stability is mandatory for economic prosperity in Pakistan. Elaborate.

### Introduction

Political stability, consistency in the smooth running of state's political system, is indispensable for country's economic prosperity. In fact, in a state where political instability has wreaked havoc, economic growth rate shows miserable statistics in GDP growth. Countries may achieve economic development faster and in short period in case of political stability.

According to an IMF report, data from 113 countries from 1950 to 1982 show that GDP growth significantly lower in countries and periods with propensity for a government collapse. Unfortunately Pakistan is among those countries where political instability impacted economic development.

## Political Situation in Pakistan

Political instability has been impacting economic development of Pakistan. As a case in point, starting from 1999, when the military regime ousted the civil government the economy was growing at 4.2% rate. By end of the military regime in 2008, the economic growth stood at 1.7%. Therefore it is obvious that country's economic growth remained low due to political volatility, increased corruption, and unemployment and low production were also witnessed. Hence, political stability is sine qua non to improve the economic growth of Pakistan.

### Underst Relationship between political Stability and Economic prosperity:

Good Government is one of the most important factors in economic growth and social well being.

(Jose Lonsdale)

Economic stability and political stability are deeply inter connected. Irrespective of political regimes, if a country does not need to worry about radical changes of regimes, the people can concentrate on working, saving and investing.

## Persistent situation of political instability in Pak and its impacts on Economy:

The 2022-2023 Pakistan Political Unrest is an ongoing series of political crises after the ousting of former PM Imran Khan. This crisis has engulfed Pakistan. Growth has stalled, inflation has soared, Pakistan's rupee is sharply depreciating and reserves of foreign currency dwindling. Fears of Pakistan could default have lasted for months.

### Pakistan's economic meltdown

The political turmoil in Pakistan came as the country was already grappling with

dire economic outlook.

As per report of World Bank, output growth of Pakistan is expected to gradually recover in FY24 and FY25 but remain potential as low foreign reserves and import controls continue to curtail growth.

In absence of higher social spending, the lower middle income poverty rate is expected to increase to 37.2%.

in FY23.

The government facing a difficult policy challenges in maintaining progress towards macroeconomic stabilization.

Why Political Stability is mandatory for economic prosperity.

Political stability is an important element for economic development as political instability has a very acute problems of not only

developing countries but also in developed countries. It has caused multiple problems for Pakistan. All of these issues have wreaked havoc on a country's economic development. Therefore, an absolute need for political stability in Pakistan so that economic prosperity can be the outcome.

1) Increased <sup>employment</sup> opportunities and productivity

The political stability can uplift the economic growth of Pakistan through increased productivity of industrial units. If there is law and order situation due to good governance, the industrial units can work efficiently, which in turn can increase the employment opportunities for youth. Moreover, such units will be able to expand their industries.

or business) generating employment opportunities.

Efficient monitoring of institutions

one of the most important aspect of political stability would be efficient monitoring of the institutions. It is acknowledged that inefficient monitoring of institutions leads to nepotism and corruption, which hinders the growth of country. In stable political environment, efficient monitoring of all the private, government, and semi-government institutions would be observed.

Making efficient long term policies for the handling of resources:

political stability implies the efficient handling of a country's

natural resources - due to government long-term policies. In Pakistan, there is lack of long term policies as incumbent government discards the policies of previous government - So, <sup>every</sup> newly elected government opts short term policies that proves futile in long run.

For example, most of policies adopted by government revolves around infrastructure development that is achieved in short time.

This decreases the chances of making policies for social reforms such as education, health, as they require more time to execute.

Therefore, political stability is the need of hour for Pakistan, as long term policies would help in economic growth -

Creating Environment Lucrative for investment

The political stability attracts foreign investment, paving way for economic development - In Pakistan, the lack of political stability and worsened law and order situation resulted in low FDI throughout history.

Moreover, due to continuous political volatility, the economy of Pakistan has become aid driven.

Nevertheless, the aid is also not spent for the required purposes making the donors less interest. Therefore, political stability is the need of hour to increase the chances of investment in Pakistan.

if you want to see the economic equity, start by supporting ~~or~~ your local business. One small business in one small



neighbourhood, is the backbone of sustainable economic progress."

(Abhijit Naskar)

## Critical Analysis

Various elements in Pakistan have remained responsible for the worsened political scenario of country.

- First and foremost is the role of military leadership in interfering in the country's political affairs.

Initially, it was directly involved in politics through martial law, and recently it stayed backstage but still manoeuvres with system.

The continuous military coups have not led a truly representative political culture to develop in Pakistan, thus, impacting the political stability.

- The powerplay between government and opposition impacted the

economy. The main objective to gain power and seats have has binded them to country's national interests. Therefore, their strategies to weaken each other have negatively impacted the political stability of pakistan hindering the economic growth.

## Conclusion

In nutshell, political stability is a pre-requisite for the economic prosperity of country. political instability shortens the policy makers' horizons leading to suboptimal short term macro-economic policies, creating volatility, thus negatively affecting the economic performance of a country. Unluckily, the political instability in pakistan has badly damaged its economy. Despite its enormous economic

resources, the economy has remained in the dark shadows during most of its historical discourses due to political volatility.

Moreover, political instability has furnished corruption and lack of proper administration -

Thus, the present and immediate need of time is a stable political system, which is incumbent to run a smooth stable political system. affairs of state and enhance the chances of investment, employment and productivity.