

Political Stability is mandatory for Economic Prosperity in Pakistan

Very well attempted

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Venezuela, once one of the wealthiest countries in Latin America, is now reeling in a dire economic crisis. Despite having been endowed with enormous natural resources, the country miserably failed to sustain its economic prosperity that it once enjoyed. It has been thrust into this prevailing economic turmoil by its authoritarian, self-centric and corrupt rulers. The country has remained under sway of these rulers for a long time, hence falling in the depths of political morass, which subsequently arrested its economic growth and development. There is a striking analogy between Pakistan and Venezuela: both are blessed with tremendous natural resources, but they are unfortunately afflicted with the malaise of political instability, which is obstructing their economic rise. As far as Pakistan's economy is concerned, the country has lately been facing the risk of default. As a matter of fact, the country has become a consumption-based, debt-ridden economy. With managing to achieve political stability, its economy will stabilize and grow. As a result of political stability, the confidence of external and domestic investors will wax, which will thereafter push the economy to move upward on the trajectory. In

The same manner, political stability will enable the government to introduce much-needed economic reforms and help the country to regain social stability and peace. Above all, the government will be able to invest on its physical and human capital, which will not only result in higher exports but also reduce the issue of brain drain. However, it will not be a walk in the park for the country to steer itself out of the prevailing vortex of political instability. To achieve political stability, it needs to take some decisive and bold actions. These include: holding a national dialogue with all political parties, institutions, and stakeholders, depoliticizing and strengthening institutions, strengthening and decentralizing power to the local governments and such forth. Once the country nip the menace of political upheaval in the bud, nothing will be able to restrain its economic development and growth. In fact, economic stability will remain elusive for Pakistan without political stability.

The statement is arguable

Pakistan is facing a severe challenge of political instability, which largely stemmed from the event of no-confidence vote in 2022. In the outcome of the voting, an elected government was removed. This created widespread political polarization in the country. In February, 2024, general elections were held, which were engulfed with controversies, and allegations, hence making the political environment further tense. Presently, the country is experiencing extremely fragile political situation. There are rampant protests, demonstrations and sit-ins across the country, which are not only causing an uptick in the security issues but also undermining the economic progress. Likewise, political disharmony is also on the boil, with the centre and provincial governments being unwilling to smoothly cooperate. Above all, the current government itself is shrouded in uncertainty with respect to its continuity owing to the deepening political crisis. All these manifestations points to the fact that Pakistan is beset with the menace of political instability.

A country's political system and its economy are inherently intertwined, with one being unstable, the other is bound to receive effects. Presently, Pakistan is mired into a deep political crisis, which is adversely affecting its economy. The country's economic meltdown is quite evident from the fact that it is ⁱⁿ facing a pernicious budget deficit, which is being met by borrowing more and more loans. The country's revenues from taxes and non-taxes sources amount to only around 60% of its overall expenditures. This situation is causing the country to borrow more debts, making it a debt-ridden economy. Similarly, it is facing a significant trade deficit, which — according to various reports including from the SBP, stands at somewhere \$20 billion. Likewise, the foreign investment has significantly shrunk, currently standing at slightly above \$2 billion, which is twice times lower than Bangladesh. Above all, it is experiencing backbreaking inflation, which is presently in double digits, majorly because of industrial closures and reduced productivity. Thus, boosting economy requires Pakistan to get over its political instability. How political stability will positively contribute to the country's economic prosperity is discussed in the following paragraphs.



First and foremost, political stability will foster foreign direct investment, which will result in the country's economic growth. Domestic and foreign investments are essential for a country's economic prosperity. As a result of political stability, foreign investors will feel more confident to invest in Pakistan, being free from the worry of losing their money in wake of any political upheaval. Moreover, political stability ^{will} promote policy consistency, which will lure more investors to the country as inconsistent policies with regards to interest rate and tax rate mostly undermine investors' confidence. Like wise, in the absence of disastrous protests, riots, political strikes and such forth, the country's economic prospects will become brighter, which will magnetize more investment to the country. For instance, India enjoys huge foreign direct investment, which is a direct outcome of the continuity of governments and the consolidated political system. In 2023, Pakistan attracted only \$2.4 billion of FDI as compared to India's \$84 billion. Hence, political stability ^{will} enhance foreign direct investment, which in turn will strengthen Pakistan's economy.

Moreover, political stability will enable the government of Pakistan to implement economic reforms effectively, hence driving economic growth in the country. Pakistan's economy is lacking vitality and upward movement because it is being deprived of much-needed policy, tax, energy sector reforms and such forth. Once the political system strengthens, the country will be able to reform its tax domain, which being distastefully low is hurting its economy. Similarly, the government will be able to focus on reforming its energy sector, which is presently causing decline in industrial productivity or businesses closures. Likewise, it will be able to manage the budget deficit by either raising its revenues or reducing its wasteful expenditures. In 1990s, a period that is often referred to as 'the Lost Decade' in Pakistan's history, saw the country's economy struggling in extremely low growth rate and debt crisis owing to political turmoil. Hence, political stability is essential for Pakistan to grow economically which will ensure from effective economic reforms.

In the same vein, political stability will cause a substantial decline in social unrest and protests, thereby helping businesses flourish in Pakistan. One of the ailments that are afflicting Pakistan's economy is the lack of friendly business environment. With the country's managing to address political instability, the government will be able to focus on public welfare and launch more development projects, which will strengthen its social landscape. In the same way, politics of vendetta will end in the country, which will allow the state to deal with security threats such as terrorism, extremism and sectarianism, hence ensuring peaceful environment in the country. Besides, it will be able to frame effective economic and social policies, which will not only improve the country's economic indicators but also empower and transform its social fabric. For instance, South Korea is ranked amongst the top-50 most peaceful countries, which is an outcome of its strong political system, both of which make it a business-friendly country. Hence, political stability will reduce Pakistan's socio-political evils, thus promoting the country's business environment.

Besides, political stability will significantly facilitate the progress of CPEC, which will contribute to Pakistan's economic development. It is not incorrect to say that CPEC is a cornerstone for Pakistan's economy as it will not only fetch huge investment to the country but also promote industrialization and modernize its agriculture sector — the backbone of the country's economy. As a result of political stability, the freight relations between the centre and the province will improve, which will help the country to address terrorism threat to the project. Similarly, political stability will allow the government to develop a unified consensus on the project. Besides, it will foster effectiveness and efficiency in various institutions, hence ending the ailments such as corruption, red-tapism, funds deficiency and such forth. Moeed Yusuf, the former national security advisor of Pakistan, has said that CPEC is a game-changer for Pakistan, but the security and political instability are putting it on stake. Therefore, political stability will expedite the ongoing process of CPEC project, which will uplift its downtrending economy.

In the same manner, political stability will strengthen Pakistan's fragile governance system thus stimulating the country's economic growth. A strong and effective governance system guarantees socio-economic rise of a nation. Subsequent to political stability, Pakistan's institutions will become stronger and more effective, which will contribute to the country's economy through better ~~delivery~~ ^{delivery} of public services, improved security, rule of law and such forth. Similarly, political stability will promote national unity and harmony, which will reduce evils such as extremism, terrorism and sectarianism, hence raising the country's economy. Likewise, strong and robust political systems will foster and enhance consistent policies and economic reforms which will uplift the country's troubled economy. One of the reasons behind the fast-growing Singapore's economy is the country's well-functioning and accountable governance system, which is the result of its stable and robust political structure. Therefore, political stability will consolidate Pakistan's shaky governance system, hence improving its tattered economy.

Additionally, political stability will promote economic prosperity in Pakistan by increasing the country's exports. Exports of goods and services are a crucial requisite for an economy as they boost industrialization and raise foreign reserves.

With having strong political system, Pakistan will manage to increase foreign trade through improved bilateral relations and trade agreements. Similarly, political stability will bring more foreign direct investment into the country,

which will result in establishment of more businesses and increase in productivity level.

Likewise, peaceful and cooperative environment will emerge as a result of strong political system, which will prevent capital flight and brain drain, hence fostering investment and industries in the country.

For instance, Bangladesh's economy has immensely grown over the past few decades because of the continuity of regime which not only increased its foreign trade relations but also promoted industries.

Hence, Pakistan's economy will significantly rise as a result of political stability, which will boost the country's exports, shrinking its trade deficit.

Furthermore, political stability will significantly address the challenge of brain drain that Pakistan is grappling with presently, hence driving its economic growth. In the present-day world, knowledge economy has become a cornerstone for a nation's comprehensive prosperity. With achieving political stability, Pakistan's government will be able to invest more in the education sector, especially by promoting modern education and providing advanced technology, which will prevent the youth from moving to foreign countries. In the same way, social stability and mobility will ensue as a result of public-centric policies and effective decision-making, which will contribute to enticing the educated individuals in the country. Likewise, political stability will enhance investment and stimulate growth in businesses, hence providing ample opportunities to individuals, which will uplift the country's overall economy. Ibn Khaldun, a historian and economist, writes in his book 'AL-Muqaddimah' that political stability is a pre-requisite for the betterment of individuals' lives, which ultimately results in a vibrant and formidable economy. Hence, strong and accountable political system will reduce brain drain, helping Pakistan to grow economically.

Likewise, political stability will help the country to formulate and implement effective socio-economic policies, which will strengthen its downturned economy. Untimely and ineffective policies by a government not only hamper economic growth but also cause social implications. Amidst the ongoing political instability, Pakistan is reeling in a dire economic crisis. Once the political system becomes stronger and more responsive, the government's whole attention will be directed towards addressing the country's socio-economic problems, hence leading it to devise much-needed policies. Similarly, politics of vendetta and political disharmony will reduce, which will help the government to take major decisions and introduce policies with wider level of acceptance and consensus, which will, therefore, yield swifter and quicker results. In addition, as a result of political stability, the country's weak governance structure will become formidable, and the public confidence and engagement will increase, which will lead the government to enact more fruitful policies and effectively implement them. For instance, the controversial wheat policy by the caretaker government in 2023 was the outcome of the political instability, which caused loss of more than \$1 billion to the economy. Hence, political stability will lead the government to make effective policies, which will uplift its economy.

In the same way, political stability will lead the government to increase its investment in building the physical and human capital, hence helping the economy grow. In today's world, only those countries are successful and prosperous, that have created people as their asset by investing on them. When Pakistan's political system will become stronger, it will help the government to spend adequately on education, health and people's living styles, which will produce educated and healthy workforce to drive its economic growth. Moreover, it will be able to attract foreign investment, boost its tourism sector, and form trade agreements and partnerships, which will provide employment opportunities to people, helping them grow personally, thus leading to its economic prosperity. Joe R. Lansdale, an American writer, said, "Good government is one of the most important factors in economic growth and social well-being. Thus, political stability will improve people's lives, which will ultimately translate into its economic prosperity."

Last but not the least, political stability will enable the government to take substantive steps to contain and counter the menace of terrorism, which is severely affecting its economy. Since the withdrawal of the US's forces from Afghanistan, Pakistan has been facing a terrible resurgence of terrorism, which is wreaking grave socio-economic losses to Pakistan. One of its cure is political stability in Pakistan, which will help the government to draw the needed cooperation from the victim provinces, Balochistan and KP. Moreover, the absence of political polarization will lead to formulation and implementation of comprehensive and robust frameworks to uproot this threat. In addition, the government will manage to increase budgetary allocation towards development of backward areas in the two provinces, which will alleviate people's resentment, thus preventing them from falling in the hands of terrorist outfits. Benazir Bhutto, the former prime minister of Pakistan said, "A strong democracy is necessary to peace and to undermining the forces of terrorism." To sum up, Pakistan will manage to obliterate terrorism through strong political landscape, which will henceforth raise its people economy.

In the above paragraphs, the paramount importance of political stability for Pakistan's fragile economy has been discussed. Since it is next to impossible for Pakistan to come out of its prevailing economic crisis without political stability, the country, thus, needs to take some urgent, viable steps to ensure political stability. These steps are discussed in the subsequent paragraphs.

Firstly, it is imperative for the country to hold a national dialogue, drawing lessons from the Charter of Democracy 2007 in order to strengthen its political system. Mutual agreement and a culture of tolerance are a very essential requisite for improving a democratic landscape in a country. The government of Pakistan must invite all the political parties, institutions, military leadership and other stakeholders for a national dialogue, which should aim at reducing political polarization and fostering cooperation. Moreover, the state must ensure a complete independence of media and judiciary, which will alleviate anti-state resentment and reservations. Besides, the incumbent government should resolve all the ongoing political disputes and overcome the culture of political vendetta in order to evolve an accountable and efficient democratic edifice. Briefly, to address the existing political instability, Pakistan needs a comprehensive national dialogue.

Secondly, it is of paramount importance for the country to establish and decentralize power to local governments in order to strengthen its political landscape. Local governments play immensely crucial role in bolstering a country's fragile governance system and protecting rights of its nationals. Pakistan needs to implement the provisions of the Constitution relating to the local governments in true sense and spirit, especially by devolving the political, administrative and financial powers to them. Moreover, the country must ensure that the elections of local governments are held regularly like that of the National Assembly. In addition, the government must shatter the resistance of bureaucracy to the establishment of effective local governments. Dr. Ishrat Hussain, in his book 'Governing the Ungovernable', writes that Pakistan needs to form robust local bodies to facilitate people to effectively express their grievances and hold the government accountable. To sum up, with effectively operationalizing the local governments, the political system of Pakistan will become significantly stronger.

Thirdly, it is essential for Pakistan to depoliticize and strengthen its major institutions in order to bring about political stability in the country. The present-day economists acknowledge the fact that a country ~~cannot~~ cannot make any significant progress with ~~having~~ extractive and inefficient institutions. In order to achieve political consolidation, Pakistan needs to reform its election-holding body, called the Election Commission of Pakistan (ECP). Moreover, the country must increase accountability and fairness in the government's actions, which is only possible through empowering and transforming the National Accountability Bureau (NAB). Additionally, it must also strengthen the Federal Board of Revenue (FBR), so that it can expand its tax revenue base. Daron Acemoglu, the Nobel laureate in economics, writes in his book, 'Why Nations Fail' that countries with elite-centric and extractive institutions are bound to suffer economic and political miseries. In a nutshell, Pakistan needs to make its institutions public-centric and inclusive to bolster its fragile democratic landscape.

Lastly, it is necessary for political leadership to embrace democracy in its entirety in order to bolster the weak political system in Pakistan. For a strong and effective political structure, a country inevitably needs to evolve a thorough and robust democratic system, fulfilling all its requisites. In this pursuit, the political parties in Pakistan must hold regular intra-party elections and provide publicly all the information regarding their income sources and avenues of expenditures. Moreover, a serving government must not resort to stifling the opponents, so does the opposition avoid disrupting the functionality of the government through protests and sit-ins. Additionally, the political parties must establish effective local governments, which are the nursery of leadership and catalyst of strengthening the political landscape. In brief, political parties must adopt democracy to its every inch in order to bring about ^{political} stability in Pakistan.

There are many case studies which demonstrate that countries have risen to the heights of economic prosperity as a result of their effective and vigorous political systems. India is one such example. It is the world's fifth-largest economy. Many reports have projected that the country will grow at a rate of 7% in economy, which is indeed an enviable progress. Basically, the country is reaping the sweet dividends of transforming and strengthening its political system. By introducing the 73rd and 74th Amendments to the Constitution, it established strong and effective local governments. These amendments hugely contributed to uplifting its political system. Moreover, it has embedded unviolable safeguards in the constitution regarding the separation of powers, which further fortified its political landscape likewise, to achieve an enduring political stability, it strengthened its major democratic institutions. Due to these factors there is absence of inter-institutional encroachments and a culture of polls-sogging in India. Consequently, the country has continuity of governments and political stability, which are fuelling its economic rise.

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To conclude, Pakistan's economic progress and prosperity are dependent on the political stability. Presently, the country is grappled with the economic issues, inter alia debt crisis, dismal tax-to-GDP ratio, budget deficit, higher imports because of the political instability. Once the country manages to steer itself out of the turbulent political whirlwind, its economy will begin to make meteoric strides towards gaining prosperity and stability. With a robust and strong political system, FDI will burgeon in the country. Similarly, the government will be able to introduce effective economic reforms and uplift its droopy governance structure, which will help it provide better public services, thus improving the social fabric of the country. Moreover, political stability will expedite the sluggish progress of the CPEC and help the government develop its physical and human capital. However, achieving political stability is not a smooth sail for the country. It needs to undertake different measures in this pursuit, including holding a national political dialogue, strengthening and reforming institutions, establishing effective local governments and so on. Once it succeeds this endeavour, the economic fragility of the country will cease to exist, hence transforming it into a wealthy, modern state.