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Is economic stability precedes political stability

1- Introduction

Economic stability does not precede political stability but it is the political stability that plays a crucial role in the economic stability. It is the policies of strong governance that support business and ultimately boosting the economic growth. Functioning of political institutions either supports or weakens the economy.

2- Understanding the relationship between political stability and economic growth

3- How political stability promotes economic stability

a- Role of good governance in shaping the country's economic development

↳ Countries like Norway and Singapore

b- Significant impact of leadership in fostering social and economic growth

↳ Impactful policies of Nelson Mandela

in South Africa

c- Political conscience in the education institutes has a direct impact in making strong economy

↳ Harvard University

d- Stronger work force leads economic stability by prioritizing healthcare departments

↳ Doctors without Borders

e- Influence of non-state actors in shaping international trade agreements and regulations

f- Domestic investments contribute to overall ^{economic} landscape of a country

↳ Initiative of ADYMA (All Pakistan Textile Mills Association)

g- Harmony amongst institutions ensures collaboration for economic stability

↳ Collaboration between government institutions, industries associations and labor union in Germany

4- Political instability disrupts the economic development

a- Reduction in foreign direct investment due to political instability in a country
~ Report of state Bank of Pakistan

b- Political instability often leads ^{diverted} politicians from effective policy making
~ How does Political Instability Affect Economic Growth by Francisco Jose

c- Strikes due to political instability impeding economic growth
~ Survey- The Economies of Social Unrest

d- Short term policies owing to political instability hinder economic growth
~ Governing the Ungovernable by Ishaat Hussain

5- Prerequisites for political stability that enhance economic growth

a- Government should provide confidence to foreign direct investors
~ Case study of India

b- Constructive role of opposition leads toward political stability in a country
~ A.V. Dicey's rule of law

6- Conclusion

Essay

The Cooperation and Collaboration among the members of the United Nations directly influence the economic growth. When countries work together within the UN, it creates a more conducive environment for trade agreements, peace making efforts and development initiatives for economic growth. The interconnectedness of the political interests and economic growth within the UN highlights that political stability precedes economic stability.

There are several reasons that show how political stability plays its role in economic growth. One of them is the role of governance in Singapore and Norway that plays a crucial role in country's economic development. Similarly, impactful policies of Nelson Mandela showed significant impact of leadership in fostering economic growth. Education sectors, health sectors

and the role of non-state actors also ^{have} influence in economic stability. Moreover, contribution of domestic investment and collaboration of institutions ensure that political stability only possible when there is justice, rule of law and transparency among them that has a direct impact in making strong economy. However, deviation of politicians from effective policymaking, reduction in foreign direct investment and public strikes occur because of political instability that hinder the economic growth. Some prerequisites for political stability that directly relate to economic prosperity are, free and fair elections, constructive role of opposition and role of government to provide confidence to foreign investment. It shows that economic stability does not precedes political stability but it's the political stability that plays a crucial role in the economic

stability. It is the policies of strong governance that support business and ultimately boosting economic strength. So, the functioning of political institutions either supports or weakens the economy.

The stable political environment is directly linked to create conducive economic opportunities. The efficient policy makers play pivotal role in country's political stability. Transparency and accountability in ^{government} institutions and public departments is a gateway to economic growth. On flip side, poor governance or lack of rule of law hinders economic progress and scare away the foreign investors. It is like the backbone of country that either supports or weakens the economy.

There are many factors in which political stability promotes the economic stability. Firstly, it is the role of ^{good} governance in shaping

The country's economic development, law and order, justice, equality, rule of law, transparency and accountability fosters cooperation between management and employees, leading to decisions that consider both business and worker welfare. The prominent figures of Singapore and Norway like Lee Kuan Yew's leadership and vision were instrumental in ~~the~~ transforming Singapore into an economic hub. Thus, the role of good governance accelerates the economic growth.

In the same line, significant impact of effective policies in making the country's economy strong is also important. These policies aimed at fostering inclusivity and equality have had lasting impacts on the country's political and economic development. The impactful policies of Nelson Mandela in South Africa is known for his efforts in promoting

reconciliation and unity after the end of apartheid. It is however incredible how individuals like Mandela can shape the course of development of a nation.

Likewise, political conscience in the education institutes has a direct impact in making strong economy. Academic excellence has produced numerous influential leaders, scholars and innovator. One notable example is Harvard University in the United States. Indeed, the contributions to various fields of study is only possible with political stability that will further contribute to the world's economy.

Besides this, health sectors are crucial for the well-being of communities. This in return produces stronger workforce that leads towards economic stability. For instance the World Health Organization (WHO) and Doctors Without Borders

are providing medical aid, shaping healthcare agendas and standards. These help in reducing healthcare costs and ultimately contribute to economic growth.

Moreover, non-state actors influence the economy through their political action. For example, multinational corporations, NGOs and terrorist groups. They ^{can} have positive as well as negative consequence on the economy. But when non-state actors advocate such policies that create jobs, focus on social, environmental and security issues, it leads their contribution to the overall economic landscape of a country.

Furthermore, political conscience in decision making in domestic investments contributes potential opportunities for industrial growth that influence the economic growth. Like, the initiative of All Pakistan Textile Mills Association (APTMA) for supportive policies and investment in the industries from the fear of recent ^{year} cutoff in ^{factor} factor.

So, APFMA's initiatives are working towards strengthening the economy through the textile industry.

Lastly, the harmony amongst institutions ensures collaboration for economic stability. When institutions work together harmoniously, it can lead to economic prosperity. In countries like Singapore Germany, a strong collaboration between government institutions, industry association and labor union. This results in conducive environment for growth and innovation.

Political instability disrupts the economic developments, there are many factors occurred as a result of this. First one is the reduction in foreign direct investment due to political instability in a country. For instance, case study of Pakistan. Report of State Bank of Pakistan depicts, there is 23% decline in foreign direct investment in Pakistan due to political instability. This shows that political

instability is a major setback to
country's economic progress.

In the same manner, politicians
are deviated from effective policy making
because they are busy in political chase.

A book written by Francisco Jose and
Ari Aisen, "How does Political
Instability Affect Economic Growth?"
they say, "political instability is a
serious malaise, as to economic
performance, as it shortens the
policy maker's horizon, leading to
short term macroeconomic policies,
disrupting long term economic policies
and conducive environment for
better economic performance."

Another main reason for political
instability is ^{is} ~~are~~ short term reoriented
policies for rebuilding and reconstructing
the infrastructure. The less economic
growth owing to political instability
hinders the developmental process in
a country. For instance, in his book

“Governing the Ungovernable” Eshrat Hussain says, Economic growth of Pakistan was 4.2% in 1992 because of long and fixed tenure of the Government but 2008, it was 1.7%. Similarly, in 2022, it was 4.9% but dropped to 2.9% in 2023 due to short term policies of Coalition government. Last one is, the strikes and public unrest due to political instability impedes the economic growth. This is well explained in a survey - “The Economics of Social Unrest” This survey says that on average unrest events cause 1% decline in GDP. This represents a huge downfall of any country because of social and political strike as a result of instable environment.

There are some prerequisites for political instability that will enhance the economic development of a nation. These include,

free and fair elections that are backbone for politically stable environment. When man ^{interferes} influences in any thing either it is natural phenomenon or man made phenomenon, it results in exploitation of justice. For example, case study of Ethiopia. In Ethiopia, they conduct digital elections that are completely free and fair without creating any mistrust between state and public. This shows that political stability is possible by following rule of law and transparency principle. Last but not least, the essential role of opposition party. There must be constructive role of opposition party in the constructive criticism of government for the political and economic prosperity. As A.V Dicey says, "Opposition is the beauty of democracy." Putting restrictions on the flaws of ruling party and fight for safeguarding the rights and freedom of people ^{must} as

be the significant role of opposition.
 To sum up everything that has
 been stated so far, one may claim
 that political stability precedes
 economic stability. Effective role of
 policy makers and functions of
 institutions with any disharmony
 are the keys of political stability
 and economic growth. Germany,
 Japan, South American Countries represents
 that stable political environment
 directly influences the economic
 stability. Moreover, this actively
 demonstrates that efficient leadership
 and effective decision making in
 health and education sectors along
 with non-state actors is significantly
 important in making any country
 prosperous. Cooperation between executive,
 legislative and judiciary branches
 of a country demands political
 conscience over the same scenario. Well
 known philosopher and writer F. Fukuyama

wrote a book, "Political Order and Political Decay." He says that ^{when} one faction of the state confronts the other faction of the state, that country will vanish from the surface of Earth, the state like American can also decay. This exactly presents that political stability and economic stability can not exist without each other, and indeed, political stability precedes economic stability. The beacon of hope is that political instability in countries like Pakistan demands only free and fair elections, business friendly environment for foreign investors, flexible attitude of state holders and the constructive and efficient role of opposition which is the demand of democracy.