

Date: 24/11/2024

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Pakistan Affairs

Short Note (10 marks)

Q. "Political stability is mandatory for economic prosperity in Pakistan."
Political stability is essential for Pakistan's economic growth and prosperity. A stable political environment attracts both domestic and foreign investment, as it reduces uncertainty and instills confidence in investors. Political turmoil, on the other hand, often leads to policy inconsistency, delays in development projects and disruption of economic activities.

"Good governance and political stability are preconditions for economic development"
(Kofi Annan)

2. Link Between Political Stability and Economic Growth:

A stable political environment attracts investments, ensures policy continuity and creates a favorable business climate.

a favorable business climate which are essential for economic growth. For example, in Pakistan unstable economic policies discourages Foreign direct investment (FDI) and cause missed chances for trade and development. Political instability also forces the government to focus on managing crises instead on improving the economy, leading to higher debt and budget problems.

"In 2022, global FDI inflows amounted to \$1.3 trillion, making a 12% decrease from the previous year due to geopolitical challenges like the Russia-Ukraine conflict"

3. Impact of Political Stability in Pakistan:

i- Economic Decline:

Political instability disrupts economic policies leading to inconsistent reforms and reduced investor confidence. FDI dropped by 24% in 2023 due to political uncertainty.

ii. Rising Unemployment:

Long periods of instability slow down business and factory operations leading to job losses. Strikes and protests often force industries to close temporarily making unemployment worse.

"Economic growth requires not just resources, but stability - a foundation that strikes and protest erode"

(Ban Ki-Moon)

iii. Weakened Governance:

Political unrest diverts government resources from essential development projects to crisis management. This misallocation increases public sector inefficiency and corruption.

"A government that fails to govern opens the door to corruption, inefficiency and decline"

(Barack Obama)

iv. Decreased International Relations:

Political instability tarnishes Pakistan's global image, affecting trade and diplomatic ties. For instance, fluctuating policy strain relations with international donors and investors, resulting in delays or cancellations of critical agreements.

v. Social Unrest and Polarization:

Political instability fuels societal division and violence which further destabilizes the nation. The frequent political deadlocks also weaken trust in democratic processes, causing disillusionment among the public.

“When societies fracture, the social fabric unravels leading to anger, frustration and division.”

(Joseph Stiglitz)

4. Examples from other Countries:

Countries with political stability often see economic success as they can maintain favorable trade relations and ensure infrastructure growth. Countries like China and Singapore demonstrate how political stability fosters robust economic growth through a long-term policies.

"Countries with political instability rarely achieve sustainable economic growth"
(Amartya Sen)

For Pakistan, promoting political stability is crucial to addressing challenges like inflation, unemployment and poverty, and achieving sustainable economic growth. Hence, political stability is not just desirable but mandatory for Pakistan's economic prosperity.

