

# Mock-7 CSS 2024.

## GENERAL KNOWLEDGE - III.

### PAKISTAN AFFAIRS.

#### PART-II.

Question: no:7:-

Pakistan's sustainable economic recovery is not linked with foreign aid but with its political stability.

Discuss?

Pakistan's Sustainable Economic Recovery and Political Stability.

#### 1- Introduction:-

"Macroeconomic policy can never be devoid of politics; it involves fundamental tradeoffs and affects groups differently."

(Joseph Stiglitz -  
Recipient of Nobel  
Prize in Economics).

Pakistan's economy is like a plane which has been crashed 13 times. Since its independence each time requiring an IMF bailout package. This is the same Pakistan which was economically more stable than India, China, and Bangladesh in 1980. Currently its economic indicators are worst due to current account deficit, loss of FDI, inefficient and less revenue collection and political instability. There is dire need for a long



term realistic economic plan for sustainable and stable economic growth of Pakistan. For this reason, there is a need of economic reforms. Pakistan have been under gone political crisis. People are facing economic distress and a foreign exchange shortage. Thus, political instability leads to economic instability.

## 2- <sup>Why</sup> ~~How~~ Political Stability is mandatory for economic prosperity?

Pakistan's current political system is somewhere between democracy and demagoguery with extreme polarization and hostilities between political parties. This has caused the decline of public trust in democratic institutions and prompted the government to take deemed by some authoritarian measures. There is a urgent need for reconciliation between all parties. involved through the means of a Grand National Dialogue to avert the crisis.

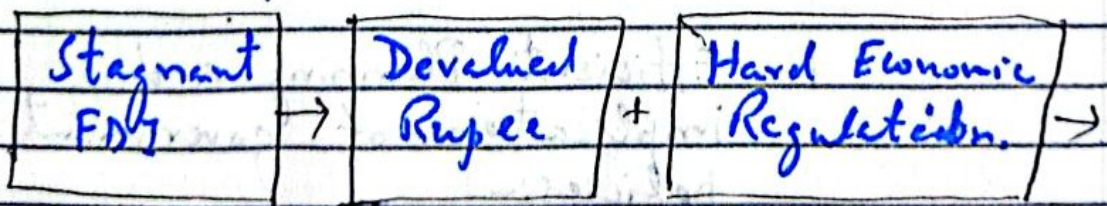
### 1- Efficient Planning and implication of government policies:-

The efficient planning and implications of government policies on projects like CPEC is



required to overcome the political crisis and a road to recovery of economic and sustainable growth. The political instability is one of the cause of delays and inefficient project planning. Moreover, political stability is the responsible cause of circular debt. Therefore, Government subsidies and inefficient Governance leads to budget constraints. Hence, Pakistan is facing the problem of circular debt.

ii- Trust worthy relations with foreign countries for smooth FDI:- Foreign Direct Investment (FDI) is required for smooth economic recovery. For this reason, Trust worthy relations are required with foreign countries like China, CARs and Iran etc. Pakistan's FDI is remain stagnant to an unimpressive level of \$1.26 billion. Moreover, devaluation of Pakistan Ruppee plays a vital role along with vital hard economic policies for foreign investors.



leads to Economic growth slow + BOP Crisis.



### iii- Transparent and Effective Accountability nip the evil of economic corruption:-

Political stability leads to transparent and effective accountability nip the evil of economic corruption. The sustainable economic growth of Pakistan is possible through transparent and effective accountability system.

According to corruption perception perception Index, Pakistan has ranked 140th out of 180 states.

Moreover, Pakistan has prioritized the Sustainable Development Goals (SDGs) for its economic growth and economic recovery under Vision 2025.

There are seven pillars of vision 2025 are fully aligned with the SDGs, providing long term strategy for achieving inclusive growth and sustainable development. The

UN has agreed to 2030 Agenda, SDG goal 8 is about decent work and economic growth out of 17

goals. Thus, Pakistan's economic growth and recovery is possible by effective and efficient planning and implementation of SDG goals by ensuring effective political stability.



#### iv. Long term Vision of Government:-

Pakistan's economy is suffering from problem of short termism. For sustainable economic recovery, decisions are must match with political cycle of 5 years Maximum. Pakistan has frequently faced multiple episodes of crisis. There is a huge pressure on fiscal imbalances and on its balance of payments. Time and again, the IMF has provided aid to prevent further damage, which Pakistan used to bring around short term stability in the economy, using conventional economic stability tool. In order to sustainable economic recovery Pakistan needs long term vision. For this reason there is a need to consider aspect of nation building, increase domestic labour productivity and tap to unlock the opportunities for economic growth.

#### v. Massive developmental programs boosting economy:-

The vision 2025 is the country's long term development blueprint which aims to create a globally competitive and prosperous country providing a high quality of life for all its citizen.



It prioritize the areas, integrated energy, modernization, of infrastructure, institutional reforms and modernization of public sector, value addition in commodity producing sector, export promotion, water and food security, private sector led growth and entrepreneurship and climate action. Hence, massive development programs boosting economy.

### 3- Way Forward to resolve economic crisis & political stability:-

Following are the way forward to resolve economic crisis and to ensure political stability in Pakistan.

(i) A pragmatic shift to geo-economics:-  
Pakistan's geo-strategic location can become a leverage to economic gains in the region and globe. Economic ties should be priority while strengthening relations with Major Powers, CARs, Africa, Middle East, Afghanistan and International organizations.

### (ii) Economy and Trade:-

Promote economic policies to join the ranks of upper middle income countries by focusing on enhanced productivity investment and saving. Utilize Pakistan's geo-economic location for trade and connectivity.



### (iii) Enhanced Energy Security Mechanism:-

Reforms are needed in Pakistan's energy security sector. Pakistan can achieve it by promoting sustainable ecofriendly energy development. Steps should be taken towards market based energy sector. The target is to improve energy shortage. Prioritization should be given to energy resources development. That coal project has the huge potential rather than LPG.

### (iv) Promotion of Educational Security and Human Global Human Resources:-

Promote quality education at the primary level and higher education system that is globally competitive. The focus of education should be on knowledge creation, and market skills, science and technology. Thus, encouragement of human capital for development of institution is necessary.

### (v) Encourage emerging technology and Artificial Intelligence (AI):-

The should be focus on science, engineering and smart technologies. Promotion of research and development (R&D) in the education system is necessary.



It is a time to invest in intellectual capital, promote innovation and support international research collaboration. There is a need to prepare Pakistan for the Fourth Industrial Revolution as a knowledge creator. There should be focus on technologies and their application in artificial intelligence, data science, quantum computing sciences and automation.

(vi) Promote mature and well developed domestic financing sector:-

Domestic financing sector has a huge volume and significant importance for enter prices to function including micro small and medium sized enterprises (MSME) that integrate entrepreneurship and innovation. Thus, innovation plays a part in the development of the economy and helps reduce poverty by creating new jobs.

(vii) Encourage Growth and Development:-

It is possible by increasing productivity of agriculture, industrial sectors and information sector. For this reason, there is a need of consolidating industry by encouraging scale and value addition. Therefore, provisions of digital connectivity is required.



#### 4 Conclusion:-

In a nutshell, Pakistan's sustainable economic recovery is only possible through political stability. It is the need of an hour democracy and economy go hand in hand. Pakistan's current political situation seems grim but there are many ways one can resolve it. Pakistan can strengthen its "relationships with world" through economic diplomacy by promoting trade and investment. But Pakistan must first be able to produce goods and services. It can export goods and create the economic environment conducive for foreign investment. Through political stability, Pakistan can resolve its economic crisis by giving huge importance to Agriculture sector. The Green Pakistan Initiative is an excellent step by ex-Government of Pakistan. But for sustainable economic growth and to minimise the problem of food security, the export potential is also a valuable foreign exchange must be considered. Moreover, the short comings of in the business sectors have not encouraged economic growth. Therefore Investment in human capital is the tool to economic growth.



"A country cannot be developed if its human development indicators lag behind, and, equally importantly, it is hard to see how a country can develop if it does not invest in its human capital."

(Amartya Sen, Scholar)

#### Question-4

Since the emergence of Pakistan; population growth has not been addressed. Underscore its effects on the country's socio-economic climate?

Population Growth and Pakistan's Socio-economic Problem.

#### Outline:-

##### I- Introduction:-

##### Thesis statement:-

The problem of population growth poses the greatest challenge to Pakistan's socio-economic development. While at the same time if tackled correctly, Pakistan's population profile can prove to be instrumental in promoting its social well being and boosting the economy.

##### II- Overview - Relationship between Population growth and Pakistan's



## Socio-Economic Problems.

### III. Causes of Population Growth in Pakistan:-

- a) a) Increase in illiteracy.
- b) Increase in Unemployment and problem of youth buldge.
- c) Lack of Human Capital.
- d) Increase in inflation and economic woes.
- e) Rapid Urbanization.
- f) Economic instability and debt trap increases poverty.

### IV. Impacts of Population Growth in Pakistan:-

- a) Increase in Governance issues.
- b) Reduction in quality housing and no place to live.
- c) Increase in Health Issue and problem of Nutrition.
- d) Increase in Urban Mobility
- e) Promulgation in sense of Security, cost of living crisis, cost of learning crisis and Food insecurity.



f) The Gender Issue; Ignorance towards women's education.

## V- Way Forward : Recommendations to reduce population growth :-

a) Efficient Family Planning to control population.

b) Increase the role of youth in national capacity.

c) Increase Women Participation in Education for promotion of Education security and Global Human Resources.

d) Solve the problem of income inequality by social safety nets and programs (BISP).

e) Promotion of economics, i.e; Eshsas Program and laptop schemes.

f) Need of Industrial Reforms and Agriculture Reforms.

g) Enhanced Energy Security Mechanism

h) Increase investment in human capital and ease of doing business and entrepreneurship.



- i) Increase investment in Health care sector and promotion of Health cards.

## Vi- Conclusion:-

Population Growth and Pakistan's Socio-economic Problem.

## I- Introduction-

Myriad Social Problems as a deterrent to Pakistani Growth.

"The most important part of a democracy is the people. When they are strengthened, democracy is strengthened."

(Sir Winston Churchill)

It is rather ironic that Pakistan, a country with 60% of its population in the young working age and plethora of resources, continue to face long stretches of decline and disintegration. In this world of today, strategic depth does not come from mere military advancements but rather investments in one's own people. The lack of investment in the people of Pakistan has created



a platform that emanates a plethora of social issues. From overpopulation to poverty and from extremism to illiteracy, all issues are due to the flaws in the governance and policy making. But regardless of the reason, these continue to stifle the country's growth. Therefore, it is the need of the hour to not only understand the social problems but devise effective solutions to them. Hence, the problem of population growth poses the greatest challenge to Pakistan's socio-economic development. While at the same time if tackled correctly, Pakistan's population profile can prove to be instrumental in promoting its social well being and boosting the economy.

## II. Causes of Population Growth in Pakistan:-

The social problems faced by Pakistan are diverse, multifarious and interconnected. Therefore, understanding them is vital. Following are the possible causes of population growth in Pakistan.

### i) Increase in Illiteracy:-

Pakistani society has faced a serious problem that is increase in illiteracy. The major reason behind the population growth



is illiteracy. An educated society is the backbone of economy and control on population. According to Sir Syed Ahmed Khan, "Ignorance and illiteracy is the leading cause of poverty." Thus, increase in illiteracy is the responsible cause of population growth.

## ii) Increase in Unemployment and problem of youth bulge:-

Pakistan is facing the problem of youth bulge. The Pakistani population is based on 60 percent of youth. However, this large number of population facing youth bulge and problem of unemployment. According to IMF, the unemployment rate of Pakistan is 8.5% in year 2023. Moreover, the increase in ~~un~~ unemployment resulted in slow growth rate of economy. "The growth rate for year 2023 is 2.5 percent" (Source: IMF year 2023).

Therefore, Unemployment is the state in which a person is without work, available to work and is currently seeking to work. Hence, over population slow the economic activity and increases the ~~un~~ unemployment and slow down



the growth rate of the country.

### iii) Lack of Human Capital-

The Pakistan's dilemma is Pakistan's policies only focused on short term gains and does not allowed human capital to develop.

According to HDI - Human Development Index, "Pakistan ranked at 161 out of 192 states."

This index reflects health of nation, the education and skill levels of the people in a country and their general well being and welfare are important variables for ensuring the country is able to develop at sustainable rates.

Moreover, Dr. Mahbub Ul Haq has developed Human Development Index (HDI) with Amartya Sen. He emphasized on Human Development and human economy not only level of investment in his book

Seven Sins of Economic Planners.

Therefore moving towards real and sustainable development is the need of the hour; it can only emerge from concerted effort that involves individuals, the state and the

global community. Hence, "A country cannot be developed if its human development indicators lag behind, and equally importantly, it is hard to see how a country can develop,



if it does not invest in its human capital." (Amartya Sen, recipient of the Nobel Prize in Economics).

#### iv) Increase in Inflation and Economic Woes:-

World is facing Global Inflation 2023 which has worst the Pakistan's inflation. According to **CPI - Consumer Price Index**, the Pakistan inflation touches to the high of 2.90 in 2023. Therefore, high inflation rates are responsible for slowing economic growth.

#### v) Rapid Urbanization:-

Due to over population, Pakistan is facing rapid Urbanization. According to year 2022-23, 36.5 percent population in Urban Areas facing urban spell. This is one of the prominent cause of unemployment rate increases. Moreover, increase in population leads to resource scarcity.

#### vi) Economic instability and debt trap increases poverty:-

Pakistan is facing economic instability and debt trap which is the leading cause of poverty. Pakistan could not come out of debt trap



Since entering first International Monetary Fund (IMF) Programme in 1958. With a total of 22 IMF programmes, Pakistan has stayed under multilateral lenders shadow most of its independent life. Currency depreciation is one of the outcomes. Due to overpopulation, Pakistan is unable to maintain living standard of people. This is responsible cause of poverty. According to World Bank, "Living on \$1.9 per day is low income, \$3.2 per day in lower income, and \$5.5 per day in upper middle income countries." This is a poverty line defined by World Bank. Thus, over population is the mere cause of poverty.

### III - Impacts of Population Growth on Pakistan:-

Following are the main impacts of population growth on Pakistan.

#### i) Increase in Governance issue:-

Poor governance has significant impact on Pakistanis and on their lives. Ending the crisis require reforming Pakistan's political and economic structures. Therefore, more transparency and accountability will only occur by giving more voice to the people and allowing them to determine their own destinies.



## ii) Reduction in quality housing and cost of living crisis:-

On the brink of population growth world is facing cost of living crisis. Due to recent Global Economic Recession 2023 and Global Inflation has hit hard the countries like Pakistan, Pakistan's population growth has worsen with rise of cost of living crisis of Pakistan.

## iii) Increase in Health Issue and problem of nutrition:-

Pakistan is facing increase in Health sector issue due to lack of resources. Real Development focus on Health sector. Pakistan has spend less on Health Sector. Even in Covid-19 year, Pakistan spent only 1.2% of GDP on health, family planning. Due to recent floods of June 2022, Pakistan has facing serious health issues and food insecurity. Ultimately it will give rise to increase in problem of nutrition.

## iv) Promulgation in sense of security as cost of learning crisis:-

Pakistan is now facing the problem of cost of learning crisis. Moreover, the



education sector needs extra-attention.  
The education section of the executive summary of the **Economic Survey of Pakistan 2021-22** notes: "Pakistan is committed to transforming its education system into high quality global market demand driven systems in accordance with the Goal 4 of the Sustainable Development Goals (SDGs)."

#### V) The Gender Issue; Ignorance towards women's education.

Pakistan has facing population growth problems. Due to this reason, this issue has promulgated the Gender Issue especially ignorance towards women's education.

#### V- Way Forward: Recommendation to reduce population growth.

Following are the way forwards to resolve this problem.

i- Efficient Family planning to control population.

ii- Increase the role of youth in national capacity.

iii- Increase Women Participation in Education for promotion of Education security and Global Human Resources.



- iv. Solve the problem of income inequality by social safety nets and programs (BIPS).
- v. Promotion of economic rise: Ehsaas programmes and laptop schemes.
- vi. Need of Industrial Reform and Agriculture reforms.
- vii. Enhanced Energy Security Mechanism
- viii. Increase investment in human capital for ease of doing business and entrepreneurship.
- ix. Increase investment in Health care sector and promotion of Health cards.

## vi. Conclusion:-

Pakistan is facing population growth problem which give rise to multiple socio-economic problems. Major problems are associated with Health, Education and poverty. Therefore, it is the need of an hour to solve population growth through pro-active actions and measures. The effective results can be produced through family planning and awareness programs.