

Political Instability and Economic Growth cannot move together in Pakistan

Outline

1) Introduction

2) Understanding the relationship between political instability and economic growth

3) Current situation of political instability in Pakistan and its impact on the economy

4) How Political Instability and Economic Growth cannot move together?

4.1) Inconsistent Economic Policies

Case in Point: GDP rate of 6.8% in the era of Ayub's regime due to consistent policies

4.2) Increasing unemployment owing to a decline in developmental and economic projects due to political turmoil

Case in point: Political instability, the third most significant obstacle in the way of development, World Bank Report

4.3) The gradual decay of economic institutions in the hands of politicians

Case in point: Tarbela Hydropower project in the NAB for corruption of Rs. 753 million by WAPDA

4.4) Interrupting GDP growth, business and trade activities due to riots and strikes by the frustrating people, a result of the political fiasco

Case in point = Unrest events leading to a 1% reduction in GDP, Survey report

5) How to ensure political stability for economic progress?

• Political level

5.1) Proper charter of economy by the consensus of all political parties

5.2) Encouraging public participation to hold politicians accountable for immature and self interest policies

• Economic level

5.3) Broadening of the tax base with the help of political commitment

5.4) Shifting from a geostrategic to the geoeconomic hub

Implementing CPEC projects effectively

6) Critical Analysis

7) Conclusion

ESSAY

The economy is a country's backbone, helping it march towards unsurpassable social and political development. However, political instability serves as a bottleneck to a state's socioeconomic and political lifelines. Unfortunately, Pakistan also stands among those states where political upheaval has led the economy towards shambles. The current political scenario is the nadir of the country's economic history. Since it is a fact that both cannot go hand in hand; the existence of one is the death of the other. It is saddening that frequent ouster of government leads to inconsistent economic policies affecting the smooth functioning of the economy since its inception. Moreover, increasing unemployment, skyrocketing inflation

and declining FDI result from political chaos since investors never invest in an uncertain political environment. Riots and strikes further interrupt business activities affecting the GDP of the country. Political turmoil has paved its way in the roots of the economy, damaging the economic institutions of Pakistan. It shows that political stability and economic growth have a symbiotic relationship. Both can work only in the shadow of each other. Therefore, pragmatic measures at the political and economic levels can help the country cope with political instability. At the political level, introducing an ethical charter of the economy as a national document, coupled with long-term vision by the top leaders and public participation, is imperative. At the economic level, widening the tax base and shifting to a geo-economic pivot can engender economic growth.