

How does rule of Law  
impact economic Growth?

### Outline.

#### A) Intro:

- What is Rule of Law
- Its relation with economy

#### B) Impact of Rule of Law on Economic Growth:

1) Increase in Transparency  
and Accountability: A remedy  
for national treasury and Debt.

- Corruption will go down
- Tax evasion will decrease
- Foreign reserves will decrease  
and need for IMF's loans will  
decrease
- Reduced inflation will cause  
industries to flourish

## 2) Security Situation will

### Improve: <sup>and judiciary</sup>

- Police, Bureaucracy and other institutions trusted with law and security will be subjected to Rule of law despite their status and power.
- Institutions will improve and peace will prevail.
- Foreign Direct investment and projects like CPFC, gold mining in Balochistan will flourish increasing remittance, transit fees and employment.

## 3) Women Empowerment:

- Gendered laws such as honour killings, and cultural practices like early marriages will be replaced by one unified law (Customary laws will be replaced).
- Equality and opportunities for women will increase who form

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more than 50% of population.

#### 4) Improved Agriculture:

- Feudals will be subjected to Rule of law on hoarding food and for committing injustice to farmers or tenants.
- Artificially created food shortage will reduce which will lessen the riots & in country
- Surplus food is exported generating remittance.

#### 5) Improved Energy Sector:

- Discos and producing companies charged or <sup>held</sup> equal before law for corrupt practices like overbilling.
- Bureaucrats, politicians and other influential people held accountable for stealing electricity
- ~~Improved~~ lesser load shedding and reduced energy costs will

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Cause local industries to flourish  
thereby reducing poverty.

## B) Ensuring Rule of Law:

1- Independance of judiciary judges  
from Executive: protection of

2- Resources allocated to relevant  
institutions to ensure Rule of law  
: police should be provided with  
resources like petrol, arms etc.

3: Media's Role: Free speech to  
journalists, social media activists  
and media refraining from taking  
sides of one political party over  
the other.

## Conclusion.

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## The Essay:

Rule of law is defined as the equality before law despite social status, influence, power and money. It also signifies the subjection of state subjects to one law only. Pakistan's legal system comprises of Shariat law, Customary laws and the laws enshrined in the Constitution of 1973. Criminals subject themselves to either of these 3 laws depending on which lessens the severity of their punishment. The Prophet's (PBUH) determination to ensure rule of law is seen when he vowed to cut the hands of his own beloved daughter Fatima (R.A) if she ever steals. This underscores the significance of Rule of law

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in a country's prosperity. In the economic realm, it ensures a safe environment for economic activity such as investment, agriculture, industry and development.

Firstly, as the top bureaucracy, politicians and other influential members of the civil society are held accountable for corruption and other malpractices, the fear of accountability increases at all levels of society. This increases transparency in the decision making and monetary practices. As corruption, tax evasion and other such practices go down, foreign reserves increase. It is estimated that the Tobacco industry in Pakistan evades the tax net causing a loss of \$3 Billion.

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rupees, which is the amount of loan Pakistan needs from IMF. When rule of law <sup>broadens</sup> ~~increases~~ the tax net, need for such loans diminishes thereby reducing inflation which comes ~~as a~~ in the wake of IMF loans. Reduced inflation causes industries to flourish as people have more savings and money to invest as well as ~~buy products~~ an increased buying power to support these industries.

Secondly, when institutions like Police, judiciary and other law and security institutions <sup>are</sup> ~~will be~~ held accountable, security situation ~~will~~ improves. This is due to the fact <sup>that</sup> they ~~will~~ fear accountability and legal repercussions for not executing their assigned tasks. This ~~will~~ generates a secure and safe

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environment which will be conducive for Foreign investment, business and projects like CPEC and gold mining projects in Balochistan. This will, in turn, generate employment, transit fee and remittance, alleviating poverty and steering the economy towards growth.

Apart from that, Gendered laws such as honour killings, which arise from customary laws, will be abolished. When the state and its subjects will be subjected to a unified law based on constitution, such practices will be abolished making space for education and empowerment of women. When gender based violence committed by influential people, such as economic violence by controlling financial resources or



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depriving the woman of the right to work, will be abolished, this would result in a domino effect where GBV committed at grassroot level will also be ameliorated. Women, who form 50% of Pakistan's demographic, will be able to participate in the economy, steering economic growth.