

# How does rule of law impact economic <sup>growth</sup>

## OUTLINE

### Introduction

- i) What is meant by rule of law?
- ii) **Thesis** Rule of law is an initial step for economic growth. Talking about economic growth without the rule of law is a hard nut to crack.

### How does rule of law impact economic growth?

- i- Helps in elevating corruption
- ii- Promotes a sense of accountability
- iii- By promoting transparency
- iv- By allocating equal distribution of resources
- v- By curbing red-Tapism
- vi- By encouraging foreign direct investment
- vii- By implementing Meritocracy
- viii- By enforcing political stability
- ix- By providing equal rights for sustainable development

### Conclusion

## THE ESSAY

During the era of Last Prophet Hazrat Muhammad (SAW), a woman named Fatima from a respected tribe Quraish was alleged for stealing. The people of her tribe tried to save her from the punishment and requested the Prophet (SAW) to set her free without any accountancy. The Prophet got furious at this and said, "By the swear to God, if the daughter of Muhammad (SAW), Fatima stole, I will cut her hands too". This is called rule of law, where everyone is equal in front of law, everyone is responsible and there exist a sense of meritocracy. Rule of law and economic growth are the chips of same block. Economic growth can never be achieved with the implementation of rule of law. Rule of law has positive impacts on economic growth as it helps in elevating corruption, by promoting accountability and transparency, by

limiting red-tapism and encouraging FDI, by choosing right person for the right job and enforcing political stability. So, without the implementation of rule of law, the dream of economic growth is a far cry.

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Rule of law impact economic growth by stamping out corruption. Corruption is one of the biggest bone of contention in the way of economic growth. This corruption leads to the promotion of social unrest as people do not get their rights as described in the constitution. Corruption paves way towards scams which result in poor implementation of policies in the form of poor infrastructure building and insufficient social progress. Rule of law has the tendency to combat corruption as it promote a sense of equality before law. If laws are to be obeyed properly, no one will dare to do corruption because of its grave repercussion. And, if the society

will free from corruption. It will automatically move towards economic growth. It will develop a society where the allocated economy will be provided to the required sector without any cut off.

