

Pakistan's Economic Future: Can the country achieve sustainable growth?

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1- Introduction

"Pakistan's economic future seems darker than its past due to its inability to address ^{basic} primary structural and policy issues. However, it has the potential to be transformed to sustainable growth with few long-term policy measures."

2- Understanding challenges to Pakistan's economy: a historical overview

2.1- Inconsistent economic policies due to political instability

a) "Pakistan's confused economic model" concept by **AKbar Zaidi**

2.2- Import-led economy due to flawed priority setting

2.3- Low tax-base because of the elite capture of economy

2.4- Unproductive economy with persistent social security issues

2.5- Unsustainable economy due to flawed ^{economic} policy framework.

3- Pakistan's economic future:
predicting by analyzing the
recurrent reforms

~~3.1~~ Moving from crisis to
chaos, because of:

3.1- Existing structural economic
issues

a) Low tax base e) Energy and food insecurity

b) Agriculture stagnation

c) Political instability continues

d) Import led economy

3.2- Surging debts and lack of
long-term economic policies to address
it

a) Pakistan's total debt: 237
billion dollars (PIBS report 2024)

3.3- Growing informal sector due
to myopic economic decisions of
the government

a) Informal economic sector of
Pakistan: 64 percent

3.4- Brain drain due to lack
of opportunities

a) Rising number of graduating students leaving the country
(Dawn's report comparing 2022 to 2024 students leaving the country)

3.5- Economic inclusivity still merely existing in debates and not on the field

a) Pakistan's women workforce: 23%
(ADB reports)

3.6- Climate adaptation still a distant dream due to flawed implementation programs

a) ~~Ati~~ Taugeer Sheikh on Pakistan's flawed adaptation mechanism

4) ~~Can~~ Potential for Pakistan to achieve sustainable growth.

4.1- Presence of large youth and women population.

a) One of the youngest nations in the world

b) Large unemployed women population (23% in workforce)

4.2- Availability of sources of

all renewable energy due to its exquisite terrain.

a) Pakistan's beautiful natural geography: a breeding ground for renewable energy sources (Aisha Khan)

4.3- Location on geographical pivot of history making it the centre for businesses and trade

a) John Mackinder theory of heartland

b) Pakistan's geoeconomic policy

4.4- Presence of modern education and health system.

a) Based on Minutes of Maccaule

b) Pakistan's pursuance of DCP3 in its health sector.

4.5- Existing established political system facilitating smooth continuation of policies.

a) Pakistan's political system's analysis by Anatol Lieven

~~4.6 - Large agricultural lands pushing paving the way for~~

4.6 - Presence of large agricultural land ~~may~~ can make it the a big stakeholder in food supply chain

a) A comparison of Pakistan and Netherland's agricultural land.

5. How can Pakistan achieve sustainable growth?

5.1 - Ensuring political stability for gauranteeing consistant economic policies by signing charter of democracy and developing a local hybrid regime.

a) Kenya's charter of democracy

b) Bangladesh's interim hybrid

regime.

5.2 - c) Dr. Hassan Askari's hybrid model.

5.2 - Investing in human development to enhance the consciousness, skills and health of the citizens, particularly women.

a) Miftah Ismail's human development

~~model~~ b) Rafia Zakaria's women development model

5.3 - Formalizing the informal economy by digitalizing the economy

a) Ab Digital banega India model

b) Bangladesh's National Digital policy.

5.4 - Incentivizing startups and discouraging and taxing real-estate and imports to promote productive economy

a) Start-up Nation - Israel.

b) Singapore's business attraction model.

5.5 - Integrating Investing in renewable energy's research and development program to develop it at

home policy to ensure energy security

a) India's renewable energy policy

b) China's renewable energy

vision.

5.6 - Integrating modern-tech to enhance agricultural production to

ensure food security and boost exports.

a) Netherland's agricultural practice)

b) Asif Shariff's PQNK model

5.7- Pursuing climate mitigation and adaption policies in truest sense to mitigate losses and ensure continuity of economic activity

a) Local government solution by Ali Tangeer Sheikh

b) Mitigating vulnerability to climate change by Aisha Khan.

6- Conclusion

Since its inception, Pakistan's economy has seen many ups and downs. However, with passage of time, the graph of economic growth shows that it has made continuous high lower highs and lower lows, indicating a severe decline. The economic scholarship has made ^{several} policies with different governments based on the ruler's arbitrary decisions. However, it all failed due to inconsistency, flawed framework and the elite capture. Recently, the government has announced a new set of economic reforms, aiming to achieve economic stability. However, it seems far from reality as it does not reflect any distinction from the past efforts. As Asim Sajjad, a political economist, sums up it well that the current policies are moving the country from

crisis to chaos. Pakistan's economic future seems darker than its past, however, the country still has huge potential to be on the sustainable path. With few long-term policies, the economic path of the country can be transformed from chaotic to sustainable path.

Pakistan's economy has been a victim of instability, since its advent. Inconsistent economic models implemented in the form of Ayub Khan's trickle-down model, Bhutto's socialism, Zia's foreign aid, Nawaz's crony capitalism and Imran Khan's welfare state reflect confusion in the economic model's pursuance in the country. Similarly, import-led economy indicates another challenge to Pakistan's economy due to its flawed policy

framework The boom and bust cycle of economic growth is merely due to Pakistan's ^{lifting} banning and unlifting ban from import. Furthermore, debilitating social security issues promote unproductive economy in the country. Because, no one invests in startups and industries. Additionally, the emphasis on conventional agricultural practices due to flawed policy framework serves another challenge to economy. These challenges have been impeding Pakistan's sustainable economic growth.

Pakistan's economic future can be ^{predicted} ~~assessed~~ through its analyzing its economic reforms from the past to recent. As Asim Sajjad predicts, it is moving from crisis to chaos in the future because of the following reasons:

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First, no economic reforms have yet addressed its existing structural issues. Low tax-base, agricultural stagnation, food and energy insecurity, persistent political instability and import-led economy still exist in Pakistan. So, any economic reform without addressing these issues are fruitless.

Second, Pakistan is in a vicious debt-cycle which is surging and not mitigating by any sense. According to PBS report 2024, the total debt of Pakistan has risen to 237 billion dollars. In future, it is going to be further, which can threaten the very sovereignty of the country.

Third, informal sector has been on rise in Pakistan, due to myopic economic decisions of the country. The country taxes those who are already taxed again and

again. Therefore, even those who are getting paying taxes are deviating from legal method to save money. Furthermore, the presence of corrupt government officials further worsen the situation. Currently, Pakistan's informal sector has risen to 64 percent in 2024.

Fourth, brain-drain is another aspect that predicts the dark ~~future~~ economic future of Pakistan. Because, it results in lack of skilled individuals in the country.

According to Dawn report 2024, the number of graduates leaving the country has risen 300 percent in 2 years.

Fifth, economic inclusivity still merely exist in debates in Pakistan. According to ADB report 2023, only 23 percent of women workforce exist in Pakistan. With rise of traditionalists in

society, this number is going to shrink further in future, showing a dark future.

Sixth, climate adaptation is still a distant dream in Pakistan. The government does seem reluctant ~~not~~ in implementing adaptation policies. Due to this, future disastrous events can inflict huge losses to country's economy.

Despite all of these challenges, Pakistan still has potential to be transformed to a sustainable path. The presence of large youth and female population, provides a huge number of workforce in the country. They can revolutionize the economy. Similarly, the availability of fertile region for ~~an~~ alternate energy sources provides it ~~the~~ the potential to

be energy secure country. Furthermore, its geostrategic location according to John Mackinder's theory of heartland makes it the centre for business and trade in the region. Additionally, presence of modern education system based on Minutes of Macaulay provides and established health system pursuing DCP3 model provides it the framework for investment in human development. Similarly, established political system is another factor that can push Pakistan towards progress. As Anotal Lieven states that

"The only thing that has kept Pakistan from disintegration is its political systems."

Finally, the large agricultural land which is five times to the Netherlands agriculture field is the key source of

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Food and economic security of the country. ~~Workin~~ Utilizing these potentials, Pakistan can establish its foot on the sustainable path.

Since challenges and potential to economic and sustainable growth is discussed, it is time to throw light on how can Pakistan achieve sustainable growth. For this, Pakistan needs to pursue the following policy measures:

First, Pakistan needs to ensure political stability through charter of democracy as done by Kenya. Furthermore, democracy practiced in the west would never be feasible in Pakistan due to cultural and regional issues. As Dr Hassan Askari defines that no government

in Pakistan can survive without military aid due to persistent terrorism and threat by aggressive neighbours. Therefore, the country needs a local hybrid democracy that can provide benefits to its citizens. For second, this purpose, Pakistan can immitate the current interim hybrid regime of Bangladesh.

Second, the government needs to invest in human development to uplift literacy rate, ensure health and guarantee connectivity. It enhances the skills of the individuals and promote economic activity in the country. And Pakistan needs to engage the other 50 percent of its population too, which according to Miftah Ismail can pave

the way for sustainable economic growth.

Third, the informal economy should be decreased to increase the finances of the government. For this purpose the government needs to formalize it by digitizing the economy. India's **Ab banega Digital India** and Bangladesh's **National Digital Plan** can serve as a model for the growth of the country.

Fourth, the government needs to incentivize the start-ups and industries as done by **Israel** and **Singapore**. These sectors generate economy for the country. With this, the real-estate and imports need to be taxed stringently to discourage the unproductive economy. This promotes Paterson's

economic growth and sustainability.
Fifth, Pakistan needs to invest in renewable energy sources. It reduces ~~the~~ its dependence on fossil fuels and expensive energy. This, then leads to energy security in the country which enhances economic activity in the country. India's renewable energy policy and China's renewable energy vision can serve as the framework for Pakistan.

Sixth, the country needs to integrate technology in agriculture based on Netherland and France's model. It enhances agricultural production and which will lead to food security. Furthermore, surplus agriculture products

can make part rise the
export of Pakistan and
make it the a major
stakeholder in food chains.

Sixth, Pakistan also
needs to adapt to climate
change. Because, it is one
of the most vulnerable countries
to climate change. For this
purpose, Pakistan needs to
strengthen its local government,
who can in result strengthen
the land use policy and
water management. Furthermore,
they can also enforce
mitigation policies.

Pakistan's economy's future
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it and ensure sustainable
growth.