

1-1-20
Essay 4 :-

Pakistan's Economic Future:

Can the country achieve
sustainable growth?

1) Introduction

2) Overview of Pakistan's current economic status: A
boom and
bust cycle

3) Pakistan can achieve sustainable growth
in number of ways:

3.1) Domestic Measures:-

3a) Promoting political stability through the culture
of constructive criticism and parliamentary debates

i- Book: "Political conflict in Pakistan" by
M. Waseem → root cause of abysmal economic

performance is political conflict

since independence

3b) Empowering strong judiciary and rule of
law for punishing crooked and corrupt officials

i- ICJ report → independent judiciary is indispensable
for rule of law and stability

3c) Enhancing investment in human capital development for maintaining sustainable work force.

- i- SDG 4 → "Quality Education" — aligning curricula with growing market needs

3d) Ensuring triple helix partnership — collaboration between government, industries and universities

- i- NUST university incubators of IT → Pakistan's IT industry to foster export led growth

3e) Promoting ease of doing business and reduced bureaucratic hurdles to capture FDI's

- i- WB report → Pak at 108 on ease of doing business → reason is red tapism

3f) Expanding opportunities for small and medium enterprises SME's to foster startups

- i- PM's Youth Programme for SME's → 1.5 million loans

3g) Reforming flawed taxation regime of Pakistan

- i- Promoting direct and progressive taxation
- ii- agri → 0.02% taxes ; services → 30% ; industrial → 70% taxes

3h) Encouraging strong governance for efficient resource management and reduced leakages

i- Transparency international (TI) report ->

Countries at the bottom of CPI (Corruption perception index)

are economically worse -> Pak (133) / 180

3i) Empowering strong local government and participatory governance

i- case study of china's local government -> revenue generation model

3j) Taking actions against shadow economies and smugglers

i- dollar, oil and gold smuggling -> \$23 billion per year loss to Pakistan.

3.2) International or Global Measures:-

3k) Leveraging geostrategic position of Pakistan for trade, energy and gas transit fees.

i- CASA-1000 project -> \$1.6bn

3d) Exploring diverse markets for cheap imports and expensive exports

i- Platform of SCO and SAARC

3m) Fighting and countering terrorism, that instill elements of instability, with the help of regional alliances

i- RAIs of SCO - intelligence gathering

4) Conclusion

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Shakespeare once abruptly said,
"When sorrows come, they come not single
spies but in battalions" (Hamlet Act). In a
same manner, the current economic performance
of Pakistan could be rightly attributed to the
poor decision-making, resource mismanagement
and inefficiency in variety of sectors. Therefore,
Pakistan is in predicament involving political,
economic, social and technological sectors. Economic
sector, being the base of a country, is sending
ripples of instability to the whole pyramid of
a society, thus shaking the functioning of entire
system. The current economic status of Pakistan
has improved little improvement, but this is not
something to be celebrated because it has been
seen a frequent norm in the past, as soon as
country receives external injection of money, it
shows signs of little improvement. In order to
reverse the tide of boom and bust cycle of
Pakistan's economy, it is imperative to turn the
tables on sustainable growth model. Pakistan can

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surely achieve sustainable economic future through various domestic and international measures.

Domestic reforms include promoting political stability, empowering judiciary, enhancing human development, ensuring triple helix model in industries and promoting ease of doing business for enhanced capture of FDI's.

Similarly, expanding opportunities for SME's, reforming taxation regime, encouraging strong governance, empowering local government and participatory governance and strict actions against shadow economies, Pakistan could pave its road to stability and sustainability.

By the same token, international measures are of paramount importance like leveraging geostrategic position of Pakistan, exploring diverse markets and countering terrorism with the help of regional alliances. By following such measures, Pakistan could steer its trajectory towards a prosperous and sustainable path.

Pakistan's economy has always been under the cycles of 'boom and bust'. It has never achieved sustainable economic growth. The

periods of stability and boom are fleeting, while followed by long periods of bursting and falling. The reason could be rightly pinned on myopic vision of leaders, who did not take sustainable steps for efficient resource management. As soon as IMF give external injection to Pakistan in the form of loan and funds, Pakistan observe short-lived growth. The current fiscal growth could be followed by worsening crisis if sustainable steps are not taken. In order to turn tables on long term growth, Pakistan has to take following measures—both domestically and internationally.

Domestically, Pakistan can achieve sustainable growth in number of ways. First and foremost measure is promoting political stability. It can be achieved through the environment of constructive criticism so that the political polarization is minimized. Both government and opposition should promote parliamentary

debates and oversight, instead of resorting to street agitation and theatrics. As political stability is at the heart of economic stability, therefore to deter the threat of legislative gridlocks on matters of economic policies, it is essential to resolve the tensions between government and opposition. Muhammad Waseem, a Pakistani writer, also argues in his book 'Political conflict in Pakistan' that since independence, political conflict has never subsided and continuously escalated, leading to worsened economic crisis in Pakistan. It would be suffice to say that through political stability, Pakistan can achieve sustainable economic growth with consensus based developments.

Similarly, another instrumental factor that can promote sustainable growth in Pakistan is strong judiciary. As independent judiciary upheld the norms of rule of law; thereby, it punishes crooked and corrupt officials involved in wealth

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aggrandizement practices from the national exchequer of state. Judiciary independently rule in the favor of state against corrupt perpetrators, setting the stage for accountability, efficiency and sustainability. International court of Justice (ICJ) also reports that independent judiciary is indispensable the rule of law and subsequent political and economic stability of a country. Therefore, by doing so, Pakistan could achieve sustainable economic growth in future.

With empowering institutional framework, investment in human capital development is also instrumental for sustainable economic development. Through ensuring qualitative education, reforming curricula and tailoring it to present need of the markets and focusing on skills provision, Pakistan could tread its path towards economic sustainability. Similarly, expanding funding to 'Research and Development' (R&D) could

also open a door to sustainable future as the human development serves as an asset, taking part in revenue generation and employment creation for the country. Therefore, it is essential to align education with the UN's SDG framework to foster economic sustainability.

Besides investment in human capital, collaboration between universities, industries and government is also of substantial importance to ensure sustainable prosperous future. The model of 'Triple Helix Partnership' is celebrated worldwide for its innovation that fosters economic growth and sustainability in the country. The industries get benefitted from the research of students while providing employment opportunities to the students. Similarly, government supervises the funds allocation and management. In Pakistan, the IT incubators in NUST University could work with Pakistan's IT industry, enhancing IT production and export led growth, paving a way for sustainable economic development.

In a same manner, another pivotal factor for ensuing sustainable economic growth is promoting ease of doing business in Pakistan.

As bureaucratic hurdles and red tapism are the frequent concerns inflicting Pakistan; therefore, detaching such threats with improved transparency can become incumbent in capturing FDI's

for Pakistan. It will substantially improve revenue generation capacity of Pakistan. World

Bank reports Pakistan on 108 out of 190

on ease of doing business index. Therefore,

to reverse the tide on scale FDI's, it is

essential to improve ease of doing business ~~and~~ ^{with} integrating digitalization in the system.

Thus, it will pave a road to prosperous

and sustainable future.

With promoting ease of doing business, Pakistan should also expand opportunities for

SME's to foster culture of entrepreneurship

and startups. It will generate revenue and

provide various employment opportunities to bulging

youth. Recently, PM has announced loan programme of 2.5 million for youth to encourage the environment of startups in Pakistan. Such initiatives are instrumental to economic prosperity of Pakistan, where each talented individual is given level playing field on grounds of meritocracy. In short, entrepreneurship promotes innovation, leading to sustainable economic growth in a country.

By the same token, reforming taxation regime is also essential for sustainable economic growth of Pakistan. As Pakistan's taxation system is heavily skewed with agriculture sector paying 0.02% of taxation; services sector contributing 30% and industrial sector giving 70% of taxes. This system poses stress on industrial sector, leading to abysmal performance and poor export led growth. Therefore, reforming system with more contribution of services and agriculture sector could counter the

safe havens for tax cheats. Similarly, ensuring direct and progressive taxation on income is also another instrumental method of economic growth. Therefore, by reforming flawed taxation regime of Pakistan, the path to sustainable economic growth could be achieved.

Having explored domestic measures, it is now necessary to outline international reforms for sustainable economic growth in Pakistan.

Firstly, leveraging geostrategic position of Pakistan is essential to reap the dividends of international trade and subsequent transit fees. Through Gwadar port and Arabian Sea, Pakistan could offer strategic connectivity to access central Asia and Persian Gulf.

Hassan Askari writes in his book 'Pakistan and geostrategic environment' that Pakistan has been relevant to the global powers due to its geostrategic position. Therefore, the

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projects like CASA-1000, TAPI and IP gas pipeline could be derived to attain economic interests and growth. Thus, it is glaring that geostrategic position of Pakistan could be leveraged for economic interests.

Lastly, with the help of SCO platform and other regional blocs, Pakistan could diversify its market for cheap imports and expensive exports. Similarly, with the help of RATS ^{platform} of SCO, Pakistan could fight the menace of three evils - separatism, extremism and terrorism. RATS could help in intelligence gathering activities for Pakistan, making it a stable and ~~center~~ focal point for FDI's capture and investor confidence. Therefore, regional alliances are instrumental for the sustainable economic growth of Pakistan.

To conclude, Pakistan has been inflicting with boom and bust economic cycles,

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which makes sustainable economic growth a distant reality. However, it can truly achieve sustainable growth if it turns tables on effective domestic and international reforms. Domestic reforms include transforming political culture, empowering judiciary, investing in human capital and promoting industrialization and ease of doing business. Similarly, international measures include leveraging geostrategic position of Pakistan, exploring diverse markets and countering the menace of terrorism. By adopting such measures, Pakistan could pave its road to prosperity and sustainable development. For tomorrow belongs to those, who strive for it.