

Pakistan's Economic Future II: Can the Country Achieve Sustainable Growth?

Outline:

1. Introduction:

Pakistan's economy is performing like a pendulum. However, the major hindrances on the way to achieve sustainable growth are still present, like political instability, low agricultural production and energy shortages are some of the obstacles in stabilizing the economy of Pakistan. Therefore, certain positive steps like bringing structural changes in economy will prove helpful in this regard. So, the country ~~will not~~ ^{can} achieve sustainable growth.

Chronic

2. Factors Limiting the Country to Achieve Sustainable Growth:

- 2.1 Political instability is one of the major factor hindering the policy continuity
- 2.2 Persistent threats of terrorism and extremism removing the investor's confidence

- 2.3 Lowest exports leading to trade deficits is also a looming threat
- 2.4 Energy shortages to industries leading to low productivity and unemployment
- 2.5 Internet outages is also a leading factor in decreasing the growth of IT industry
- 2.6 Gender inequalities in political and social sphere of life
- 2.7 Educational sector producing the low skilled labour is also a persistent threat

3. Way forward in achieving Sustainable Economic Growth of Pakistan's Economy

- 3.1 Bring political stability by allowing every government to complete its tenure
- 3.2 Address the looming threat of terrorism and extremism by increasing technical expertise
- 3.3 Increase the exports by increasing productivity in agriculture sector
- 3.4 Expand the energy production sources to curb the shortages

3.5 Allow women to participate
equally in economic activities to
increase growth

4. Conclusion:

The Essay

The economy of Pakistan is performing like a pendulum since independence. Sometimes, like a pendulum it reaches to the extreme of worst performing economy and sometimes, it becomes stable. This cycle continues and is still present. However, the chronic factors which are the hindrances in achieving sustainable growth are still present like political instability, terrorism and extremism, forest exports and energy shortages are the major chronic factors. However, the steps taken by the government are inadequate and are giving no results. Like controlling inflation, trade deficit and unemployment are not proving helpful to bring the country's economy on track. To address these challenges, it is essential to bring micro-economic stability rather than macro-economic. Therefore, by keeping the above viewpoint it is pertinent that the country cannot achieve sustained growth.

To begin with, political instability is one of chronic

factor leading to hindrance in achieving sustainable growth since its independence, Pakistan witnessed the military as well as civilian interventions in toppling the government. In addition to this, the abrogation of the constitution is also a major factor in culminating the government. Furthermore, foreign conspiracies and regime change policy is proving fatal for the civilian government. According to Anatol Lieven, who is the author of a book named "Pakistan a Hard Country" that the military as a result of its strong internal discipline is a major factor in toppling and occupying the space in civilian's side. Therefore, by keeping in view the above viewpoint of Anatol Lieven that persistent political instability is the result of the frequent military interventions.

Furthermore, persistent threats of terrorism and extremism is another cause of lowering the economic growth of Pakistan. Terrorist activities carried out by the ITN

and BLA are posing harm to the infrastructure projects like Gwadar airport. In addition to this terrorism in Pakistan is removing the confidence of investors. Investors are hesitant to invest in Pakistan.

According to the premier of China Li Keqiang, only terrorism is the major obstacle in the investment of Chinese businessmen in Pakistan. Therefore, as it was rightly mentioned by the Chinese Premier, terrorism and extremism is the obstacle in achieving the growth sustainability as it removes investors' confidence and poses harm to infrastructure projects.

In addition to this, frequent lowering of demand in the Pakistani exports is proving a limiting factor in achieving sustainable growth. Pakistan, being an agrarian economy is facing the threats of productivity shortages which in turn lowers the exports. Further, a growing dependency on the exporting countries especially and limiting to some of the countries is a factor which

is lowering the Pakistani exports. Furthermore, Pakistan is not producing goods, needing international standards which is reducing the base of Pakistani exports. According to the World Bank exports are standing at the \$10bn which is lowest in the region as the only textile exports of Bangladesh exceeds \$30bn. Therefore, lower Pakistani exports which is a persistent challenge is one of the limiting factors in achieving sustainable growth.

In addition to this, frequent energy shortages to industries is a factor limiting the country to achieve sustainable growth. Pakistan is relying on the imported fuel which is costly and faces disruptions in supply. Further, clashes in the Middle East is also a factor limiting the supply of fuel. In addition to this, Pakistan is not expanding its energy resources to renewables. Further, Pakistan is not drilling its own wells to explore fuel. This situation resulted into relying on narrow sources like electricity and fuel and

shortages to the industries. According to the Economic Survey of Pakistan, Pakistan is producing only 3 billion tonnes of coal and 45000 MW of electricity which is low as compared to demand. Resulting in shortages. Therefore, by keeping in view of the above report it is obvious that current and past energy shortages to industries is a limiting factor in achieving sustainable growth.

Furthermore, frequent internet outages is a major blow to the IT industry which is the backbone of Pakistan's economy. Pakistan is expanding its IT base by expanding and opening more avenues of investment in IT sector. However, it is not coping the need of the growing IT sector. Limiting ICT installations and frequent disruptions in the underground cables is posing harm to the IT industry. According to the reports of the independent commission, internet outages of one day in Pakistan is posing loss of \$1.3 bn to the Pakistani economy.

According to another report, Pakistan is the worst performing country in the world in terms of availability of internet. Therefore it is pertinent that internet outage is a major blow to the Pakistan's economy.

In addition to this, gender inequalities in political, economic and social sphere of life is limiting the growth of Pakistan's economy. Pakistan's political arena is devoid of women which is depriving them to participate in decision making. Further, due to patriarchal norms, women are forced to do only household work and are prevented to go out. In addition, due to social norms women are not given equal opportunities as compared to men. As it was rightly quoted by the PMAAT report that if Pakistan achieves gender equality in economic and social sector then there will witness an increase in GDP of 100%. Therefore, the above report is a proof that gender inequality is limiting the country to achieve sus-

sustainable growth.

Furthermore, low skilled labour produced by Pakistani educational sector is a major blow to Pakistan's secondary educational institutions are not coping with the needs of the industrial sector. In addition, there is lacking in industry academic link. Further, the curricula which is being taught by the educational institutions is not up to date. This low skilled labour is reducing the productivity of the industrial sector. According to report of PICS Pakistani youth unemployment rate 6% and the major reason behind it, is the low skilled labour. Therefore, low skilled labour which is not only increasing the unemployment rate but also reducing the productivity and efficiency of industrial sector which is a limiting factor in achieving sustainable growth.

To begin with the way forward in achieving the sustainable economic growth first comes the political

stability. There is a dire need of bringing political stability by allowing every government to complete its constitutional term. This can only happen by limiting the powers of each pillar of state. In addition, conduct free and fair elections in the country to stabilize democracy. Further, opposition should actively and positively engage with the government. This situation will lead to policy continuity and a healthy debate on matters of national interest. According to the Malcha Lodhi, a writer of a book named Governing the ungovernable political stability will stabilize the economy. Therefore, to bring the country on the track of sustainable growth it is essential to bring political stability.

Further, Pakistan can achieve the sustainable growth by addressing the threats of terrorism and extremism. In this regard Pakistan should take effective steps like increase the technical expertise of law enforcement agencies to combat terrorism.

In addition to this, increase the surveillance across the borders so that the infiltrators could not cross border. Further, make healthy cooperation with international peace keeping missions. According to an independent think tank based in US, Pakistan's economic stability is directly linked with peace. Therefore, by keeping in view of the above report addressing terrorism and extremism is a healthy way forward in achieving economic sustainability.

In addition to this, Pakistan can achieve economic sustainability by increasing exports. Exports can be increased by increasing the agricultural production as Pakistan is an agrarian economy. Further, bring climate resistant varieties. In addition reduce the trade barriers and promote regional trade. According to Pakistan's economic survey there is a trade deficit of 46.47% which can be fulfilled by increasing exports. Therefore, it is pertinent to increase exports, by increasing productivity to reduce trade

deficits and is bringing the country on track.

Further, it is essential to expand the energy production source to curb the shortage. Pakistan is solely relying on imported fuel and hydroelectric. ~~Further~~, Pakistan has the enormous potential of renewable energy. In this regard, shifting from fuel to solar, wind, water and nuclear will prove fruitful and make Pakistan an energy secure country. Further, Pakistan should sign agreements with CARs countries and start to meet the energy demand.

According to the independent Commission, if Pakistan can achieve energy security then it would be 4th biggest economy in terms of GDP in 2050. So, it is necessary to achieve economic sustainability by achieving energy security.

Lastly, achieving gender equality in economic sector is essential to achieve sustainable growth. Pakistan's

economic sector is overburdened with males, limiting the opportunities available for women. In addition, women are not in position to achieve education of high quality, which is depriving them from achieving technical education. Further, print and spread awareness campaigns so women would become aware of their rights. According to Fatima Bari, socialist columnist that if the growth of a country is directly linked to the gender equality of that country. Therefore, achieving gender equality is essential for sustainable economic growth of Pakistan.

To conclude, Pakistan cannot achieve sustainable growth because its chronic hindrances are still present. Despite positive steps taken by the government like promoting and achieving macro-economic stability, yet the Pakistan is not achieving sustainable growth. The major factors limiting the growth of Pakistan are internet outages, gender inequalities,

energy shortages and low skilled labour. However, one can hope for the best, that if Pakistan can achieve macroeconomic stability then so does the micro-economic stability thus paving the way for sustainable growth.