Role of Politics in Pakistan Economy

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Abstract

In this article, I am going to discuss the role of politics in the Pakistan Economy. Initially, I analyze the historical context, in which I divide them into decade’s and talk about the politics and its effect (positive or negative) on the economic development of decade’s respectively along with the GDP of each decade. Afterwards, I discuss the prominent debate about economic development in Democratic and authoritarian regimes and also discuss the effect of the Politics of sanctions and aid on Pakistan Economy by western power especially the United States. In the end, I am talking about the external Influence on the politico-economic of our country.

Keywords: Marshal Law; Socio-Political impact; Muddling nineties; revivalist of economy; economic paradox.

1. Introduction

I start my article from the words of famous economist Jean Baudrillard in which he establishes the Nexus of politics and Economy “There is no longer any difference between the Economy and politics, because the same language reign in both, from one end to other: a society therefore where the Political Economy, literally speaking is finally fully realized” (Jean Baudrillard). The glean of politics from the economy is not possible because both are the two different sides of the same coin. When a politician comes into power, they maneuvering the economy for its political benefits. The economy is not an “instant” subject, this takes time about the decades. As we know that Economic development is very important for any country. We are living in the liberal Economic international system where you can penetrate your power through a Strong Economy. If you have a strong Economy then you are better in a bargaining position. In this world we learn about the Soft power concept, Economic development is an important source of soft power, you can influence other States through Economic power. The government is an important source that runs the economy of any country. If you’re having legitimacy and are freed from any Foreign intervention, they make those policies that are more best for their own country.

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In Pakistan case, we saw that the government are always focusing on short Term policies that just show temporary success to their to gain the vote for election. It is better to say that government form the policies just for the next election and also consolidate its power in the system. That’s why we saw that the Economic growth in the 60s is about 7% and if we saw in the 70s it’s going to down about 2.9%. At one time you are an Asian tiger and on the other hand, you are not even on The list of progress. Political stability is directly proportional to economic development. There is a Dilemma in our political system that we have 26 different governments in just about 50 years and about 36 Years for Marshal law.

2. Literature Review

In the contemporary new liberal world, the Economy is the most important subject for any country. A famous maxim “ Economy is a new religion, with profit but without prophet” This maxim shows that how much economy is important for any state. In the contemporary world, if you are independent by making decisions in the economy, then they are more effectively to enforce their decision in their country. Those countries whose Economic numbers are better than they have better bargaining positions in the International World. They are more effectively penetrate their influence in the system. The other important thing that the state must make is those Economic policies which are equaling benefit to the sector of societies nor just one. “No society can surely be flourish and happy, of which for a great part of member’s are poor and miserable” (Adams Smith) Adam Smith is the father of modern Economy which emphasize the state that if they want to achieve important Economic goals they should establish those Policies which are beneficial for the whole society. But if we see the PAKISTAN case, we saw that the government are forming those Economic policies which are beneficial for just the elite class. Founder of Pakistan Quaid-e-Azam also very clear on their thoughts about the Economic Policy should be based on equational. “ It is not our purpose to make Rich Richer and of few individuals. We should aim at learning up the general standard of living among the masses, our ideas should by capitalist, but Islamic and welfare of the people as a whole should be kept constantly in mind” (Quaid-e-Azam). But unfortunately, if we saw the past 70 year’s our ruler’s made those Policies which only benefit some sectors of the community, which is the elite class because this helps to consolidate the power from the system but they ignore the benefit of an elite class. In this article, we are going to analyze the role of politics in Pakistan economy. We first analyze the historical aspects of the role of politics in Pakistan. For every state, the Economic subject is very important for progress in the world. In the article, we analyze that from the beginning of Pakistan the destabilization in politics caused severe problems in the Economic development of the country. In this article, we going to compare the Economic Development in democracy and also the authoritarian rule. Economic development and also the social custom in Pakistan which we see over about the last 72 years that’s show’s us almost the complex paradox. We see that the economic growth rate which is about the average of five per cent annul since about the 1947 triumph achieved by very few countries. But we see the politically and also religious sectarianism that we stare see in the Zia regime moreover we see the role of religious fundamentalism, also the ethnic conflict we see first in “Bengali” then in Baluchistan and in Sindh that caused the country in the situation fragile and unstable. We see that numerous East Asian countries are well behind Pakistan, they took Pakistan as a Role model and work on the development in the 60s during the Ayub era. “Ayub’s political System also Reversed the Economic system That had served The country so Well. To outsiders, Pakistan had been A model developing Economy. (Ishrat Hussain)” But Pakistan fails to more progress due to political
instability and then we see a time when they are well ahead of Pakistan. But unfortunately, Pakistan is impotent to realize its potential. There is a universal truth that if a country wants Economic Growth then there should be political stability without this it can’t be possible, but in the Pakistan case, we see the contradictory convention pearls of wisdom. The contradiction and paradox that are present in the Pakistan case, we can explain all these by addressing these questions. As we know that the economic development and economic clemently doesn’t happen instantly, but it takes some period, and if we see in Pakistan case, we are going to learn from its beginning they took that Political decision which is not going benefit for there Economy. I just give an example which I mentioned later in the article that initially, Pakistan wants to establish a relationship with newly independent state and Economic is the important subject in the relations, but due to pressure from India, we became the part of a western block in the cold war, in which we took billion dollars aid from the West, through which we lost the efficiency and we are unable to make Economic decision freely. “The physical separation between eastern and western Pakistan, with India territory between, put Pakistan at a serious disadvantage from its inception. (Ishrat Hussain)” Now I am going to discuss the research question

Questions

1:- How can an country that’s suffered from the political fragile and unstable situation for such deep period achieved an high Economic growth?

2:- Have a period characterized by stable authoritarian regime in Pakistan provided the mean for such deep Term Economy performance?

3:- Have foreign influence , especially about the United States and China played an constructive role?

4:- How Political leadership tackle the game Changing CEPEC Project?

We see that despite both Indian and Pakistan enjoy common historical, social and cultural traditions but we see that both countries has adopted different way for Economic progress. There is no doubt both countries worked hard for Economic program and also elevate the poverty but we see India is arises as an stable and vibrant democracy on the other hand Pakistan history about More then half are under the dictator regime but some eras of Democratic leader’s. We see in Indian case there is well established democratic system but fragile democratic system in the case of Pakistan. In order to discuss the questions which I highlighted earlier we are to visit the politico-economic history of Pakistan we can divide it in to 7 historical period

- The flat fifties, 1947 to 1958
- The Golden Sixties, 1958 to 1969
- The Socialists Seventies, 1971 to 1977
- The Revivalists Eighties 1977 to 1988
- The Muddling Nineties, 1988 to 1999
- The Reforming Hundreds 1999 to 2007
- The Resurgence of Democracy from 2008 to until now
3. Historical Periods

➢  **Period 1: The Flat Fifties, 1947 to 1958 [1]**

When Pakistan came in to being there Economic situation is not very good in a time of partition with India. The province of Punjab and Bengal is divided in to East and West , in which West Bengal and East Punjab belong to India while West Punjab and East Bengals belongs to Pakistan. We see that division of territory in the form of East and West put Pakistan in to the serious disadvantage from its beginning. We see the start of authoritarian element in Political from beginning from it’s history. We see that both Liaquat Ali Khan and Ghullam Muhammad did not have Great control on the political system due to which political order is lost [2].We see in 1953 the martial law was imposed to counter the anti Qadyani movement [3]. PM Khawaja Nizamuddin was void through the governor general coup [4]. “The physical separation between eastern and western Pakistan, with India territory between, put Pakistan at a serious disadvantage from its inception. (Ishrat Hussain)” The Pakistan which are based in United States Muhammad Ali bogra came and took abjurat ion for new primer and dismissed cabinet also joined him. The political instability which was caused due to changing of government through these coups and also achieving power is main purpose for leaders in Political system. We see the devastating period for the Muslim league when they lost the election from Bengal in 1954 because they show the dis satisfying to ruling elite of Punjab. “Changing political Loyalty has since Become one of the Main causative Factors of political Instability. Pelf, Patronage and Power have Dominated the Political scene. (Ishrat Hussain)” The situation going to worst on that time one all province were forcefully joined in to one unit through which Bengal which is East Pakistan alienate and forced to accept the newly formed system while other Small province such as Sindh, Baluchistan and NWFP also protests this system which support the hegemon of Punjab. In this time period we see that there are also problem we see that the division of resources when Indian government reluctant to give the resources which are deciding before partition through intervention of Gandhi some sort of resources we get but not enough to fulfill our needs, more over million of refugees also causes the problem for the government and due to the political instability the Economic management are very slow in the formative phase.

➢  **Period 2 : The Golden Sixties , 1958 to 1968 [5]**

Ayub Khan which is basically the first military coup who took and complete control on government on October 1958 which is Consider as the “golden period” of Pakistan Economy. With foreign qualified advisor, Ayub Khan agilely established the Planning commission on Economic management which provides an fruit full results for Economy [6].GDD growth which we see increase from the 3 up to 6 percent in late fifties. We see that the great development on the manufacturer industry which is going to expended about nine percent and we see large number of other industry also created. We see due to the new Policy of “Green revolution” the agricultural sector expended up to 4 percent. Government also better there efficiency moreover also vigorously implement the decision reform and development of new institution [7]. We see that the shift of status which Initially as soft state now became the development state with the political legitimacy[8]. In 1969 we see that manufacture export rate of Pakistan are much higher then the export rate from Thailand, Malaysia and Indonesia in combined form[9].We see there is discourse on that time if Ayub policies continue for more twenty year’s it
would become The “miracle economy”. But we see that there Great inequality between East and West Pakistan in the form of income and development, and Bengali allegedly Ayub Khan that Economy are just in the hand of twenty two families of west Pakistan and they completely ignore the East Pakistan[10]. We see that Ayub Khan had achieved legitimacy by introducing the basic democracies system but this causes to lost of popularity and credibility of it’s regime. We see that leader of Awami League MujeeburRehman exploited the issues faced by Bengalis due to the Ayub Khan. When Ayub Khan deter him under the Agartala Conspiracy which help MujeeburRehman to become a popular leader of East Pakistan. His Manifesto of elections 1970 was about to the autonomy of Bengal province which helpful to sweeping the election from East Pakistan with Great majority. Ayub transfer it’s power to Yahya Khan which was also an general and greatly exposed the fragile democratic system. Yahya Khan reluctant to transfer power of East Pakistan leader that why they are not announcing the session of New parliament. We see the civil war in 1971 , Bengali were backed by India through Mukhti Bani helped to formation of Bangladesh[11]. The break up of Pakistan is great traumatic situation for people and also the leadership and also damaged the cause for the Pakistan formation. Although there are some economic benefit gave by Ayub Khan to East Pakistan but unfortunately not equal to benefit enjoy by West Pakistan. Bengali alleged that they took material from East Pakistan and invest in west Pakistan. We see that Ayub Economic model Great helpful for Pakistan, many foreign countries followed Pakistan path for development from Pakistan, but unfortunately due to fragile or un equivalent domestic Policies all efforts were in vain. Famous philosopher I.A Rehman said “[The] Central Establishment decided on a trade-off between autonomy and development but this maneuver failed in East Pakistan and it is unlikely to succeed in Baluchistan and the tribal areas. The lesson is: no federating unit will surrender its rights to autonomy in exchange for any development work however huge their fall out.”[12]

**Period 3:- The Socialists Seventies, 1971 to 1977** [13]

Zulfiqar Ali Bhutto had an advantage because of some thinks that Ayub Khan economic policies are just favorable to elite class families and he promised there people that he will introduce the policies which will benefit the common men, he never discriminate to rich and poor families and will establish the Justice and equality in the Pakistan developmental strategic under the Umbrella of the “Islamic socialism”[14]. Bhutto adopted the popular policy about the nationalize the educational, industries, and other organizations but this approach caused the Pakistan thwart from the Economic development path and also the modernization of economy. The Bhutto nationalistic policies badly damaged Pakistan Economic growth that in late 60s the eastern Asian countries who are behind Pakistan now took lead against the Pakistan. “Ayub’s political System also Reversed the Economic system That had served The country so Well. To outsiders, Pakistan had been A model developing Economy. (Ishrat Hussain)” The others national disasters such as drought, flood moreover increase in Oil prices, due to adopt the socialist policies though Pakistan were in the alliance with America in Cold War but due to Bhutto adopted the socialist policies now we had bad relationship with them they stopped the Economic assistance to Pakistan which severely affected our Economy and also the depreciate of growth of GDP which almost 6% in 60s now decline and came up to 3.7 %. But the more damaging situation we had saw that the Bhutto government came with that province for equality in distribution of resources and also with social justice proved weak , the inflation going very high which was accelerated up to 16 percent and the poor classes are suffered from these policies [15]. The large scale manufacture was performed inactively which was growth
for just 3%, primary spark by vast public sector investment. The idea of Bhutto to complete control of
government to system are badly failed moreover its really shacked the confidence of private sector to invest
money in the system. So we can learn from this that the populist politics which may good for achieving the
confidence of common men but bad for economy [16].

➢ Period 4 :- The Revivalists Eighties ,1977 to 1988 [17]

Zia ulHaq who was the army chief of Army took the advantage of political turmoil in the country and overthrow
the Bhutto regime with coup in 1977 which was belong to right Wing military leader and break-off the Bhutto
socialist policies. The political parties are completely banned in his regime and it limited the working of
political parties just to the “local level” only. The small liberty which had not mask the centralization of political
power to just in one men. The Zia ulHaq had greatly used religion as an legitimacy to his power and his power
supplement by US assistance to Pakistan in Afghanistan during USSR invasion, and he affirm that Islam should
be unifying force of all ethnic, linguistic groups in the country. The complete control in the system by Zia ulHaq
were easily to manage and penetrate this paradigm. The right Wing religious party Jamat Islami were promoted
and took important part in Afghan war by using there mujahedeen in Afghanistan against the Soviet Union
invasion. It sew the root of religion fundamentalism which we faced problem today. Zia were enjoy very closed
relationship with United States because of US interest to overthrow the Soviet Invasion in Afghanistan and gave
large Economic and military assistance to Pakistan but if we saw in long term it going to be cyclopean. We saw
in this period an rise of “kalashankof” culture moreover increase in the sectarian goods smuggling of goods and
also spread of Drug’s and also the establishment of jihadist parties at the era of 80s[18].Madrassa became the
training camp for military groups which are going to proliferation in the country. States laws was modified with
Shariat perspective and also introducing the Hadood ordinance. In Economic condition perspective however we
saw an some sort of improvement by GDP growth about 6.6% annually, while we saw the rise of 4% in
Agricultural production and 9% in the manufacturer industry. We saw the fall of investment which up to 13.9
% and foreign saving which took important part to overcome the gap also dried in 1999. We saw the obstinacy of fiscal which was 7 % of GDP and foreign debt which equilateral of c5 percent of GDP throughout The decade. Moreover the external debt which was 20 billions Dollar in 1990 which was rising and came up to 43 billion dollars in 1998, which was 43.6% of total GDP. Export are also weaker and Pakistan also Lost the confidence of International market. The
dismissal of Nawaz Sharif and Banazeer government doesn’t provide an fruitful results on economy because of political instability. Many economists believe that if these government complete there term we would have better economic conditions. There was four reasons of Economic destabilize of Economy, First was about frequently changing of government which cause the reversal of each other Economic decision, the second is misgovernment, the thirdly was lack of Political Will to make effective and difficult Economic decision, and fourthly was that Pakistan Economic sanction by West due to nuclear bomb testing. “The failure to implement successive agreements led to the loss of Pakistan’s credibility among the international financial community. (Ishrat Hussain)” In 90s both PPP and PMLN government promised to Economic reforms such as deregulated Economy, liberalizing the economy and also privatization of Economy but failed to fulfill. In this decade we saw the rise of poverty from 18% to 34% and also the rise of unemployment. The HDI of UN declare Pakistan as lowest in rank for Economic development [20]. We saw the stop and Go cycle faced by Pakistan had bad repercussions on our Economy.

➤ Period 6 :- The Reforming Hundreds, 1999 to 2007[21]

In October 1999, Parvaize Musharraf overthrow the civilian government Nawaz Sharif and became the third General to took power in the through Marshall law. When he took government, Pakistan faced the four prominent challenges, including heavy Foreign and internal debt, and high fiscal deficit and lesser government generate the revenue to fulfill it’s needs which caused high unemployment and poverty, and also the weaker Balance of payment along with dronish export. At that time Pakistan severe problem to having the foreign currency such as Dollar andko also had able to buy just three week’s export and also unable to gave short term loans. As we know that Pakistan Economy are largely depends on remittances it is important source to increase Foreign reserves in a country but at that time it caused to decrease about 55 millions dollars, and also foreign Direct Investment also decrease by 600 million dollars, Pakistan are unable to access to private capital market. Pakistan government are unable to generate revenue from domestic services whereby eighty percent of revenue are going to pay previous loans and also on the defenceexpenditure and government are failed to increase the level of Public investment. We see that new military government had done some Economic reforms in the country which produced fruitful results and also helped to increase in growth from 2002 to 2007 [22]. “During the Reforming Hundreds, lack of attention to economic issues by the incoming government further contributed to an atmosphere of crisis.” (Ishrat Hussain) We see that growth rate increasing up to 7 percent in contrast of 3.1% in 2002. Poverty also reduces by 5 and 10 percentage points and the unemployment rate also decrease from 8.4% to 6.5 % and also give New job’s which about 11.8 millions between the era of 1999 to 2008. Foreign exchange reserves also increased and increase the confidence of foreign investor’s, the fiscal deficit also remained from 4% of GDP. WE see the foreign direct investment also increased in the country which is about 23% of GDP of country moreover we 14 billion dollars foreign Private capital added in the economy. The biggest think which I want to mention that the American attacked on Afghanistan against the Al-Qaida, Pakistan are the front line Allie’s of America in this war, America gives million dollars to Pakistan in order to improve there military and Economic betterment of Pakistan, which we missed in 90s by civilian government. Pakistan government also enjoyed very cordial relationship with American and help full support of western world. It is inevitable for both i.e western world and Pakistan in the war on terror. But due to this cooperation, Pakistan going to highly depending on western investment and not put any efforts on wealth generations projects,
afterwards when United States and Pakistan relations not on the same page, we saw another political crisis in the
count.

5: Resurgence of Democracy

In 2008, after long 10 year’s of Marshall law by President Parvaize Musharraf, the restoration of Democracy are
took place and Pakistan People party are able to took in power after the murdered of its leader Benazir Bhutto
late in Rawalpindi. Though people party are unable to take 2-3 third majority but able to form coalition
government. Now I am going to discuss the Economic performance of each government i.e PPP, PMLN and
PTI.

➢ PPP

PPP has the worst Economic performance in the history of Pakistan, and in whole the government there
government just the 2.9 percent compared to other regional countries GDP including 7.8% India, 6.8%
Bangladesh and 6.1 percent of Sri Lanka and Pakistan is just progress of 2.9 percent. Many economists believe
that if Pakistan are not going to progress up to 6% they are unable to overcome all these economic problems
Moreover unable to fight against poverty and unemployment. Inflation rate in PPP government are almost in
double digit to entire government which was worst since the 1947. When PPP government came the tax to GDP
is about the 10 percent, which planned to increase one percent each fiscal year but down to worst in number. If
we saw the investment to GDP, in 2008 its about the 23 percent which decreased the and stuck to 12.5 which
was worst in the last 30 year’s. A reduction of 19% clearly meant that lost of 20 billions Dollar. Public debt also
going to double in last 4 year’s. Ever institution such as PIA, RAILWAY, and Steel Mills also in huge crisis
which almost in debt of 400 billion dollars. The 18 amendment in the constitution also dis functionalthe federal
to take effective decision on the economy.

➢ PMLN

when PMLN government came into power in 2013 the economy of our country faced serious challenge, the
GDP is lesser then the 3%, but in 2018 it going to rise up to 5.8 percent in 2018. When PPP government Left if
we compare fiscal deficit , energy shortage, tax collections worse in 2013 compared to 2018. Nawaz Sharif
government also took the CEPEC project in the Pakistan which going to game changer for our Economy
moreover strengthen Pakistan position in international arena, and it also helpful for increase the FDI in the
country. “CEPEC is game changer for Pakistan” (Nawaz Sharif). Before 2013 Pakistan faced the severe load
shading crisis and other energy problem, but PMLN government established many power plants which are
helpful to overcome this energy crisis’s. As we know that Karachi is the economic hub for Pakistan, and it gives
almost 70% tax to the country faced savere terrorism in the country before 2013, but PMLN government enforce
Karachi operation and successful eradicate the terrorism in the Karachi.

➢ PTI

When PTI government came into power they are not doing the homework to manage the Economies crises, and
the poster boy of PTI Asad Umer are failed to overcome these Economic problem. Initially they are in confused to either going to IMF for Economic assistance or not, so at that prime minister Imran Khan visited all there friendly country for taking help in the form Economic assistance and over come Economic crisis. PTI government also depreciate in Large number to rupee’s which cause increase of increase of Inflation. At last PTI government going to IMF for Economic assistance about 6 billion dollars with severe condition. PTI government also changes almost 4 finance minister fail to handle the Economy. At last with some sort of economic reforms for the country now its gives some fruit full results by now GDP going to increase the 4% this year. primer, along with seven interims government and also face thirty three years of Marshall law rule by four different military general. Before the people party government in 2008 we saw that the civil government life span is average about the less then two year’s , if the tenure of Bhutto excluded from it , then the Life span about the 1.6 years. But after 2008 we saw the continuation of Democratic government, the PPP and PMLN complete their tenure, though in both government they introducing two premier and the PTI government also going to complete it’s tenure. We saw that the Economic Policy regime are just change two times in the history of Pakistan. We saw that during COVID-19 period we should appreciate the Khan government Economic policies because to manage the economy from crises in order if we saw in India, though Initially it going to be negative GDP but now it going to progress up to 4% moreover gave revolution “Ahsas” program which are helpful for the poor community in the country.

Political Instability and Economic Growth

Pakistan saw an 26 government along with Marshal law under four different leaders [23], in last 73 year’s including 19 elected riveted Economic growth model was introduce in 50s , which was greatly supplement by the Ayub Khan government which was altered by the Bhutto by introducing the socialist Islamic Economic model in 1977 , which was rejected later on we saw that the Economic of Pakistan are not settled. We saw that there were economic policy regimes changed twice in history i.e Liberal economic policy and Bhutto socialist policies [24]. There is an consensus among the political parties to establish common Economic policies which would strengthen the Economic development. There should be an central planning and also reduces the fault line in bureaucracy in order to allocation of the resources. The government should established the effective government policies to eradicate the corruption and inefficiency in the Economic system and made effort the favorable condition for the foreign Direct Investment. The government should empowered the price controls and eradicate corruption from it in order to fight against inflation and also with Carter. The government should takes measures in banking sector to gives the cheap loan to the business men so the its accelerated the Economic activity in the country. As we know that we are agricultural country, so the government should gives subsidies to seed, fertilizer, water and also construction the road and give good price of crop to the farmer moreover closely scrutinize that elite class never exploited the farmers. The government should encourage the foreign Direct Investment and also other multinational cooperation and also putt efforts for the transfer of technology and also worked for organization innovation. The government should made effort to private the Economy and lesser in the intervention in market working, import and exports are should be Private management and government should made arrangements for the control of defense and public utilities. As we know that goods and services production and traded which is owned 90% of private public and only 10% to the government owned so government should enforce the liberal Policy and should strengthen the private sector. In Pakistan we
saw that Political Instability are the major cause for lesser Economic development, when government are unable to fully implement it’s Economic policies, and new government reversed the decision of previous government and lack of continuation of Economy Policy. Moreover government should increase there investment on education and health sectors in order to improve basic life facilities of common men. As we know that unemployment is the major problem and the cream of intellectual are visited foreign countries because they saw there Bright future there, so intelligence deficit in the country, the government should provide an environment in order to better opportunity for job to the youth.

➢ **CEPEC a game Changer**

If we see the Pak – China economic corridor, it is one of the important projects for Beijing for its “One belt and one road” initiative. This project was announced in 2015, when Chinese president Chee Jee Ping Islamabad and met with Pakistan premier Nawaz Sharif and announced this landmark project which will be the “Game Changer” for the Pakistan economy. The most important thing is that as we know that China is the only strategic partner of Pakistan and it was only country to invest in Pakistan in the hour of need. At that Pakistan was severely suffered from terrorism and which had badly effect to our country economy and due to this the FDA (Foreign Direct Investment) almost zero in our country, no country want to take risk in Pakistan and that China give life doze to Pakistan by providing this great project which provides the stability in our economy. If we saw historically, we came to know that the ties economic relationship of Pakistan and China even established before its existence though silk route, and this project will be more strengthening the economic relationship of both countries. This project will be the politically, economically, strategically helpful for both Pakistan and China. For China perspective this project will be very helpful in which Pakistan provides the gateway to China toward the Central Asia and Gulf States, and it also give dominance in Asian market also. It expected that China will be invest about 40 billion dollar in Pakistan through CEPEC project. Not only CEPEC provides Pakistan for domestic development but it also helpful the Pakistan to reshape its image from Fragile economy towards the emerging economy in the world. As we know that for any state to achieve national interest always be the focal points in foreign policy, through this project it will be the bright that Pakistan can achieve its strategic goal and also establish good relationships with those which we had vague relationships in past. Domestically it helpful Pakistan for bolstering the private sector moreover to eradicate the poverty in the country. CEPEC is also an important chance for interconnected and interdependence in the region especially we see China investing huge amounts of money in Iran and also Afghanistan and Saudi Arabia show a sheer interest in investing in the CEPEC, moreover Turkey and Russia also want to enjoy the success of this project and these interests of other will increase the credibility to the world. Pakistan is goings to establish its special economic zones which are greatly improved our electricity problems. Basically by using the CEPEC China will going to transport it’s Good to Africa and also the and also the West Asia. As we know that the China is faces the problem in sea route especially about it’s blockade in Malacca Strait which we all commonly known about the “Malacca Dilemma”, so China severely needs Pakistan to reached the richer resources Central Asians States. China want to give established it’s deep Economic relationship with Pakistan because as we know that Pakistan is not in Good Economic condition and Pakistan is desperate need of Foreign Direct Investment so Chinese ambition in order to invest in Pakistan especially in the infrastructure and resources sector which China gives boost to Pakistan Economy. The CEPEC project is going to an great opportunity to China in order to goings Trade it’s
and reach the Central Asians States through the Gwadar port which are location on the Straits of Hormuz at the mouth of Persian Gulf. China also wanted that use Pakistan as an pipeline corridor in order to gain oil and Gas from Iran. We see that due to it’s geographic importance in the CEPEC China also help out Pakistan diplomatic in the International World that we see Pakistan became the full member of SCO moreover its also help Pakistan in United Nations about Kashmir and also in the FATAF. We saw the recent government has some reservation on the agreement of CEPEC and it investment minister Abul Razaq Dawood gives the interview in the Guardian that we want negotiate the project, which show dislike the Chinese government. We saw initially the progress in the CEPEC slower down but after that Pakistan government establish the CEPEC authority that effectively work for the completion of this project. We saw the International pressure also came to Pakistan, America not wanted to completion of this project so they enforce pressure on Pakistan through IMF and FATF. The country Head of IMF in Pakistan also disclose that Pakistan shared the detail of debt to IMF, which was not openly denounce by government. India also not want to complete this project and, India using the rebels in Baluchistan like BLA and terrorist attacked on the project, like we see last year attacked on Chinese consulate in Karachi.

**Authoritarian Vs Democratic Regimes**

There are debate in Pakistan that which type of government i.e Democratic or Authoritarian work for the battement of Economy and also reforms in Economy to produce the better results since the General Ayub Khan took power in 1958. We saw the eras of 60s, 70s, and 2000s in which military dictator put better results for Economic development rather then The Democratic Regimes. Dictator of the Authoritarian government are skillful to accelerated the Economic development that we saw in AYUB, ZIA and MUSHARRAF regime. The reason is that they have legitimacy and power to take economic policy for a long period and not having any hard type of opposition. The United States always having favorable conditions of the relationship with dictator’s it was considered that they are more subservient to the American policies and interests. The assistance from the West is a major reason for the acceleration in Economic progress in the country moreover long-standing Economic policies and skillfully utilization of resources. The basic reason that the AYUB Khan enjoying relationship with West because Pakistan is the Allie’s of USA in Cold war against the Soviet Union, General Zia also having cordial relationship with America because both are partner to fight against the USSR in Afghanistan and also received 5 billion dollar from America for this war, moreover MUSHARRAF made decision to support of United States attached on Afghanistan and also take Economic assistance from the West which is almost the 10 billion dollars. The other reason for the success is the detrimental Economic policies which would helpful for some people ignoring the other. AYUB Khan Economic policies area increase the Economic development in West Pakistan and ignoring the East Pakistan, same Zia adopted policy which helpful for short term benefit but having devastating effects in future moreover the they not improve the structural weakness that are caused by nationalization Policy. MUSHARRAF only give benefit to the consumer good crest induced and neglecting the agricultural and manufacture sector. The civilians leader are fail for Economic progress because of poor Economic policies moreover the political instability in the country. Pakistan had greatly progress in Ayub Era with GDP of 7% , but Bhutto Nationalistic policies produce an devastating impact on the Economy. It caused serious type of structural loop holes in the system. Moreover the corruption also increased in the civilian government rather then the military government. The civilian government also having the short Term in power
that they are unable to completely imply its policies and new government reversed the decision of previous government. The relationship with West also not good with civilian government that we see that In Bhutto government established relationship with Soviet States by recognize the Vietnam and also to Korea and withdrawal from Ceato through which relationship are in lowest level, in 90s we saw cold relationship with America and enforce numerous sanction on Pakistan through Pressler amendment and also after the nuclear testing, so they are unable to get Economic assistance from the West. After 2008 we saw the continuation of Democracy but relationship with West not improve , In 2015 Donald Trump alleged Pakistan that they are betrayed us in the war. Though some sort of economic development we saw in Nawaz Sharif regime and also in PTI but more have to done by democratic government.

4. External Influence

As we know Pakistan located in very important geographical position , Every world power want to subservient to it’s policies in order to achieve it’s interest. The structural problems in the creation of Pakistan, the most important is that it’s hostile relationship with India and also the ethnic divided in the country established the weak Economic base in the country. The United States has diverse interest in the region since cold war When they saw Pakistan strategic location important for achieve it’s interest in order to contain Soviet Union v, China and also the Eastern Europe. Pakistan added in to the pact of SEATO and CENTO in which United States would help Pakistan territorial integrity and sovereignty from Indian threat, from the independent Foreign Policy became the independent to West for it protection. During Cold War the Pakistan are aligned itself with United States while the India Aligned itself with Soviet Union and United States always cordial relationship with military establishment in order to achieve it’s interest in the region, because there is an debate democratic government would not allowed US to access the Air Base flew spy to the Soviet Union’s. There is an other things that Democratic government never allowed to took openly fight in Afghanistan and Madrasa became the training center for terrorist on just behalf of American interest. And the Democratic government never want to take part in the American war in Afghanistan after 9-11. The United States also give military development assistance and food assistance to Pakistan Just because of it interest. Pakistan also going to IMF on regular basis to gain Economic assistance because of fragile Economic structure. IMF maneuvering the Economy on it’s own condition which caused increase in inflation and lower the standard of living of common men. Moreover recently there is an debate the loans which we took from China are not the free lunch for us we will pay more then we borrow from them, some make the China expansion equalize with East India company. Moreover we are also subservient with Saudis and other Arab countries for Oil and we are not freely made decision on foreign policy, that we saw in 2019 the Imran Khan withdrawal to visit Kuala Lumpur summit just because of Saudis pressure. If we want to effective Economic development we must focuses on our own potential capability and also on Economic reforms for battement , because when you are subservient on other there is free choice of your but you always follow the Policy of your master.

5. Conclusion

“*It is economic power that determines the political power, and government became the political functionaries of economic power*”(Jose Saramago) The history witness that ruler’s of Pakistan have not approaching the
consistent economic policy, every leaders only adopted policies which is just short term, but the curse is that these Short term’s policies also not executed. Only one leader who period consider that “Golden Era of Pakistan” was Ayub Khan, but his Policies only for betterment of West Pakistan, Exploit the resources from East and disburse on West. The stability in the system requirements for economic growth that is important formula of political economy, but political structure of Pakistan faced lack of stability, frequently changes of government and long term dictatorship caused economic downfall. But if we saw the contemporary geo political situation in the world, Pakistan can utilize the situation, China want to invest in world through BRI project, and they invest money in Pakistan through CPEC project, Pakistan should give favorable condition to Chinese investment so it will revive the economy of Pakistan. Current Prime Minister Imran Khan also praised the Ayub economic policies in their political rallies, and want to economic Reforms in the country, though this not an easy steps, and we see that his government faces different restrictions or hurdles but once he implement the policies it will be shining future for Pakistan. Like early Jose Saramago statement that economic power determine the political power, so if Pakistan have better economic conditions, they will utilize this in order to penetrate there influence in International System, and having favorable in bargaining position.

Reference’s


[2]. Qadiani is a religious minority sect that is not accepted as truly Islamic by orthodox Islamic group.


For an authoritative account see Hasan Zaheer, The Separation of East Pakistan (Karachi: Oxford University Press, 1994). [source]


The widespread perception that income inequalities rose during the high-growth period of Ayub Khan and declined during the socialist period of Z.A. Bhutto is belied by the following data: the Gini coefficient in 1963/64: 0.355; in 1968/69: 0.328; in 1979: 0.375. Presented by researchers A.R. Kemal and Moazzam Mahmood, “Poverty and Policy in Pakistan” in Tariq Banuri, Shahrukh Rafi Khan and Moazzam Mahmood, eds., Just Development: Beyond Adjustment with a Human Face (New York: Oxford University Press, 1997). [source]

For a more sympathetic view see HarisGazdar, “Poverty in Pakistan: A Review,” in Shahrukh Rafi Khan, ed., Fifty Years of Pakistan’s Ec [source]

[16]. Hassan Abbas, Pakistan’s Drift into Extremism (London: M.E. Sharpe, 2005).


