



RESEARCH PAPER

Understanding the Nature of Political Economy in Developing States: A Study of the Structural Issues in the Political Economy of Pakistan

Dr. Sharaf Ali

Associate Lecturer in the Department of Political Science & I.R., University of Gujrat, Punjab, Pakistan

*Corresponding Author: shaarif.ali@uog.edu.pk

ABSTRACT

This Study mainly aimed to explore the structural bases of the political economy of Pakistan for finding out the key structural issues which are constantly resulting to impede the economic progress of Pakistan. This research has followed the case study research methods, and for the purpose of achieving the main objectives of this study, the Campbell's (1998) Institutional Analysis Model and the Setterfield (2003) Analytical Political Economy approach was used. The results of the study indicated that the political economy of Pakistan is essentially characterized with: a society which is unwilling to accept necessary change in its traditional values which is causing to create an all-round culture of nepotism and favoritism; a political system which is pre-occupied by the political leadership which is financially very strong but morally very weak; and, a governance structure which lack both the resources and general capacity to effectively implement the policies of the government. The study recommended that for overcoming the aforesaid persistent structural issues in the political economy of Pakistan, the national political leadership shall have to change their own mindset first, and later, they have to devise a serious plan/strategy to bring the pre-requisite changes in the perception of general public i.e. for infusing a sense of acceptability regarding the need for some genuine socio-economic reforms in the country.

KEYWORDS Analytical Political Economy, Economic Reforms, Institutional Analysis Model, Pakistan's Economy, Political Economy, Structural Issues

Introduction

Up till the end of 1960s, the economy of Pakistan was making a positive progress and it was counted as one of the model developing economies and its net export was higher than that of Thailand, Malaysia, Korea and Indonesia as the average GDP growth rate of Pakistan was more than six percent. But later after the golden 1960s, Pakistan has been plunged into a constant economic crisis and the economies which were much behind Pakistan have moved way ahead of Pakistan (Faridi et al., 2021). Consider, the Example of Bangladesh which took independence from Pakistan itself had started from scratch in the 1970s and today the economy is way ahead of Pakistan. Take another example of Vietnam, whose economy was totally devastated as a result of a decade long war which ended in the 1970s, has not only recovered its war torn economy but its economy has surpassed Pakistan. The million-dollar question in the aforesaid context would be why Pakistan has lost the momentum of its economic progress i.e. which it had successfully achieved during the 1960s, and later, even after passing more than half a century, why Pakistan is constantly failing to restore the sustainable economic growth pattern? (Hussain, 2012).

Since the last half century, the traditional answers to the aforesaid question is being projected through spreading the conspiracy theories which claim that our traditional enemy India has ganged up with the global powers e.g. USA, UK, and the all of the aforesaid states have trapped Pakistan under the chains of IMF which have now captured the sovereignty of Pakistan (Iqtidar, 2016; Hussain, 2012). According to the aforesaid conspiracy theories, the economy of Pakistan is being constantly degraded through the mutual coordination of the aforesaid international powers (Akhtar & Ahmad, 2015). But the main arguments of the aforesaid conspiracy theories are so naïve and fragile, further, they fail to provide any

scientific evidence i.e. so as to support the main tenets of the aforesaid conspiracy theories. To overturn the aforesaid effects of the aforementioned useless conspiracy theories, one has to change his mindset i.e. for understanding the true nature of the problem with the economy of Pakistan. One of the possible alternate approaches for exploring the nature of the problems with the economy of a state is offered by the “international political economy”, which is one of the most significant subfields of Political Science.

The Basic aim in the field of political economy is to understand and explain the important policy oriented issues i.e. which are supposed to be affecting the general structures of the economy in a particular state (Goodhart & Bhansali, 1970; Setterfield, 2003). The scholarship for studying the comparative political economy by focusing the cross-country perspectives through the use of interdisciplinary approaches have become a common practice in the social sciences in general, and in the international political economy in particular (Keynes, 2017). For understanding the nature of issues being faced in the economy of a particular, the researchers in the field of international political economy may also opt to adopt the case study approach i.e. through using the same interdisciplinary approach. Such case studies aiming to explore the structural bases of the political economy of a particular state may help to provide useful insights i.e. about the structural issues being faced by the political economy of that particular state (Odell, 2001).

Literature Review

Skott (2004) has discussed the ‘Analytical Political Economy’ approach of the modern political economy. According to him, the analytical economy approach projects an organic view of the state and society in which the values, goals, and preferences of an individual or an organization are shaped by the socio-political context i.e. in which they interact with each other.

Hall and Elliot (1999), and Fleetwood, (2001) have deliberated upon the nature and scope of the analytical economy approach includes and acknowledges the essential linkage among the cultural features of the society, politics and economy i.e. as the mutually contributing factors for creating an operational structures of the political economy in a particular state.

Campbell's (1998) discussed an Institutional Analysis Model for analyzing the political economy of a particular state. He claimed that the happening of events, reflecting the history, structures, and the institutional cultures within the structures of the government and society e.g. of the state which is being modeled for the purpose of analysis.

Setterfield (2003) maintained that the analytical political economy approach propose analytical frameworks i.e. for analyzing the political economy of a particular state which are contingent to the place and time of the happening of events, reflecting the history, structures, and institutions of an economy e.g. of the state which is being modeled for the purpose of analysis.

Hussain (2012) provides an overview of the history of the economic reforms which the different governments tried to implement i.e. from time to time. He also elaborated the major causes which resulted in failure of the aforesaid economic reforms i.e. in the political economy of Pakistan. He provided that both the government and the overall economy of Pakistan has been constantly suffering due to many factors e.g. non-professional behavior/approach of the ruling party’s leadership i.e. for dealing with the very sensitive and important affairs of economy and state in general. His research further provided that there existed some cultural values in the socio-political culture of Pakistan which are not compatible with the norms of the modern day economic governance system i.e. such values are resulting in some detrimental effects for the economic reforms in Pakistan.

Taha (2012) maintained that it is true that the main responsibility of initiating and implementation of some genuine economic reforms lies with the political leadership which steers the main- policy making and implementation -institutions of the state i.e. the legislature, executive and judiciary, but this fact is equally true that the public perception and nature of public support is also a significant factor i.e. for making such reforms sustainable/successful.

Material and Methods

This study mainly aimed to explore the structural issues in the political economy of Pakistan. Keeping view of the nature and objectives of the study, this study has employed case study research methods. For achieving the purpose of this research the researcher has primarily used the secondary data sources, and accordingly, the researchers have conducted a systematic literature review of the relevant published material i.e. Books, published reports of the various think tanks, periodicals, research journals, news reports etc. Further for analyzing the structural issues of the political economy of Pakistan, this research has used a theoretical framework which was mainly based on: The Campbell's (1998) Institutional Analysis Model, and the Setterfield (2003) Analytical Political Economy approach. After developing a theoretical framework, the researcher collected the relevant data through conducting an extensive and systematic literature review. In the end, the researchers have presented the relevant facts/data in the form of results/discussion and conclusion i.e. by adjusting those facts/data according to the scope of this research.

Results and Discussion

In light of the aforesaid approaches propounded by the analytical political economy and institutional/structuralist approach, the following discussion aims to highlight the key structural issues being faced by the political economy of Pakistan.

The Persistent Politico-Economic Instability

In addition to the absence of ownership to bring any genuine institutional reforms, the political leadership of Pakistan has also failed to create a stable political environment which is an essential precondition for the positive and sustainable growth of the economy. Over the course of its history, Pakistan has experienced every type of regime i.e. military dictatorship, democratic, quasi-democratic, single party, multi-party etc. But irrespective of the type of the regime their constant policy has been to deliberately plunder with the policies of the previous government. Every time the new government takes charge in Pakistan it tries to overturn the policies of the previous government by some cosmetic efforts to bring some tailor made reforms i.e. suitable to the interests of the ruling regime (Khan, 1999). Normally, the time period for reaping the benefits of some genuine reforms go beyond the constitutionally mandated period of five years i.e. for any democratically elected government. It is quite possible that the political party which initiated some economic reforms may not come back to power after the next election. Just consider the scenario that the next elected government i.e. the changed political leadership decides to reverse the policies of the previous government, what would be the impact of such a decision of the government upon the key stakeholders of the economy e.g. the investors, producers, traders, consumers etc.? The answer to this question is quite simple: if the aforesaid "policy reversal tendency" of the changing regimes continued the major stakeholders of the economy would lose their trust on both the policy makers and on the economic environment itself (Hussain, 2004; Hussain, 2012).

For the sake of understanding the nature of this issue one may consider the examples of the military governments of General Ayub Khan and General Pervaiz Musharraf, as both of the governments made serious efforts to implement some serious economic and institutional reforms. Although the reforms were aimed to genuinely serve the economic

interests of both the public and state in general, but it was quite unfortunate the reforms brought by the aforesaid government were simply dismissed by the leadership which took charge after their governments i.e. just because of their indigenous political interests. In case the practically genuine reforms of the aforesaid governments would have been allowed to be sustained by the subsequent regimes, Pakistan would have been reaping the benefits of those reforms in the long run i.e. up till today and even beyond today. The only way to overcome the persistent economic degradation is to ensure stability in the economic policies and it is quite impossible to bring stability in the economic policies of the government without the basic will of the political leadership i.e. through establishing the minimum political consensus aiming to ensure the politico-economic stability in Pakistan (Hussain, 2009).

The Stagnant Socio-Political Culture

Probably, the most important reason behind both the politico-economic instability and the failure to undertake genuine much needed economic reforms lies in understanding the nature of the stagnant socio-political culture of Pakistan. The stagnant socio-political culture of Pakistan has two very important, hitherto dangerous, features. The first essential feature of the stagnant socio-political feature deals with the nature of the basic political institutions i.e. political parties, In Pakistan, almost all of the political parties can be rated as some loosely connected personality cults; which willfully prefer to follow the authoritarian type of the political leadership; which does not tolerate the political dissent from its followers; having overly centralized and closed system of decision making (Hussain, 1999; 2012). Further, almost all of the parties have no system of internal elections, rather, the conventional party leadership nominates its personally loyal cronies to take charge of the various so called "party positions". Once some political party comes into power, the party leadership repeats the same system of nomination on the basis of the same criteria i.e. the candidate's personal loyalty with the political leadership for choosing the cabinet members e.g. definitely including the very technical portfolios of the finance ministry. Since the minister of finance happens to be a very close confidante of the ruling party's main leader, he would always fear upsetting the party's main leader by vigorously pursuing some tough but very much needed genuine economic reforms (Hussain, 2012). The result would be quite obvious that both the government and the overall economy are going to suffer due to such a non-professional behavior/approach of the ruling party's leadership i.e. for dealing with the very sensitive and important affairs of economy and state in general.

The second essential feature of the stagnant socio-political feature deals with the nature of the socio-cultural values which are not compatible with the norms of the modern day economic governance system i.e. being followed in the economically developed world. The Pakistani society promotes and protects the family bonds, biradri, social class structures, friendship and such kind of other bonds. Pakistani society operational follows the "lehaz, sharam, or murrawat" as their 'grund-norm'. These alternate Urdu terms are used to traditionally indicate the general social expectation for getting/extending some kind of especial courtesy/regard/privileged treatment from/to every person who is identified in some kind of social relations i.e. in all kind of social settings/interactions/communication, especially, in the business or official setting (Hussain, 2012). The Pakistani society gets the aforesaid core cultural value ingrained into the mind of its every member i.e. from all ranks of the society habitually, as a result everyone likes to observe the aforesaid cultural value, whereas, the formal/modern economic organization cannot afford to violate its core values of the professionalism, objectivity, and essential observance of its standard operating procedures (SOPs).

Logically speaking, one can clearly understand that there existed a gross incompatibility between the socially desirable behavior of a person and the aforesaid values of professionalism and essential observance of SOPs which are considered as quite compulsory for the same individual i.e. being an employer/employee of a modern

progressive economic organization. So what are the expected consequences if the members of some society deliberately prefer to follow their personal/social values at every cost and even in violation to their respective professional standards/SOPs (as is the case of Pakistani society)? The definite logical consequences of the aforesaid scenario would be found in the shape of nepotism and favoritism, and that would become the alternately practiced stringent “professional” norms i.e. in every part of the social structure e.g. politics, administration, business etc.

In Pakistan’s case, the political coalitions and the politics of constituency traditionally leads to reinforce the above said stagnant social norms i.e. nepotism and favoritism by justifying these socio-political evils in the name of high handed social values of “sharam, lehar and murrawwat (Hussain, 1999; 2012). Bringing the real time change, in the aforesaid socio-cultural values i.e. which have become the root cause of the all-around favoritism and nepotism in every walk of society, have become, probably, the biggest challenge for both the state and society of Pakistan. Up till the state and society of Pakistan take some serious steps for bringing change in the aforesaid stagnant socio-political culture of the society, the agenda of implementing the meaningful economic/institutional reforms would hardly bring any tangible results.

The Vicious-Circle of the Negative Public/Political Support System

Pakistan has constantly failed to effectively implement some progressive and genuine economic reforms i.e. for solving the very basic issues being constantly faced by the economy of Pakistan (Sherani, 2019). Further, it is true that the main responsibility of initiating and implementation of some genuine economic reforms lies with the political leadership which steers the main- policy making and implementation -institutions of the state i.e. the legislature, executive and judiciary, but this fact is equally true that the public perception and nature of public support is also a significant factor i.e. for making such reforms sustainable/successful (Taha, 2012).

It is an open secret that every set of genuine policy reforms for improving the economy of state would affect both the general public opinion and interests of the various stakeholders in any economy i.e. in both the negative and positive way. In this context, one of the most important- hitherto constant -reason behind Pakistan’s failure in introducing and implementation of some genuine economic reforms have been that whenever some government tried to initiate/implement some genuine economic reforms in country there started a hue and cry among the members of the relevant interest group(s). Further, the de facto leadership of their respective stakeholders/interest groups (whose interest is supposed to be affected in a negative way) would not only approach the political opposition of the government, but they would start public agitation and launch a vigorous defaming propaganda against the government officials/institutions as well. The main purpose of the aforesaid set of activities/black mailing political tactics is to pressurize the government so as the government may be ‘forced’ to take back the decision which is ought to negatively impact a vital interest group of their respective interest group/stakeholders. Whereas, the majority of the population which is the real-time beneficiary of such genuine economic reforms prefer to stand aside and do nothing for showing their moral/political support i.e. for the initiators of the genuine economic reforms/the ruling political regime (Hussain, 2004; 2012).

The normal result of this whole scenario would be the respective interest groups would keep on mounting the pressure i.e. through liaising with opposition parties, renting out the private media, disturbing the general public order via agitation in the public places. The least logical consequence of the aforesaid actions would be that the overall implementation of such reforms would slow down. The other possible consequence that may ensue is that the ruling political party may lose power in next elections i.e. due to the aforesaid negative propaganda and political agitation against her policies. In case the

respective interest groups become successful in overthrowing the “faulty government” i.e. through the election or otherwise, it is very likely that the new/changed governments rolls back the previous reforms by launching some new set of reforms, and the aforesaid cycle of the negative public response oriented – political instability would start afresh.

Historically speaking, Pakistan has been trapped in the above said vicious cycle of the negative public response and support system, and over the course of its history every government has virtually failed to overcome this problem. For the sake of understanding the true nature of this type of structural issue in the political economy of Pakistan, one may need to consider the example of two very basic economic reforms agenda i.e. which every new government wished to implement for achieving the bare minimum fiscal discipline, but all the governments have constantly failed. The first common constant agenda of every government had been to implement the ‘tax reforms’. Every time the governments try to seriously implement some genuine tax reforms i.e. for expanding its tax basic base, the above said vicious cycle of the negative public support system starts functioning and the tax reforms agenda of the respective governments got suspended/obsolete (Mehmood, 2007; Hassan et al., 2024). The second most commonly and constantly failed agenda of the every governments has been ‘privatization’ of the state enterprise i.e. for overcoming the fiscal deficit which normally occurs due to a huge difference between the income and expenditure of the various high cost/big state enterprises i.e. PIA, Pakistan Steels, and Railway etc. Every time some government tries to initiate the agenda of privatization i.e. to get rid of the unnecessary huge burden on the state’s budget, the employees of the respective enterprise starts a public hue and cry by joining hands with the political opposition and their media partners, and the above said vicious cycle of the negative public supports gets triggered and consequently the respective government feels compelled to roll back/suspend its privatization oriented reforms agenda.

Now, the only way to break the above said vicious cycle of the aforesaid negative public support system is to develop a national level consensus among all major political groups that they would help to educate the general public about the potential long term benefits of the minimally required basic reforms and the all major political stakeholders (including the mass media enterprises) should jointly pledge that they would join hand to discourage any attempt to dislodge the seriously adopted agenda of the genuine economic reforms, hitherto, by pledging to mobilize their respective popular support for defending the aforesaid agenda of genuine economic reforms. Further, the mass media enterprises being operated in Pakistan has to play a positive role in correcting the traditionally misdirected public perception about the time bound negative effects of some genuine economic reforms i.e. by educating them that these effects are quite normal and are not long lasting. Additionally, the mass media enterprises have to spread a hope that if the economic reforms have got implanted successfully it would definitely help to uplift the general living conditions of the public at large.

Lack of Capacity to Implement Some Genuine Institutional Reforms

Pakistan is constantly facing serious challenges in the introduction and implementation of the institutional reforms, whereas, conceptually there existed no confusion about the nature and scope of the very much needed institutional reforms (Hussain, 2004; 2012). The minimum required institutional reforms can be placed in two basic categories. The first category of the much needed reforms is short-term economic stability oriented reforms which may include controlling the fiscal deficit through expanding the tax base; reorganization of the state resources; sizing down the state enterprises; filtering the development expenditure; managing supply side issues i.e. of the energy, liquidity, and infrastructure; ensuring stability of the exchange rate; and managing inflation oriented issues of economy. The second category of the much needed reforms would essentially include: (a) the long term structural reforms in the basic principles of policy for the main state institutions; (b) some fundamental reforms in the governance

structure at all levels of the government i.e. federal, provincial, local; reforms in the basic taxation and terrify regimes; (c) Deregulation of the state enterprise; (d) creation and empowerment of the institutions which shall foster and promote market competition; (f) introduce policies for discouraging institutional favoritism; (g) establish and nurture the institutions which would produce skilled human capital, especially, in the field of science and technology (Haq, 2015; Hussain, 1999).

Pakistan has been unable to implement most of the above said –ever needed– reforms because during the whole course of her history, the leadership of the country failed to take real time ownership of the state’s economy. The aforesaid crises of the ownership were indicated in the whole course of Pakistan’s political history, the whole political history (with a very few exceptions) is characterized with the fact(s) that the political leadership of the country not only failed to design any serious economic reforms plan but they also willfully failed to develop a broad based consensus for creating a viable economic road map for strengthening the state’s economy i.e. which should have been acceptable to all of the major stakeholders in the economy of Pakistan (Safdar, 2007).

Most of the times the institutional reforms were introduced on the demand of the international funding institutions (IFIs) i.e. the World Bank, IMF etc. still that lacked the will and support of the political leadership, because the main motive of the political leadership used to engage with the aforesaid IFIs i.e. to secure dollar liquidity for overcoming/averting the balance of payment issues. Due to the failure of bringing the much needed structural reforms, even on the pushing demands of the IFIs, Pakistan has got addicted to the resources of the IFIs i.e. foreign debts. Most of the governments have regularly avoided implementing the strict policy measures suggested by the IFIs, especially by the IMF, due to the fear of becoming unpopular among the general public (Hussain, 2004). Rather, due to the fear of political resistance from the general public and the political opposition, the political leadership keeps blaming the IMF and the IFIs to avert the ownership of the very much needed institutional reforms. Further, the political leadership have deliberately created a false perception in the minds of the general public that the IFIs wants to unduly impose such difficult conditions, whereas, the actual fact is that for setting the economy on the right track, it was the basic responsibility of the policy makers in Pakistan that such reforms should have been done by their own selves i.e. to serve the best interests of the state. Such a deliberate absence of ownership i.e. by the policy makers definitely gets translated into an inherently faulty/irresponsible sort of reforms implementation mechanisms (Hussain, 2012). The aforesaid pitiful scenario indicates the leadership of Pakistan never had a genuine and persistent desire/will to achieve the long term sustainable growth of the economy in Pakistan.

Outdated System of Public Administration and Poor Governance Structure

A strong system of the administration lays down the foundations of an effective governance system, and it guarantees to foster the secured environment for the general business activity in a modern state structure. In simple words, the civil service structure works as the backbone for any state and its economy because its main function is to efficiently implement the policies of the government (Shah, 2002). The civil service structure of Pakistan was inherited from the British government, and it performed quite well during the first couple of decades i.e. after the independence of Pakistan. The civil servants were not only competent but they were motivated and honest also. It was the civil servants who managed to settle millions of refugees; successfully regulated the trade and industries sector which faced crisis of ownership as their Hindu owners migrated to India; restored the law and order in the whole country; and established the basic governance structure for supporting the basic institutions of economic development (Ahmad, 2017). But after the fall of Dhaka i.e. in the 1970s, the civil services had deteriorated because of the undue political interference in the affairs of bureaucracy and over burdening the civil service with such responsibilities for which they had little experience. The civil services

quality degraded, civil servants developed a culture of compatibility with the main political leadership and party politics i.e. for securing their personal interests/official privileges. Since then the civil-service structure of Pakistan is plagued with inefficiency, lack of competence and rampant bureaucratic malpractices i.e. corruption, nepotism, red tapism, and all these negative features have badly affected the general system of public administration and the foundations of the overall economy of Pakistan (Safdar, 2021).

The above said scenario of the overall degraded conditions of the civil services and the system of governance in Pakistan has resulted to create a bureaucratic leadership which simply lacks the capacity of formulating and implementation of some genuine public policies. Even if there becomes a sincere political regime in power i.e. having a strong will to implement genuine economic reforms in Pakistan, the chances of the effective implementations are seriously low because of the capacity oriented constraints in the administrative/governance system of the state i.e. Bureaucracy (Safdar, 2021). The chances of improving the current situation, about the aforesaid nexus between the failure to achieve the high ended policy objective of the economic restructuring and the respective capacity oriented issues of the civil servants/bureaucracy in Pakistan i.e. regarding the implantation of the reforms agenda, would keep on worsening up till the political leadership of country develops a broad based consensus for taking some serious steps to reform the structure of the civil services i.e. at both the federal and provincial levels of the government.

Constantly Strained Relations between the Civil-Military Leadership

In Pakistan, the civil-military relations had developed in the context of a political culture which was based on the colonial governance systems and traditions (Ahmad, 2013). The British colonial governance structure was essentially featured with the mighty coercive instruments basically aimed to enforce compliance i.e. for the collection of revenue etc (Rizvi, 2011). The British colonial state structure was based on the strong system of political control which was institutionally enforced through the institutions of army, bureaucracy and feudal land lordship, later, the same colonial constitutional structure i.e. the Government of India Act 1935 was inherited/implemented by Pakistan (Yong, 2005). Under the British colonial system, the Army Chief was ranked as second only to Viceroy, and he used to be a legitimate member of the Viceroy's Executive Committee and the upper house of the legislature i.e. under the provisions of the Government of India Act 1935. Post-independence political developments i.e. in the politico-economic culture of Pakistan resulted to make the Pakistan Army as the most disciplined, strong and powerful institution of the state, hitherto, it assumed a key role in the politics and economy of Pakistan (Jalal, 1995).

Over the course of history, the direct/indirect role of both the military leadership and institution have become so penetrated in the politics and economy of Pakistan that prima facie it has become quite irreversible (Cohen, 2020). Historically, the relationship of the military leadership with the popular political leadership has remained under a constant strain i.e. for getting an upper hand in the operational state affairs, and both the military and civilian leadership are constantly contesting for defeating each other e.g. in the realm of public policy. The aforementioned unfortunate historical trend of the constant power-contest like situation has resulted in creating a trust deficit between the two most-powerful stakeholders i.e. in the politics of Pakistan. The aforesaid tussle between the civil military leadership led to further weakening the overall traditional power structure of the state, and the turbulent civil-military relations had badly impacted the overall economy of Pakistan i.e. in a negative way. Further, the aforesaid situation of the mistrust i.e. which exists between the top civilian and military leadership is constantly resulting to exacerbate the crises of legitimacy and bad governance, which in turn constantly limiting the chances of positive economic growth of Pakistan (Umrani et. al., 2023).

It is a fact that the economic growth pattern of the overall economy has remained relatively better under the dictatorship regimes than that in the civilian regimes, because the military regimes adopted comparatively more efficient politico-economic policies than the civilian regimes (Qadir et al., 2016). But the civilian leadership did not support the aforesaid policies by constantly challenging the legitimacy of the military rule, and after the ouster of the each of the military government the civilian regimes simply rolled back the economic policies of their respective preceding military governments resulting a severe blow to the overall economy and the respective economic interests of the general public of the country (Hussain, 2014). For example, Pakistan's economy experienced an economic boom during the periods of the military regimes of General Ayub (1958-69) and General Musharraf (1999-2008) due to their genuinely progressive economic policies/reforms. But after ending the both of military governments the democratically elected regimes of the Pakistan People's Party under the leadership of Zulfikar Bhutto (1971-77) and Asif Zardari (2008-13) simply rolled back the economic policies/reforms of their respectively preceding dictatorship regimes i.e. resulting to create a severe blow to the political economy of Pakistan, in general.

Currently, the military is still dominating the civilian leadership due to its strength and their technical superiority, and the civilian leadership is struggling to push the military leadership within their constitutional limits (Khan, 2013). The chances of improvement in the overall political economy of Pakistan are sheerly proportional to the chances of fair cooperation between the civil military leadership i.e. by loosening the constantly present strains in their mutual relationship.

Unstable Law and Order conditions due to Terrorism and Political Extremism

The society and economy of Pakistan are constantly facing the degraded general law and order condition due to the constant sectarian and ethnic conflicts along with the challenges of international terrorism, especially, after joining the US led global war against terrorism i.e. in 2001. The aforesaid degraded law and order situation is badly impacting the overall economy of Pakistan, and especially, in the very important sectors of the foreign direct investment (FDI) and international trade (Khalid, 2020). The actual causes of the terrorism and political extremism in Pakistan are deeply rooted in the economic factors i.e. poverty, inflation, unequal economic opportunities, unemployment etc. (Ismail & Amjad, 2014; Zakaria et al., 2019).

Further, the studies have revealed that there exists a strong relationship between the terrorism and various socio-economic variables in the political economy of Pakistan i.e. fiscal policy, investment patterns and disproportionate allocation of resources to the underprivileged segments of the society. The aforesaid factors have negatively affected the basic structures of Pakistan's economy (Nasir et al., 2008; Ali, 2023). Additionally, Pakistan's economy is under a constant strain for managing the huge burden of the financial costs of the perpetual state of war against the terrorism. The aforesaid law and order situation in the country cannot be improved up till Pakistan manages to implement suitable/genuine economic reforms through expressing a strong political will, by enhancing the institutional coordination, and winning the positive public support for the aforesaid purpose.

Conclusion

During the past seventy-five years, Pakistan has experienced thirty-one governments in total, including eight interim caretaker governments and four military governments. In the political context, during the aforesaid period Pakistan had almost all forms of the government e.g. democracy, military dictatorship, presidential, parliamentary etc. And in the economic context, Pakistan has tried both of the major macroeconomic models i.e. liberal-capitalist and the semi-Marxist socialist models for regulating its economy. During the whole course of its history, the politico-economic forces stood trapped

and have been forced to serve the interests of the ruling elite class i.e. political parties, military leadership, bureaucracy, and the feudal landlords which generally aimed to aggrandize their wealth and power.

This research has aimed to explore and explain the structural issues in the political economy of Pakistan. For the purpose of achieving the objectives of this research, the model of the analytical political economy was adopted, and after conducting an extensive survey of literature i.e. about the traditional political, social and economic structures of the Pakistani society this study has found/explained the following very basic structural issues which are constantly affecting the politico-economic progress of Pakistan, in general;

- The Persistent Politico-Economic Instability
- The Stagnant Socio-Political Culture
- The Vicious-Circle of the Negative Public/Political Support System
- Lack of Capacity to Implement Some Genuine Institutional Reforms
- Outdated System of Public Administration and Poor Governance Structure
- Constantly Strained Relations between the Civil-Military Leadership
- Unstable Law and Order conditions due to Terrorism and Political Extremism

Weak credibility of the leadership and weak institutions in the country could not convince the international community to support Pakistan. Pakistani society and politics is an amalgamation of elites, pressure groups, army, families and a huge mass of deprived people, which has hardly any parallel in the world. In my view Pakistan has never experienced a true democratically elected government in its history. The full restoration of democratic government and the efficient rebuilding of the Pakistani state is still a dream that has to happen in reality. Generally speaking, the political economy of Pakistan is essentially characterized with a society which is unwilling to accept necessary changes in its traditional values leading to create an all-round culture of nepotism and favoritism; a political system which is pre-occupied by the political leadership which is financially very strong but morally very weak; a governance structure which lack both the resources and general capacity to effectively implement the policies of the government.

Recommendations

In the light of the above given facts i.e. about the nature of the structural issues in the political economy of Pakistan, it is quite difficult to suggest any simple policy steps other than highlighting the need for a sincere, strong and mature political leadership which should not only be willing to understand the grave impacts of the above noted structural issues over the political economy of Pakistan, but they should also be firmly resolved to take the responsibility of implementing the genuine reforms i.e. for the purpose of revamping the above noted structural issues in the political economy of Pakistan.

Further, the political leadership shall have to change their own mindset first, and later, they have to devise a serious plan/strategy to bring the pre-requisite changes in the perception of general public i.e. for infusing a sense of acceptability regarding the aforesaid genuine socio-economic reforms in the country. If the national leadership still chooses to avert the very much required change in their approach i.e. about the nature of their commitment with the interest of the state and society of Pakistan, it would mean that they still don't have any objection to let the future generations of Pakistan being ruined at the expense of their petty political interests and personal comforts.

References

- Ahmad, M. (2017). History and context of public administration in Pakistan. In *Public administration in South Asia*. Routledge.
- Akhtar, A. S., & Ahmad, A. N. (2015). Conspiracy and statecraft in postcolonial states: theories and realities of the hidden hand in Pakistan's war on terror. *Third World Quarterly*, 36(1), 94-110.
- Ali, S. (2023). Prospects and Challenges for the Implementation of Revised National Action Plan (2021): A Contextual Perspective. *Pakistan Social Sciences Review*, 7(4), 686-697.
- Jalal, A. (1995). *Democracy and Authoritarianism in South Asia: A Comparative and Historical Perspective*. Lahore: Sang-e-Meel Publications.
- Campbell, J. L. (1998). Institutional analysis and the role of ideas in political economy. *Theory and society*, 27, 377-409.
- Engerman, S. L., & Sokoloff, K. L. (2008). Debating the role of institutions in political and economic development: theory, history, and findings. *Annu. Rev. Polit. Sci.*, 11, 119-135.
- Faridi, M. Z., Sheikh, M. R., & Khan, M. S. (2021). Economic Growth in Pakistan—A Historic Perspective. *Journal of Historical Studies*, 8(1), 175-189.
- Fleetwood, S. (2001). "Causal Laws, Functional Relations and Tendencies." *Review of Political Economy*, 3(2), 201-20.
- Cohen, S. P. (2020). The Role of the Military in Contemporary Pakistan. In *The Armed Forces In Contemporary Asian Societies* (pp. 285-308). Routledge.
- Goodhart, C. A., & Bhansali, R. J. (1970). POLITICAL ECONOMY, *Political studies*, 18(1), 43-106.
- Hall, T.W., & J.E. Elliott. (1999). Methodological Controversies in Economics and Political Economy. *International Journal of Social Economics*, 26(1), 1249-1284.
- Hasan A. R. (2011). *The Military & Politics in Pakistan 1947-1997*. Lahore: Sang-e-Meel Publications.
- Hasan, A., Sheikh, N., & Farooq, M. B. (2024). Exploring stakeholder perceptions of tax reform failures and their proposed solutions: a developing country perspective. *Mediterranean Accountancy Research*, 32(3), 721-755.
- Husain, I. (1999). *Economy of an Elitist State*, Oxford University Press, Karachi.
- Husain, I. (2004). *Economic Development in South Asia and the Impact of Globalization. Leading Issues Facing Pakistan's Economy – SBP Governor's Speeches*. Karachi: State Bank of Pakistan.
- Husain, I. (2009). The role of politics in Pakistan's Economy. *Journal of International Affairs*, 63(1), 1-18..
- Husain, I. (2012). Economic Reforms in Pakistan: One Step Forward, Two Steps Backwards. *The Pakistan Development Review*, 51(4), 7-22.
- Iqtidar, H. (2016). Conspiracy theory as political imaginary: Blackwater in Pakistan. *Political Studies*, 64(1), 200-215.

- Ahmed, I. (2013). *Pakistan: The Garrison State - Origins, Evolution, Consequences (1947-2011)* Karachi: Oxford University Press.
- Ismail, A., & Amjad, S. (2014). Determinants of terrorism in Pakistan: An empirical investigation. *Economic Modelling*, 37, 320-331.
- Keynes, J. N. (2017). *The scope and method of political economy*. Routledge.
- Khalid, A. (2020). Impact of Terrorism on The Economy of Pakistan. *Pakistan Vision*, 21(1), 404-416.
- Khan, S. (2013). The military and economic development in Pakistan. In *Capitalism on Trial*. Edward Elgar Publishing.
- Nasir, M., Arif, A., Rehman, F. V., & Tariq, M. S. (2008). Terrorism and economic growth: a case study of Pakistan. *GCU Economic Journal*, 41(2), 189-208.
- Odell, J. S. (2001). Case study methods in international political economy. *International studies perspectives*, 2(2), 161-176.
- Qadir, S., Tariq, M., & Waqas, M. (2016). Democracy or military dictatorship: A choice of governance for the economic growth of Pakistan. *IBT Journal of Business Studies (JBS)*, 1(1), 31-51.
- Safdar, M. (2021). Administrative issues and reforms in the Bureaucracy of Pakistan: an analytical study. *Global social sciences review*, 306-312.
- Setterfield, M. (2003). What is analytical political economy? *International Journal of Political Economy*, 33(2), 4-16.
- Shah, M. A. (2002). OVERVIEW OF RECENT ECONOMIC ISSUES IN PAKISTAN. *Strategic Studies*, 22(1), 191-209.
- Sherani, S. (2019). Institutional reforms in Pakistan: Missing piece of the development puzzle. *SS Aneel, UT Haroon, & I. Niazi (Eds.)*, 70, 39-61.
- Sirajul, H. A. Q. (2015). Public policy process in Pakistan: Key causes of public policies failures. *Journal of Economic and Social thought*, 2(2), 127-131.
- Skott, P. (2004). *Mythical Ages and Methodological Strictures: Joan Robinson's Contributions to the Theory of Economic Growth*. Working paper 2004(9), University of Massachusetts at Amherst.
- Taha, S. M. (2012). Political instability explains political economy of Pakistan: A retrospective analysis. *International Journal of Economics Business and Management Studies*, 1(2), 50-59.
- Tan T.Y. (2005). *The Garrison State: Military, Government and Society in Colonial Punjab, 1849-1947*. New Delhi: Sage Publications.
- Umrani, A. M., Ghani, M. A., Shah, S. A. R., & Fatima, S. M. (2023). Civil Military Relations: History Of Mistrust In Pakistan. *Journal of Positive School Psychology*, 7(6), 1020-1026.
- Zakaria, M., Jun, W., & Ahmed, H. (2019). Effect of terrorism on economic growth in Pakistan: an empirical analysis. *Economic research-Ekonomska istraživanja*, 32(1), 1794-1812.