

## **Analysing the Impact of Good Governance on Socio-Economic Development: A Case Study of Pakistan**

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### **Abstract**

*The concept of “good governance” has emerged as vital driving force in the past few decades to positively shape economic growth and sustainable socio-economic development across the globe in general and developing countries in particular. However, Pakistan’s turbulent political landscape and deeply entrenched systemic corruption in the recent decades have utterly harmed the good governance at large, resulting in socio-economic developmental woes and increased sufferings of the people. This paper focuses on analysing the influences of good governance on the socio-economic development in Pakistan in the light of World Bank good governance indicator and also probe the impact of prevalent perceived corruption in the country in accordance with observation taken by Transparency International, UNDP, and other renowned State Institutions. The paper has emphasized on the last two decades to ascertain the contributory factors by using the appropriate qualitative / quantitative and statistical techniques that debilitated good governance in Pakistan and caused continual political instability, pessimism, and recurring political crises and undermined socio-economic development in the country. Based on the ascertained findings, the paper has identified impediments to existing governance situation and prevalence of corrupt practices and has proposed workable suggestions/ recommendations to assist policy makers, development planners, intellectuals, politicians, and succeeding governments in Pakistan to take corresponding structural or policy reforms to address the said hurdles.*

**Keywords:** Corruption, Political Legitimacy, Political Stability, Political Economy, Governance, Rule of Law

### **1. INTRODUCTION**

A consistent and progressive economic development is the key to achieve inclusive societal growth with objective-oriented well-being of the people, tackling socio-economic inequalities, and poverty alleviation in developing countries. Rodrik (2007:2) observed that “historically nothing has

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worked better than economic growth in enabling societies to improve the life chances of its members, including those at the very bottom”.

In case of Pakistan, enduring political instability, lack of institutional coherence, and inconsistency in fiscal policies, further augmented by widespread corruption and poor governance, have deeply affected its economy. Pakistan’s socio-economic developmental woes, and a fragile democratic culture are interwoven with poor governance and widespread corruption. The major reasons for Pakistan’s economic despairs are declining foreign exchange reserves, low exports, expanding trade deficit, inflation, and current account deficit. The Country already trapped in microeconomic crises, now facing the brunt of the FATF, grey list challenges which have significantly contracted space for economic freedom. The country has witnessed immense financial difficulties since its independence.<sup>1</sup> It has so far negotiated 22 loans arrangements with IMF to resolve its financial difficulties. Unfortunately, all bailout packages failed to end Pakistan’s financial sufferings. Lack of good governance could be singled out as the major reason for the continual financial instability and slothful social development despite IMF monetary tightening, fiscal streamlining, and repeated structural reforms by successive governments.

Good governance energizes democracy, strengthens the rule of law and public accountability, and reinforces state institutions with feasible economic environments to help socio-economic development thrive. Generally, it is considered that governance and socio-economic development are blended. Hope (2006:80) argues, that “Good governance capacity is necessary for sustaining economic transformation in particularly developing countries”. Whereas Rodrik, *et al.* (2007:17) believes that “good governance is development itself”.

However, the notion of good governance remains highly contested despite its emergence almost half a century ago. In case of Pakistan, the long years of military regime and weak political Governments further amplified the governance issues resulting into a stagnant economic growth and pushing bulk of the marginalized population to poverty and illiteracy. This was further complicated with the absence of transparent democratic process and unwarranted role of establishment.

This paper aims to analyse the influence of good governance on the socio-economic sectors in Pakistan using World Bank good governance indicator and investigate the impact of corruption in the country using observation taken by Transparency International, United Nations Development

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<sup>1</sup> <https://www.imf.org/external/np/fin/tad/extarr2.aspx?memberKey1=760&date1key=2018-04-30>.

Programme (UNDP) and other renowned institutions. Finally, based on the research findings, conclusions are drawn and certain policy recommendations for a well-developed, progressive, and socio-economically moderate Pakistan are made. For this, the paper sought answers to questions: what are the key components of good governance? What is the evolving concept of Socio-economic development and measurements techniques? What is the status of good governance and Socio-economic development in Pakistan as per the existing metrics? And, how governance and corruption has influenced Socio-economic development in Pakistan in the past two decades.

The data were collected from resource personnel such as government departments and public officials handling governance affairs. However, Public official from National Accountability Bureau, Pakistan Planning commission, Punjab Police, District and Tehsil Level Civil administration, Revenue Department were approached to gather and evaluate first-hand information for concrete evidence based analysis, but the request was repudiated with affability and required related information was shared on the conditionality of anonymity. The secondary data are collected from reference materials such as books, journals and official publications.

The paper is divided into sections after introduction, the second section looks into the idea of Good Governance and its key component followed by a discussion on the linkage between good governance and socio-economic development. The next section would critically analyse good governance and socio-economic development in Pakistan through available data from renowned and well reputed institutions like the World Bank, Transparency International and UNDP. The concluding section draws major conclusions taking into consideration the substantial evidence and arguments raised in the preceding sections and suggest viable/ workable recommendations for improving socio-economic conditions in Pakistan.

## **2. Good Governance: A Theoretical and Conceptual Overview**

Governance is commonly defined as “the exercise of power or authority by political leaders for the well-being of their country’s citizens or subjects.” According to Chibba (2009), “the term governance does not carry a universally accepted definition”. Rather, in a broader concept “governance is portrayed with respect to the state and society”. Governance incorporates two key elements, the first is that how a country including its institutions are governed and policies, laws, regulations, processes and oversight mechanisms are implemented. Secondly “its cultural and ideological setting as the

governance is perceived and shaped by values, culture, traditions and ideology”.

According to the World Bank (2020), “Governance is the process through which institutional decisions are made and exercised in a country”, moreover, the governance is grounded on principles of inclusiveness and accountability.<sup>2</sup>

The concept of “good governance” has emerged as a vital driving force in the past few decades to positively shape economic growth and sustainable socio-economic development across the globe in general and developing countries in particular. Numerous studies on the subjects have concluded that good governance practice has significantly contributed in achieving economic growth and social development in different countries. Rindermann, *et al.* (2015) argued that “good governance shapes political and economic institutions and affect overall economic performance”. Likewise, Sahacter (2000) has emphasized that Governance is related to power and accountability, therefore, who holds power and can exercise it, how citizens raise their concerns, and powers holders are made accountable. As per North (1990), good governance strengthens accountability, political efficiency, transparency and reinforces “rule of law” at all tiers of public and private institutions.

According to Sen (1999), “the twentieth century with a remarkable change beyond the economic sphere has established democratic and participatory governance as the dominant model of political institution”. Concepts of political liberty and human rights has emerged widely with positive effects on the lives on average, people live much longer than ever before. Sen, explains that democratic governance, includes multiparty elections and free media with institutionalization of provision of basic protective security. Furthermore, Sen emphasizes that those dictatorial regimes who suppress political and civil rights of the people in the state, adversely affect economic development. Smith (2007) argues “good governance association with the political power and appropriate supervision of socio-economic resources, as to enhance the ability of governments to furnish wide-ranging economic policies and execute them in an effective, and efficient manner”. To the contrary, Kwon, *et al.* (2014) argue that good governance does not address poverty in general, but only for least developed countries. They disproved that good governance would result in development. Olken, *et al.* (2012) observed that corruption is a disease that exists in almost entire world with varying levels. Though, it is a global phenomenon and affects countries across the globe, this issue has

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<sup>2</sup> For details, see: <http://documents1.worldbank.org/curated/en/711471468765285964/pdf/multi0page.pdf>.

adverse implications on the poor countries. Chene (2008) has argued that “Corruption manifests itself in various forms in Pakistan, including widespread financial and political corruption, nepotism, and misuse of power. Both petty and grand corruptions are prevalent in the country”. Collier (2007) in his book “Bottom Billion” describes “Governance and economic policies assist in shaping economic performance, but always have an asymmetrical consequence of getting them right to wrong or vice versa”. Collier (2007) underlines that “Excellent governance and economic policies can accelerate the growth process, but limiting to an upper ceiling of around 10 percent of feasible growth (As economies just cannot grow much faster than this), whereas on the other hand poor governance and economic policies can hamper an economy with staggering speed”. Rothstein and Teorell (2008) have critically analysed the relationship between governance and quality of government (QoG) for ineffectively addressing the governance related issues. They identify three basic drawbacks in the existing definitions and asserts that it fails to differentiate between the access to power by the powers holders and the application of power. Moreover, it also does not differentiate between the contents of policies viz-a-viz governing procedures. These definitions are either too generalized, or affected by the functionalist slant as ‘good governance’ is “good for economic development”, or to tackle corruption. A broader meaning of good governance or ‘Quality of Governance is everything, than maybe it is nothing.

Various studies through empirical evidence have proved that Good governance is highly important in warranting economic development in any country. Many of the studies conducted on the relationship between Growth, governance and development have validated a positive association. Furthermore, Grindle (2004) underlined that practice of good governance is not simply associated with development rather it necessitates to take steps for poverty alleviation, combatting corruption and major irritants causing hurdle in achieving economic development.

Hussain (1999) asserts that Pakistan since its inception has witnessed an “elitist growth model”, which he describes as a combination of successive influential political leaders operating without accountability, a bureaucracy that without hesitation obeys the desires of the political elites and a flaccid and submissive population. He asserts that “failure of governance and the consistent domination of political power and state apparatus by narrowly based elite seeking to advance private and family interests to the exclusion of the majority of the population lie at the root of the problem”. Hussain describes that Pakistan

has demonstrated these practices since its creation and highlights that “this combination of strong autocratic leaders, a pliant bureaucracy, and a subservient population made it possible for the benefits of growth to be unequally distributed and concentrated.” He concludes that “the ruling elites found it convenient to perpetuate low literacy rates. The lower the proportion of literate people, the lower the probability that the ruling elite could be replaced”.

## **2.1 Relevance of Good Governance with Socio-Economic Development**

Huther and Shah (2005) describe good governance as “a multidimensional concept encompassing all aspects of the authority exercised through formal and informal institutions in managing the resource endowment of a state. Therefore, quality of governance is measured by the influence on the quality of life enjoyed by its citizens and powers exercised by them”. Fukuyama (2013) acknowledging the correlation between different facets of governance and development, argued that economic growth may not be supported by a merely a strong state with “just enough governance” which may form the foundation for socio-political development further accelerating enhancements. For Ndulu and O’Connell (1999), “a key political condition for economic development is good governance”.

Hope (2009) asserts “good economic outcomes are derived from good economic governance” and that “good economic governance as the capacity and existence of governmental institutions to manage resources efficiently and formulate, implement, and enforce sound policies and regulations”. He further underlines that there should be no intervention in accountability and monitoring process. Hope (2009) identifies the key elements which contribute towards creating enabling favourable grounds for good economic governance, accountability and transparent conducive atmosphere for private-sector development and institutional development. Hope stresses that “good economic governance is necessarily required to improve the state capacity to deliver on its economic-development mandate”.

Contrary to the conventional wisdom that corruption adversely effects growth, a number of economists argue that corruption greases the wheels of economy. For instance, Leff (1964) who analysed the relationship between economic development and administrative corruption claims that corruption may be favourable to the economic growth or it may serve as the lubricant to grease the wheels of economic growth. Though this supposition was an embryonic concept in visualizing the positive role of corruption and further provided leads to the many researchers like, Leys (1965); Lui (1985); Lien

(1986); Beck and Maher (1986); Bardhan (1997); Huntington (2006); Aidt and Dutta (2008). These researchers have a contradictory opinion what is commonly perceived by others that corruption has a negative consequence. Bardhan (1997) elucidates in his research that there are cases where corruption shows positive signs in promoting economic development in Europe and America. Similarly, above mentioned research scholars advocate that corruption encourages efficiency in delivery of public goods and reduces the administrative barriers in bureaucratic channels and judicial procedures. Thus, corruption outcomes enhance the economic efficiency of the country by reducing the undue obstructions in investment, economic growth and development.

## 2.2 Concept of Good Governance and its Key Component

The concept of good governance emerged mainly as reaction to the practices of poor governance in the African continent during 1980s. World Bank structural adjustment programme failed to deliver in Africa's least developing countries mostly due to bad governance characterized by wide spread corruption, lack of transparency/ accountability and respect for human rights. World Bank considered that "it is difficult to tackle the issue of bad governance without tackling its political roots, which often lie in unaccountable and authoritarian domestic political systems" (World Bank, 1992). In the 1990s, a paradigm policy shift was implemented i.e. from "getting the prices right" to "getting the institutions right"<sup>3</sup>. The concept of the 'minimalist state' was replaced with the 'effective state'<sup>4</sup>. Addink (2019) elucidates that "Governance deals with state's capacity to serve its citizens and it is defined as a basic parameter of a society's stability and performance. Governance comprises the set of rules, processes, and behaviours where interests are articulated. Governance deals with management of resources, and exercise of power in a society.

Kaufmann, *et al.* (2010) opined that governance as set of "traditions, institutional values through which power is exercised, including the electoral process, accountability and change of government, and the government's

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<sup>3</sup> For details see <http://documents.worldbank.org/curated/en/604951468739447676/pdf/multi-page.pdf>.

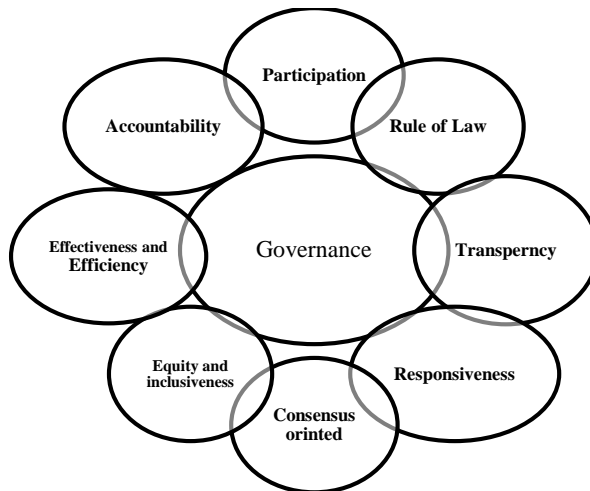
<sup>4</sup> See [https://www.ucl.ac.uk/dpuprojects/drivers\\_urb\\_change/urb\\_economy/pdf\\_glob\\_SAP/BWP\\_Governance\\_World%20Bank.pdf](https://www.ucl.ac.uk/dpuprojects/drivers_urb_change/urb_economy/pdf_glob_SAP/BWP_Governance_World%20Bank.pdf).

capability to enforce its policies. There is no universal model for good governance that can be applied in all circumstances”.

### 2.3 Major Components/Indicators of Good Governance

Since 1996, Worldwide Governance Indicators (WGI) have become instrumental to enable the researcher across the globe, in assessing multi-dimensional indicators of governance in more than 200 countries to foster debate/ discussion, and promote awareness on governance related matter and its implication. Furthermore, the six broad dimensions to measure the governance for over 200 countries and territories includes, “Voice and Accountability, Political Stability and absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption” [World Bank (2019)]. Over time, considerable evidence has substantiated that good governance has emerged as leading factor to positively influence on the sustainable developments in social and economic sectors. Conversely, absence of good governance impedes well-being of the people, retards social development, exacerbates poverty and deepens societal inequalities. Therefore, most of the developing countries are characterised by political instability, weak growth, dysfunctional institutions, rampant corruption, poverty with social/economics inequality and neglected human development sector.

Figure 1. Eight Characteristics of Governance<sup>5</sup>



<sup>5</sup> <https://www.unescap.org/resources/what-good-governance>.



### 3. Corruption Hurts Socio-Economic Development-An Inconvenient Truth

The malaise of corruption regarded as “mother of ills” has existed as part of human societies since ages with varying degrees. UN Secretary-General Ban Ki-Moon at the sixth session of the United Nations Convention against Corruption (UNCAC), in St. Petersburg, Russia said that “when bribes are paid, everyone counts the cost.”<sup>6</sup> Transparency International report (2020)<sup>7</sup> refers that “corruption is the abuse of entrusted power for private gain” and it has become one of the most tenacious issues of the modern day world. Transparency International classifies “corruption as grand, petty and political depends on the amount of money used or lost in that particular sector”. Olken, *et al.* (2012) considers that corruption is a global concern that is hampering the countries growth and development across the globe, with more adverse implications on the poorest countries in particular. Consequently, prevalence of corruption complemented by poor economic growth fuels the social inequalities and discontent that eventually leads to fragility of state with increase in violence and conflict. As per the World Bank (2020) corruption is a serious challenge to its Sustainable development goals including reduction in extreme poverty and shared prosperity by 2030 for the poorest people in developing countries<sup>8</sup>.

Corruption, is a multi-layered process that has an inverse relationship with good governance, hence they complement each other in a vicious cycle. Good governance principles if adhered strictly shrink the space, which breeds corruption. Weak enforcement of transparency, accountability and rule of law are closely associated with corruption. Hence, the nexus of corruption and poor governance pose challenges not only to democracy but also undermines the rule of law and weakens a country’s economic development. Therefore, corruption leads to poor governance, resulting in economic stagnation, misallocation of resources, socio-economic inequalities and subsequently political unrest and conflict.

How corruption hurts governance and economic growth is not an unanimously accepted notion by large number of economists and socio-political scientists. As scholars have conflicting opinions whether corruption

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<sup>6</sup> <https://www.un.org/sg/en/content/sg/statement/2015-11-02/secretary-generals-message-sixth-session-conference-states-parties>.

<sup>7</sup> <https://www.transparency.org/what-is-corruption#define>.

<sup>8</sup> <https://www.worldbank.org/en/topic/governance/brief/anti-corruption>.

greases the wheels of Economy or sands them. Haq (2020)<sup>9</sup> refutes that corruption in case of Pakistan greases the wheels of economy and elaborates that there are three critical differences between corruption in Pakistan and any other country. First, it distorts our decision and priorities as it is not a downstream phenomenon. Second, the money earned through corrupt practices often goes abroad and it is not recycled within the country to grease the wheels of economy through investment and increased production. Third, the defaulters of corrupt practices do not get punished. Hence, anti-corruption measures are more of rhetoric and lesser in reality.<sup>10</sup>

A number of economists and social scientists have analysed the influence of governance on the socio-economic development in different countries and regions from different perspectives. Mauro, *et al.* (2019) using a data set of 58 countries observed the influence of corruption including other institutional factors such as red-tapism, judicial system and political stability and their impact on economic development and argued that corruption negatively affects economic growth. As per Gani (2011) the indicators of political stability and government effectiveness (GE) positively influence the growth whereas control of corruption (CC) and voice and accountability negatively affect economic growth. Observation showed that impact of regulatory quality (RQ) and rule of law (RL) was insignificant for economic progress.

#### **4. Corruption and Good Governance in Pakistan**

Pakistan's turbulent political landscape and deeply entrenched systemic corruption, over a period of a time has harmed the good governance at large. Persistently, prevalent political instability, further intensified by flagging economic situation and increasing rate of youth unemployment, has caused pessimism about the country's future. Growing political patronage and clientelism, marked by poor governance have not only paved the way for a widespread political corruption, but have also affected the social and economic development. Moreover, economic mismanagement and high levels of nepotism have led the economy into a downward spiral. Pervasive political fragility, has contracted space for civil society and their confidence to make a progressive change. Conversely, the widely perceived corruption and reduced trust of the people in their institutions, further deepened the socio-political and

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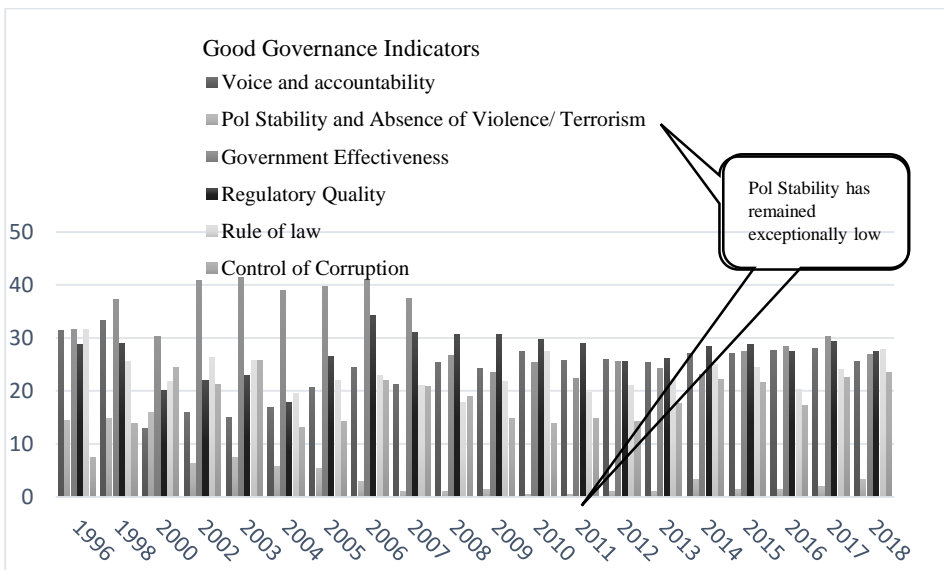
<sup>9</sup> [https://mhrc.lums.edu.pk/sites/default/files/user376/corruption\\_and\\_development\\_1.pdf](https://mhrc.lums.edu.pk/sites/default/files/user376/corruption_and_development_1.pdf).

<sup>10</sup> See Haq (2020) at mhrc.lums.edu.pk).

economic crisis and poses considerable challenges for administrative and governing bodies in the country.

The quality of good governance is also measured by the WGI, formerly developed by Kaufmann, *et al.* (1999). WGI comprehensively encompasses the governments functioning under six broad clusters. First indicator termed “Voice and accountability” (VA), mirrors the perception that how effectively citizens contribute in electing the government through free and fair means, and perceived freedom of media expression, and association in the country. Second indicator “Political stability & lack of violence/terrorism (PV) exhibits the levels of perception of government stability or its possibilities of being ousted by undemocratic or other unlawful means, like politically-motivated violence. Third component to measure the good governance quality is government effectiveness (GE) exhibiting the existing perceived the state of public services and the influences being exerted by political elites, on civil service from the policy formulation to its implementation on ground. Fourth, Regulatory Quality (RQ) measures the existing public perception of the government abilities on formulation of sound policies/ regulations and their implementation. Fifth component measures the Rule of law (RL) represents prevalent perception about independence of the judiciary, confidence in judicial system, assess the role of police, probability of crime/violence and implementation of contract enforcement.

Figure 2. Word Governance Indicators (1996 to 2018)

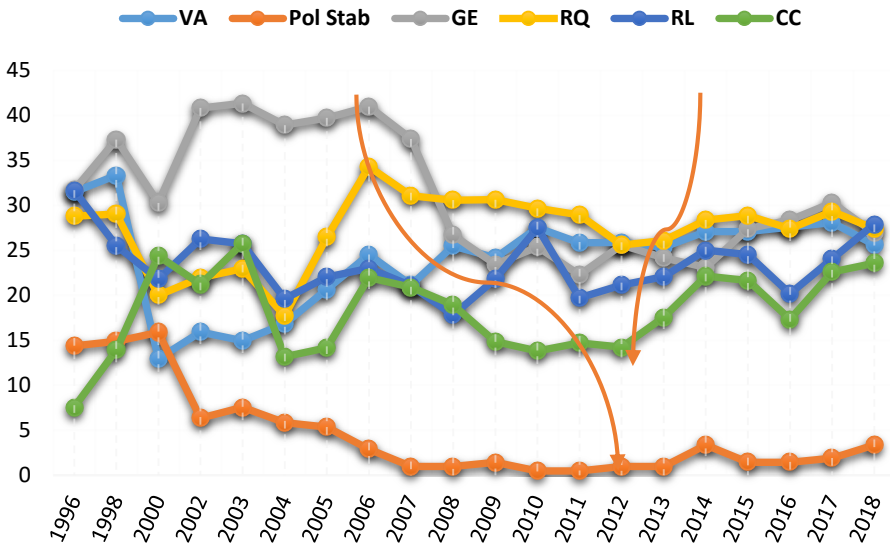


Source: World Bank Group (2020).

Figure 2, graphically represents the good governance indicators of Pakistan of last two decades. Ironically, Pakistan’s score in these indicators has remained in the bottom quintile consistently, with insignificant progress.

World governance indicators for the same period in linear graph reflects bleaker picture and gives a fair idea that how Pakistan remained in lower quintile persistently. Government effectiveness shown with better score represents a political setup established under Gen Pervez Musharraf regime. Subsequently political setups established as a result of 2013 and 2018 general election and also termed as first ever smooth political transition, exhibit a different picture. Rule of law, has correspondingly influenced on corruption in past five years. Likewise, the Government effectiveness has been affected by the level of prevalent corruption particularly in last five years with conforming graph. Wide spread corruption and weak Rue of law along with government effectiveness has consistently remained in bottom quintile for the period under observation which has overall lowered the WGI score of Pakistan.

Figure 3. Pakistan Word Governance Indicators (1996 to 2018)

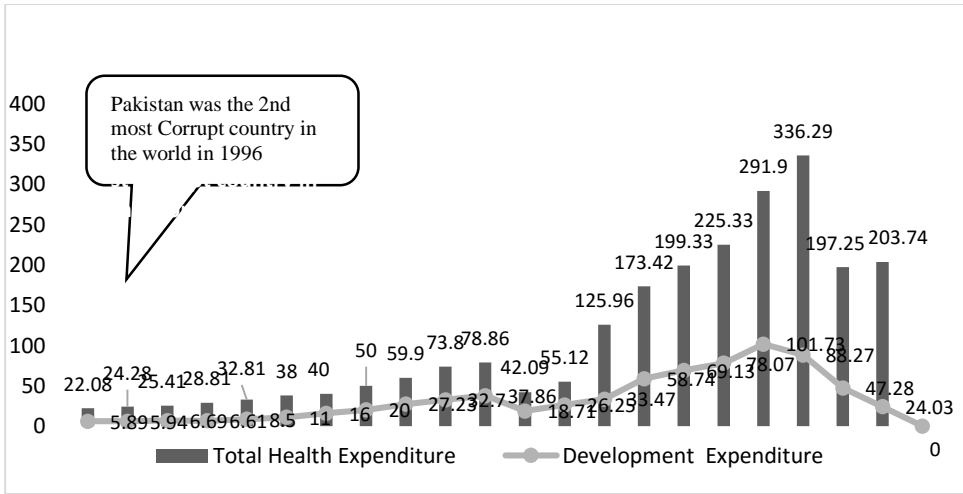


Source: World Bank Group (2020).

Transparency International (TI), CPI, measure the perceived corruption, in different countries on a scale from 0 depicting as highly corrupt, to 100 signifying, clean countries. CPI, is considered as “poll of polls”, representing the countries’ perceived public sector corruption, as identified by expert assessments and opinion survey and by international businessmen and financial journalists. Pakistan’s ranking in the last two decades have been

analysed based on the total number of countries measured and Pakistan’s ranks each year. Appallingly, Pakistan was termed as the 2<sup>nd</sup> most corrupt country in 1996 CPI. Cohen (2011) termed this Pakistan’s lost decade. However, in the following years, Pakistan made significant improvement in combating corruption and better growth with improvement in GDP.

Figure 4. Corruption Perception Index (1996 to 2018)

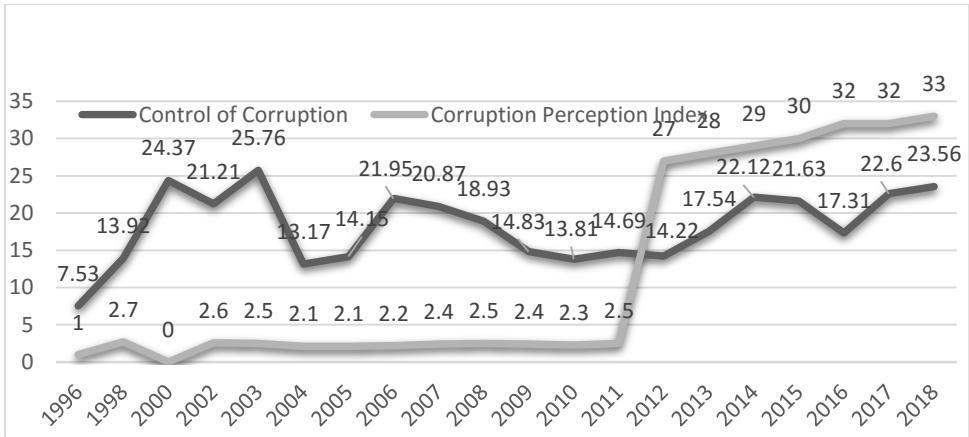


Sources: Transparency International (2020).

Pakistan’s ranking in Transparency international, CPI and World Bank, Control of corruption indicators for the last two decades has remained in the bottom quintile. Although, one should not ignore that during this period, political instability and war against terrorism negatively affected the economic growth and government functioning. Transparency International, changed CPI scoring from 10 to 100 in 2011. Pakistan scored 2.5 out of 10 in 2011 and remained in lower bracket at merely 25%, whereas in 2012, Pakistan’s score was 27 out of 100, again in bottom quintile with merely 2% improvement in inhibiting corruption. Figure 5 represents the CPI and CC ranking from 1996 to 2018. Corruption perception analysis of Pakistan in last two decades by two well reputed globally acknowledged institutions’ i.e. World Bank and transparency International present an almost corresponding score with diminutive variation. Worrisome aspects remain that despite the passage of 20 years, change of successive political setups, fancier anti-corruption slogans/drive and dilation of National Anti-graft body unbridled powers, why

corruption grew.<sup>11</sup> However, after critically analysing the data on corruption and good governance compiled by World Bank and TI and other reputable report like Global Competitive index elucidates that Pakistan ranking has not improved markedly, hence concrete efforts have not been undertaken by the political elite in powers corridors and left the Pakistan strangled in the poor governance and corrupt mechanism. Details of corruption perception index and Control of Corruption are shown in Figure 5.

Figure 5. Comparison between CPI and CC (1996 to 2018)



Source: Word Bank (2020) and Transparency International (2020).

Ironically, Global Corruption barometer-2016, reports refer that 40% Pakistani paid bribes out of which 64% were poor and remaining 26% rich. One out of every 4 people paid bribes to get basic public services. More disturbing reality remains the findings of National Corruption Perception Survey (NCPS) from 2002 to 2011. Police Force which forms the fundamental pillar of the state to ensure enforcement of law has remained the most corrupt public institution from 2002 to 2010 and 2<sup>nd</sup> most corrupt institution in 2011 NCPS Survey. Table 1, shows the 10 most corrupt public institutions in Pakistan, in five different survey. According to TI, Pakistan suffered the losses of more than Rs. 8.5 Trillion during the PPP-led coalition government from 2008 to 2013 on account of corruption, poor governance and tax evasion.<sup>12</sup>

#### 4.1 Socio-Economic Development in Pakistan- An Overview

Pakistan, still confronts multifarious challenges with varying intensity on the management and financial fronts. Some of the challenges

<sup>11</sup> <https://www.transparency.org/research/cpi>.

<sup>12</sup> Transparency International, (2012).

are multi-dimensional, multi-layered and complex in nature which certainly will take years to be resolved. However, some of these challenges are self-inflicted by the political elites or the power hubs that holds the politico and socio-economic reins of the country's, one after another. Therefore, the poor economy of Pakistan with fragile governance remains the chieftain among the challenges since the country's birth. The fragile political structure and bleak picture of economy of Pakistan are inevitably inter-linked with bad governance and rampant corruption. Acemoglu and Robinson (2012) in "Why Nations Fail, The Origins of Power, Prosperity and Poverty," elucidate that "the contrast between inclusive and extractive political elites and economic institutions" and explain that "Extractive because such institutions are designed to extract incomes and wealth from one subset of society to benefit a different subset. Further asserting that extractive economic institutions, in turn, enrich the same elites, and their economic wealth and power help consolidate their political dominance." For them, "Inclusive political and economic institutions are required to drive nations out of poverty and put them on the long-term growth trajectory".

Table 1. Corruption in Pakistan (2002-2011)

Public Department Corruption Ranking	National Corruption Perception Survey				
	2002	2006	2009	2010	2011
1	Police	Police	Police	Police	Land
2	Power	Power	Power	Power	Police
3	Taxation	Judiciary /courts	Health	Land	Taxation
4	Judiciary	Land	Land	Education	Judiciary
5	Customs	Taxation	Education	Local Govt	power
6	Health	Custom	Taxation	Judiciary	Tendering /contracting
7	Land	Health	Judiciary	health	Customs
8	Education	Education	Local Govt	Taxation	Health
9	Railway	Railway	custom	Custom	Military
10	Bank	Bank	Tendering /contracting	Tendering /contracting	Education

Source: Transparency International Pakistan/ National Corruption Perception Survey (2020).

Though, Acemoglu and Robinson (2012) strongly emphasized on well-defined property rights and their enforcement, sanctity of contracts and provision of a level-playing field for all stakeholders. They highlight the distinctive gap between inclusive and extractive institutions, and power rested with a little elite with unchecked freedom and fewer constraints. Utilizing historical data and cases studies, they recommend the establishment of inclusive socio-politico and economic institutions, where the tiny political elite does not hold un-fettered power.

Table 2 shows a comprehensive picture of Pakistan Social development in the past 2 decades. Human development index seemingly has remained a least priority on our national agenda. Therefore, mean years of schooling shows clarity of our focus on educational sectors and their long term outcome.

Table 2. Status of Various Indicators-Pakistan

Year	Life Expectancy at Birth	Expected Years of Schooling	Mean years of Schooling	GNI per Capita (2011 PPP\$)	HDI Value
1990	60.1	4.6	2.3	3.195	0.404
1995	61.5	5	2.8	3.361	0.428
2000	62.8	5.4	3.3	3,358	0.449
2005	64	6.5	4.5	3,938	0.499
2010	65.3	7.5	4.7	4,227	0.524
2015	66.6	8.2	5.1	4,727	0.55
2016	66.8	8.6	5.1	4,891	0.556
2017	66.9	8.5	5.2	5,033	0.558
2018	67.1	8.5	5.2	5,190	0.56

Source: Pakistan Economic Survey (2020).

Development of Human capital is closely related with Socio-economic factors including healthcare, education and environment, etc., but most of the developing countries lack the policy initiatives and priorities in allocation of resources for a sustainable and robust healthcare system. Pakistan has also under prioritized its health & nutrition sector and as a resultant as per economic survey of Pakistan 2018-2019<sup>13</sup> and Pakistan Bureau of Statistics, we have one hospital bed for 1608 people and one doctor to look after 963 people. Health

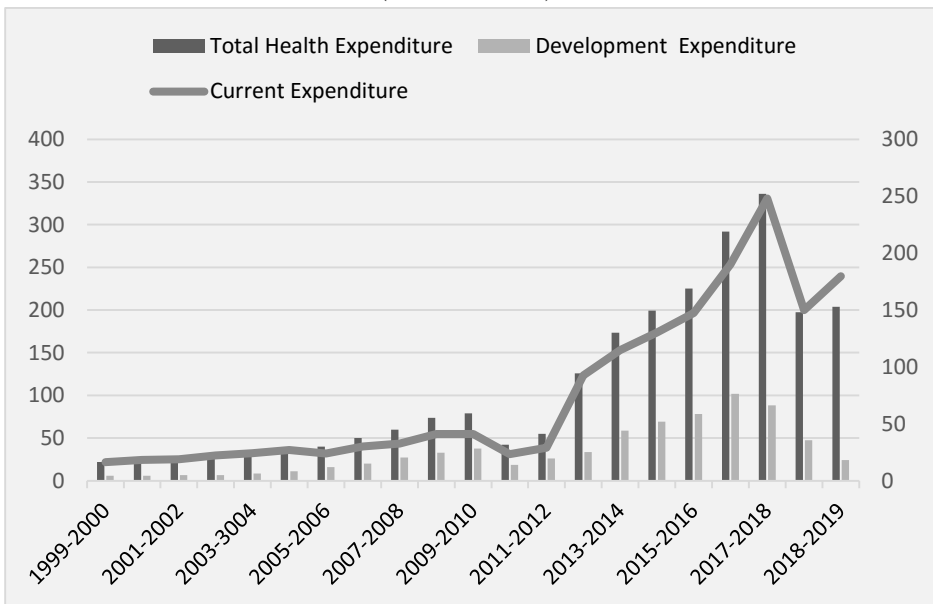
<sup>13</sup> See, [finance.gov.pk/survey](http://finance.gov.pk/survey).



and Nutrition expenditure of past two decades gives a clear understanding our focus on health of people as part of human capital development.

Figure 6 shows the percentage of GDP allocated for health sector by the successive governments from 1999 to 2019. Health budget was accorded priority in 2017-2018 by allocation of Rs.336.29 billion, as 0.97% of the GDP share which in the following year has declined to 0.53% of GDP share by incumbent Government. Ironically, Pakistan along with neighbouring Afghanistan are the only two countries in the world, where poliovirus cases transmission still exists. Though, the number of poliovirus cases sharply dropped from 306 cases in 2014 to only 12 in 2018 but unfortunately the number of poliovirus with a significant rise jumped to 144 in 2019. Such a large number of poliovirus cases in single year can be conveniently attributed the flawed priorities of the health sector management and poor governance.

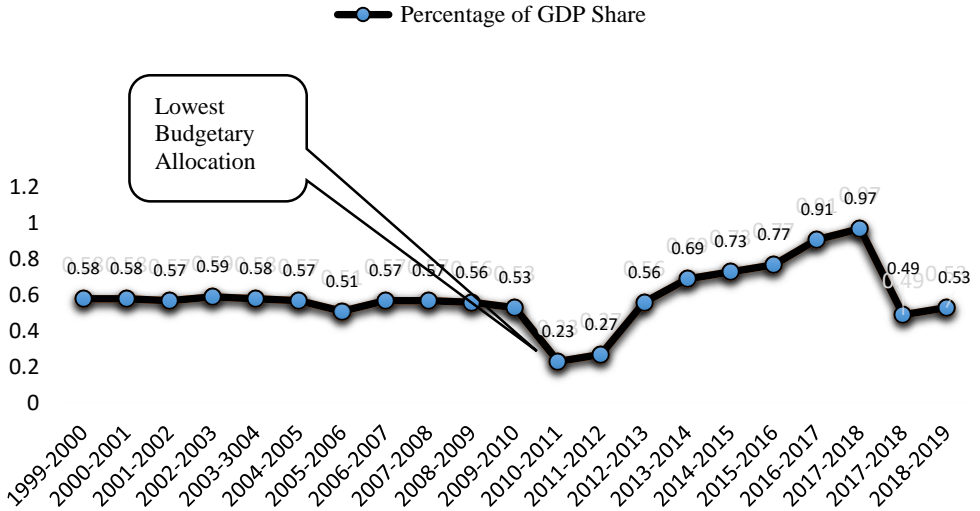
Figure 6. Health & Nutrition Expenditure of Pakistan (1999-2019)  
(Rs. in Billion)



Source: Pakistan Economic Survey (various Issues).

A comparison with regional countries gives a better understanding of our socio-economic development standing in the South Asian region. Figure 7, shows that Pakistan ranks 2<sup>nd</sup> last on UNDP HDI ranking out of 9 regional countries and 2<sup>nd</sup> last country with literacy rate and public expenditure on education.

Figure 7. Health & Nutrition Expenditure of Pakistan (1999-2019)



Source: Pakistan Economic Survey (2020).

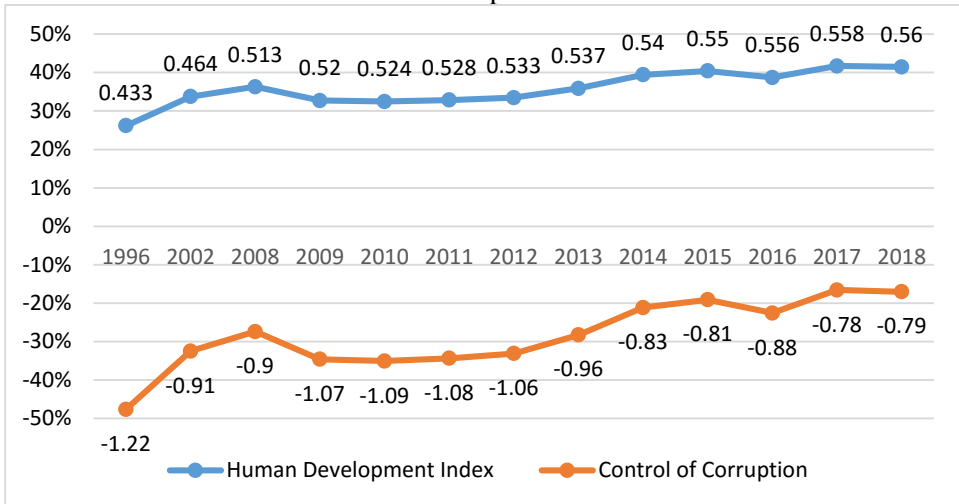
Table 3. Comparison with regional countries

Country	Literacy rate adult % age 15 years and older (2006-2016)	Youth % age 15-24 years old (2006-2016)		Public Expenditure on education (% age of GDP) (2012-2017)	Human Development Index (HDI) Rank
		Female	Male		
Pakistan	57	65.5	79.8	2.8	150
Iran	84.7	97.7	98.2	3.4	60
Sri Lanka	91.2	98.6	97.7	3.5	76
Maldives	98.6	99.4	99.1	4.3	101
India	69.3	81.8	90	3.8	130
Bhutan	57	84.5	90.4	7.4	134
Bangladesh	72.8	93.5	90.9	2.5	136
Nepal	59.6	80.2	89.9	3.7	149
Afghanistan	31.7	32.1	61.9	3.2	168

Sources: Pakistan Economic Survey (2018- 2019).

Figure 8 exhibits a comparison that how corruption has exercised its influences on human capital development in Pakistan in the last 20 years. Control of Corruption Index (World Bank, WGI), correspondingly align with human development index measured by UNDP.

Figure 8. Comparison between Human Developments Index and Control of Corruption



Source: World Bank and UNDP HDR Reports (2020).

Sherani (2017) explored the governance performance of Pakistan to ascertain “The missing piece of the development puzzle” in his paper on “Institutional reforms in Pakistan”. His research analysis encompasses review of Pakistan scores in World Governance Indicators of World Bank covering the period from 1996 to 2015. He observes that Pakistan performance has remained in the lower quintile in all six indicators of WGI. Pakistan scores varied between 18 to 32 percentile with least recorded performance in political stability and Corruption. However, better score was recorded in the remaining component of WGI and improvement in economic growth under President Musharraf regime. Though, Pakistan ranks dropped as compared to the neighbouring countries, India and Bangladesh in HDI and CPI.

Political turbulence and enhanced societal insecurity have subjugated Pakistan political landscape over the last 20 years. Democratically-elected governments from 2008 to 2018 completed political tenure under intense political pressure and with disqualification of two of their premiers. Political instability had far reaching effects and already existing systemic corruption strengthen its root much firmly. Wide spread Petty corruption in the shape of bribery prevails in the society and public sector particularly, police and land department. Judiciary is allegedly infested with corrupt practice; particularly lower judiciary is perceived to have more corruption. Most often corruption, in terms of bribes is found while citizen access the public sector department for

the obligatory public services. The public procurement processes are the most affected by corruption as despite the existing law on open and competitive bidding, the nepotism, favouritism and kickbacks dominate the awards of government contracts. Over the period of time various efforts have been undertaken to form a comprehensive mechanisms and institutional framework to tackle the deeply embedded corruption. Therefore, formulation of National Anti-Corruption Strategy was a concrete step to handle the menace of corruption stringently. The establishment of NAB, with ample authority to arrest, investigate and prosecute was aggressive step to eliminate corruption, however lack of political will, marked by hidden agenda to use NAB for exploitative political means undermines its role drastically. The NRO of October, 2007 gave a, massive setback to the national drive against corruption by providing blanket immunity to the corrupt elite and public officials by shielding them from prosecution.

#### **4.2 Who is Hurting More, Corruption or Poor Governance?**

The Corruption, generally perceived as “the abuse of public office for private gain” exists all over the world, with varying degrees and forms. Corruption is often considered as a problem of least developing countries with weak institutions, fragility and affected by conflict, but horrendously, it never restricts itself within the national boundaries. Haque and Kneller (2004) analysis validate that corruption widely prevails in developing countries particularly in public sectors. According to World Economic Forum (2019)<sup>14</sup> “Corruption in form of, bribery, theft and tax evasion, and other illicit financial flows cost, developing countries worth 1.26 trillion US dollar per year. It is approximately the size of the economies of Switzerland, South Africa and Belgium, and sufficient enough money to lift 1.4 billion people out of extreme poverty at less than \$1.25 a day for at least six years”. Presumably, the cost of perceived corruption is considered larger than the money lost as a result of economic distortions, altering the national spending’s priorities to undermine the state’s ability to promote inclusive growth and socio-economic development. Such corrupt behaviour drains public resources and stresses to alter the priorities for allocation of funds required for the well-being of people and socio-economic development. Hence, Pakistan is not an exception and corruption remains a substantial obstacle to thwart socio-economic development priorities at varying levels and distortions in the spending behaviours.

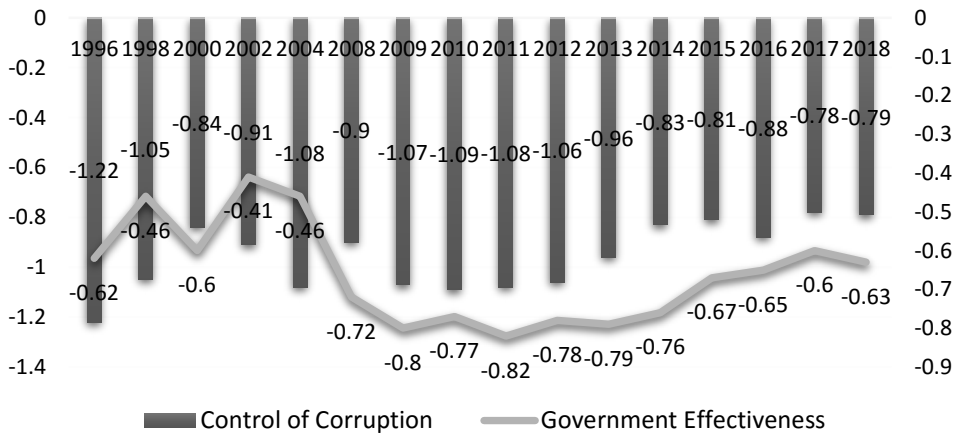
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<sup>14</sup> See <https://www.weforum.org/agenda/2019/12/corruption-global-problem-statistics-cost/>.

Therefore, deeply ingrained systematic corruption manifests itself in numerous forms in Pakistan, from petty to grand in financial institutions, political systems and civil society.

World Bank Governance indicators from 2008 to 2018 in Figure 9 represents that an inverse correlation between control of corruption (CC) and government effectiveness (GE) exists from 1996 to 2018 in Pakistan. Lower percentile of control of corruption, influences the Government effectiveness correspondingly, signifying if corruption is curtailed effectively it enriches the government functioning and proficiency. President General Pervez Musharraf decade long regime was followed by establishment of Pakistan People’s Party, (PPP), Government under President Asif Ali Zardari in 2008, and witnessed highly hostile internal environment. The country suffered from the intense wave of Talibanization and military operation with larger number of population as internally displaced persons (IDPs).<sup>15</sup>

Figure 9. Impact of corruption on Government Effectiveness in Pakistan (1996-2018)



Source: World Bank (2020).

However, deep political turmoil, continual poor governance, persistent wrangling with the judiciary, strained civil-military relations and further worsened by lack of a coherent economic and progressive fiscal policy, kept the country under PPP government in a state of crisis. Successor Government established in 2013, hardly muddled through owing to multitude of

<sup>15</sup> See, [https://reliefweb.int/sites/reliefweb.int/files/resources/1256E15963B623E3492574C20008A192-Full\\_Report.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/1256E15963B623E3492574C20008A192-Full_Report.pdf).

political instability caused by the righteous rage articulated on the pretext of electoral irregularities, corruption in political circles though prolonged sit-ins and social media drive. However, Pakistan first ever smooth political transition was endowed with progressive economic growth and improvement in the corruption ranking was colossal achievement.

Table 4. Corruption Versus Good Governance CPI vs CC (1996-2018)

Year	Transparency International				World Bank WGI				
	Total Countries	CPI Rank	CPI Score	VA	Pol Stab	GE	RQ	RL	CC
1996	54	53	1	31.5	14.36	31.69	28.8	31.66	7.53
1997	52	48	2.53	-	-	-	-	-	-
1998	85	71	2.7	33.33	14.89	37.31	29.02	25.5	13.92
1999	99	87	2.2						
2000	90	NA	NA	12.94	15.87	30.26	20	21.78	24.37
2001	91	79	2.3						
2002	102	77	2.6	16.83	6.35	40.82	21.94	26.24	21.21
2003	133	92	2.5	14.93	7.54	41.33	22.96	25.74	25.76
2004	145	129	2.1	16.83	5.83	38.92	17.73	19.62	13.17
2005	158	144	2.1	20.67	5.34	39.71	26.47	22.01	14.15
2006	163	142	2.2	24.52	2.9	40.98	34.31	22.97	21.95
2007	179	138	2.4	21.15	0.97	37.38	31.07	21.05	20.87
2008	180	134	2.5	25.48	0.96	26.7	30.58	17.79	18.93
2009	180	139	2.4	24.17	1.42	23.44	30.62	21.8	14.83
2010	178	143	2.3	27.49	0.47	25.36	29.67	27.49	13.81
2011	182	134	2.5	25.82	0.47	22.27	28.91	19.72	14.69
2012	174	139	2.7	24.88	0.95	25.59	25.59	21.13	14.22
2013	174	127	2.8	25.35	0.95	24.17	26.07	22.07	17.54
2014	174	126	2.9	27.09	3.33	23.08	28.37	25	22.12
2015	180	117	3.0	27.09	1.43	27.4	28.85	24.52	21.63
2016	180	116	3.2	27.59	1.43	28.37	27.4	20.19	17.31
2017	180	117	3.2	28.08	1.9	30.29	29.33	24.04	22.6
2018	180	117	3.3	25.62	3.33	24.92	27.4	27.88	23.56

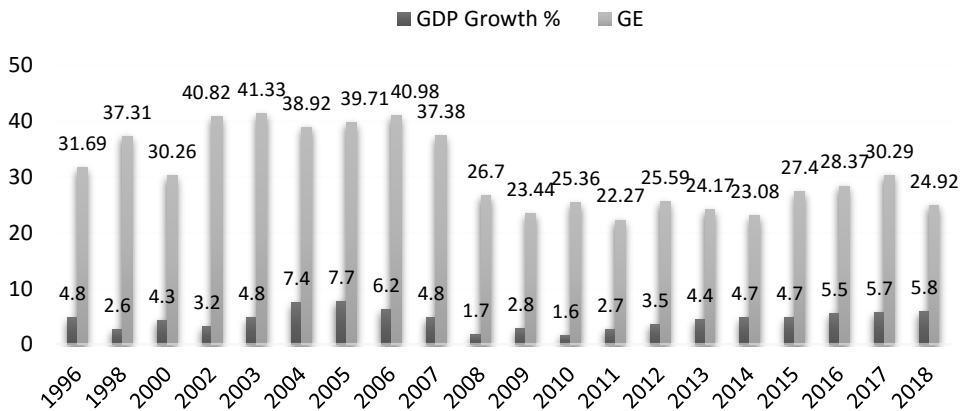
Source: Word Band and Transparency International (2020).

World Bank Policy note 13 on Pakistan<sup>16</sup> refers that a large-scale survey carried out in Pakistan, inquired that “What is the most important obstacle to economic progress?” The most prevalent answer was corruption. Incompetent leadership and poor governance were placed as the second and third factors. The Survey ascertained that young entrepreneurs in Pakistan

<sup>16</sup> See World Bank, Pakistan Policy note 13 (2013) <http://documents.worldbank.org/curated/en/231321468325466162/pdf/795800BRI0SASE0ox0377381B00PUBLIC00.pdf>.

consider corruption a major constraint to industrial and economic development.” Table 4, gives a summarize view of the prevalent perceived corruption as measures by TI and good governance by World Bank in Pakistan in last 20 years. Pakistan ranking as measured by World leading and well reputed institutions is inauspicious and discouraging. Data represent that Corruption and good governance indicators are complementary to each other. The Inverse, impact of corruption has already been analysed and observed in Figure 9, above, World Bank data on corruption and GE substantiates that more corruption negatively influences the government effectiveness in the country. However, the Figure 10 highlights that any variation in the Government effectiveness as measured by the World Bank, positively influences on economic growth and GDP growth percentage. As in 2005, Pakistan Government effectiveness percentile was measured as 39.71, which resulted in the highest GDP growth i.e. 7.7 %, whereas on the contrary, GE declined to 25 and 22 in 2010 and 2011 which adversely reduced the GDP growth to 1.6% and 2.6 %, respectively. The corresponding inverse relationship between corruption and GE and positive influences of GE on GDP Growth in past two decades can be evidently observed. Hence, it validates that corruption as sub segment hurts Good governance and poor governing apparatus, hurts economic growth which undermines the state’s ability to focus on socio-economic development.

Figure 10. Impact of Government Effectiveness on GDP Growth (%)



Source: World Bank Group / State Bank of Pakistan (2020).

## 5. CONCLUSION

The global North of the world has achieved a significant development which have elevated millions of people out of absolute poverty, but despite

these colossal improvements in living standards, other parts of the globe present substantial evidence of increasing inequalities, social exclusions and widening gulf between the worlds' richest and poorest. The world has become more complex with larger socio-economic inequalities and growing differences among the richer and poorer communities globally.

The developing world has yet to realize their potential and the advantages of good governance, vibrant economic policies and frameworks. An immensely available literature explicitly associates bad governance as the sole contributor towards the poor growth in economic sectors and flagging socio-economic development, particularly in developing countries. Its need of the time, that developing country like Pakistan endowed with enormous natural resources and massive potential should address the lacunas in governance systems and combat corruption for a better tomorrow.

The critical analysis of existing literature signifies the correlation between governance, perceived Corruption, economic growth, and development of social sector of Pakistan in the preceding sections and gives an insight of certain leading deductions/ conclusions. Analysis of available data with particular focus on the identification of grey areas which consistently jeopardizes good governance and socio-economic development will help us suggest a viable and workable strategy to address hurting anomalies. The values considered for analysis from World Bank, TI, UNDP and the State Bank of Pakistan are highly significant and indicate moderate to strong influences of all the independent variables on the dependent variable. However, there are certain influences observed in the preceding chapters, which have played a considerable impact on the dependent variable with change of successive political regimes in past two decades. For instance, GDP Growth Sharply fell after departure of Governments in 1996/97, 2007/08 and recently 5.8 percent growth rate declined to 3.3 in 2018/19. Such variable which causes substantial impact on consistency of economic and GDP growth after departure of each political regime necessitates further probe and a suggested ground for future research to align a country direction and shape Pakistan future. Major conclusions and grey areas deduced out of the discussion are as under.

Political stability and legitimacy of the electoral process is earnestly a genuine concern of the day. Despite passage of seven long decades, yet, country have not been able to acquire that level of political maturity and sanity that can absorb smooth transition of political regimes from one to another. Abysmally, election results have always been termed as flawed and engineered and accepted with pervasive discontent and dissatisfaction on the pretext of rigging, interventions and void of free, and fair conduct. Hence, elections results have lacked credibility and have been disputed or repudiated by the opposition



parties with allegations of rigging and manipulation. The legitimacy of every successive government turned questionable and resulted in countrywide agitations on the perception of the manipulated election. Opposition parties' denunciation on the legitimacy of electoral process and demands for fresh elections through wide spread protests results in a political turmoil and situation of confrontation thus paralyzing democratic functioning and destabilizing the country. More so, if at all the results were accepted, the political setups failed to complete their due terms, making them more harmful for democratic process. Political setup under General Pervez Musharraf was the first one to complete five-year term but strongly excluded by the political belligerents calling it a less democratic setup. Political Government formed in 2008 and 2013 were fortuitously able to complete their tenure in history of Pakistan but under highly turbulent political environment and at the cost of disqualification of their prime minister.

Bureaucratic system of Pakistan is antiquated and exploitative in nature. Despite, the massive efforts undertaken by successive political leadership and military regimes in power to streamline and address its system embedded deficiencies, it resulted in adding to more ineptitude. Repetitive disregard of merit-based promotions and appointment, endorsing nepotism, favouritism enabling space for servility and enlarging servitude behaviours by discouraging dissenting opinion/inputs added in more ineffectuality's. Political elite have discouraged the flourishing of a professionally healthy and a moderately progressive culture in bureaucracy, rather they have impelled subservient approaches, apathy, fear through purging without due legal processes and failing to enforce transparency and accountability. Hence, as consequences it emerged as highly politicised civil service and utterly eroded the quality of good governance through inconsistent public services delivery and hollowed people's trust in their institutions.

Transparency contributes significantly in the developing economic efficiency and socio-economic sectors. Transparency through Governmental oversight policies ensures judicious allocation of public resources and curtails space for corruption. Transparency in public decision making processes enables investors' confidence and encourages investment and growth. Moreover, Political and fiscal/financial transparency forms an imperative basis for good governance and it cannot be divorced from economic governance. The institutions of economic governance are strongly nested with socio-political environment in the country grounded on the transparency in fiscal and political decision making. Incongruously, we lack on all such transparent mechanisms,

including electoral processes, formulation of fiscal and monetary policies and decision making processes, resulting in far-reaching socio-political imperfections, dissenting environment, and proliferating poor governance and more corruption.

The deteriorating situation of rule of law, directly influences on the Government efficiency and state of political stability. It is generally perceived that countries having stronger 'rule of law' are considered politically stable and have better chances of economic growth. Pakistan, as part of the international coalition force on war against terrorism, after 9/11, faced the major brunt of terrorism. However, the far-reaching tragedy of 9/11 altered the geo-strategic significance of Pakistan in the region. The alliance of Pakistan with the US and its coalition forces resulted in restoration of financial aid and acceleration in their size and inflows. But on the other hand Pakistan paid a very heavy price in terms of volatile internal security environment. Apart from huge financial losses and loss of human lives, space for good governance condensed sharply and radicalization spread largely which deeply impacted the socio-economic development in the country.

Hausmann (2014)<sup>17</sup> suggests that "If you want to predict the prosperity of a country, just look at its institutions. When they fail, trust is eroded and economies are damaged<sup>18</sup>." Accordingly, North (1980) has underlined that "Institutions matter, as they influence norms, beliefs, and actions and therefore, they shape outcomes. 'Institutions are endogenous' as their forms and functioning depends on the conditions under which they emerge and endure". Pakistan's public institutions need a massive overhauling and immense capacity building. Like other institutions, Pakistan judicial system is highly cumbersome, pricey and protracted, therefore, justice dispensations result in indefinite delays, with no accountability. Moreover, judiciary has yet not been emancipated from the ill influence of the executive. It has also failed to comprehend that after independence that sovereignty had passed onto the people and was no longer vested with the King or Viceroy. Before, independence all the government functionaries, including judiciary, remained institutionally loyal to the "Colonial Raj" phenomenon which continues till today, whereas, people now want to give vent to their voice through their chosen representatives, i.e. Parliamentarians. The role of higher Judiciary in the politics has remained controversial. It had given some glaring democracy-retarding judgments especially in the cases relating to Tamizuddin, Dosso and

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<sup>17</sup> <https://www.project-syndicate.org/commentary/government-private-sector-cooperation-by-ricardo-hausmann-2014-12?barrier=accesspaylog>

<sup>18</sup> See Ricardo Hausmann, 2014. Available at [projectsyndicate.org](http://projectsyndicate.org).

Nusrat Bhutto.<sup>19</sup> The justice Munir judgment in the Tamizuddin case has been cited by almost all the historians as one single judgment which legitimized the action of the Head of the Country or State. It has been stated that the history of Pakistan would have been different if Justice Munir had taken a judicial decision instead of pragmatic view of the case<sup>20</sup>. Till the time, the Superior Courts continue to legitimize dissolution of Assemblies and imposition of Martial Law under the “Doctrine of Necessity”, the course of country’s predicted future will not change. It is generally believed that the judiciary in Pakistan has always gone along with the establishment.<sup>21</sup> It is indeed the failure of political system which has been burdening the judiciary with political issues and leaving question marks on its impartiality.

Investment on human capital is one of the most neglected priority of Pakistan political elites. It is a disturbing reality of the day that Pakistan ranked 152 out of 189 countries/territories in the world in the UNDP’s Human development index 2018.<sup>22</sup> What’s more alarming is that Pakistan value in HDI has increased from 0.404 to 0.560 from 1990 to 2018, merely 38.6% in 38 Years.

## 6. RECOMMENDATIONS

Pursuance, to the major conclusions and deductions derived inconsideration with the analysis of the substantial evidence compiled by renowned international and state institutions, various economists and political scientists gives an insight and lucidities to our understanding of a country’s deep rooted issues. Hence, based on these systems embedded errs and appalling fault lines, following recommendation are proffered:

- a. **Fostering Political Legitimacy:** Carl Von. Clausewitz (1780-1831)<sup>23</sup> underlines the significance of political legitimacy and refers that “building legitimacy is the “Schwerpunkt”, the centre of gravity of the strategy”.

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<sup>19</sup> See Dr Inayatullah, *State and Democracy in Pakistan*, (Lahore: Vanguard Books). 1997), p.107.

<sup>20</sup> See N.H. Jaffry, *Federalism, Political Parties and Democracy*, (Rawalpindi: Friends Publications, 1995), p.26.

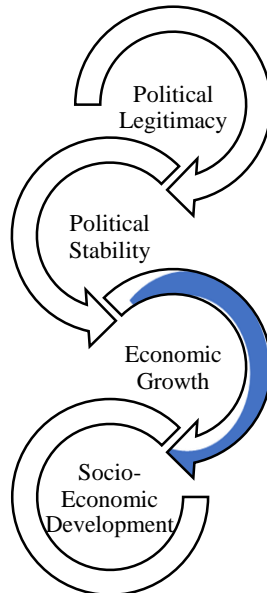
<sup>21</sup> See Hamid Khan, *Constitutional and Political History of Pakistan*, (Karachi: Oxford University Press, 2001), p.875.

<sup>22</sup> See (UNDP, HDR report 2018) [http://hdr.undp.org/sites/all/themes/hdr\\_theme/country-notes/PAK.pdf](http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/PAK.pdf).

<sup>23</sup> See Clausewitz, C., Howard, M., Paret, P., & Brodie, B. (1984). *On war*. Princeton, N.J: Princeton University Press.

Legitimacy of political regimes can be achieved through free, fair and highly transparent electoral process. Political setup established through transparency will not have chances of early removal as such premature removal of elected Governments causes deep rooted political instability and lasting effects on political legitimacy. Regimes devoid of legitimacy and infested with political instability inevitably create vacuum for military interventions. Similarly, Pakistan has suffered from recurring military interventions and dictatorial regimes while facing ironic challenges of government’s legitimacy and instability. Hussain (2018) asserts in “governing the ungovernable”, that “Empirical evidence suggests that economic accomplishments devoid of political legitimacy, however impressive, may prove to be elusive and transient, and do not leave any lasting footprint”. During the early years of Pakistan, the replacement and dismissal of governments was a usual phenomenon. Hence, Pakistan needs to break the vicious circle of political instability through building the legitimacy of democratically elected setup and restoring the trust of people in the state. Eradicating, the hurdle in exercise of good governance and strong institutions to safeguard the people rights. The significance of political legitimacy and its subsequent influences on the socio-economic sectors can be observed in the cycle explained in Figure 11.

Figure 11. How Political Legitimacy Influences Chains of Socio-Economic Development



Source: Authors’ own view.

- b. **Nurturing Sustainable Political Stability:** The continual political instability and overwhelming pessimism about country's future has emerged as a perpetually recurring crisis of Pakistan's turbulent political history since its creation. Smooth transition of power among the political gainers and those lost the public confidence turns nightmare and fuels deep political crisis. Widening gulf of political differences and deepening mistrust amid political parties can never flourish a socio-political harmony. Hence, the gateway to a resilient and congruent democratic culture associated with sustainable political stability and socio-political harmony is passes through indubitable political legitimacy. Political stability serves as the key driving force in creating healthy political atmosphere and enabling environment for socio-economic development.
- c. **Enduring Economic Growth and Stability:** Sustainable economic growth is a driving force for inclusive "socio-economic development and material well-being of the people". However, Pakistan's tempestuous political landscape has caused considerable distortions in acquiring sustainability in economic growth and social development. The leading cause ascertained is the persistently poor performance in good governance coupled with large scale rent seekers influences and bureaucratic manipulation of management policies. Economy was further hurt by the financial indiscipline, adhocism and imprudent fiscal/monetary policies associated with deep rooted corruption. Moreover, successive political regimes and military rulers did not take the initiative to correct the fundamental errs, rather preferred a smooth sale through policy of appeasements and reconciliations. The audacious steps and formulation of bold policies like expanding the tax base, registration of informal /shadow economy, imposition of agricultural tax and striking a fine balance between developmental/ non-developmental expenditure was evaded. Ineffectual economic managers, further trapped the country into a vicious circle through consist budgetary deficit, growing burden of foreign and domestic debts and slack management of financial expenditure over the past few decades. Hence, continuity of such policies will aggravate the problem and worsen the Pakistan economic situation further, unless reversed wisely. As already identified the governance contributes significantly in improving the economic growth, therefore concrete steps be initiated through institutional policy frameworks to practice good governance rigorously, before it's too late.
- d. **Strengthening Electronic. Governance through Digitalization of Services / Institution:** State's most effective tool to execute state functions and undertake public service delivery at grassroots levels is through the civil services or bureaucracy. Pakistan at the time of partition in 1947 inherited the British civil

services as its administrative apparatus. Bureaucracy, was generally considered as the engine of prosperity/growth, in Pakistan in the early decades, now turned to repressive role and failed to deliver public services efficiently. Hence, the need to enhance the public service delivery efficiently and implement good governance practices through digitization of government services was felt direly. Digitalization of government services can address the multi-faceted governance related challenges and bring efficacy in public service delivery and strengthen bureaucratic structures. The digitalization will build synergies among the governmental institutions and will create a paperless culture, enhance the efficiency of institutions and public services delivery and increase transparency of the government actions manifold. The concept of 'Electronic-Governance' is the most significant tool for achieving good governance, especially in building accountability/transparency, improving system efficiency and curtailing corrupt practices. Hence, strengthening Electronic governance through digitalization of government services will bring revolutionary improvements in good governance, reduce corruption, strengthen state institutions and create a more efficient bureaucratic structure. E-Governance will create a quality investment friendly environment, further leading to improvements in economic growth and socio-economic development. A gradually phased transformation of digitization of service structures will not only help us to get freedom from bureaucratic hurdles and rent seekers but will also help to build knowledge based economy to embrace 4<sup>th</sup> Industrial revolution in offing.

- e. **Turning Anti-Graft Drive from Rhetoric to Reality:** Transparency International ranked Pakistan 120 out of 180 measured countries on public sector corruption in 2019. Ironically, Pakistan slipped 3 steps down towards more corrupt countries as compared to the preceding year ranking. Pakistan, has recurrently remained near the bottom quintile on international indices of Transparency International and World Bank WGI for corruption. Notwithstanding, the aggressive anti-corruption drive coupled with lot of rhetoric, raises eye brows, when Pakistan is perceived to be more corrupt as compared to the past year. Hence, anti-graft drive is largely perceived as more of rhetoric based and slighter in reality based, as in the recent past steps taken by national anti-graft body is largely perceived as "naming and shaming"<sup>24</sup>, the people with insignificant number of mega corruption cases leading to a conclusive end. Undeniably, corruption remains a major cause seemingly fettering economic growth, socio-economic development and retarding good

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<sup>24</sup> See <https://www.weforum.org/agenda/2016/05/five-steps-to-curtail-corruption-in-pakistan/>.

governance, therefore needs to be tackled aggressively, above the political interferences, influences of political elite holding the reins of power. Anti-Corruption drive should establish its legitimacy and not a grimmer perception associated with political influences, settling personal vendetta, penalizing opponent politicians and changing their political loyalties through coercion/fear. As when “justice is not served” perception will prevail, the anti-graft body will lose its legitimacy, thus making it more redundant with far reaching consequence on the essence of “corruption free Pakistan”.

- f. **Building Rule of Law and Legal Order:** The most effective and instrumental prerequisite for economic growth and social development is an effective “rule of law” and efficient judicial system. As, it is generally believed that the viably functioning societies bears the effective writ of the state and justice which is easily accessible and available to all. In case of Pakistan the ‘rule of law’ percentile in World Bank good governance indicator ranking has never remained encouraging. Though, the fallout of Afghan war and protracted war against terrorism are the leading causes but still enough can be done to restore the writ of the law in the state. Price attached with fragility of rule of law, is cost heavy and that what Pakistan has paid in terms of loss of precious human lives, low growth, poor socio-economic development and least focus on well-being of the people. Formidable justice system based on vibrant legislation with ruthless law enforcement systems without exception, and uninhibited from exploitative interventions and politically motivated inferences augmented by institutional capacity building is utterly needed. Establishment of speedy trial courts, tribunals with enhancement of size and capacity of Judges and police force for timely justice enactment will create a conducive environment for economic growth through attracting foreign investment and societal well-being at large. As prevalence of criminalization and wide spread corruption adds to fragility of state and undermines its legitimacy/stability with reduced confidence of the citizen and turning it to become a fragile state.

To conclude, although, the advent of Pakistan was a grand manifestation of the triumph of ideology over antagonistic forces, the task of formation of welfare oriented civil society, consequent to independence, posed a number of challenges. The diverse strands in the country’s socio-political, economic and psycho-cultural existence, had to be woven into the fine mosaic worthy of a dynamic polity. Unfortunately, divisive forces and centrifugal tendencies soon started emerging. These gave a negative turn to the course of events and hindered smooth transition of the country out of its colonial legacy into a well fabricated society. The prospects of an enduring political stability,

legitimacy and socio-economic development remained far from being firmly rooted in Pakistan. The main attributes and values of ethnic, linguistic, cultural and religious nature that normally binds the nations together also contributed to the mutual distrust, perennial tension and perpetual hostilities.

The issues of national identity, religious-cultural accommodation and political pluralism are not yet fully settled. These issues further complicated the political landscape of the country by increased political pluralism and societal heterogeneity. Absence of political insight and undemocratic behaviour of political elites failed to prove democracy as the preferable form of government in Pakistan which resulted in loss of public confidence in the system. Moreover, lack of political vision by the leadership in or out of power created undesired political vacuum for repetitive military intervention into politics. Furthermore, the absence of effective state institutions and fragile capacity, created governance related issue, resulting in widespread corruption and socio-economic challenges. However, Pakistan has ample potential to rise as socio-economically well build, moderate and progressive state. The gateway to the establishment of a well governed, corruption free and people centric welfare state, passes through the pursuance of good governance, well cohesive socio-political society and formidably build inclusive political institution.

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