

**RESEARCH PAPER**

## Economic Policies and Political Stability in Pakistan: A Comparative Analysis of PML-N and PTI Governments

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**ABSTRACT**

This study examines relationship between political stability and economic policies in Pakistan through a comparative analysis of the governments of PML-N (2013–2018) and PTI (2018–2022). The research analyzes how different economic policy approaches influenced governance, public confidence and political stability during these periods as the PML-N government adopted growth-oriented policies focused on infrastructure development, energy sector reforms and large-scale initiatives such as the China–Pakistan Economic Corridor (CPEC). While the PTI government focused on accountability, austerity measures and structural economic reforms under IMF programs. Using a qualitative and comparative research approach, the study relies on secondary data drawn from government economic reports, budget documents and academic literature. The findings indicate that consistent economic performance, effective policy implementation and strong institutions are essential for political stability. It is recommended that for long-term political stability in Pakistan, policy continuity as well as strengthening of institutions and balanced economic planning should be promoted at all costs.

**Keywords:** PML-N, PTI, Economic Policies, Political Stability, Infrastructure, IMF, CPEC

**Introduction**

Economic policies play a central role in shaping political stability, especially in developing countries where economic performance directly affects public trust in government and state institutions. Unequivocally, economic growth, inflation control, employment generation and fiscal management are closely linked to political legitimacy and social order as when governments fail to effectively manage economic challenges, public discontent grows that often results in political instability, weak governance and social unrest (Acemoglu & Robinson, 2012; Leftwich, 2005). In Pakistan, political outcomes and system stability have been shaped by its economic conditions throughout its history.

From 2013 to 2022, two democratically elected governments, PML-N and PTI, with distinct economic priorities governed the country. The government of Pakistan Muslim League–Nawaz (PML-N) (2013–2018) adopted a growth-oriented economic approach based on infrastructure development, energy sector reforms and large-scale investment initiatives. Major projects such as improvements in electricity generation and the China–Pakistan Economic Corridor (CPEC) aimed to address chronic energy shortages, enhance connectivity, and stimulate economic growth that may contribute to short-term political stability and enhance service delivery and investor confidence (Khan, 2015; Ahmed & Mustafa, 2016).

The Pakistan Tehreek-e-Insaf (PTI) government (2018–2022) pursued an economic agenda focused on accountability, fiscal discipline and structural reforms. The government entered into stabilization programs with the International Monetary Fund (IMF) to address macroeconomic imbalances such as current account deficits and declining foreign exchange reserves (IMF, 2019). While these reforms aimed to strengthen long-term economic sustainability, their short-term effects included rising inflation, currency depreciation, increased cost of living and economic uncertainty. Empirical studies indicate that austerity measures and IMF-led stabilization programs often generate social and political pressures in developing economies particularly when institutional capacity and social safety nets are weak (Stiglitz, 2002; Haque & Montiel, 2016). These conditions further declined public confidence and increased political tensions during the PTI period.

The economic strategies of the PML-N and PTI governments' fuels debate within Pakistan's political economy regarding the trade-off between growth-driven development and stabilization oriented reforms. While growth focused policies support economic expansion and political stability in the short run, however structural reforms are indispensable to address deep-rooted economic vulnerabilities. However, when reforms lack policy continuity, public support and effective implementation, they may undermine political stability instead of strengthening it (Rodrik, 2007; Leftwich, 2009). In Pakistan, weak institutions and frequent changes in economic direction have further intensified this challenge.

## **Literature Review**

### **Economic Policies and Political Stability: Conceptual Linkages**

In policies and market economy literature, the relationship between economic reliability has been studied in depth. Academics believe that, especially in emerging democracies, economic success is critical in determining political support, popular trust, and regime cohesion (Acemoglu & Robinson, 2012). Even as economic status, crises widely lead boost political unrest and institutional instability, favourable such as restricted price level, job growth, and sustained growth, boost individual people' trust in authorities (Alesina et al., 1996).

The ability of a political system to support continuity, agree, and social order without short attention spans or violent conflict is often defined as political stability (Leftwich, 2005). The economy, of the living expenses, of and the availability of public services are all directly impacted by economic policy. Research indicates that inconsistent or poorly done economic policies can exacerbate disunity and hinder state institutions, particularly in nations with risky democratic systems (Rodrik, 2007).

### **Economic Policy and Political Stability in Developing Countries**

The lower institutional capacity and higher socioeconomic danger effects the political stability due to more emerging economies, according to study, short term political stability lead to improve the policies for infrastructure and public investment and higher the job opportunities (Khan, 2015). However, if involve calculating managers is not in place, similar efforts may also result in long-term funding cuts (Easterly, 2001). On the other hand, reforms cantered on binding and austerity, which are usually carried out under International Monetary Fund (IMF) programs, are intended to address structural imbalances but often have negative societal effects. Various studies show that IMF-led reforms linked to short-term increases in job loss, decreased public spending, and increasing inflation, which can lead to instability and public discontent (Stiglitz, 2002; Vreeland, 2003)

## **Pakistan's Economic Challenges and Governance Context**

Pakistan's political economy has been shaped by structural weaknesses, including chronic fiscal deficits, balance of payments crises and dependence on external financial assistance. Rising inflation, unemployment and inequality have often translated into public protests, political agitation and declined trust in elected governments. World Bank reports also emphasize that inconsistent economic reforms and weak implementation capacity have contributed to slow growth and institutional fragility in Pakistan (World Bank, 2020).

Sustained design flaws, such as continuing spending cuts, balance of trade deficiencies, and relying on outside investment, have affected Pakistan's economy. claims that these economic risks have lowered governments' ability to seek long-term capacity building and confined policies. Poor economic organizations and underlying governance issues are expressed in the repeated the need IMF programs (Haque & Montiel, 2016). Political environment and politics have most often been pressured by shocks in Pakistan (Mahmud, 2014). Public demonstrations, political unrest, and a fall in clarity in current government have frequently resulted from falling wages, asset prices, and injustices. Following World Bank analyses, Pakistan's systemic weakness and slower growth have been caused by uneven policy measures and poor management ability

## **Phases of Economic Policymaking in Pakistan**

Since independence, Pakistan's economic policymaking has undergone various distinct phases. The initial period after 1947 has witnessed political and economic instability, weak institutions and external dependency. From 1947 to 1958, the focus was on agricultural policies with a heavy reliance on foreign aid, which accounted for about 70% of development (Zaidi, 2005). The 1958–1969 era under Ayub Khan introduced centralized planning through Five-Year Plans aimed to achieve a 6% GDP growth rate, though it led to regional disparities (Hasan, 1998). During the 1970s, under Zulfiqar Ali Bhutto, the country entered an industrialization phase, and nearly 31 industries nationalized in an effort to stabilize the economy (Burki, 1999).

During the Zia-ul-Haq period (1977–1988) Islamization and informalization of the economy, with the arrival of financial support through remittances from Gulf countries provided temporary stability (Addleton, 1992). From 1988 to 1999, there's democratic interlude in the country while frequent interruptions in IMF programs were also observed. Due to the alternating governments of PML-N and PPP, reform efforts failed (Husain, 2003). Under Musharraf (1999–2008), policies focused on privatization and liberalization, aimed at a 7% annual GDP growth, which declined after the global financial crisis (World Bank, 2008).

## **Comparative Analysis: PML-N vs. PTI Economic Policies**

Between 2013 and 2018, the PML-N government prioritized infrastructure reforms especially through the CPEC project which involved \$29 billion in Chinese loans. From 2018 to 2022, the PTI government also pursued infrastructure development, but hype in inflation which reached 13%, became a major issue due to compliance with IMF conditions (PSB, 2022). Pakistan's economic policymaking has consistently been influenced by political instability and frequent regime changes. Each political transition introduced new economic policies and abrogated the previous policies without proper assessment. Same like that, the PML-N and PTI governments introduced different economic policies to achieve the same goal of economic and political stability in Pakistan. Although their strategies were entirely different, the success of their policies depended on the methods adopted for implementation. However, the effectiveness of the policies of PML-N and PTI and the status of political stability is shown in the following table:

**Table 1**  
**Comparative Analysis of Political Stability during PML-N (2013-18) and PTI (2018-22)**

Aspect	PML-N (2013-2018)	PTI (2018-2022)
Economic Vision	Growth-oriented model focusing on stability, infrastructure expansion, and investor confidence.	Reform-oriented model emphasizing accountability, austerity, and structural correction of the economy
Policy Approach	Pragmatic and development-focused policies with emphasis on visible economic progress.	Adjustment-based policies largely influenced by IMF conditionalities and fiscal discipline.
GDP Growth	Relatively stable growth averaging around 5%, supported by energy and construction sectors	Slower growth due to stabilization measures, COVID-19 impact, and economic adjustments
Inflation rate	Inflation remained comparatively controlled due to subsidies and price controls.	Inflation rose sharply, reaching double digits, affecting cost of living and public satisfaction.
Public Debt strategy	Borrowing focused on development projects and infrastructure financing.	Increased borrowing to manage balance of payments and meet IMF requirements
Infrastructure development	Major focus on infrastructure, especially energy projects and CPEC-related initiatives.	Continued infrastructure development but with reduced pace due to fiscal constraints.
Social welfare policies	Limited targeted welfare programs; emphasis remained on growth-led trickle-down effects.	Strong focus on social protection through Ehsaas Program and poverty alleviation schemes.
Taxation policy	Limited tax reforms; reliance on indirect taxes and borrowing	Efforts to broaden tax base and increase documentation, though with mixed results.
Foreign Investment	Improved investor confidence due to political stability and mega development projects.	Foreign investment remained uncertain due to economic instability and policy adjustments.
IMF Relations	Avoided strict IMF programs initially, relying on external loans and friendly countries.	Entered IMF program with strict conditions affecting domestic economic policies.
Political stability	Relative political stability supported smoother policy implementation.	High political polarization weakened policy continuity and governance effectiveness
Impact on stability	Economic growth and development projects contributed to short-term political stability.	Economic hardship and inflation reduced public trust, affecting political stability.

### **Economic policy Implementation under PML-N (2013-18)**

Pakistan Muslim league-N when comes into power in 2013 at that time Pakistan faced serious tension like energy shortage, high inflation rate, unequal exchange resources, debtor of high prices loan, fiscal deficit political instability, economic instability and other internal and external problems and tension. So PML-N decided goes toward macroeconomic stability like stable energy sector reforms and high-level infrastructure developments programs.

To compete the challenges PML-N address country problems and focused on stabilized the economic growth and infrastructure growth also. After addressing the economic problems Nawaz Sharif suggest three major goals to overcome economic instability and stabilized economic growth permanently. These three major goals are; to initiate energy sector programs that reduce load shedding, secondly introduced macroeconomic stability to compete fiscal imbalance, thirdly to introduced infrastructure development like wide roads, bridges, motorways and public-private partnership (Zaidi,2015). these three major requirements introduced by PML-N leader of Nawaz Sharif.

PML-N in economic strategy initiate a large infrastructure project with China called China-Pakistan economic corridor project (CPEC) this project contains multiple million-billion dollars. This project initiates to upgrade energy sectors, transportation and other

infrastructure projects. This project not just helping Pakistan economic lifeline but also become symbol to shift Pakistan toward geo-economic with the cooperation of China. PML-N with the month sign many agreements and do many commitments with China (Muzaffar, et, al., 2018; Ahmed, 2019).

With infrastructure developments, PML-N government also focused on fiscal reforms and government decided to privatized many factories, industries companies and also ensure to collect taxes with proper way, these all agendas aim to improve the country position, reduce debt burden and ensure to become foreign investor to confidently invests in Pakistan economy. When country's economy position become better and stable this method attract to the investors toward Pakistan for investments with full confident. These investments play a crucial part to improve economic growth of country.

When goals and policies become clear and defined then complex economic environment and lack of institutional stability create direct effect on the implementation of policies. The bureaucracy also lacked the ability of rapid execution and coordination of intergovernmental institutions especially after the amendment of 18<sup>th</sup> when economic responsibilities gives to the provinces. So, provinces role in implementation is very significant but when provinces show irresponsibility to implemented policies then economic growth as well as country growth never expanded.

### **Energy Sector Reforms and their implementation**

During 2013 to 2018, PML-N made most critical policy of energy sector because when their government established, they faced sever load-shedding problem. This problem creates serious tension for country people and business-like industries, companies, factories due to load-shedding their business don't complete daily target due to lack of electricity that 12 to 16 hours daily. So PML-N government at the beginning faces sever electricity shortage and this shortage approximately 4,500 to 7,000 MW during season peak (kaini, 2014).

This highly shortage of electricity disrupted domestic as well as industrialist business when business slow down then automatically GDP growth decreases or slow-down also cause of unemployment. In Pakistan unemployment rate also very high and economic growth also slow due to this shortage of electricity. So, government address this problem with full attention and decided to solve this problem then they made their policies for improved energy sectors and electricity shortage. Therefore, government identify that energy security as a national top priority and to compete with this security government launched energy sector reforms under National power policy 2013. It's a very appreciable policy to resolve energy security of Pakistan.

To compete with energy shortage, government strategy focused on three important dimensions. First dimension to expand generation of electricity, second is to increase power generation capacity, third one is to diversifying the mix energy and improve the energy transmission and also improve distribution of infrastructure. The main aim of government in short-term to target to improve load-shedding problem and in medium-term introduced competitive mechanism of energy sector in market (Ministry of Water & Power, 2013).

To improve generation of electricity, PML-N government introduced many energy sector projects which were funded under CPEC project and introduced in many cities like 1,320 MW Sahiwal coal power plant, other power plant of coal in port Qasim about 1,320 MW, other LNG power plant in Haveli, bahadur shah, bhikki and ballkoti (Hussain & Khan, 2018). These projects proved very beneficial for reduce load-shedding problem and add almost 10,000 MW electricity in the national grid. And first-time owner of industrials experiences of continues supply of power to industries, factories and companies. These

major plants reduce load-shedding as well as increases productivity of business and also attract investors toward Pakistan for investments.

PML-N government play role in reducing energy shortage but also play role in reducing dependency on expensive oil and shifting towards LNG, coal, hydro and solar system. In Pakistan first utility solar project launched in Bahawalpur by the name of Quaid-e-Azam solar park, the main focus to imported fuel like LNG and coal for sustainability and affordability (Rauf, 2019).

After introducing projects and energy plants issue of load-shedding no doubt become less but foreign debt increases and electricity cost production not match the loan prices so this creates problem. To reduced problem introduced billing, metering reforms but continuously losses of energy sector and increases debt balance (Mirza & Fatima, 2017).

PML-N no doubt trying best to reduced load-shedding problem but short-term strategy and their policies also faced many criticisms and opposition propaganda and also debt increases faced many hurdles by PML-N. But their policies about energy sector create also positive impact on the country and GDP growth.

### **Infrastructure development policies**

Infrastructure development is also a top priority for PML-N government. They started macroeconomic reforms in 2013 to 2018 to fasting country's growth and sustainability in the economic growth as well. Infrastructure development called to making wide and beautiful roads, motorways, bridges to boost up the trade system and become cause of attraction of foreign investor for investing in Pakistan confidently.

PML-N gave most importance to the infrastructure development because their ideology is that wide and clear roads gave perfect way to vehicles for trading and when roads are totally clear trading system become faster and more advanced and when roads gave perfect way to the traders then trade things shift with timely.

But there also criticism comes with hate, because it seems like the unfair with urban and rural peoples. Peoples thinks that in provinces only development developed in Punjab and other provinces were neglected. So unfair point raises between the provinces and questions raises of fairness (Ahmed, & Qazi, 2014).

For construction these projects like roads, motorways, bridges, orange line train, transportation system needs high budget so government took loan from China and used public funds by public sector development programme. These loans and funds used for quick construction of projects that become cause of high debt and foreign loan from USA and this loan repaid with high interest (Mushtaq, et al., 2017; Sheikh & Saeed, 2020).

### **Policy Implementation under PTI Government (2018-22)**

The PTI government when came into power in August 2018, it faced sever and imbalance economy tension. Pakistan fiscal situation is very bad because Pakistan was debtor of high loan and continuously import the things without export country product, by importing the product from foreign the financial condition become worst. In the beginning of PTI government current situation of account of deficit increases \$19 billion in 2018 and also fiscal deficit was over 6.5% of GDP (State Bank of Pakistan, 2019). Therefore, economy situation become very bad and worst because GDP growth become slow while inflation rate increases very highly, internal and external pressure also create more tension in the way of Pakistan growth.

In the beginning, PTI government focus on the situation of Pakistan economy and start their role to maintain their solution but in starting they refused to took help of IMF and not ready to assign any agreement of IMF condition, they took their step toward friendly states for helping like China, Saudia Arabia and USA but their help not sustainable help and not find any permanent solution for country progress. So, government totally disappointed and then decided to goes toward IMF reform and almost in 2019 they agree to sign agreement with IFM and gaining help from IMF for improving financial condition of country and improving fiscal condition and stabilized the economic sector of country.

After doing agreement with IMF, now it's time to imposed the reform condition to the country but it's very strict and harsh conditions for people but by imposing the IMF policies neither other choice for Pakistan to improve Pakistan economy. No doubt IMF support helps to resolve country problems temporarily but in future it create a high loan pressure on Pakistan with high level interest but neither no choice at that time.

After sign agreement with IMF, Pakistan have no choice by imposing IMF policies on Pakistan country, government increases the bills of electricity, prices of gas high, subsidies reduced by government, tax revenues increase. No doubt these steps was very harsh for Pakistan and public but at that time Pakistan have no choice instead of that.

By imposing these reforms in country also gain trust of international countries and organization and helping the investors to come Pakistan and invest without any hesitation. These reforms are very painful for public and public lose their basic needs due to high inflation and middle class have no such expenditure also with GDP growth rate in 2018 was 5.5% but become very low in 2019 and become almost 1.5% and become more less in 2020 (World Bank, 2020).

So lower of GDP growth from 5.5% to 1.5% and become more less in 2020 create many tensions between the opposition and government of Pakistan. Public also become very sad and upset due to lack of basic necessity. These bad growth of GDP and economy of Pakistan create also distrust between the investors because at that time investors also have no interest and any requirements due to instablized economy and bad condition of financial condition of Pakistan. So, IMF reforms become cause of many difficulties as well as tensions.

### **Fiscal Reforms under PTI Government (2018-22)**

PTI government main focused on stabilized the country economy at any cost but their steps and policies become hard for Pakistan people. To stabilized the country economy PTI focused on Fiscal reforms that aim to reduce budget deficit and maintain the annual revenue of country without spend extra income on extra work. To reduce budget deficit and increases the productivity to meet the expenditure annually. Fiscal reforms are also the part of commitment of IMF reforms that signed in 2019 agreement (IMF,2019).

The main agenda of this reform was austerity which means cutting extra expenditure to maintain the country budget. In which funds stop and cut that spend in development programs, also stop the process of new individual hiring, also reduced the payment of public sector officer, and also stop the process of pension that gave to the retired officers or teachers, and also remove all extra expenditure of government ministers. These steps taken by PTI government in austerity and it's not a beneficial for public but may be beneficial for country's development and meets expenditures of country affairs.

### **Tax Collection Reforms**

PTI government also main focused on tax collection, they introduced tax collection policy to maintain the system of taxes properly and also the main aim to improve revenue after tax collection. Tax collection responsibility gives to the Federal board revenue (FBR).

The task toward FBR to maintain tax collection system and tracking those type of document that have illegal economic activities and counter those sectors whose never paid their taxes and force them to collect their whole taxes without any relief and also collect taxes like agriculture, retail, real estate (Ahmed & Shabbir, 2020). To measure tax on transaction over certain amount by tracking the CNIC of those people who transact amount with high range and don't pay taxes due to lack of accountability this method is very useful to analyse tax collection situation. The main aim of this method just to recover the taxes system and maintain rule of tax collection and create more revenue from tax collection. PTI government also introduced new tax collection reforms with the aim of increasing the revenue from tax. This new method of tax collection is that tax imposed on sales tax and custom duties. It's a good step but not for middle class people because middle class public have no much income to pay sales tax and custom duties also. That's why this method criticized by lower-income people and show aggressive aggression toward government.

These all steps just taken by the policies of IMF reforms. But these reforms become very dangerous for Pakistan public because they face first time that much high inflation rate in Pakistan, electricity bills prices increase to sky, petrol prices also increase from limitation and gas as well as fuel prices also increases these things become distrust and dissatisfaction of public (Hussain, 2020).

### Research Methodology

This research has adopted a qualitative method and employed the historical and comparative approaches for which data has been collected from both primary and secondary sources. The primary sources included government documents and policy reports while the secondary sources included academic journals, books and articles on economic policies and political stability during the regime of PTI and PML(N) governments.

### Results and Discussions

In Pakistan, Economic policies formulation shaped by four factors: political ideology, institutional capacity, external dependencies and elite interests. These factors are very helpful to understand every government economic policy stability and instability in a country.

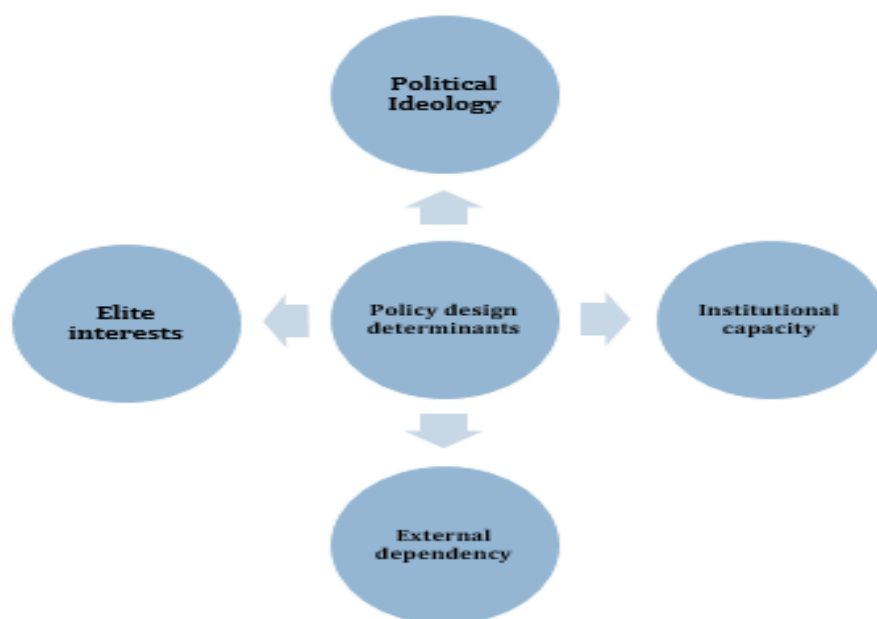


Figure No. 1: Policy Design Determinants



## **Political Ideology**

Political ideology is the primary factor for policy design. This factor explores the political parties' ideologies, every party have different ideology from other party and these ideologies make party strength in the public more effective and valuable. The PML-N ideology centres on infrastructure development of state through CPEC projects (Evans, 1995) but PTI ideology centres on justice, anti-corruption and social reforms based (North, 1990). The political ideology of different parties influences the economic policies that may helpful for economic growth and also become difficult and not acceptable for public.

## **Institutional Capacity**

Institutional capacity is the second factor for policy design. This also explore the strength and weakness of institution in Pakistan and their effect on policy formulation. In 1958-69 under Ayub khan the planning commission have strong control that's helping for making and effective following of five years plan (Hasan, 1998). But after that, when democratic government came into power, the institutions divided into more parts and less corporation between them that's create bad effect on policing making.

The best example institutional capacity is 18<sup>th</sup> amendment that passed in 2010, in which the power gave to the provinces that's the good step but the negative aspect is that provinces have to capability to handle these power and responsibility with proper ways. They create problem in collecting taxes (World Bank, 2015).

The other major issue is that Federal Board Revenue (FBR) takes taxes only at national level, it's not working properly and efficiently and only collects 40% taxes on national level not regional level (IMF, 2021). Due to this problem governments also focuses on the short-term policies instead of long-term plan and developments.

## **External Dependencies**

From Independence Pakistan dependent on foreign aids and foreign helps due to instability and lack of resources, since Independence Pakistan took help from International Organization like IMF especially in the financially conditions. From independence to till Pakistan takes almost 23 times financially help from IMF. No doubt financial support from international organization helping to continue the pending projects and timely support the Pakistan economy but these aids come also with harsh and strict actions and conditions. International organization support indirectly changes the country economy policy prices of all product increases and taxes also increases that create problems for poor people, peoples not buy even basic things. We can say that outside support indirectly harmful for poor people needs and economy process slowdown.

To getting aids and financial supports, Pakistan also supports powerful countries like USA. In history during general Zia ul Haq from 1977 to 1988 when Pakistan support USA against USSR, for supporting America offered foreign aids and money to Pakistan but in return it changed their economic policies in a way that helped rich people more than poor (Burki, 1999).

During the tenure of PML-N, Pakistan initiates big project with China called China-Pakistan economic corridor (CPEC). It's a deal between Pakistan and China to develop infrastructure programs like roads, motorways, energy sector projects etc. No doubt this project gives new and unique structure to Pakistan but this project cost a lot of money that create cause of financial burden on Pakistan and increases Pakistan debt (Rahim, et al., 2018; SBP, 2018).

When PTI came in power and establish their government, their government faced many economic problems but COVID-19 and Ukraine war increases more burden on government. They tried to changes CPEC project terms but failed. This showed that in project partnership both partners have no equal power in which China is more powerful than Pakistan, Pakistan have limited authority to change project terms (Shah, et al., 2020; Small, 2022).

### **Elite Interest**

In Pakistan, Elite groups are called powerful people, Rich people, Successful businessman landlords and politicians. These elites influence the economy policies of Pakistan, more than elites' groups created bad or negative influences on the policies because they only show interest or implement those polices that fulfil their interest or beneficial for them. In Pakistan many politicians are landlords and their more than 67% income comes from agriculture but they not paid their taxes because they fully tried those taxes not implemented on agriculture that's totally unfair (Cheema, 2018).

In Pakistan, Industrialist are most powerful group and have their influences on economic policies, due to their power they receive electrical energy at cheap rate than its actual rate and subsidies from government, these energy subsidies for industries cost of Pakistan about 3% of its GDP growth (PIDE, 2021). These 3% is huge amount, billions of rupees that government used in important things like schools, hospitals and infrastructure projects but it goes for industries support.

In Pakistan, military have businesses control and their business estimate worth almost \$20 billion rupees. The Amazing things that these businesses have no properly implemented taxes system. Army also not agrees to reduce their budget even in the IMF strict policies or pressure (Saddiqa, 2017).

### **Path Dependencies**

Path Dependencies refers to decisions that made many years ago but still affect Pakistan today. In the other word country still stuck the past decisions called path dependencies.

In 1990s when government take decisions to give energy subsidies to people at cheap rate, these decisions make worst day by day because electricity bills price is not enough to pay power companies and become cause of increases debt to 2.5 trillion (NTDC, 2022). Every Governments never wants to rise electricity bills because they become cause of disagreement and upset of peoples but for economic growth or to reduce country debt government unwanted increases electricity bills

Informal economy refers to where businesses and people don't pay taxes or not follows the rule and regulations that suggested in policies and these taxes almost make 35% GDP growth but people not paid. But government regulators do not enforce the rules strictly because strict actions upset the people and politicians never want to lose their voters (Kemal, 2020).

### **Comparison of Political Stability during PML-N and PTI Governments**

The PML-N government prioritized growth-oriented and infrastructure-focused policies aimed to stabilize the economy and attract foreign investment. Projects like Sahiwal Coal Power Plant and LNG-based plants added ~10,000 MW to the national grid, in load-shedding and to support industrial productivity (Hussain & Khan, 2018). Investments in motorways, roads and public transport under CPEC enhanced trade and connectivity. Also borrowing was targeted at development projects aimed at long-term economic capacity. The

PML-N's visible economic progress improved public perception and investor confidence. However, regional disparities and increased debt generated criticism and highlighted limitations in inclusive policy implementation, more promptly outside Punjab (Ahmed & Qazi, 2014).

The PTI government faced an already constrained fiscal environment, worsened by COVID-19 and rising global commodity prices. To stabilize the economy, PTI implemented austerity measures, including subsidy cuts, tax reforms, and reduced public spending (IMF, 2019). The Ehsaas Program targeted poverty alleviation, reflecting a focus on social protection despite fiscal constraints. Efforts to broaden the tax base and document economic activity faced public resistance due to perceived harshness on middle-income households (Ahmed & Shabbir, 2020). While necessary for fiscal stabilization, these reforms reduced public satisfaction, triggered inflation, and slowed GDP growth. High economic hardship contributed to political polarization, demonstrating the sensitive balance between fiscal discipline and social acceptance in maintaining political stability.

**Table 2**  
**Indicators of Stability**

<b>Indicator</b>	<b>PML-N (2013-2018)</b>	<b>PTI (2018-2022)</b>
<b>GDP Growth</b>	~5% average	1.5-3%
<b>Inflation Rate</b>	4-6%	9-13%
Public Debt (% of GDP)	Moderate increase due to infrastructure projects	Sharp increase due to IMF borrowing and fiscal measures
Infrastructure Projects	High: CPEC, roads, motorways, energy plants	Moderate: limited due to fiscal constraints
Public Satisfaction	Relatively high	Low due to austerity and price hikes
Political Stability	Moderate stability, smooth policy implementation	Low stability, high polarization

PML-N's growth-oriented model boosted GDP and investor confidence, supporting short-term political stability. PTI's austerity-focused approach stabilized fiscal accounts but slowed growth, reducing public trust and political stability. PML-N emphasized infrastructure, which indirectly improved political legitimacy. PTI emphasized social welfare and fiscal reforms, which were beneficial in the long term but caused short-term public dissatisfaction. Policy Implementation Challenges: Both governments faced institutional constraints: provincial capacity under the 18th Amendment, elite influence, and bureaucratic inefficiency limited the full potential of economic strategies. PML-N relied on Chinese investment for infrastructure projects. PTI relied on IMF programs for fiscal stabilization. These dependencies affected policy flexibility and public perception, influencing political stability outcomes.

## Conclusion

The analysis of political stability and economic stability under the government of PML-N from 2013-2018 and PTI from 2018-2022 is very complex and critical analysis but their policies reveal and clear the complicated relationship between the political stability and economic stability. These stabilities are directly or indirectly related to each other if one thing disturbed then other automatically disturbed. So now it's clear that these both stabilities do not work on background they work as a pillar of every government. If a government successful to maintain political stability, then automatically stabilized the economic sectors. But if fail in one sector then automatically failed in other one.

In this research, after whole analysis, the result conducted that PML-N is better than PTI in stabilizing environment because PML-N initiate infrastructure development and gave long-term development to the country also implement these projects without any detain and this project not just based on roads construction but also included other sectors like energy sector, transportation under the relationship with China called CPEC (China-

Pakistan Economic Corridor). But their projects also criticized by public and opposition they claim that this is unfair between Punjab and other provinces but overall, this project was totally worthiest. In contrast PTI their reforms as much not stabilized their reforms are social and anticorruption-based reforms. PTI government shifts toward IMF for fiscal reforms but IMF reforms show harsh result toward public and influenced distrust of public toward government. Their government also faced high level distrust and opposed by opposition. Inflation rate become high and low GDP growth from 5.5% to in minus figure.

### **Recommendations and Policy Implications**

Based on the findings of this study, following recommendations are drawn:

First, greater policy continuity across successive governments is essential as frequent changes in economic priorities and reform strategies create uncertainty, weak investor confidence as well as reduces public trust in governance. Political parties should develop continuity in core policies especially in areas such as taxation, energy, industrial development and public investment.

Second, institutions must be strengthened to ensure effective policy implementation as weak administrative structures, limited regulatory oversight and politicization of economic institutions have undermined both growth-oriented and reform-driven strategies.

Third, economic reforms should be balanced with social protection measures. While structural reforms and fiscal discipline are necessary for long-term economic sustainability, their short-term social costs can generate public dissatisfaction and political instability.

Fourth, transparency and accountability in economic decision-making should be improved as clear communication of policy objectives, reform timelines and expected outcomes can reduce public uncertainty and resistance. Transparent governance practices also strengthen institutional credibility and democratic legitimacy which are critical for political stability.

Finally, long-term economic planning should be prioritized over short-term political considerations. Pakistan requires a stable and coherent economic vision that balances growth with structural reform and is supported by strong institutions and public consensus. Such an approach would contribute to sustainable economic development and help reduce political instability.

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