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Conflict, Growth and Human Development: An Empirical Analysis of Pakistan

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ABSTRACT

In this paper, we use the Autoregressive Distributed Lag (ARDL) Bound Testing cointegration approach to study the long-term relationship between internal conflict, economic growth, and human development in Pakistan. We show that, by offering better opportunities and reducing radicalization, education could help reduce conflict in Pakistan. The government's spending on its defense budget, however, is high, and results in low social spending. We also show a positive contribution to conflict reduction by public order which justifies the government's anti-terrorist policy. It also appears that economic reforms and wealth do not help to reduce internal conflicts in Pakistan. This result is an illustration of a situation in which globalization is perceived as a threat, and economic growth fuels political and social unrest. Political rights and civil liberties do not seem to reduce conflict either, because periods of democracy have experienced a resurgence of violence. This finding suggests that, in a fragile country like Pakistan, respect for public order is a priority before restoring democracy. Pakistan seems to be caught in a low development trap in which conflict is the main variable to consider before seeing the benefits of reforming the economy.

KEYWORDS Conflict; Economic Growth; Human Development; Pakistan

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