

**ANALYZING THE IMPACT OF ECONOMIC LIBERALIZATION ON
DEMOCRACY IN A GLOBALIZING WORLD: A CASE OF PAKISTAN**



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Analyzing the Impact of Economic Liberalization on Democracy in a Globalizing

World: A Case of Pakistan

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DECLARATION

This thesis contains no material, which has been accepted for the award to the candidate of any other degree or diploma, in any university or other institution.

To the best of my knowledge the thesis contains no material previously published or written by another person, except where the reference is made in the text of the thesis.

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ABSTRACT

The research study is designed to analyze the impact of economic liberalization on democracy in Pakistan given the globalizing world of today. Along with the variables of globalization various other variables are also considered such as military regime, civil liberties like voice and accountability, economic growth, prior democracy, population growth, foreign aid, rule of law, regime stability and provisional constitutional order. Along with these the recent impact of China-Pakistan Economic Corridor on democratic development has also be analyzed. A time series approach is used to estimate the effect of these variables on democracy. It is assumed that globalization negatively impacts democracy and dampen the democratic process however in case of Pakistan globalization has not been accepted to such an extent so as to significantly impact the democratic process. However, it has the potential to exert a negative impact if fully received in Pakistan.

Key Words: Economic Liberalization, Globalization, Democracy, Military Regime, International Policy Co-ordination, CPEC

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ABBREVIATIONS

BTN beggar-thy neighbor

CENTO Central Treaty Organization

CPEC China-Pakistan Economic Corridor

DCs Developed Countries

ECO Economic Co-operation Organization

FDI Foreign Direct Investment

GATT General Agreement on Trade and Tariff

II Internationalization Index

IMF International Monetary Fund

INGOs international non-governmental organizations

LDCs Least Developed Countries

MNC Multinational Co-corporation

ODA official development assistance

OIC Organization of the Islamic Conference

PI Portfolio Investment

PIA Pakistan International Airlines

PTN prosper-thy-neighbor

RCD Regional Cooperation for Development

SAARC South Asia Association for Regional Co-operation

SAP Structural Adjustment Programme

SCO Shanghai Co-operation Organization

SEATO South East Asia Treaty Organization

SOE state owned enterprises

TNI Transnationality index

UNCTAD United Nations Conference on Trade and Development

WTO World Trade Organization

CHAPTER 1: INTRODUCTION

Globalization has proliferated worldwide. The occurrence of globalization is basically assimilation and interrelationship between companies, people, and governments of various nations. It is propelled by investment and international trade supported by information technology. Effects of globalization are as diverse as the phenomenon itself effecting not only prosperity and economic development but also cultures, environment, political systems and physical well-being of humans all around the globe. (Globalization101, 2017)

The focal point of this research is liberalization/globalization and its effect on politics especially the democratic development. Economic globalization is synonymously used as economic liberalization in literature as globalization amongst its other effects has been the driver of liberalization of the economies around the world. The main focus of research is the democratic development in Pakistan given the fact that the democratization in Pakistan has been hampered every now and then by political instability and military takeovers. The study initially gives the evolution and a short history of trade openness, internationalization, liberalism and regionalism and then considering these phenomenon with respect to Pakistan. It also studies the response to financial and economic liberalism unique to Pakistan. After careful analysis of the effect globalization has on cultural and social arenas of a country the research focuses on studying the effect of economic liberalism on politics.