

COUNTRY PROFILE



Pakistan

GLOBAL RANK: 85th of 104



Pakistan's poor political life score and low freedom of choice constrain its Comparative Liveability rank (90th), which combined with its 72nd place in Economic Competitiveness results in 85th place overall.

● BACKGROUND

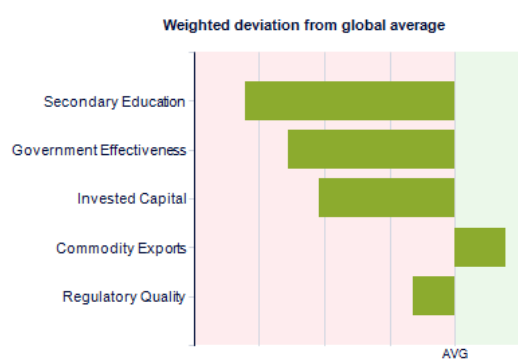
Pakistan has the world's second-largest Muslim population. The country is largely impoverished and prone to earthquakes, floods, and crop failure. Although IMF-sponsored reforms have helped reduce poverty by 10% since 2001, the economy still suffers from large budgetary and trade deficits and high inflation. Indentured child labour is widespread. Pakistan's turbulent political system is destabilised by corruption, assassination, and frequent interventions by the military. Along the country's Afghan border is a lawless tribal belt where Al-Qaeda and Taliban forces operate.

FAST FACTS

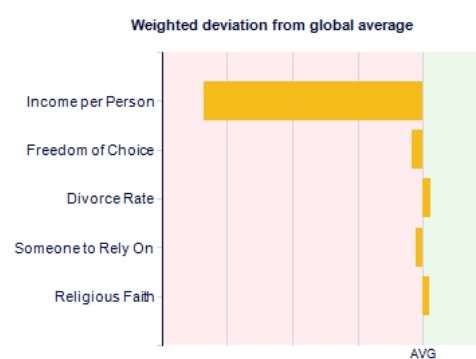
Population:	167.8 million (2008 est.)	FDI (net inflow):	1.16% (2006 est.)
Life Today	5.5 (2007 est.)	Exports	13.33% (2006 est.)
GDP (PPP)	\$410 billion (2007 est.)	Imports	23.48% (2006 est.)
GDP (Growth)	6.4% (2007 est.)	Unemployment:	7.5% (2007 est.)
GDP (per Capita)	\$2,600 (2007 est.)	Life Expectancy	64.13 years (2008 est.)
Political System:	Federal Republic		
Foreign Aid:	1.51% (2006 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



Pakistan's economy has been held back by political and military factors inherited at independence in 1947. The major provinces of Punjab and Sindh are marked by highly uneven power relations between landlords and labourers. Poor government effectiveness and quality of regulation mean that such problems remain unaddressed. A skewed distribution of land has held back rural development, while the political influence of landlords resulted in agricultural incomes remaining untaxed for many years, leaving the state with a narrow tax base.

The resulting underinvestment in mass education and infrastructure has been exacerbated by the decades-long confrontation with India.

Despite some success at raising incomes, poverty prevents many Pakistanis from gaining access to adequate nutrition, healthcare and shelter. The fruits of economic growth have not been widely shared and both unemployment and inequality remain endemic, both in large cities such as Karachi and Lahore, and in the countryside. As with other South Asian states, Pakistan scores poorly on indicators of social trust and community participation, and only 52%⁹ of Pakistanis say that they have someone to rely on in everyday life, according to the Gallup World Poll.

Given military threats and its inequitable distribution of wealth and land, democratic government has not easily taken root in Pakistan.

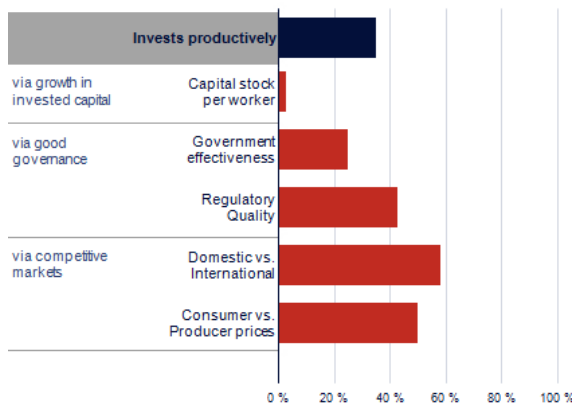
In addition to the disruptive effects of three wars, the Pakistan-India confrontation has prompted Pakistan's leaders to channel a large share of resources to the military -- as much as 70% of GDP in some years -- leaving development spending sorely neglected.

The country has been run by martial law administrations for nearly two decades. Military officers and elite civil servants dominate the power structure, damaging political life by leaving little room for ordinary people to participate in decisions that affect them.

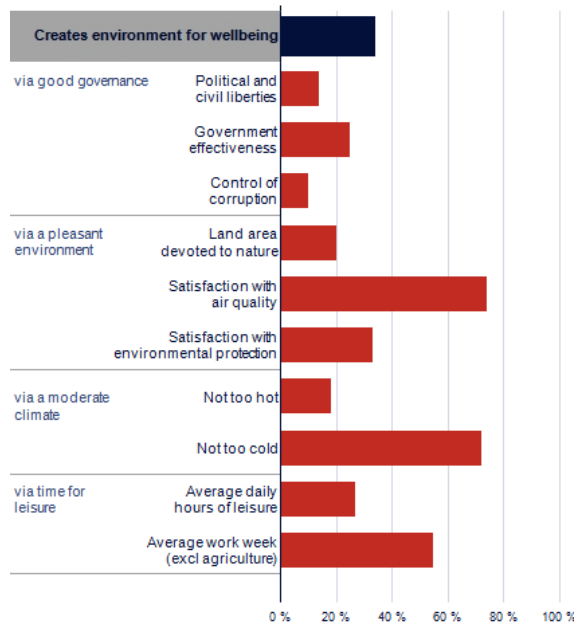
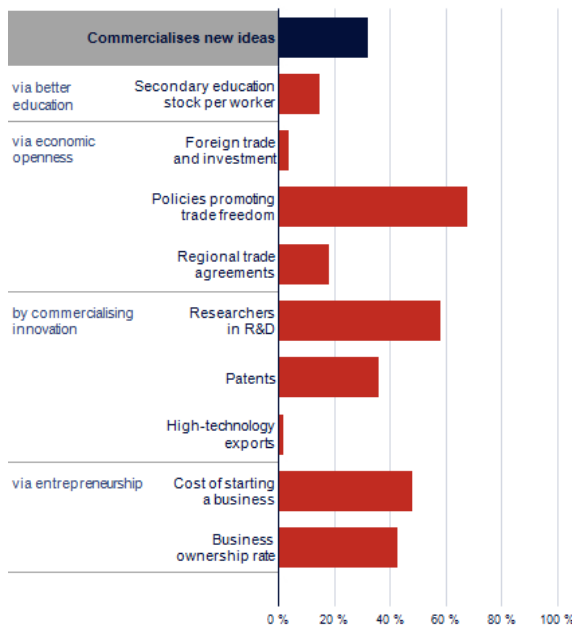
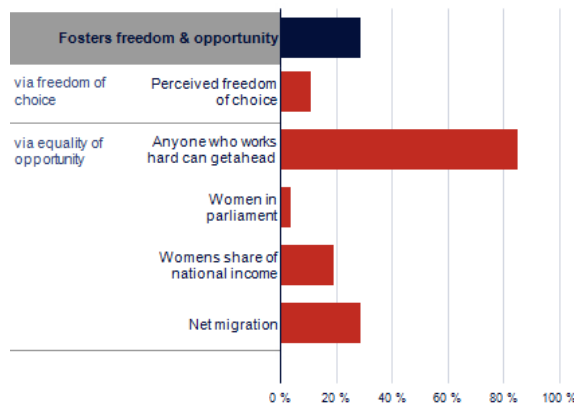
Industry remains based on such sectors as textiles, sporting goods and chemicals, but avoids any dependence on commodity exports. Pakistan has not matched the successful record of its larger neighbour in terms of innovation in fields like pharmaceutical or information technology, and it compares poorly in terms of governance and economic openness. Pakistan also lacks capital investment, which will hinder future growth in material wealth. Nonetheless, market-oriented reforms in the 1990s have helped boost growth rates from their 4-6% norm to 7-8% in recent years, raising hopes of progress in the future.

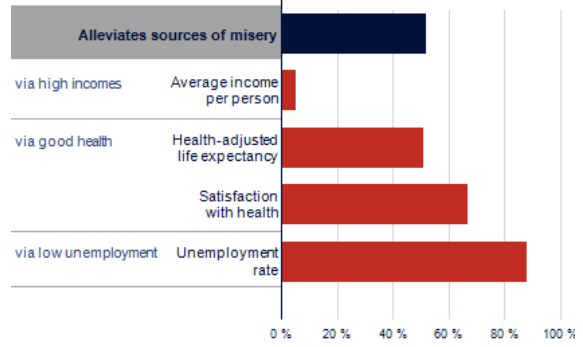
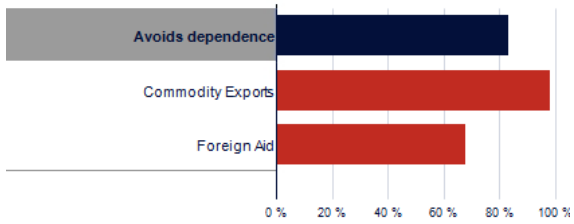
Religious faith in Pakistan is strong with 91%^w of people in the World Values Survey reporting that God is very important in their lives. However, the country scores notably below its neighbour India on religious freedom, and badly on satisfaction with freedom of choice, reflecting deeply-rooted tendencies towards authoritarianism and confrontation in its political life. The low level of divorce may well be a result of the combination of these factors, although it does raise Pakistan's score on the Index.

ECONOMIC COMPETITIVENESS: SCORECARD

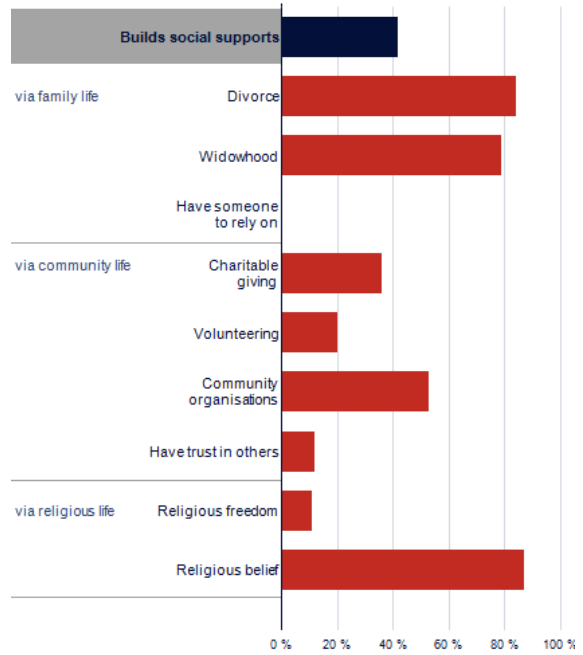


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.