

POLITICAL STABILITY AND ITS IMPACT ON ECONOMIC GROWTH OF ASIAN COUNTRIES.

A COMPARISONS BETWEEN STRONG AND WEEK POLITICAL STABLE COUNTRIES (1988-2018).

DR MAJID HUSSAIN PHUL¹

Assistant Professor, Department of Economics, Shah Abdul Latif University Khairpur, Pakistan
Corresponding Author

Email: majid.phul@salu.edu.pk

DR MUHAMMAD SALEEM RAHPOTO²

Professor, Department of Economics, Shah Abdul Latif University Khairpur, Pakistan

Email: saleem.rahpoto@salu.edu.pk

NOOR MUHAMMAD BOZDAR³

Lecturer in Economics at Government Degree College Bozdar Wada

Email: noorbozdar@gmail.com

ABSTRACT:

Political economy is dealing with economic growth theories since last two hundred years despite this somehow attention was given on empirical verification. In this connection the research pays attention on empirical analysis. The Research analysis the effect of political stability (PS) on economic growth (EG) in Asian countries. Researchers has differentiate the effect of PS on EG for strong and weak political stable countries separately. The nexus between PS and EG is one of the central point of discussion among researchers in the field of political economy. To investigate whether the variables are stationary or not we have been conduct panel unit root tests. There are some approaches that analyses unit roots such as PP - Fisher Chi-square, Im, Pesaran and Shin, W-stat, Levin, Lin & Chu Breitung t-stat and ADF - Fisher Chi-square for the benefit of variables. In this research Im, Pesaran and Shin, W-stat Panel unit root test has been used for checking the stationary of the data. The results shows that PS and INF are become stationary at level I (0), while GDP, GFCF and TLF are become stationary at 1st difference I (1). In the research Panel ARDL (PMG) method has been used for checking short run and long run nexus between dependent variable (DV) and explanatory variable.

PS has positive impact on EG of strong political stable countries and for weak political stable countries, there is negative effect of PS on EG in the long run analysis. In the short run there is an in No Effect of PS on the EG of strong political stable countries and for weak political stable countries, there is positive effect of the PS on the EG. GFCF has positive effect on the EG of strong and weak political stable countries in the long and short run analysis. TLF has also positive impact on the EG of strong and weak political stable countries in the long run analysis. While in the short run there is insignificant effect (No Effect) of TLF on the EG. In the long run INF has negative effect on the economic growth of strong and weak political stable countries. In the short run INF has a positive effect on the economic growth of strong political stable countries. While for weak political stable countries, there is insignificant effect of the inflation on the economic growth.

KEY WORDS: Gross Domestic Product (GDP) , Political Stability (PS) , Total Labor Force (TLF) , Gross Fixed Capital Formation (GFCF) , Inflation (INF), ARDL Method and IPS Panel Unit Root Test.

INTRODUCTION

Economic growth and political stability are deeply interconnected which develop importance of political stability in economic development of a country.

The PS play as a vital role for achieving the nation build, such as national integration, the political improvement which has a straight effect on the development of political parties. PS is the quality of government and can be twisted out by a variety of events such as coups, variations are brought by the regular government or cabinet, that follows rapid transforms in economic

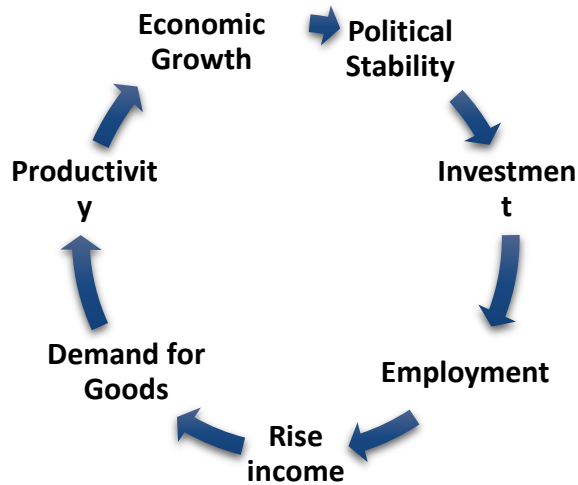
policies. PS that may have existed in a country or it may be foreign, most frequently appears to be defined by what it is not- hence the literature definition of stability is as a lack of a system or ordered way of doing things.

However, (Ake, 1975) offered an incredible meaning of stability in his 1975 article "A Definition of Political Stability." He originally characterized the political behavior as any behavior that influences the dissemination of dynamic force in that society, and afterwards, he characterized political jobs as (generally) unexpected desires for how people are to act in some random circumstance. At last, Ake characterized PS as "consistency in the flow of political trade". This definition demonstrates valuable for characterizing stability on both domestic and worldwide levels and separating between various degrees of stability.

The idea of PS was portrayed by Lipstel in 1960. He expressed, "a nation is considered as stable if it has been a liberal and a reliable democracy or fascism for a long time"(25 years or more), (Farooq,2017).

At the point when political parties of the nation show restriction towards one another, at that point, PI creates in the nation and it evaporates out the ideal economic improvement of the nation. PI profoundly causes the uneven EG. Thus, for Asia, it is remarked that the PI is a serious threat to the developing as well as to under developing countries of the continent. Weak political culture, the inefficiency of political parties and instability of government extends a politically instable state. People of a variety of cultural attributes which are multiethnic have unintended consequence which is more serious.

During PI there is no one sure of his power even the Prime Minister or the president are not sure of their tenure. And the political culture is supposed to be a chaotic one, being ignored and undermined by the hidden hands extending a number of the reason. The other implications of the political instabilities are the inflation, general strikes, and the violence among the ethnic groups of the country. Such that unrest passes negative signals to the foreign as well as to the local investors who are reluctant to put on risk their huge investment in such those circumstances. Resultantly the human capital remains unutilized and leading to unemployment and low income of the general masses, hence putting on the risk whole the economic system of the country. Subsequently, it is suggested that the unstable political system is dangerous for any economy and policymakers to face it difficult to format any viable economic policy for the country, for, it limits the scope of prosperity and the growth. Political stability increases economic growth and will boost the economic activities to benefit the local and foreign investors to put their investment in such a safe environment.



PI shortens the interest of the government, interrupting long-run economic strategies for conduction of better performance of the economy. The Government has taken short-run however important actions to win the hearts and brains of the individuals. PI affects and gives negative results on investment, slow down the growth rate, increase poverty and rate of unemployment, which in turns further increase PI by giving rise to destructive natural force, civil unrest and strikes.

In this research paper researcher have been selected 20 Asian countries. 10 countries are strong political stable and 10 countries are week political stable. Researcher have make a compression between strong and weak political stable countries that how those countries Political stability/ instability effect economic growth.

List of Selected Asian Countries

STRONG POLITICAL STABLE COUNTRIES	WEAK POLITICAL STABLE COUNTRIES
Hong Kong	Pakistan
Japan	Bangladesh
Korea	Bahrain
Malaysia	Iran
Mongolia	Iraq
Oman	Israel
Qatar	Lebanon
Singapore	Philippines
United Arab Emirates	Syria
Vietnam	Yemen

Source: The World Bank, TheGlobalEconomy.com

The list of strong and weak political stable countries are taken from “World Bank, The Global Economy.com” (2017). Where the list of top 20 strong political stable countries and bottom 20 weak political stable countries are available.

List of Selected Strong Political Stable Asian Countries by GDP

Countries	GDP nominal	GDP nominal	GDP PPP millions of	GDP PPP per capita	Location
------------------	--------------------	--------------------	----------------------------	---------------------------	-----------------

	millions of USD	per capita USD	USD	USD	
Hong Kong	381,720	50,541	502,373	66,517	East Asia
Japan	5,176,205	41,021	5,749,550	45,564	East Asia
South Korea	1,699,683	32,765	2,241,563	43,211	East Asia
Malaysia	309,858	10,272	889,856	29,285	Southeast Asia
Mongolia	10,869	3,552	37,731	12,551	East Asia
Oman	86,525	19,689	212,659	48,393	West Asia
Qatar	192,450	70,779	354,762	130,475	-----
Singapore	-----	-----	-----	-----	-----
UAE	432,612	41,476	732,861	70,262	West Asia
Vietnam	241,434	2,552	707,620	7,482	Southeast Asia

Source: IMF

List of Selected Weak Political Stable Asian Countries by GDP

Countries	GDP nominal millions of USD	GDP nominal per capita USD	GDP PPP millions of USD	GDP PPP per capita USD	Location
Pakistan	278,019	1,357	1,195,446	5,839	South Asia
Bangladesh	314,656	1,888	831,750	4,992	South Asia
Bahrain	41,607	27,538	78,760	52,129	West Asia
Iran	484,663	5,820	1,540,872	18,504	West Asia
Iraq	250,070	6,116	733,926	17,952	West Asia
Israel	348,006	39,974	316,120	36,250	West Asia
Lebanon	52,698	11,683	88,786	19,486	West Asia
Philippines	354,313	3,245	1,041,132	9,537	Southeast Asia
Syria	N/A	N/A	N/A	N/A	West Asia
Yemen	28,524	925	73,348	2,380	West Asia

Source: IMF

PROBLEMS STATEMENT

PS assumes a major job in keeping the country connect together and keeping up the rule of law in the country. PS is a crucial condition for the EG, social merger, and supremacy of the law. The advancement and achievement of the country without a protected, strong and planned political framework is preposterous and the government turns into a tug of war among various personal stakes. In the event of PI, the condition is reversed, individuals feel disappointed and powerless, lose their trust in the state and advance their own advantage and in the long run, society is isolated into warring gatherings battling with each other to make sure about their individual

intrigue. The uncertainty related to unstable political conditions may slow down the pace of economic development and investment. On the other hand, weak economic performance may guide to political unrest and government fall down. This research revisits to the connection between PS and EG. This is on the grounds that we accept that, up until now, the profession couldn't handle some crucial inquiries behind the connection between PS and EG. What are the fundamental transmission channels from PS to the EG?

OBJECTIVES OF THE STUDY

This research study checks the long-run relationship between PS on EG of the selected ASIAN countries (Strong and Weak political stable countries).

This research study checks the short-run relationship between PS on EG of the selected ASIAN countries (Strong and Weak political stable countries).

This research study checks the long-run and short run relationship between TLF, GFCF and INF on EG of the selected ASIAN countries (Strong and Weak political stable countries).

LIMITATIONS

As our research study is centered on PS condition of a chose Asian nations, it is difficult to gather significant chronicled information. A large portion of them are saved in some out of reach government controlled workplaces and information of some nation factors is additionally absent. Thus it requires a lot of continuance to go in a precise end where time is constrained. Something else ought to be referenced that not many analyst put consideration on this topic up until now. Absence of earlier research concentrates on the subject made it basic.

LITERATURE REVIEW

A vast body of literature provides ample evidence of significant contributions, either positive or negative of Political Stability to the economic growth of Asian countries. Concerning the issue of political stability and its connection to the economic development, first studies were done in late 1980s by Gupta (1986).

Gupta (1986) discussed the socio-psychological factors which causes the political instability. He also mentioned the effect of such psychological factors on the economic trend. Adverse economic policies harm and destroy the economic growth. Politicians support and promote those policies which are in their own benefits. In 1990s main wave of the studies and researches about this subject were carried out. Alesina et al. (1996) have chosen a big sample – 113 countries and long period – 32 years (1950 to 1982). Their conclusion was that high political instability slows down economic development by using using the Solow growth model.

There are also some studies where there was found non-causal relationship between our measurement concepts suggesting that there might be other factors affecting political stability and economic development and that they are not necessarily influencing each other.

Political Stability-Growth links may be classified into four groups

1. The first group of economist literature argues that political stability has a positive impact on economic growth, but that there is no causality in the opposite direction (see for example Alesina et al., 1996).

2. Another group of contributions supplies evidence that economic growth causes political stability, but not vice versa (for example Borner and Paldam, 1998).

3. The third group of economist literature argues that the relationship between political instability and economic growth runs both ways (Zablotsky, 1996; Gyinmah-Brempong and Traynor, 1999).

4. The last group of economist contains evidence supporting a lack of causality between the variables (see for example Campos and Nugent, 2000).

MODEL

The role of PS on the EG can be analyzed using the Solow growth model. This model was used by Moin Uddin Ahmed and Mohammad Habibullah Pulok in (2013), Abeyasinghe (2004) and Fethi (2007).

Simple Econometric Model:

$$GDP_{it} = \alpha_0 + \beta_1 PS_{it} + \beta_2 GFCF_{it} + \beta_3 TLF_{it} + \beta_4 INF_{it} + \dots \quad (1)$$

$$\Delta LGDP_{it} = \beta_0 + \epsilon_{it} + \beta_1 \Delta LPS_{it} + \beta_2 \Delta LGFCF_{it} + \beta_3 \Delta LTLF_{it} + \beta_4 \Delta LINF_{it} + \dots \quad (2)$$

In the above model where

GDP is the Real Gross Domestic Product

PS is Political Stability

GFCF is Gross Fixed Capital Formation

TLF is Total labor force

INF is Inflation

U t is Error Term

HYPOTHESES

H 1 : PS has -ve effect on GDP of strong political stable countries in the long and short run

H 2 : GFCF has +ve effect on GDP of strong political stable countries in the long and short run

H 3 : TLF has +ve effect on GDP of strong political stable countries in the long and short run

H 4 : INF has -ve effect on GDP of strong political stable countries in the long and short run

H 5 : PS has -ve effect on GDP of Weak political stable countries in the long and short run

H 6 : GFCF has +ve effect on GDP of Weak political stable countries in the long and short run

H 7 : TLF has +ve effect on GDP of Weak political stable countries in the long and short run

H 8 : INF has -ve effect on GDP of Weak political stable countries in the long and short run

DATA SOURCES

The data of variables has been taken from World Development Indicators (WDI), World Bank (WB) national accounts data, and OECD National Accounts data files, Worldwide Governance Indicators, IMF and ICRG.

METHODOLOGY

PANEL UNIT ROOT TEST

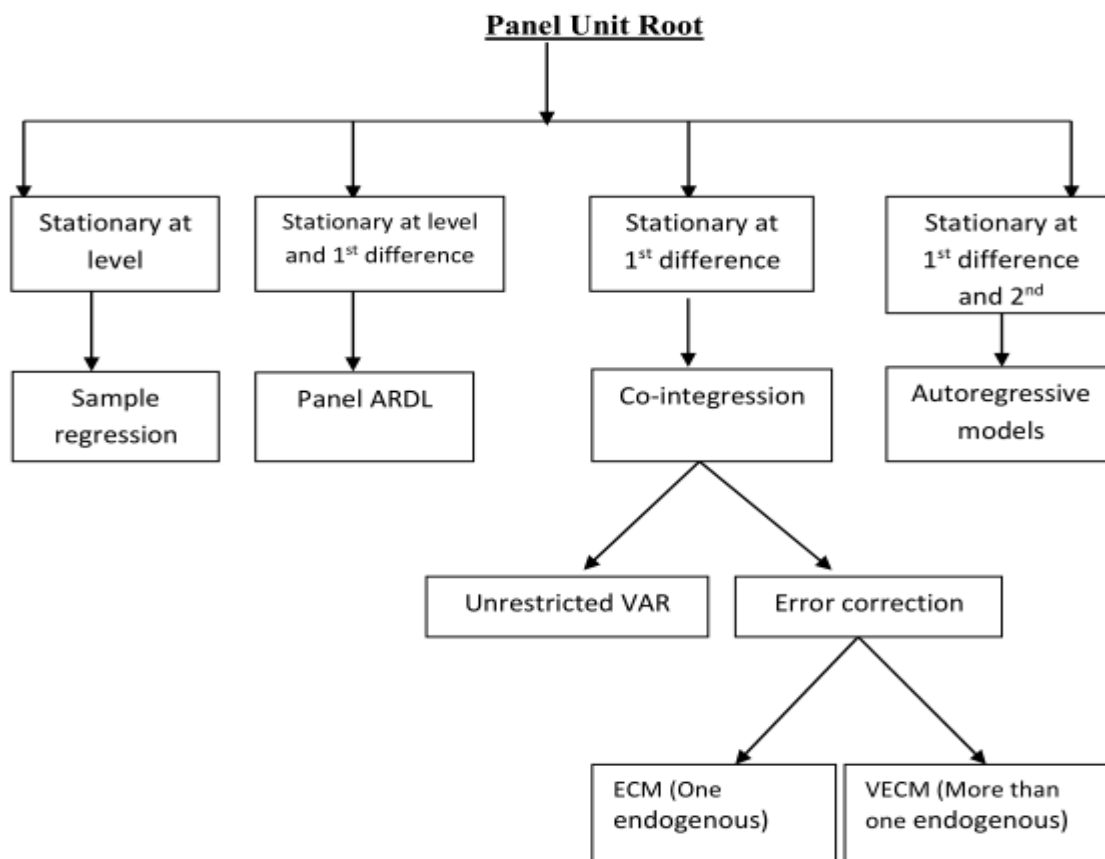
There are some methodologies by which the unit root (UR) tests are examined, of which one is the panel UR test that helps in examining that, whether the variables are stationary or not.

As compared to that of the individual time series tests, it is recommended in the light of the revision of literature; the panel-based unit has higher. The ongoing literature recommends that panel-based UR tests have more effective power than that of the individual time series which are solely dependent.

To check the stationary of the variables Panel UR testIm, Pesaran and Shin Test(IPS) has been used. Most of the tests assume a balanced panel dataset, but the IPS tests allow for unbalanced panels.

Panel ARDL Method (PMG)

The ARDL co-integration method is better when dealing with variables that are integrated of different order, I (0), I(1) or a mixture of both. Remember, there is no variable that is integrated order I (2). We cannot apply the ARDL model for estimation purpose if there is any variable which is integrated order I(2).



ESTIMATION OF DATA AND EMPIRICAL RESULTS

In this research, the STATA Software (version. 12) and E-views software (version9.2) has been applied for econometric analysis. In Econometric analysis, to check the significance of the model T and F Statistics have been used. Probability of rejecting HO, the P values would be compared with critical value (0.05), if the P-value is greater than the critical value (0.05) then we cannot discard the null hypotheses, but if the value is lower than its critical value (0.05) than we can discard the null hypotheses. To check the stationary of the variables Panel UR test IPS has been used. Most of the tests assume a balanced panel dataset, but the IPS tests allow for unbalanced panels.

Table 1

Panel Unit Root Test – Im, Pesaran and Shin (IPS)

Variable	Level		First-order difference	
	Constant	Constant + Trend	Constant	Constant + Trend
GDP	2.14707 (0.9841)	-1.75668** (0.0395)	-9.56430* (0.0000)	-9.99521* (0.0000)
PS	-13.7581* (0.0000)	-12.0801* (0.0000)	-12.9955* (0.0000)	-10.9234* (0.0000)
GFCF	1.26739 (0.8975)	-0.90735 (0.1821)	-9.74956* (0.0000)	-8.03026* (0.0000)
TLF	-1.06391 (0.1437)	-2.92032* (0.0017)	-3.20143* (0.0007)	-2.64435* (0.0041)
INF	-4.91375* (0.0000)	-3.11535* (0.0009)	-18.9652* (0.0000)	-16.6298* (0.0000)

Note: *, ** indicates rejection of the null hypothesis of no-cointegration at 1% and 5%, levels of significance

The IPS panel UR test has been used to check the stationary of the variables. In the above table results show that GDP, GFCF and TLF has a UR problem at level, but PS and inflation are stationary at level with one percent significance level, it means both variables do not have a UR problem. After taking the first difference all the variables are becoming stationary at the one percent level of significance with constant.

Table 2

CORRELATION TEST

	GDP	PS	GFCF	TLF	INF
GDP	1.000000	0.222142	0.754468	0.638344	-0.070433
PS	0.222142	1.000000	0.399019	-0.115688	-0.197266
GFCF	0.754468	0.399019	1.000000	0.500724	-0.038272
TLF	0.638344	-0.115688	0.500724	1.000000	0.156335
INF	-0.070433	-0.197266	-0.038272	0.156335	1.000000

Before we are going to check the long-run relationship among study variables, our first step is to check the correlation matrix of the variables to find out that either the study variables do have or do not have the issue of multicollinearity. As the above table shows shows that the pairwise correlations between the variables are logically normal. It is necessary to highlight that we suppose a small correlation between independent variables and the high correlation between dependent and independent variables.

KAO RESIDUAL COINTEGRATION TEST

In the following, the long- term connections among the study variables are examined by Kao Residual Cointegration Test (1999). According to this test, the null hypothesis which is no cointegration among variables has been rejected and the existence of a long run connection among variables are confirmed.

Table 3

	t-Statistic	Prob.
ADF	-2.496064	0.0063

The results of the above table confirmed that we are 99% confident to reject the null hypotheses (no cointegration) because P-value is 0.0063 and t-value is -2.496. It shows that there is a long-run cointegration among variables. In the case of co-integration of variables, the researcher can use the level of variables to estimate the coefficients and keep away from fake regression.

Panel ARDL (PMG) Method (Strong Political Stable Countries)

Panel ARDL method (PMG) has been used to find out the long run and the short run relationship between dependent and independent variables. And also trying to check the effect of PS on the EG of selected Asian countries separately in short run analysis, because in long run results will remain same for all the countries.

Table 4

Panel ARDL (PMG) (Strong Political Stable Countries)

Variable	Co-efficient	Std.Error	T-statistic	Prob
LONG RUN EQUATION				
PS	0.638025	0.147469	4.326499	0.0000
GFCF	0.698062	0.081001	8.617933	0.0000
TLF	0.311426	0.072711	4.283072	0.0000
INF	-0.004270	0.001572	-2.716589	0.0071

SHORT RUN EQUATION				
ECT-1	-0.076064	0.044875	-1.695020	0.0913
PS	-0.065294	0.042770	-1.526637	0.1281
GFCF	0.130881	0.048404	2.703955	0.0073
TLF	-0.118795	0.230199	-0.516052	0.6063
INF	0.000919	0.000466	1.973787	0.0495
C	0.039670	0.012109	3.276118	0.0012

The results of above table show that PS has a positive and significant effect on EG of strong political stable countries in the long run. One unit increase in PS will increase EG by 0.638025 units. GFCF and TLF has also a positive and significant effect on EG in the long run. One unit increase in GFCF will increase EG by 0.698062 units. One unit increase in TLF will increase EG by 0.311426 units. Inflation has a negative and significant effect on EG in the long run analysis for strong political stable countries. One unit increases in INF will decreases EG by -0.004270 units.

In the short run PS and TLF do not effect on EG of strong political stable countries of Asia. GFCF has positively effect on EG in the short run. One unit increase in GFCF will increase EG by 0.130881 units. Inflation, on the other hand has also positively effected on EG of strong political stable countries in the short run analysis. One unit increase in INF will increase EG by units 0.000919 units.

The error correction term (ECT-1) is statistically significant at 10% (-1.69), it is negative and has reasonable score. ECT shows that 07.60 % of distinction between short-term and long-term equilibrium is eliminated annually. Therefore disequilibrium in EG encounter equilibrium at normal levels.

Panel ARDL (PMG) Method (Weak Political Stable Countries)

Panel ARDL method (PMG) has been used to find out the long run and the short run relationship between dependent and independent variables. And also trying to check the effect of PS for EG of selected Asian countries separately in the short run analysis, because in the long run results will remain same for all the countries.

Table 5

Variable	Co-efficient	Std.Error	T-statistic	Prob
LONG RUN EQUATION				
PS	-0.802320	0.106954	-7.501540	0.0000
GFCF	0.696756	0.040900	17.03576	0.0000
TLF	1.193002	0.216495	5.510531	0.0000
INF	-0.006050	0.001675	-3.612517	0.0004
SHORT RUN EQUATION				

ECT-1	-0.098646	0.085285	-2.156670	0.0248
PS	0.242160	0.117128	2.067488	0.0397
GFCF	0.144906	0.030578	4.738833	0.0000
TLF	-0.021153	0.268090	-0.078903	0.9372
INF	0.000103	0.000387	0.267054	0.7897
C	-0.279473	0.250994	-2.13463	0.0666

Table: Panel ARDL (PMG) Method (Weak Political Stable Countries)

The results of above table show that PS has negative and significant effect on EG of weak political stable countries in the long run. One unit increase in PS will decrease EG by -0.802320 units. GFCF has a positive and significant effect on EG in the long run. One unit increase in GFCF will increase EG by 0.696756 units. TLF has also a positive and significant effect on EG. One unit increase in TLF will increase EG by 1.193002 units. Inflation has a negative and significant effect on EG in the long run analysis for weak political stable countries. One unit increase in inflation will decrease EG by -0.006050 units.

In the short run analysis only TLF and INF do not effect on EG of weak politically stable countries. On the other hand PS and GFCF have a positive and significant effect on EG in the short run. One unit increase PS will increase EG by 0.242160 units. One unit increase GFCF will increase EG by 0.144906 units.

The error correction term (ECT-1) is statistically significant at 10% (-2.156), it is negative and has reasonable score. ECT shows that 09.86% of distinction between short-term and long-term equilibrium is eliminated annually. Therefore disequilibrium in EG encounter equilibrium at normal levels.

CONCLUSION

In this research paper researcher have been selected 20 Asian countries. 10 countries are strong political stable and 10 countries are week political stable. Researcher have make a compression between strong and weak political stable countries that how those countries Political stability/ instability effect economic growth. The IPS Panel UR test has been used to check the stationary of the research variables. The Panel ARDL method is suitable when dealing with variables that are integrated of different order, I(0), I(1) or combination of the both.

Variables	Strong PS		Weak PS	
	Long Run	Short Run	Long Run	Short Run
PS	+ve	No Effect	-ve	+ve
GFCF	+ve	+ve	+ve	+ve
TLF	+ve	No Effect	+ve	No Effect
INF	-ve	+ve	-ve	No Effect

PS has positive impact on EG of strong political stable countries and for weak political stable countries, there is negative effect of PS on EG in the long run analysis. In the short run there is an in No Effect of PS on the EG of strong political stable countries and for weak political stable countries, there is positive effect of the PS on the EG. GFCF has positive effect on the EG of

strong and weak political stable countries in the long and short run analysis. TLF has also positive impact on the EG of strong and weak political stable countries in the long run analysis. While in the short run there is insignificant effect (No Effect) of TLF on the EG. In the long run INF has negative effect on the economic growth of strong and weak political stable countries. In the short run INF has a positive effect on the economic growth of strong political stable countries. While for weak political stable countries, there is insignificant effect of the inflation on the economic growth.

REFERENCES

- Abeyasinghe, R., (2004). Democracy, political stability, and developing country growth: Theory and evidence.
- Ahmad, F., & Fethi, A. (2007). *Demokrasi Sürecinde Türkiye 1945-1980*. Hil Yayınları.
- Aisen, A., & Veiga, F.J. (2011). How does political instability affect economic growth. *Middle East and Central Asia Department, IMF Working Paper*, (11/12).
- Aisen, A., & Veiga, F.J., (2013). How does political instability affect economic growth?. *European Journal of Political Economy*, 29, pp.151-167.
- Ake, C. (1975). A definition of political stability. *Comparative Politics*, 7(2), pp.271-283.
- Alesina, A. & Perotti, R. (1994). The political economy of growth: a critical survey of the recent literature. *The World Bank Economic Review*, 8(3), pp.351-371.
- Alesina, A., & Perotti, R. (1996). Income distribution, political instability, and investment. *European economic review*, 40(6), pp.1203-1228.
- Alesina, A., & Roubini, N., 1992. Political cycles in OECD economies. *The Review of Economic Studies*, 59(4), pp.663-688.
- Alesina, A., & Tabellini, G. (1990). A positive theory of fiscal deficits and government debt. *The Review of Economic Studies*, 57(3), pp.403-414.
- Alesina, A., Özler, S., Roubini, N., & Swagel, P. (1996). Political instability and economic growth. *Journal of Economic growth*, 1(2), pp.189-211.
- Barro, R.J., & Lee, J.W. (1994). Sources of economic growth. In *Carnegie-Rochester conference series on public policy* (Vol. 40, pp. 1-46). North-Holland.
- Barro, R.J. (1991). Economic growth in a cross section of countries. *The quarterly journal of economics*, 106(2), pp.407-443.
- Barro, R.J. (2013). Inflation and economic growth. *Annals of Economics & Finance*, 14(1).
- Borner, S. & Paldam, M. (1998). *The Political Dimension of Growth*.
- Campos, N., & Nugent, J. (2002). "Who Is Afraid of Political Instability?". *Journal of Development Economics* 62 (1):157-72.
- Campos, N.F., & Nugent, J.B. (1999). Who is afraid of political instability. University of Southern California. mimeo.
- Farooq, S.F. (2017). *SUSTAINABLE DEVELOPMENT CORRUPTION AND POLITICAL INSTABILITY IN DEVELOPING ECONOMICS: PANEL DATA ANALYSIS* (Doctoral dissertation).
- Gupta, D.K. (1987). Political psychology and neoclassical theory of economic growth: The possibilities and implications of an attempted resynthesis. *Political psychology*, pp.637-665.
- Gupta, D.K. (1990). *The economics of political violence: The effect of political instability on economic growth*. Praeger.

- Gyimah-Brempong, K. & Traynor, T.L. (1999). Political instability, investment and economic growth in Sub-Saharan Africa. *Journal of African Economies*, 8(1), pp.52-86.
- Gyimah-Brempong, Kwabena & Traynor, Thomas, L. (1999). "Political Instability, Investment and Economic Growth in Sub-Saharan Africa", *Journal of African Economies*, Vol.8, No.1, pp.52-86.
- Hussain, M. (2009). POLITICAL INSTABILTY AND ECONOMIC GROWTH OF PAKISTAN.
- ICRG (2003). "Brief Guide to the Rating System" ICRG.
- Mahmood, K., Azid, T., Siddiqui, P. and Mashkoo, M. (2010). Democracy and economic growth in Pakistan. Masood Mashkoo, *Democracy and Economic Growth in Pakistan* (September 12, 2010).
- Manzoor, H. (2013). Impact of pak-US relationship news on KSE-100 Index. *Basic Research Journal of Business Management and Accounts*, 2(2), pp.1-24.
- Paldam, M. (1996). Rent seeking and Dutch disease. An essay on Greenland. *European Journal of Political Economy*, 13, 591-614.
- Perotti, R. (1996). Growth, income distribution, and democracy: What the data say. *Journal of Economic growth*, 1(2), pp.149-187.
- Pesaran, M.H., & Smith, R. (1995). Estimating long-run relationships from dynamic heterogeneous panels. *Journal of econometrics*, 68(1), pp.79-113.
- Pesaran, M.H., (2006). Estimation and inference in large heterogeneous panels with a multifactor error structure. *Econometrica*, 74(4), pp.967-1012.
- The PRS Group, (2010), "International Country Risk Guide (ICRG)" East Syracuse, NY, USA; <http://www.prsgroup.com/>