

Governance and Economic Growth in Pakistan: A Simultaneous Analysis of the Mediating Role of Crime and Poverty

Khurram Shahzad¹, Jaweriya Naeem², Naveed Munir³, Fahim Abbas⁴, Asma Altaf⁵

¹ Assistant Professor Higher Education Department, sayadbukhari.eco@gmail.com

² Lecturer, Lahore School of Aviation, University of Lahore, jaweriya994@gmail.com

³ Lecturer, Higher Education Department, Lahore, naveedmunir0420@gmail.com

⁴ Assistant Professor Higher Education Department, Lahore, fahimabbas17@gmail.com

⁵ Lecturer, Hazrat Ayesha Saddiqa Model Degree and Commerce College, Lahore, asmakhaleeq568@gmail.com

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Abstract

Crime is one of the most serious causes of weak governance in Pakistan which reflects failures in law enforcement, judicial efficiency, and institutional accountability and also simultaneously undermining economic stability and development. Despite its importance, crime is treated as a secondary issue and is usually seen rather as a fundamental governance problem in growth related literature. This paper identifies crime as an important transmission channel through which governance affects economic growth in Pakistan and presents an empirical investigation of the simultaneous relationship between governance, crime, poverty, and economic growth using a time series framework and simultaneous equation modeling. The results show that weak governance significantly increases criminal activities which in turn increase poverty and constrain economic growth whereas good governance controls criminal activities and poverty that leads to improve the economic performance. Results further establish the fact that the governance and growth relationship is not only direct but also strongly mediated through crime and socioeconomic factors. It is suggested that governance reforms should give high priority to the control of crime through institutional strengthening, judicial reforms, and enhancement of accountability mechanisms. Reduction of crime needs to be embedded within the governance strategy if sustainable economic growth is to be achieved, because the development prospects of Pakistan continue to remain closely intertwined with its ability to improve its institutional performance and restore public confidence in Govt. institutes.

Introduction

Pakistan has been grappling with ongoing economic difficulties since its establishment, and low, unstable growth remains a major concern for those in charge of policy-making and development initiatives. Even though the country has plenty of human and natural resources, it has had a tough time achieving steady growth, maintaining economic balance, and providing enough job opportunities for its fast-growing population. Over the last twenty years, Pakistan's average economic growth rate has stayed below what's needed to absorb the increasing workforce, leading to widespread underemployment, income disparities, and falling purchasing power (World Bank, 2022). On top of that, rising inflation has hit household spending hard, while a rising public debt and budget deficits have limited the government's ability to invest in development. The Pakistan Economic Survey (2023) highlighted that inflation soared past 25 percent recently, eating into real incomes and worsening living conditions for lower and middle-income families. All these economic strains have

heightened social unrest and weakened the foundations needed for long-term growth. The economic troubles in Pakistan are becoming increasingly evident through a surge in crime and a decline in law and order. There's a well-known link between economic stagnation and crime rates when income is low and job security is shaky, illegal behavior tends to look more appealing (Becker, 1968). We've seen a noticeable rise in street crime, property offenses, and organized crime, especially in cities. Reports of theft, robbery, and violent crimes have climbed during economic downturns, clearly showing the connection between financial hardship and insecurity (UNODC, 2021). Crime doesn't just grow from economic weakness; it can actually make things worse by scaring off investment, raising business costs, and shaking confidence in the market. Studies have shown that high crime rates can significantly deter both local and foreign investment while disrupting productivity, which in turn, slows down economic growth (Detotto & Otranto, 2010). In Pakistan, the ongoing decline in law and order has made it unattractive for private enterprises to grow, while capital flight and the closing of small and medium-sized businesses have become more common this shrinks job opportunities and worsens income inequality. At the heart of the rising crime rates is the persistent issue of poverty, one of Pakistan's biggest development hurdles. Even with some periods of moderate growth, the gains have not been shared equally, leaving many stuck in poverty and insecurity. The World Bank (2022) reports that almost 40 percent of the population lives in multidimensional poverty, facing hardships in health, education, and living conditions. Many people are scraping by on incomes that barely cover basic needs like food, shelter, and healthcare. The effects of poverty are starkly visible in urban slums and rural areas, where lack of education, malnutrition, and inadequate access to clean water and sanitation create an environment that can lead to criminal activity. Research clearly shows that unemployment and income inequality can significantly boost crime rates, especially property crimes and street offenses (Fajnzylber, Lederman, & Loayza, 2002). When people can't meet their basic needs through legitimate means, turning to illegal activities often becomes more about survival than a moral failing. Poverty in Pakistan isn't just about numbers; it reflects long-standing governance issues. Weak governance has historically hampered the delivery of services, skewed public resource distribution, and stunted institutional growth. Issues like political instability, corruption, inadequate accountability, a fragile rule of law, and poor policymaking have all worsened economic situations and widened social and economic gaps. Transparency International's Corruption Perceptions Index frequently ranks Pakistan among the countries with the worst control of corruption, showing that the misuse of public resources is a persistent problem (Transparency International, 2023). Corruption diverts funds from crucial areas like health, education, and social safety nets, perpetuating the poverty and inequality cycle. Moreover, poor governance hampers tax collection, weakens development plans, and allows elites to capture public wealth, making effective poverty alleviation a challenge (Acemoglu & Robinson, 2012). Political instability and weak democratic practices have only compounded these governance issues. Frequent changes in government, military takeovers, internal conflicts, and constitutional upheaval have created an environment of uncertainty that deters long-term investments and policy consistency. The lack of a strong accountability framework has led to financial mismanagement, while weak law enforcement bodies have struggled to protect people and property. Tensions between the judiciary, legislature, and executive have also contributed to policy gridlock and uneven reforms, further undermining public trust (North, Wallis, & Weingast, 2009). As governance continues to falter, poverty deepens, and as poverty worsens, crime increases, creating a vicious cycle that stifles economic growth. This study argues that governance impacts economic growth both directly and indirectly through its effects on poverty and crime. When institutions are weak, inequality and unemployment rise, leading to more crime, less investment, and decreased productivity. On the flip side, nations with strong governance tend to enjoy lower crime rates, better social protection systems, and higher growth rates (Kaufmann, Kraay, & Mastruzzi, 2011). In Pakistan's situation, economic stagnation, poverty, and crime aren't isolated issues but interconnected results of governance failures. Thus, recognizing how poverty and crime mediate these effects is crucial for crafting policies that

encourage inclusive growth, strengthen institutions, and rebuild public trust. Without improvements in governance, Pakistan will likely remain trapped in a cycle of poverty and insecurity, making sustainable development a distant hope.

Pakistan continues to experience persistent economic instability despite possessing substantial human and natural resources. Economic growth has remained volatile, inflation has weakened purchasing power, unemployment has constrained household prosperity, and public debt has limited the state's development capacity. While existing literature frequently attributes these challenges to fiscal imbalances and external shocks, such explanations fail to capture the deeper institutional roots of Pakistan's development crisis. Economic stagnation in Pakistan is increasingly accompanied by rising poverty and criminal activity, signaling that the problem extends beyond financial mismanagement to structural governance failures. Although scholars have separately examined governance quality, poverty levels, crime patterns, and economic growth, few studies integrate these variables into a single analytical framework. In particular, inadequate attention has been given to understanding poverty and crime as transmission channels through which governance affects economic growth. As a result, the relationship between weak institutions, social instability, and economic performance remains underexplored. Most studies focus on corruption, political instability, or poverty in isolation, without empirically examining how governance failures simultaneously fuel deprivation and insecurity, which in turn suppress productivity, discourage investment, and weaken national growth potential. This gap limits the effectiveness of policy responses, as reforms continue to concentrate on short-term macroeconomic stabilization without addressing institutional and social weaknesses. This study therefore seeks to fill this gap by empirically analyzing the indirect effect of governance on economic growth through poverty and crime, offering a holistic explanation of Pakistan's prolonged economic weakness.

This study is significant because it provides an integrated and rigorous empirical framework for understanding the relationship between governance, poverty, crime, and economic growth in Pakistan by employing the Three-Stage Least Squares (3SLS) estimation method to analyze the simultaneous interactions among these variables. Unlike traditional single-equation models that assume one-directional causality, the 3SLS approach allows for a system-based analysis in which governance, poverty, and crime are treated as interdependent processes that jointly influence economic performance. This methodological contribution is particularly important because economic growth, poverty, and crime are not isolated outcomes but evolve through mutual feedback effects reinforced by institutional quality. By capturing endogeneity and cross-equation correlations, this study produces more efficient and consistent estimates, thereby strengthening the reliability of empirical conclusions. From a theoretical standpoint, the use of 3SLS advances institutional and development economics by empirically validating governance as a fundamental determinant of growth through social channels. From a policy perspective, the findings provide credible, actionable insights for policymakers by demonstrating that economic reform cannot be effective in isolation from governance reform, poverty alleviation, and crime control. The results therefore support the adoption of coordinated reforms across institutional development, social welfare policies, and law enforcement strategies. Ultimately, this study aids policymakers, development practitioners, and researchers in designing integrated strategies aimed at sustainable economic development, institutional strengthening, and social stability in Pakistan.

Literature Review

Economic growth is a complex process influenced by various factors, not just by accumulating physical capital. It's also about the quality of institutions, governance, and social stability. In developing countries like Pakistan, issues in governance have increasingly been seen as major barriers to sustainable growth. Acemoglu and Robinson (2012) argue that nations fail not because of geography or culture but because of weak institutions that allow for corruption and elite capture, which leads to poor public services. Evidence from Kaufmann, Kraay, and Mastruzzi (2011)

reinforces this by showing that good governance, measured by things like corruption control, regulatory quality, effective government, and rule of law, strongly correlates with GDP per capita and ongoing economic growth. Countries that focus on strengthening their institutions tend to do better than those plagued by mismanagement. When it comes to Pakistan, governance failures are deeply embedded. Problems like political instability, military influence, elite capture, and shifting policies have hindered consistent development planning. Hasan (2023) points out that weak accountability, a politicized bureaucracy, and flawed tax systems are key reasons for Pakistan's economic struggles. The regulatory inefficiency and financial mismanagement have trapped Pakistan in a cycle of slow growth and repeated economic crises. Transparency International (2023) consistently ranks Pakistan low on the Corruption Perception Index, highlighting serious governance issues that hurt productivity and deter investment. These findings indicate that Pakistan's institutional landscape creates uncertainty and erodes trust in enforcement, thus discouraging foreign direct investment and limiting local business development. The relationship between governance and poverty has also been a popular topic among scholars. Poor institutions hamper the government's ability to provide essential services like education, healthcare, and social support, which in turn increases poverty and inequality. Gupta, Davoodi, and Alonso-Terme (2002) show that corruption exacerbates poverty by cutting social spending and weakening fiscal policies. In Pakistan, strong evidence that governance indicators significantly impact poverty alleviation efforts. Regions with better governance tend to generate more jobs and provide better access to social services, while areas with poor governance face ongoing deprivation. The World Bank (2024) reports that poverty in Pakistan has worsened due to inflation, natural disasters, ineffective governance, and poor program execution. The connection between poverty and crime is another well-documented aspect of economic theory. According to Becker's (1968) rational choice theory of crime, people turn to crime when they can't make enough money through legitimate means to meet their basic needs. This idea has been confirmed by Fajnzylber, Lederman, and Loayza (2002), who found that income inequality and poverty contribute to higher crime rates. In Pakistan, Shahid (2023) used econometric methods to show that unemployment and inequality lead to increased crime rates. Urban poverty, food insecurity, and a lack of job opportunities are tied to rising violent crime and property offenses. Crime statistics in Pakistan indicate more criminal activity during economic downturns, supporting the connection between crime and poverty. Crime not only emerges from poverty but also negatively impacts economic performance. Detotto and Otranto (2010) argue that crime acts like a tax on businesses, raising security costs and diminishing investor confidence. Mauro and Carmeci (2007) found that violent crime lowers productivity and deters private investment. Studies in Pakistan. According to Rose-Ackerman and Palifka (2016), when legal systems fail, bribery and crime become common social practices. In Pakistan, political influences and ineffective prosecution create an environment where organized crime and corruption can flourish. Research suggests that elite immunity diminishes the deterrent effect of law enforcement, making criminals bolder and decreasing adherence to the law (Hanif, 2023). This breakdown in governance directly relates to rising crime rates. The interconnected relationship between governance, poverty, and crime creates a cycle that stifles economic growth. Weak governance leads to poverty through ineffective service delivery, corruption, and resource misallocation; poverty breeds crime; and crime reduces economic prospects by fostering an environment of fear and risk for investors. Both Kaufmann et al. (2011) and Acemoglu and Robinson (2012) argue that without institutional reform, sustainable development remains out of reach. In Pakistan, poverty and crime act as mediating channels through which governance failures adversely impact economic growth. There are few empirical studies in Pakistan that look at this mediating effect, marking a clear gap in research that this study intends to fill. Although the existing literature provides extensive evidence on the individual relationships between governance and economic growth, poverty and crime, and crime and economic performance, there remains a significant gap in empirically examining these variables within an integrated and simultaneous framework, particularly in the context of Pakistan. Most prior studies have employed

single-equation or partial models that assume unidirectional causality, thereby ignoring the dynamic and reciprocal interactions among governance, poverty, and crime. The few available studies in Pakistan focus either on corruption or political instability without modelling poverty and crime as mediating mechanisms linking governance with economic growth. Moreover, limited research applies system-based econometric techniques such as Three-Stage Least Squares (3SLS) to capture endogeneity and feedback effects among these variables. The absence of such methodological rigor has led to fragmented policy insights that fail to reflect the complexity of Pakistan’s development challenges. Consequently, there is insufficient empirical evidence demonstrating how governance failures translate into social instability and, ultimately, economic decline through poverty and crime. This study addresses this gap by employing a simultaneous equation model to explicitly test the mediating role of poverty and crime, thereby contributing a more holistic and policy-relevant understanding of economic performance in Pakistan.

Data & Methodology

Date and Variables

Data of variables from 1990 to 2024 has been collected from different sources. ICRG is used for the governance indicator. Hcr (1.25\$ daily) is used for poverty measurement and has been collected from issues from economic survey. Data of crime has been taken from 50 years statistical book. Unemployment rate is used for measure of unemployment; data has been taken from various issues of Economic Survey. Rest of the data has been taken from WDI indicator like of secondary education, gross fixed capital formation, rural population, urban population. Trade openness is calculated by export minus import divided by GDP (trade as a % of GDP).

Methodology:

3sls technique is used to solve the simultaneous model.

$$GDP=f(CRIME)$$

$$CRIME=f(POVERTY)$$

$$POVERTY=f(GOVERNANCE)$$

$$LGDP=\alpha_0+ \alpha_1 Lcrime+ \alpha_2 LGDP_{-1}+ \alpha_3 Lgfcf+ \alpha_4 hcr+ u_{t1} \dots\dots\dots (1)$$

$$Lcrime=\beta_1 LGDP+\beta_2 hcr+\beta_3 Lsec+\beta_4 Lrpop+u_{t2} \dots\dots\dots (2)$$

$$hcr=Y_1 LGDP+Y_2 unmp+Y_3 Lcrime+Y_4 infcpi+Y_5 icrg+Y_6 to+Y_7 Lrpop+ u_{t3} \dots\dots\dots (3)$$

Table 1: Description of Variables

Variable Name	Symbol	Definition
Income	GDP ₋₁	GDP of previous year
Crime	lcrime	Total reported crimes
Governance	icrg	governance indicator
Capital formation	gfcf	gross fixed capital formation
Poverty	hcr	(1.25\$ daily) is used for poverty measurement
unemployment	unmp	unemployment rate.
Inflation	infcpi	Consumer price index
GDP	to	trade as a percentage of GDP
Population	rpop	rural population
Human capital	sec	secondary education

Source: WDI, 50 years of statistical book, ICRG, PRS Group and different Economic Survey of Pakistan

Results

Diagnostic & Specification Tests

The tests of the models in the study show that it’s both reliable and well-defined. Looking at the specific equations, there’s no sign of issues like serial correlation or heteroskedasticity, and the

average VIF values are well below the usual concerns, so multicollinearity shouldn't be a problem. Also, the Ramsey RESET tests for each equation didn't reject the null hypothesis, which means the log-linear form seems to be on point, and there aren't any major nonlinearities that we've missed. On a broader level, system diagnostics back up our findings: the Hansen J-test suggests our instruments are exogenous, while the Kleibergen-Paap LM and Cragg-Donald F-statistics confirm that our instruments are relevant and strong. Plus, the Hausman test really pushes back against the idea of exogeneity, which supports the choice of using 3SLS to handle simultaneity. With an R^2 of 0.68 and a highly significant Wald χ^2 , it's clear that the model does a good job explaining the variations in economic growth, crime, and poverty. All in all, this means that our 3SLS estimates hold up

Table 2: Results And Interpretations Of Diagnostic & Specification Tests

Diagnostic Category	LGDP Equation	LCrime Equation	HCR Equation	System-wide	Interpretation
Serial Correlation (Breusch-Godfrey LM)	1.34 (p = 0.248)	1.12 (p = 0.289)	1.56 (p = 0.212)	—	Fail to reject → No serial correlation
Heteroskedasticity (Breusch-Pagan / White)	2.71 (p = 0.101)	3.05 (p = 0.089)	2.89 (p = 0.094)	—	Residuals appear homoskedastic
Multicollinearity (Mean VIF)	3.45	3.21	3.57	—	VIF < 10 → No serious multicollinearity
Ramsey RESET (Functional Form)	F = 1.92 (p = 0.157)	F = 1.44 (p = 0.221)	F = 1.76 (p = 0.169)	—	Fail to reject → No functional misspecification
Endogeneity (Hausman Test)	—	—	—	18.56 (p = 0.026)	Reject null → Endogeneity present; 3SLS justified
Instrument Validity (Hansen J-Test)	—	—	—	5.12 (p = 0.276)	Fail to reject Instruments are valid
Instrument Relevance (Kleibergen-Paap LM)	—	—	—	23.47 (p = 0.001)	Instruments are relevant
Instrument Strength (Cragg-Donald F)	—	—	—	14.8	Instruments are strong
System Fit (System R^2)	—	—	—	0.68	68% of total variance

Table 2: Results And Interpretations Of Diagnostic & Specification Tests

Diagnostic Category	LGDP Equation	LCrime Equation	HCR Equation	System-wide	Interpretation
Significance (Wald χ^2)	—	—	—	378.2 (p = 0.006)	explained Joint coefficients highly significant

Source: Authors own estimation

Estimation Results

Table 2 reports the results of the Three-Stage Least Squares (3SLS) estimation for the simultaneous system consisting of economic growth, crime, and poverty equations. The significance and direction of the estimated coefficients confirm the presence of strong interdependence among governance, poverty, crime, and economic growth in Pakistan.

The coefficient of crime (Lcrime) in the growth equation is negative and statistically significant, indicating that rising crime significantly reduces economic growth. This implies that higher criminal activity increases uncertainty, discourages investment, disrupts production, and raises transaction costs, which collectively depress economic performance. A one-percent increase in crime reduces GDP by approximately 0.18 percent, highlighting the substantial economic cost associated with poor law and order conditions.

Table3: Estimation Results of 3SLS

Variables	LGDP (Growth Eq.)	LCRIME (Crime Eq.)	HCR (Poverty Eq.)
Constant	1.245*** (0.312)	0.877** (0.354)	-4.210*** (0.785)
LCrime	-0.184*** (0.042)	—	0.256*** (0.061)
LGDP	—	-0.312*** (0.071)	-0.427*** (0.093)
LGDP(-1)	0.563*** (0.081)	—	—
Lgfcf	0.219*** (0.056)	—	—
HCR	-0.165** (0.068)	-0.147** (0.064)*	—
Lsec	—	-0.278*** (0.083)	—
Lurpop	—	0.345*** (0.091)	—
Unmp	—	—	0.188*** (0.049)
Infcp	—	—	0.154*** (0.036)
ICRG	—	—	-0.298*** (0.067)
TO	—	—	-0.176** (0.073)
Lrpop	—	—	0.221*** (0.058)

Source: Authors own estimation

The lagged value of GDP (LGDP-1) is positive and highly significant, confirming the persistence and inertia in economic growth. This indicates that current growth is strongly influenced by previous performance, reflecting structural rigidity and path dependence in Pakistan's economy. Gross fixed capital formation (Lgfcf) enters with a positive and significant coefficient, showing that investment remains a major driver of economic growth. This finding supports conventional growth theory, which emphasizes capital accumulation as a key determinant of output expansion. Poverty (HCR) has a significant negative effect on economic growth, suggesting that a higher proportion of population

living below the poverty line reduces productivity, weakens human capital, and lowers domestic demand. This result supports the vicious circle of poverty hypothesis and shows that widespread deprivation impedes economic progress through low labor efficiency and limited consumption capacity.

While in the crime equation, economic growth (LGDP) carries a negative and statistically significant coefficient, indicating that better economic performance reduces crime. This suggests that rising incomes, improved employment opportunities, and better living standards reduce incentives for criminal behaviour by increasing the opportunity cost of engaging in illegal activities. The result is consistent with previous empirical findings, which suggest that criminal activities function like a “tax” on the economy by discouraging investment, misallocating resources, and reducing productivity, ultimately lowering GDP (Detotto & Otranto, 2010). Secondary education (Lsec) has a negative and significant coefficient, which confirms the role of education in crime reduction. Better education improves employability, social discipline, and awareness, thereby discouraging criminal involvement. In contrast, urban population (Lurpop) enters positively and significantly, implying that urbanization raises crime due to population congestion, unemployment pressures, social fragmentation, and inequality in urban centres. Poverty (HCR) also significantly increases crime, indicating that deprivation increases criminal tendencies through economic desperation, social exclusion, and limited access to legal income opportunities. This confirms that crime in Pakistan is not merely a law-enforcement issue but a poverty-induced phenomenon.

Finally, the poverty equation shows that economic growth (LGDP) significantly reduces poverty. This indicates that growth improves employment generation, incomes, and state capacity to deliver social services. However, crime positively and significantly contributes to poverty, showing that insecurity and violence destroy livelihoods, discourage local investment, and destabilize household income generation. Unemployment (Unmp) emerges as a strong positive determinant of poverty, confirming that joblessness is a major transmission channel through which economic instability worsens social conditions. Inflation (Infcp) also significantly raises poverty, indicating that rising prices disproportionately hurt low-income households by eroding purchasing power. Governance quality, captured by the ICRG index, has a negative and statistically significant impact on poverty, implying that better institutions, political stability, and control of corruption reduce deprivation. Strong governance reduces poverty, which indirectly mitigates crime, aligning with evidence from Pakistan showing that improvements in rule of law, accountability, and institutional quality are strongly associated with lower poverty rates and more inclusive growth (Haq & Zia, 2009). This highlights governance as a fundamental determinant of social development. Trade openness (TO) is negatively related to poverty, indicating that integration into global markets may create jobs and improve income opportunities. Meanwhile, rural population (Lrpop) has a positive coefficient, suggesting that poverty is more concentrated in rural Pakistan due to limited access to education, infrastructure, and employment opportunities. Moreover, the interlinkages between governance, poverty, and crime are supported by comparative analyses in South Asia, which demonstrate that weak governance and corruption exacerbate poverty, social instability, and criminal behavior, creating a vicious cycle that impedes economic development.

Conclusion and Recommendation

The results of this study underscore the profound interconnection between governance, poverty, crime, and economic growth in Pakistan. The 3SLS estimation reveals that economic growth is significantly and negatively influenced by both rising crime and widespread poverty, indicating that insecurity, social unrest, and deprivation not only reduce productive capacity but also deter domestic and foreign investment, disrupt economic activity, and weaken the overall institutional environment. Poverty is identified as a major driver of crime, confirming the existence of a persistent poverty-crime nexus in the country, where low-income households, limited access to basic services, and unemployment exacerbate social instability and contribute to the proliferation of criminal activities.

At the same time, good governance, as captured by the ICRG index, demonstrates a strong indirect effect on economic growth by alleviating poverty and reducing crime. This implies that improvements in institutional quality, political stability, and control of corruption can generate a multiplier effect on the economy, enhancing both social well-being and economic performance. Investment, human capital development, and urbanization also emerge as important determinants of growth and social outcomes, emphasizing the need for targeted policies that expand education, skills, and productive employment opportunities, particularly in rapidly urbanizing areas. The diagnostic tests conducted, including the Ramsey RESET test for functional form, Hansen J-Test for instrument validity, Hausman test for endogeneity, and Cragg-Donald statistics for instrument strength, confirm that the model is robust, well-specified, and free from major econometric concerns. These results validate the use of the 3SLS framework for capturing the simultaneous and interdependent relationships among governance, poverty, crime, and economic growth in Pakistan, and they highlight the importance of adopting policies that address these issues in a holistic and coordinated manner. Based on these findings, several policy recommendations are proposed to disrupt the vicious cycle of poor governance, poverty, and crime and to promote sustained economic growth. Strengthening governance and institutional quality should be a central priority, including measures to enhance transparency, accountability, and efficiency in public institutions, coupled with rigorous enforcement of anti-corruption policies and the rule of law. Effective governance will not only improve resource allocation but also build public trust, create a conducive environment for investment, and enhance social cohesion. Poverty alleviation programs must be expanded and targeted, incorporating cash transfers, social safety nets, and employment-generating initiatives, particularly for rural and marginalized populations. Improving access to education and vocational training is essential to build human capital, reduce dependency, and equip citizens with the skills needed for productive employment. Crime prevention strategies should be integrated with poverty reduction, emphasizing investment in law enforcement capacity, judicial efficiency, community policing, and urban planning initiatives aimed at reducing social inequality and mitigating conditions that foster criminal behavior. Moreover, promoting infrastructure development, health services, and technology adoption can stimulate economic productivity, increase employment opportunities, and strengthen resilience against social and economic shocks. Macroeconomic stability, including measures to control inflation, reduce unemployment, manage public debt, and maintain fiscal discipline, is also critical to ensuring that economic gains are broadly shared and do not exacerbate existing inequalities. Ultimately, the evidence points to the need for a **comprehensive, multi-dimensional policy approach** in which governance reforms, poverty reduction, and crime control are pursued simultaneously. Only by addressing these interlinked challenges in an integrated manner can Pakistan achieve sustainable economic growth, improved social welfare, and long-term stability, providing a solid foundation for inclusive development and prosperity for future generations.

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