

The Relationship Between Foreign Direct Investment (FDI) And Development: A Political Economy Analysis Of China Pakistan Economic Corridor (CPEC)

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ABSTRACT

While foreign direct investment (FDI) and development are generally considered to be closely intertwined together, yet the empirical evidence suggests that the effects of FDI on development considerably vary across countries and regions. This dissertation aims to explore the relationship between FDI and development through an analysis of 'China-Pakistan Economic Corridor (CPEC)'. CPEC like other corridors in the region is an umbrella term used to embody the portfolio of investments in different sectors undertaken by the Chinese Government in Pakistan under its 'One Belt One Road (OBOR)' initiative. According to the core tenets of the Liberal School of Thought, all sorts of economic activities be that international trade, international financial transactions, FDI and the like invariably accrue in a win-win situation for all actors. Given the complexity of issues concerning the CPEC, the liberal view and the explanatory power of the paradigm, however, turns out to be relatively myopic. Instead, this dissertation has employed a political economy framework to examine both the promises and perils associated with CPEC. Data for the study was collected primarily from secondary sources and in very rare cases in-depth interviews were also conducted. The findings evince that CPEC offers both promises as well as limitations for development in Pakistan. While investment under CPEC is anticipated to generate opportunities for infrastructure (both physical as well as digital) development, industrial growth, revenue and employment generation and the like, it has also led to the creation of winners and losers at both the national as well as international levels. At the national level, some provinces have already raised notable grievances over the manipulation by the top brass within Muslim League-N of financial flows and the allocation of development projects thereof. At the global level, CPEC is considered as a conduit to facilitate access by the Chinese companies to the Mediterranean and African markets. In so doing, CPEC poses challenges to both the economic interests as well as the economic hegemony of other important actors within and beyond the so-called region. The findings thus imply that economic activities such as FDI do not necessarily foster development. Sometimes the potential outcomes can turn out to be absurd and against the grains.

KEYWORDS

Foreign Investment, CPEC, Development, Winners and Losers, Conflict of Interest, China, Pakistan.

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1.INTRODUCTION

China-Pakistan Economic Corridor is a framework for regional communication. The CPEC will not only benefit from China and Pakistan but there will be a positive impact on Iran, Afghanistan, India, the Central Asian Republic and the region. Increasing geographical connectivity, road, rail and air transport system has increased, continuous and free exchange of development and increasing contact with people, education, cultural and regional knowledge and culture, trade and business. Increasing cooperation with the help of more and more enterprises and winning models for greater flow of trade, energy generation and further development, will result in joint integration and development of the region.

Among contemporary international issues, the china's road and belt initiative' turns out to have important implication for both regional as well as international politics .Under the so called initiative , China seek to carry out a long term investment of over a hundred billion dollars in Pakistan under the rubric of 'china Pakistan Economic Corridor'(CPEC). The extent of foreign direct investment under the CPEC is unparalleled in the history of Pakistan. While the potential gains from CPEC are yet to materialize, officials in the corridors of power in Islamabad already dubbed it as a game changer. The gains from CPEC are often touted in terms unprecedented growth rates, employment generation and the like. Where the cost of initially \$ 46 billion will be implemented, the cost of these projects will be equal to all foreign direct investment in Pakistan, and it will be equivalent to 17% of the overall domestic product of 2015. Pakistani officials say that CPEC will increase 2.3 million jobs from 2015-2030, and will add 2 to 2.5 percent points in the country's annual economic growth. It has led to the creation of winners and losers both at the national and international levels (Khan).

Moreover since Pakistan foreign policy has historically has been shaped preponderantly by financial assistance concerns (be that aid or debt), CPEC is likely to have important implication not only for Pakistan foreign policy but also for the emergence of new sorts of strategic and economic alliances within the region. Despite the general positive reception of CPEC, there are some challenges and concerns in its process. Longitude has been discussed after the announcement in security dimensions, political and financial prospects and its overall level in 2013. Some areas and moral groups are asked to get more benefits from the CEC than others, its own institutions. Through this project the Pakistan economy will be stabilized

and if they improve its domestic security situation. However, China also acknowledged that security, political and cultural uncertainty facing economic corridor may not be ignored. Terrorism problem and more opportunities in which China was targeted. If after the Baloch in 2016, insurgent rebels have created some problems in September, even though it was attacked on massive attacks in which it was attacked. The situation appears in the province. On the other hand the domestic politics of Pakistan is also an important problem to success of the CPEC. The unstable political system of Pakistan, various parties which disagree on that, how the CPEC routes of transportation should be plan out and how cake should be divided. Because domestic political problems will effects its future implementation.

The prevailing scenario thus warrants the conduct of a political economy analysis of CPEC at two different levels that national and international. It is anticipated that a political economy analysis of CPEC will help substantiate our understanding of the ongoing uprising and unrest in Baluchistan province and some other areas of Pakistan also. In 2006 the agreement of Free Trade Agreement (FTA) was signed which further strengthen the cooperation, during the visit of President Hu Jintao in 2006, it gradually increased the volume of trade from 1 billion I 1998 to 15.15 billion in 2015 (Vandewalle, 2015). The better cooperation increased, which based on China Pakistan Economic Corridor. In these days he CPEC is the hot topic of discussion I Pakistan, south Asia and other parts of the world. In Pakistan there is confusion about the route of corridor, because the provinces have expressed their concerns over them. Countries of South Asia are divided on this subject while some see it is an opportunity for development and prosperity. Others look it is an alliance against their interests. Asian countries and the world community have mixed opinion, seeing all the feedback this study throws light on the confusion and will offer facts.

1.1.STATEMENT OF THE RESEARCH PROBLEM

The People Republic of China and Islamic Republic of Pakistan have very good relation since independence of China. In this paper the researcher will discuss the economic cooperation between Pakistan and China through foreign direct investment in Pakistan. In this paper the researcher will discuss about the political economy of China Pakistan Economic Corridor after the Chinese investment in Pakistan. Because Pakistan has served as bridge between China and Europe after independence of China and also highlight the benefits of economic corridor through foreign direct investment. But the proposed study attempts to examine the political and economic impact and also probe that how this multi billion project has created winner and losers. Almost all the countries have welcomed this Chinese initiative without India.

1.2.OBJECTIVES

- To examine the areas of investment under CPEC in Pakistan.
- To underscore the potential of CPEC in economic development of Pakistan.
- To analysis whether CPEC is a win-win or a zero-sum economic bargaining for Pakistan.

1.3.RESEARCH QUESTION

- Does foreign direct investment (FDI) promote (economic) development?

1.4.SIGNIFICANCE OF THE STUDY

The relation between China and Pakistan are exemplary but also kept in mind that this relation of iron brother needs to build on rationality basis and international relation there is no permanent friends and permanent enemies. Pakistan will developed its relation with China to strong its strategic economic partnership. The significance of the study to explain the political economy of CPEC in the light of China Pakistan relationship after the analysis of political economy the researcher will try to discuss some theories about foreign direct investment which explain the cost and benefits of FDI in a country. The views of liberalist and realist will discuss in this paper. The ongoing research is explanatory research therefore all the secondary data or source will be utilized in this proposed study.

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2.REVIEW OF LITERATURE

Thomas Larson, the Swedish journalist, said that "Globalization is a short process of the world which minimizes the distance and things moving nearer. It is increasingly related to the interaction of the world in any part with regard to mutual cooperation with another body. Opinion Nayef shows their opinion that, human and non human activities such as causes, course and international and trans-culture is due to the process of globalization. Rodhan in (2006) indicated that the economy of the world is integrated by globalization. Globalization is used up modernity. It creates uniformity through technological commercial and cultural synchronization. Not only non western societies influenced from western way of life but western

societies also adopted elements of foreign civilization. Two-way cultural impact is a new global hybrid culture. FDI is also a process of globalization which integrates the economy of the host countries. The theory predicts the opposite of the development of FDI. To provide special concern to attract foreign direct investment, the economic logic is often derived from the belief that foreign investment produces external factors such as technology transfer and spread. Some predictions of the theory about FDI development are opposite. For attracting FDI, it provide special concern, the economic logic is often derived from the belief that FDI produces external factors such as technology transfer and diffusion. There is differentiation between the ideas of rich and poor. Accordingly technology and knowledge transferring and making profit can reduce the difficulties of poor countries. It increases the performance of all not only those who received foreign capital (Romer, 1993). In this way Foreign Direct Investment can get unusual effects completely on the economy. Contrary to some ideas it is predicted that the presences of trade, value financial and some other distortion are dangerous for the development of FDI (Boyd and Smith, 1992). But it is also predicted that in various political condition FDI will get promotion. There are some reasons behind the Foreign Direct Investment that companies invest in the host countries. Executive FDI is a way to prevent from the barriers of their business (Moran et al, 2005).

2.2.WHAT IS FOREIGN DIRECT INVESTMENT (FDI)?

Foreign Direct Investment (hereafter referred to as FDI) is generally regarded as an engine of growth and development. It is often argued that FDI fosters development through the transfer of capital and technology, the production of skilled, the creation of jobs opportunities, the creation of a competitive environment for both local and foreign firms labor host countries and so on (Bauer, 1991; Easterly, 2006; World Investment Report 2008; Javid 2016). The world investment report in (2008) indicated that FDI bring economic growth in the developing countries by increasing production, transfer of technology and skills, increase in opportunities of employment, and continuously applied the long term plan and development. It sustains the growth of economy in developing countries and also attracts advance technology; promote managing skills and international trade. The indications of economists are that with the technological advancement and high standard administration enforces the domestic institutions whereas create competition in the markets. They can encourage access to creating nations for worldwide market and innovations, nonnative, utilize (ODA) to advantage open and private speculation designs; non OECD urged nation to advance global system dependent for standard of venture; besides advancing Organization of Economic Cooperation and Development (hereafter referred to as OECD) rules for worldwide foundation. OECD declared different components just as universal project; and non individual from OECD to venture potential neighboring survey way to deal with build speculation capacity. Creating nations, developing economies relocation nations are coming to see the FDI by expanding financial development and innovation, salary increase and work. Nations have liberated their FDI routine and have pursued different strategies. The general advantages of FDI are very much reported for the improvement of the nation's economy (OECD, 2002).

2.2.1.TYPES OF FDI

FDI can be classified by the perspective of host country and investors, that are import substituting, export increasing and government initiated FDI (Moosa, 2002). But some of them are also explained in the text of FDI. Some of the FDI types are explained here, which are horizontal, vertical and conglomerate. In the world of economy, FDI is a common idea. This includes investments in the overseas markets by private companies. FDI is the key resources for economic development and nearly everyone developing nation's great effort to increase their investment. Horizontal foreign investment may occur when Multi Corporation is in production of activity in every host country. A horizontal investment prevails in industrial countries, which is not significant in the availability of production opportunities and factors. Horizontal investments are given special benefits to reduce production costs and delivery etc. in this form of investment the setting up value new production plants abroad and also avoid tariff barriers and transmission prices (Kurtovic, 2012). According to the world economy, horizontal FDI where many plant companies have made almost an activity. Vertical FDI has been imposed where institution know different phases of production in different countries. FDI is more horizontal in nature then the vertical one. Most FDI host shows that access to market is more important by reducing the production costs as FDI. Neary in (2007) shows two possible descriptions that if decrease the trade expenses then the cross border merger may be encouraged. Because M and A (mergers and acquisitions) are got more significance then the investment of Greenfield, horizontal FDI can be dependable by lower trade expenses. Neary also viewed that the liberalization of trade may be inspired confidence in the horizontal investment. When large scale trade expenses fall, and foreign institution are invested in the same country which is the source of service to the entire trade blocks. For instance the services are produced for whole Europe by an American company in Ireland or for North America the production of services in Canada by a German enterprise.

2.2.2 GOALS OF FDI

Economic growth is the main objective of FDI. An important source of finance for development provide by FDI. UN in (2002) indicated that to national and international development private investment is an important factor. With the promotion of economic growth other areas also developed, such as, ability to transfer knowledge and technology, Increase in production, competitiveness and ability, jobs creation and overcome poverty through economic development (Nunnenkamp2002).

2.2.3.RELATIONSHIP BETWEEN FDI AND DEVELOPMENT

FDI is the main accelerator for development, in an effective and open international economic system FDI role is very important. The flow of FDI from OECD countries, the participation of developed countries is to develop this agenda. They can facilitate access to developing countries for international markets and technology and most generally ensure the policy center for development, abroad to benefits private and public investment plans use Overseas Development Assistance (ODA), encourage non OECD countries to promote the cooperation in the rules of international framework for investment. The source of economic growth and modernization, employment, increase of income is FDI, and most of the developing countries in alteration and rising economies to perceive FDI. Countries follow other policies and also liberalized their regimes for attracting FDI (OECD2002).

Initially the FDI theoretical analysis was primarily focused on the necessary and adequate conditions to strengthen the flows of FDI relatively than component driving their sharing across space (Barba et al 2004). According to the text there are three types of advantages of companies to be taken into account as shows by the famous OLI model that here benefits are localization, internationalization, and ownership (Dunning, 2001). Most of the studies concluded that the facilitation aspects and profits of FDI in host countries would increase, then how domestic investment would be activated. Despite estimating the degree of effects, it is more difficult because of large FDI in developing countries agreed with unusual advanced rates generated by not a relevant element (Reshmini, 2010). In order to further investigate FDI contribution in the economic growth, and then we should analyze its contribution to the total investment. The economic growth can only be increase through the capital increasing in host countries. FDI can make incensement in economic growth if its efficiency and production are more than the domestic investment. The links between human capital and FDI makes its contribution towards development. Despite of the requirements of human capital are high the domestic investment is less than FDI production (Borenzstein et al, 1997).

2.2.4.THEORETICAL FRAMEWORK

Every discipline has the philosophy and its evolution. Today there is no discipline that does not have its existence to the philosophy of its history. Theoretical and logical framework of any discipline can be understood by history and its philosophy. There are great differences exist in the views and comments on FDI among theorists and empirical analysts, and between different schools of thought. Effects of FDI are remaining a matter of great concern. The diversity and controversy around the issue is needed to comprehend in order, it is necessary to judge some main positions.

Newliberals views that foreign capital is important for economic growth. According to neoclassical theories by the use of land labor and capital, it produces economic growth. This development production estimated that more labor, more land; or more investment, rapid growth. Since the developing countries have labor, coverage of low saving rate and underutilized land investment limit should be better in these areas. Thus, the principle of the neoclassical growth theory has seen that in the open capital, developed and developing countries will also end, because the capital will invest in poor areas, where the return will be mostly capitalist investment. The capital's poor developing states should be the beneficiaries of the expected income, from the richest industrialized states. In addition, neoliberals are emphasizing that FDI profit are the engine of growth. This argument indicates the orthodox perception that accumulates capital, human capital, and technology transfer is the hallmarks of growth (Kuznets, 1966). Recently liberal views are challenged, however plethora of views in recent scholarly books and journal articles. The ultra right to the ultra left with many groups between the liberal view approach. For the rightist and ultranationalist globalization is governed by power, but this approach prevails among groups within industrial states. These groups can also engage in the identity politics, where globalization gives equality with increased immigration. The observers argue that the current change is dangerous to the intensity of control of the imperialism of the poor by powerful rich. Concerning the anxiety of the poorest of the developing world in the mixed global environment, which shows the threat of the capitalist greed and unfortunately, independently liberalization attacks (Brecher and Costello, 1994). Mercantilist aims to develop the wealth of any particular country at the expense of rival national power. Mercantilist believe that the state should implement policies in which state gain benefits from trade and thus free trade become zero-sum game .(Khorto2014) today's industrialized economies adopted mercantilist policies to grow .Mercantilist stated that the import of raw material ,skilled worker, capital goods ,were need to be encouraged while the export of gold silver ,raw material , luxurious products were need to be discouraged . Laws were formulated to promote domestic shipbuilding and create jobs for local people, the aim of these policies to strengthen the state enrich the nation (Kiiza 2008).

According to Marxism and similar ideas, it indicates that the capitalist and independent market exploits a class of society, which is finally distributed labor. According to the Marxist, the ruling class allows the workers to less than the full value to change the capital system; there is a difference between the cost of the products that generate by the worker and the actual wages expected by the worker.In this manner capitalist system functions as of expropriation of the surplus produced by others. Larger or smaller group of workers illustrate economic benefits from the dealings of private enterprises,but it is an attempt to divide the working class by the wrong methods.This process of exploitation occurs on national and international level which explains economic underdevelopment countries. Marxist concepts discard private investment with foreign investments, Marxist compare it with Trojan horse of western colonialism and imperialism against the third world countries. The effects of this type of investments are inappropriate as they are finally equated with exploitation. Similarly, thoughts of

Marxism, the idea of the Dependencia School's denial of the original completion of the FDI; These ideas depend on the existence of relationships, in which certain countries have their economy conditioned by the expansion and development of other economy, which leads to the backwardness and its privilege of dependent countries (Kebschull, 1980).

The theory predicts the opposite of the development of FDI. To provide special concern to attract foreign direct investment, the economic logic is often derived from the belief that foreign investment produces external factors such as technology transfer and spread. Some predictions of the theory about FDI development are opposite. For attracting FDI, it provide special concern, the economic logic is often derived from the belief that FDI produces external factors such as technology transfer and diffusion. There is differentiation between the ideas of rich and poor. Accordingly technology and knowledge transferring and making profit can reduce the difficulties of poor countries. It increases the performance of all not only those who received foreign capital (Romer, 1993). In this way Foreign Direct Investment can get unusual effects completely on the economy. Contrary to some ideas it is predicted that the presences of trade, value financial and some other distortion are dangerous for the development of FDI (Boyd and Smith, 1992). But it is also predicted that in various political condition FDI will get promotion. There are some reasons behind the Foreign Direct Investment that companies invest in the host countries. Executive FDI is a way to prevent from the barriers of their business (Moran et al, 2005). Economist studies explain an important issue that affects economic growth. As a proof o literature which evaluates the growth beyond the country, however various factors and economic practices are capable to identify the economic growth. Some other leading studies includes, Balasopramaniam, Salisso and Sapsford (1996), Borenzstein and De Gregorio and Lee (1998), in the context of LDC and find out that the FDI positively relates to economic development, but only under certain conditions. According to the economic analysis the LDCs development should not affect by FDI, which be an issue of empirical analysis (Theodore, et al, 2005).

THE RELATIONSHIP BETWEEN FDI AND DEVELOPMENT

Initially the FDI theoretical analysis was primarily focused on the necessary and adequate conditions to strengthen the flows of FDI relatively than component driving their sharing across space (Barba et al 2004). According to the text there are three types of advantages of companies to be taken into account as shows by the famous OLI model that here benefits are localization, internationalization, and ownership (Dunning, 2001). most of the studies concluded that the facilitation aspects and profits of FDI in host countries would increase, then how domestic investment would be activated. Despite estimating the degree of effects, it is more difficult because of large FDI in developing countries agreed with unusual advanced rates generated by not a relevant element (Reshmini, 2010). In order to further investigate FDI contribution in the economic growth, and then we should analyze its contribution to the total investment. The economic growth can only be increase through the capital increasing in host countries. FDI can make incensement in economic growth if its efficiency and production are more than the domestic investment. The links between human capital and FDI makes its contribution towards development. Despite of the requirements of human capital are high the domestic investment is less than FDI production (Borenzstein et al, 1997) Graham and Krugman in (1991) claims that to the local markets the communities have better access and knowledge, if their decisions of entrance to the markets for the benefits of local markets they will pay. Foreign companies who decide to invest in another country are likely to enjoy low costs and high output than their local competitions. Particularly in developing countries FDDI high performance is a result of advanced management of skill and combination of advanced technology. FDI can be the main channel through which modern technologies has been transmitted to developing countries. However the economic equality of various types can threaten the FDDI role by transferring of advanced technology. For example due to conservative trade policies there could be a single way to reach to domestic markets through FDI products that will already be exported to a host country. Similarly the government can motivate to promote foreign direct investment with the objectives of increasing foreign exchange reserves, or to e strategic from the approach f industrial policies. Some people have found the evidence to get out of a crowd while others get the results that the FDI can really help in increasing of domestic investment. Somewhere the results are beneficial at least some expenditure spends domestic funds for other investment purposes. The least developed countries have little effects on the development of FDI which has been deposited in foreign exchange attendance. It seems that the developing countries need to reach to a reliable level in education, communication, health and technology before benefiting from foreign presence in their markets. A defective and neutral financial market to avoid any counting of the entire FDI benefits again. The delicate economic intervention is that it is far more difficult than MNEs.

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Every discipline has the philosophy and its evolution. Today there is no discipline that does not have its existence to the philosophy of its history. Theoretical and logical framework of any discipline can be understood by history and its philosophy. There are great differences exist in the views and comments on FDI among theorists and empirical analysts, and between different schools of thought. Effects of FDI are remaining a matter of great concern. The diversity and controversy around the issue is needed to comprehend in order, it is necessary to judge some main positions. Theories of international political economy provide varied ways for understanding some questions. It will present an outline of observing everything you are reading. If anyone understands the economy, then they will be able to understand politics. The connection between economy and politics is unacceptable. The study of international political economy, its reasons and its effects are linked to

three basic concepts; Realist, liberalist and Marxist. Each of these ideological structures can be same in meaning; however, eliminating ideas differ from a different way. There are true arguments and misconduct against each and every of these concepts and effects. In any analysis it will be difficult or even inevitable; assume that any approach by legislation, political and economic leaders will be pure in nature. Therefore, it is important that leaders understand the impact of all the ideologies during policy making and administration. (Joshua, 2014).

Newliberals views that foreign capital is important for economic growth. According to neoclassical theories by the use of land labor and capital, it produces economic growth. This development production estimated that more labor, more land; or more investment, rapid growth. Since the developing countries have labor, coverage of low saving rate and underutilized land investment limit should be better in these areas. Thus, the principle of the neoclassical growth theory has seen that in the open capital, developed and developing countries will also end, because the capital will invest in poor areas, where the return will be mostly capitalist investment. The capital's poor developing states should be the beneficiaries of the expected income, from the richest industrialized states. In addition, neoliberals are emphasizing that FDI profit are the engine of growth. This argument indicates the orthodox perception that accumulates capital, human capital, and technology transfer is the hallmarks of growth (Kuznets, 1966).

For neoliberals, the development and growth of LDC is important for the business and investment issues. Since the matter of development growth is the productive capacity of an economy, these theorists assume that the efficiency is best to realize in the global market. However liberal's theories of economic development are realized that interdependent world is working on the basis of free markets and global economy, basically there is no need to promote growth evenly. Indeed, it is expected that the poor nations can get relatively fast rates than rich because of backwardness (Gerschenkron, 1962). Like Kuznets (1966) predicted about the difference in states, with the advent of industrialization between states leads to the slowing down the rich and the gradual catch up of poor follow the same way. The whole process of development usually follows the logic of competition and development, where the development of the market depends on the adaptation of society to increase the competition.

The reason for the FDI refusal is that it has the importance of supporting two important ideas for social and economic development, based on the Dependencia School and the Social anti capitalist (based on Marxist theory). According to Marxism and similar ideas, it indicates that the capitalist and independent market exploits a class of society, which is finally distributed labor. According to the Marxist, the ruling class allows the workers to less than the full value to change the capital system; there is a difference between the cost of the products that generate by the worker and the actual wages expected by the worker. In this manner capitalist system functions as of expropriation of the surplus produced by others. Larger or smaller group of workers illustrate economic benefits from the dealings of private enterprises, but it is an attempt to divide the working class by the wrong methods. This process of exploitation occurs on national and international level which explains economic underdevelopment countries. Marxist concepts discard private investment with foreign investments, Marxist compare it with Trojan horse of western colonialism and imperialism against the third world countries. The effects of this type of investments are inappropriate as they are finally equated with exploitation. Similarly, thoughts of Marxism, the idea of the Dependencia School's denial of the original completion of the FDI; These ideas depend on the existence of relationships, in which certain countries have their economy conditioned by the expansion and development of other economy, which leads to the backwardness and its privilege of dependent countries (Kebeschull, 1980).

3. RESEARCH METHODOLOGY

According to Gorg and Greenway (2004), that FDI may be more benefited for the host countries. The question here are arise that ,does FDI promote the economic development in the host countries ?answer to the question will be that the underdeveloped countries have low literacy rate and high rate of labor with low capital intensive production that's why the underdeveloped countries can't gain the economic goal alone and the aim of that type of countries to increase their market competition in local,so the countries look for FDI to achieve the economic goal for the prosperity of the country(Javid,2016).Pakistan is also as underdeveloped country and wants to improve their economy that's why she for FDI in the shape of CPEC.The research design for this kind of study will be case study. The case will be CPEC in which we analyze the aim of the study, the aim is to examine the area where CPEC invested and analyze the economic development in the course of CPEC in Pakistan and also probe that CPEC is a win-win or zero –sum economic bargaining for Pakistan. Some is of the view that CPEC is a developmental project for Pakistan.

RESEARCH DEFINITION

Research is a calculated investigation to provide basis for the decision making. In order to find out a solution to the problem under consideration, the study is conducted by an individual or institution (Surbhi, 2018).

WHAT IS A RESEARCH DESIGN?

A research-design strategy combines that you choose to combine various components of study in a logical way, make sure you solve the research problem effectively. The collection is consisting on a blue print for measurement and data

analysis. Note that the problem of your research determines the type of design that you should not use around the other way (De Vas, 2001). The research design is a set to decide, to collect, more data on other issues and also to comment on them and eventually answer to the issue (Sekaran, 2003). Cavana et al, in (2001) are of the view that a research design can be defined as a sequence of decisions that is a complete strategy to respond to an investigative question and test the theory. Research design is intended to make a reasonable decision making results and a fixed set of valid and reliable investigation. In standard measurement settings, a research design decides selection measurement and scaling procedures, device, data analysis and samples. A good design research ensures that the holding knowledge is related to research issue and is together through the method of purpose.

A general purpose of *survey research* is to collect data of a population. Researchers collect information from the survey to generate the results of managers with the population. A survey design is required to determine sample size and deal with the irrelevant prejudices.

Ethnographic study is one of the field research methods in which the observer is in the situation under study. For example, for ethnographic study to understand the company design process, the observer sets himself as a designer in this company. Even when ethical techniques are not used in design research, the basic principle is maintained (Teegavarapu et al, 2008).

Experimental analysis is a process in which designers prepare their experience oriented ideas. In the field of research design, a common example of engineering design, experimental analysis is a regular approach by Pahl and Beitz. Among design researchers, variable of focus groups are very popular (Seudharkar Teegavarapu, January, 2008).

Descriptive research designs give answer to the research question of, how, when, where, what and how to connect with a particular research problem. Descriptive study cannot find the answer of why.

QUALITATIVE VS QUANTITATIVE RESEARCH

There are many differences between these methods. The choice of approaches in particular investigative efforts largely depends on research objectives and priorities (Algozzine and Dawson, 2006). If time and resources are limited then a quantitative research might be more suitable. Qualitative research tries to compare the amount of study. If find the factors that can affect the situation. Therefore, if the rector does not yet discover certain possible reasons for student dissatisfaction, he can desire to utilize extra comprehensive qualitative approach to explore a range of possible sources of the difficulty that can provide later as a base a person is involved in studying research, then a quantitative approach can be favored. This is because quantitative research can regularly be achieved with the minimum participation of participants.

CASE STUDY DESIGN

Many people consider case study as unique features or symbols and clinical interpretation of people with the treatment used to help them. Case study offers a wide range of views. This means that a pilot of a contemporary trend within its natural context, using multiple resources ways of facts (Yin, 2003). Case study subjects are usually differing. For example, case studies programs, people actions, events, institutions, social groups and any other contemporary demonstration have completed. Sometimes people search a form of case study which is not a survey. It is a study based on observation or experience and there is no data in nature (Merriam, 2001). From many disciplines many researchers call their work as a case study and they are generally agree on many features that are used in this methods (Hatch, 2002).

First of all, though case study research focuses on a group individual representative for example women, it is often addresses a tendency for example a special event, situation, program or activity. As the school wants to know what's going on in the districts because they move from eventual scheduling (events). Classroom teachers want to find the factors that effect the students writing in his school (situation), want to learn more about the practice or in the text making experts (program). The maximum number of insights that can be achieved depends on their computer programs in the organization (activity). This incident often represents the benefits of case studies but do not exclude each other. Secondly, the study in its natural context is restricted and limited in time and space. Blocks schedule administrators are occur in a specified school system during a given period of time. Teacher's study is based on factors that affect the school's depletion of students during a particular school year. The nurse will only review the employment methods in her hospital for a limited period. A technology specialist will limit its success in the program's approval method by purchasing the main computer in accordance with its organization's methods. It is clear that the context is important of this matter when studying and its usefulness have the option to make a wide range of events, behavior, programs, activities, and other interesting phenomena as well as individuals or groups. Thirdly the case study research is investigative because it is based on the information of deep and different sources. To create mental images containing key participants, audits, disadvantages, and other literary techniques that lead to complexity of various variables in the phenomena under study. Sometimes it is found in any type of sameness or differences in other forms of the research also describe as a case study research. For instance, during comparison by the experimental research case study will be more appropriate than experimental research. Only case study researcher can categorize the activities and actions rather than verify relationship or check hypothesis.

The nature of the proposed study will be qualitative and quantitative. The research will be consisting on both secondary and primary data. Secondary data will be collected through library work as books, journal, research articles,

newspapers and web sources. Primary data will be collected through interviews with economists, ministers, traders, journalist and politicians and other concerned authorities. The case study method will be follow in the proposed research. The proposed data was qualitative and quantitative in nature. Secondary and primary data was used. Secondary was together from research articles, journals, news papers, library work as books and web sources which are published by renowned analysts. The primary data include interviews of economists, ministers, traders; journalist, politicians and concern authorities. The proposed research was followed case study method.

With the help of interviews to reduce the shortage of previous data collection techniques that you have answered there that allow you to understand about the respondent's answering and thinking. Interviews for survey was the most suitable techniques that ridicule complex issues. interview help the respondents explain questions about the success of the survey. Questionare is one of the data collection tool that is to be subjected to sample of mail, phone or online. It was one of the most popular tool of data collection. Another tool od data collection is direct observation, it is a good way to combine simple and organized tasks such as in a day to handle the assembly line easily to check the number f manual intervention. It is very fast and effective method of collecting data(Jha, 2017).

4. ANALYSIS AND DISCUSSION

An economic corridor becomes the necessary part for development and regional cooperation. In this diplomatic world, for Globalization, diplomatic relations and trade get the part of comprehensive concept. In the mean of trade and cooperation Pakistan and China have been in touch with each other for a long time. Since 1950, Pakistan and China are cooperating for their own benefit. Pak-China relations are due to their geographical convergence with each other, which shows the evidence of good relation politically and geographically (Haider, 2005). There are some facts and key elements due to which the two countries are serving a long term relation which is given,

- 1) boundary agreement (1963)
- 2) Pak-India war 1965 (China support for Pakistan)
- 3) Pak role in the relationship of China and Europe
- 4) China role in 1972 war prisoner inside united nation security council (Khan 2011).

In 2008 Pakistan signed an agreement with China which is known a FTA (free trade agreement). From 2008 to 2013, the leadership of both countries arranged an exchange visit to create more cooperation in many areas. Visits of both countries took part in the bilateral relation, Due to these visits 2013 become turning point in trade and in other relation. In 2013 both the two countries signed memorandum of understanding (MoU) to build economic corridor that link Kashgar the city of China, and Gwadar the port of Pakistan via Gilgit Baltistan. In the signed MoUs contains, to construct 4000 km railway network and 9 special economic zones under the assistance of China. The estimated cost was US \$ 46 billion. Through this corridor, Pakistan may meet foreign investment in the transport, communication and energy sector (Khan, 2014).

The project "economic corridor" will take part in bringing happiness and, in the elimination of unemployment. It will improve infrastructure facilities and regional connectivity, society contact and many more. CPEC is a win-win game by its completion on 2030. Pakistan currently is under many problems such as terrorism, corruption and extremism. By the support China in this corridor Pakistan will gain their good image in the whole world (Zaffar, 2016).

The present chapter will explain the advantages or promises of economic corridor (CPEC), that how Pakistan will get profit from this project, it will carry more happiness and success. Pakistan will develop their economy by CPEC.

4.1 BACKGROUND OF THE ECONOMIC CORRIDOR :(CPEC)

The CPEC is one of project of the belt and road initiative, in which ancient Silk Road has been expressed, which focuses on the framework and strategic bi literal cooperation. One of the projects in the CCEC, road network, railway, oil and gas pipeline, from Gwadar to 3000 kilometers long, was offered by Le Keqiang. On the visit of Pakistan in May 2013, the CPEC will be a gateway to Silk Road which will connect to more than three billion people in Africa and Asia. The game of Belt and Road of China is to build up its western section with Pakistan focusing on saving that contains infrastructure Gwadar port as well as with energy sector and other sectors. Karakoram Mountains so the CPEC contains the up gradation of Karakorum highway round about 1300km. CPEC will act is the reducing agent of Chinese roads and Chinese imports from Middle East, Africa and central and south Asia. Gwadar is the example of such reducing agent. The distance between Strait of Hormuz and Gwadar is 400km which will be upgraded along with 1400km highway and an airport in the area. In the opinion of Pakistani prime minister, that CPEC will be the turning point for Pakistan into a regional center, and this route will gave a cheaper path for trade and investment in Asia, Africa and Middle East. In the visit of Chinese president to Pakistan, China and other countries agreed to form 1+4 cooperation formation with CPEC in Gwadar port, transportation, infrastructure an industrial cooperation, which are the common development areas. As 51 agreements were signed, among 51, 30 of them worth 46 billion dollar aimed at strengthening the CPEC project. Within the planned corridor 25 projects will be completed in the coming five years. Somme energy agreements are also planned. According to Shi planning the economic corridor has attracted the attention of many regions and will win a wide audience (China Daily, 2015).

CPEC is an economic business, its plan to make easy trade by the side of route that connects China and Pakistan. CPEC is an extension of one built ambitious initiative in China. Identifying the idea of CPEC projects in 2006 then come the proposal seven years later. The two countries signed a chain of agreements and MoU (memorandum of understanding) that formally began to build CPEC. Pakistan is the passing route for China to Europe, Africa and Middle East everywhere China offers, its supply attach and diplomatic relation along trade. In order to strengthen them with the neighbors and other connected countries by roads. Gwadar port of China is the gate route to Indian Ocean which will be the helping agent for China to strengthen its military influence in the area (ibid).

The economic growth of Pakistan depends upon economic activities. Per capita incomes is also a dependent regent on national economy. The economic activities will raise the expenditure. This project will increase per capita income because the nationals of Pakistan will invest in the developing projects. Rising production and growth will also increase. As the international trade market of the country depends on the investment inside the country by the investor. With CPEC investor from foreign will jump for investment In Pakistan by the completion of CPEC in every sector such as mining energy etc which will be addition agent to the economy of Pakistan. The CPEC project between Pakistan and China will help in rising production, trade, per capita income etc and investment by the investor, which will also be a major way towards Pakistan economy. While to get the best consequences of this project, the government of Pakistan should focus on quality and on time completion of the CPEC (Hanif, 2017).

CPEC has many projects which are under construction and modernizing infrastructure of Pakistan quickly along with depending and expending ties between Pakistan and China. By building this project, will raise the life standard of the Pakistani and Chinese nationals. It will improve the communication, exploration and construction of potential bilateral economic commercial logistics and atmosphere investment for people who are in touch with regional contacts includes.

- Integrated transport and IT system including roads, rails, and port, air and data communication channels.
- Energy cooperation
- Functional zones, industries and industries parks.
- Agriculture development and poverty alleviation.
- Tourism cooperation and people to people communication.
- Financial cooperation
- Human resources development.

The project of both Pakistan and China is a regional journey for the improvement of people lives in this globalized world. It will be a sign of peace between the two countries. This corridor is the only hope for the two countries for peace and development of economies in the future.

There are five main component of CPEC

- Gawader
- Energy
- Transport infrastructure
- Investment and industrial cooperation (Hamid et al, 2017).

CPEC particularly to decrease energy crisis in both countries, because the countries, especially Pakistan is facing the crisis of energy, with this project round about 21,000MW energy would be produced. For the energy project, an expert is working for planning and establishing and for the implementation of the energy project. As China invested \$46 billion directly in Pakistan which is 20% of Pakistan GDP, in this regard \$46 billion will be spent in;

In infrastructure project includes road and rail sector projects. According the ex-finance minister Ishaq Dar that “the ongoing project under CPEC are motivating more investment in the infrastructure development in Pakistan (The News,2016).For the travelling of people safely NHA intended to raise a 2395 k lengthy road connecting Kashgar to Gwadar,Karachi to Lahore. Asian bank of development expect to link the infrastructure space by 2020, for this reason, to invest \$ 8 trillion in Asia. In particular, the development of physical infrastructure will allow central Asian economies to link and rise trade. According to the Chinese proverb “first build a road to become rich” (Kanwal, 2016). CPEC project is not only for the development of transport, energy, infrastructure, and communication, but also for the development of integrated physical infrastructure in the whole region. (The recent situation shows the importance of CPEC by finding the response to the matter about the possibility of promoting regional economic integration through improved infrastructure in Pakistan (Hali et al, 2015).Pakistan got major up gradation in roads, railway and infrastructure with CPEC. In the CPEC project, \$10.62 billion is allocated for transport infrastructure and \$6.1 billion are to be paid for harvest before time.

CPEC will decrease the unemployment rate. It will create round about 2 million jobs, and will also increase the GDP growth by 7.5 percent according to a report by a South Asian Investor. According to a report the CPEC will create 0.7 million direct jobs in the year of 2015-2030 and will add 2.5 percent increase in the GDP (INP, 2016). The main focus of the CPEC project is the power generation sectors with nearly \$ 33 billion are expected to be invested. As part of the CPEC Early Harvest Plan, 10,400 MW capacities are planned in March 2018.

It also seems that the connection is not the capital of the final target in the LTP. The scheme includes the improvement of 804 km long transmission network from Sukkar to Gwadar. In the long term, a second track of the cable network will be rescheduled from Gwadar to Sukkar. It is the next way, which runs 370 km long, is "very important for making loop with current optical cables to boost network protection." The LTP has also planned to solve the threat of Internet barrier due to any incident on cable landing station in Pakistan. Currently, fiber optic cables covering the sea and carrying all the internet traffic are connected to a landing station in Karachi. A major accident on the station can destroy the Internet throughout the country. The industrial co-operation sector is very important for the China Economic Corridor (CPEC). It is important to increase the level of economic cooperation and to enhance the industrial cooperation sector among Pakistan and China. It keeps a very clear upcoming. One of the most interesting parts of the plan is the beach on the development of tourism industry. They talk about the coastal enjoyment of a long belt industry, which includes eighth floor, home tour, nightlife; City Park, public squares, theater, golf course; spa resorts, hot spring Hotels and water sports are included. The belt from the kitty Bandar to Juani will bounce from the last place of living before the Iranian border. After that, a little disappointed, before seeing this approach, "more work is needed".

For development, regional connectivity and progress are the two main elements. CPEC is the example of the above statement. The construction of transportation infrastructure, energy projects, and port projects in Gwadar are the main component of CPEC. CPEC is the hub of China belt and road initiative. This is the central connection between China and Silk Road. For Pakistan and China this corridor will be a win-win situation. For regional development in the context of regional communication, investment, industrial era, finance, agriculture tourism, human resources development, interpersonal communication, livelihood opportunity and improved security, CPEC is the main link and have great importance for these elements.

The effective implementation of CPEC is a real challenge for Pakistan. There are many internal and external factors that comply with the CPEC staff. According to Yan Jianzhang, Deputy Director of the China Communist Party's Central Policy Research Bureau, unstable political government, poor management, generous performance and terrorism are major threats. With the successful completion of CPEC, Pakistan will become the center of major economic activities throughout the region. Because of this, opponents like America and India are in confusion. There is a continuous demonstration from many political parties inside Pakistan (such as Baloch nationalists, BRP and APN) (Abid and Ashfaq, 2015).

5. CONCLUSION

China-Pakistan Economic Corridor was launched in 2015. This is a change in the game for the poor economy of the country. The CCE has presented a great opportunity for the economic development of Pakistan as well as to achieve a global ally. However, Pakistan should know that it is a part of the "Belt and Road" policy on China's wide range. Regional contacts and development are linked to the general development perspective. This is a philosophy behind the development of China-Pakistan Economic Corridor. Its main components of Gwader's new transportation infrastructure, energy resources and port projects are the construction.

CPEC is an important player in the beginning. It is often considered as a link between the Silk Road and Chinese Mainland. This is a unique model of winning cooperation for Pakistan, China and the region. CEC is very important for regional development, diverse investment opportunities, industrial cooperation, financial cooperation, tourism, human resource development, mutual communication, economic growth, and regional development in better security and stability in the region. Keeps it mind that there are some deeds about the project that the entire projects allow benefits of Punjab and ignore the other three smaller provinces. The insurgency in Balochistan is not a new one phenomenon and no one central or regional government can be blamed for the violent uprising in Baluchistan. Some young Baloch believe they will become a minority in their province.

6. RECOMMENDATIONS

- All federal departments can be instructed to make a quick representation of Baloch youth. The Baloch population should be represented by a job in Gwader's plans. • Mega projects do not depend on the total dependence. Instead, people must pay attention to daily concerns, such as work, decent wages, safe movement facilities, meet the basic needs, life safety guarantee and legal protection.
- A special emergency cell for education can be established at the federal and regional levels to ensure the quality of education. Also, there is no university degree in the province. Therefore, attention must be paid to the level of education through the establishment of federal faculties at the level of achievement Ensure qualified faculty and full monitoring.
- Government needs to understand the demands of the province. Whatever step is taken, it must be completely done with the wishes and priorities of the local population that are likely to be overwhelming. The permanent government was used to isolate its mandate and instead of transferring civil rights. Cruelly using force to stop Baloch demands.

Therefore, the partnership between civil society and the media requires a partnership to increase the pressure on the rulers to avoid separation from their mandates and on the external forces that work as pressure on the government's policies. Try to influence. • To prevent the country's instability, localization of Pakistan's policy is necessary. Provinces need to be eliminated.

- To avoid the country instability, localization of Pakistan policy is necessary. The ethnicity problem should be reduced. Media needs to force the foreign powers that are affecting the current crisis. Media should represent the real image of foreign powers.
- China and Pakistan economy will be promote by the key project of CPEC. But its security is facing some threats. In this way major insecurity problem comes from the armed organization such as BLA, BLF, TTP and LeJ. These organizations try to destabilize the economic process of China. As they abducted and killed many Chinese workers.
- Along with the separatist agenda of local organization such as the BLA and the BLF, Iran is very disturbed and unaware of the CPEC from the outside community, Afghanistan and India. Pakistan and China must determine to stand on this storm and follow this big project. Strict action should be taken on a strong perspective of CPEC, and then both countries will succeed in achieving economic growth and prosperity. Continuous bad blood between India and Pakistan made a permanent sense of instability and throughout the region. Despite passing through Pakistan-administered Kashmir and Gilgit-Baltistan, which is India's primary and important land, has illegally occupied Pakistan. India is trying to harm the Corridor (CPEC) projects by spreading Pakistan's propaganda in Balochistan to encourage the insurgency of Balochistan. Balochistan is against development work, whose province is near Pakistan.

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