

Political Instability ^{in Pakistan} leads to Economic downfall GOOD

Outline:

KEEP PRAC

1. Introduction

Thesis Statement: There is no denying the fact that political instability leading Pakistan into the doldrums of economic crisis. It considerably hinders all aspects of economic integration such as trade, investments and supply chain which results in economic fiasco. However, ~~economic~~ political situation can be revamped if certain robust measures are taken.

2. Political Instability in Pakistan: A Bird's Eye View

3. How Political Instability leads to Economic Downfall Causes of PE and

A. ~~It~~ Hampers the passage of many important legislative measures that results in sanctions and embargoes from the watchdog bodies, thus outcome is economic downfall. (Case in point: Rejection of Anti-Money laundering Bill, 2020)

B. ~~It~~ Hinders the trade activities country wide by means of dharnas and rallies which results in depriving masses from earning their livelihood. (Case in point: 126 days long dharna of Pakistan Tehnik-e-Insaf)

C. ~~It~~ Creates trust deficit among government and international donors and thus makes it hard to mobilize sufficient investment for economic sustainability. (Case in point - Report of ^{the} State Bank of Pakistan)

D. It leads to the constitutional crisis that adversely affects economy of the country
(case in point: Dissolution of Pakistan National Assembly in April 2022)

E. Political tussle serves as an opportunity for the non-political forces to derail the democratic setup that eventually pushes the economy of the country backwards

④ Distressing Outcomes of Political Instability in Pakistan / Economic Fallouts of Pakistan's Political Crisis :

A- A serious Balance of Payment crisis
(case in point: The State Bank of Pakistan, report)

B- Huge Fiscal Deficit
(case in point: Ministry of Finance report of Fiscal Year 22)

C- Double digit inflation
(case in point: World Bank report 2022)

D- Declining Business Confidence
(case in point: Business Confidence Survey by The Overseas Investment Chamber of Commerce and Industry (OICCI))

E- Devaluation of currency
(Case in point: Quoting Former Finance Minister of Pakistan)

⑤ A Framework to Revoke/Ensure Political Instability in the Country:

- A- Reforming electoral system of Pakistan
- B- Discouraging the practices of dynastic politics
- C- Signing the Charter of Democracy among political parties
- D- Ensuring constitutionalism in the country.

⑥ Conclusion

Essay:

Pockets of political instability and economic uncertainty are unfolding across Asia, Latin America, Africa and Europe. Countries are facing severe economic crisis due to political unrest and its effects can be seen across the globe. An unstable ~~government~~ political system seriously hampers economic growth of a country. Unfortunately, Pakistan is also on the list of countries that are ⁱⁿ witnessing a prolonged period of political instability and as such its adverse consequences for the economy are quite visible. Such a drastic situation has not occurred overnight, rather a host of factors like delaying important legislative bills, the dharna culture, and the trust deficit among government and international donors are responsible for it. Further the, constitutional crisis and the political tussle also add salt to the injury. Consequently, political instability has wreaked havoc in the country such as Balance of Payment crisis, huge fiscal deficit, and double digit inflation.

Moreover, declining business confidence, depreciation of the currency, and a surge in unemployment are serious repercussions of political instability. Nevertheless, every cloud has a silver lining, situation can be tackled if certain pragmatic measures are taken such as reforms in electoral system of Pakistan, signing of charter of democracy, discouraging dynastic politics and ensuring constitutionalism. Hence, there is no denying the fact that political instability is leading Pakistan into the doldrums of economic crisis. It is considerably hindering all aspects of economic integration such as trade, investments and supply chain, resulting in economic fiasco. However, the political situation can be revamped if certain robust measures are taken.

Before elucidating the current scenario of political instability in Pakistan, it is pertinent to give a short synopsis of political instability in the country and its repercussions on the economy. It is historically evident that Pakistan has spent half of its life in internal political instability defined as regime instability, political emergencies, and constitutional deadlocks. Pakistan was ranked 181 out of 194 countries on the Global Political Stability Index 2021. Moreover, political instability has played an adverse role in the reduced economic growth of Pakistan and its continuation is hampering all aspects of economic integration such as trade, investment, and supply-chain. Hence, political instability is posing grave threats to political

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as well as economic structure of the country.

While discussing the factors that are leading Pakistan to the economic crisis in the country, hindrance in the legislative measures tops the list. Instability in the political structure hampers the passage of many legislative measures which results in sanctions and embargos from the international watchdog bodies. For example, in 2020, the Anti-Money Laundering Bill was approved by the National Assembly of Pakistan to get the country out of the FATF grey-list was rejected by the opposition-ruled Senate because of political clashes among the ruling and opposition parties. Thus, halting the passage of legislative measures has severe consequences on the economy of the country.