

Section-A

Q#3

1- Introduction

The Globalization phenomena has integrated the world in unprecedented way. As technology, capital, goods, labour, ideas, cultural etc can easily flow from one part to another part of the world. Similarly, the role of global economic institutions like IMF, World Bank, WTO, OECD etc have become more important than ever in ensuring effective, efficient governance. However, it has been witnessed that these global economic institutions have now become a tool of developed world to exploit global south nations. Moreover, the dogmatic policy of deregularization, neoliberalization and free market has led to repeated inflection, slow growth and unemployment in the developing countries. Thus, it can be deduced that global economic institutions have failed to deliver equal chances of growth.

2- Overview of Global Economic Institutions

After the world war II, Emergence of Britton Wood Institutions like World Bank and International Monetary Fund (I.M.F) led global development with an agenda to internationalize neoliberal policies globally (Free market, deregulation). The impetus came when dollarization of Petroleum happened in 1972. Since, then the role of Global Economic Institutions have become effective in ^{and meeting} ensuring global demand and supply. Furthermore, the establishment of World Trade Organization (W.T.O) in 1995 and demise of Soviet Union in 1991 gave G&EIs free hand to shape economic priorities of the world. However, Global Financial Crisis 2008, Pandemic (2019) showed the limitations and priorities of such institutions of whose interest they only seek to fulfill.

3-Major Global Economic institution and their role

IMF - deal with balanced trade, exchange rate stability, monetary cooperation

World Bank - Infrastructure development

WTO - regulate global trade rules.

OECD - promote economic growth, stability and improved standard of living

4-Global economic institutions are a tool of exploiting developing countries.

4.1 - Unrealistic conditionalities and austerity

GEIs in particular I.M.F follows a dogmatic unrealistic set of conditionalities while dealing with developing countries. Like, IMF Structural Adjustment Programs often time lead to increased inflation, unemployment and lower growth which impact common citizen

4.2 - Debt accumulation

Similarly, GEFIs are a means to trap developing countries economy. As when once loan is taken the cycle of debt become never ending. For instance, Pakistan has went to ^{IMF} 23 times and every time it goes, it get itself entrenched in that debt cycle. Similarly, Pakistan external debt to such institution are \$ 88.8 Billion.

4.3 - One shoe fit for all Policy

GEFIs follow policy of one shoe fit all, while dealing with developing countries. As same prescription advice to all countries in turn lead to ^{start of} a chronic cycle of indebtedness. Moreover, not reconsidering each country dynamics differently affect developing economies growth trajectory.

4.4 - Market based exchange rate

leading to devaluation of local currency

The GEFIs like IMF follows a

dogmatic policy of devaluing the local currency. Since 2022, Pakistan adopted this policy and till now it has led to consumer inflation at 31%. Moreover, Pakistan has devalued ^{Ruppee} ~~dollar~~ against the dollar by 120 Ruppees. Thus, bringing unbearable pain on local people.

4.5 - Dogmatic Policy of Trade Liberalization

The Bretton wood institution follow a policy of trade liberalization and implore all states to do the same. Of course, this is beneficial for developed countries as their exports are competitive but for developing countries it is detrimental as it destroy the nascent local industry, who could not compete ^{global} against such competition.

4.6 - Loss of sovereignty

It is believed that G.E.I.s undermines the sovereignty of state. As states which are indebted to

them are not free to make economic decision. A famous quote summarizes this "Begger cannot be choosers!" As G&Ts use the economic opportunity to make decision for such nation.

4.7 - cutt in government spending

The widely held belief is that G&Ts limit government ability to spend for social services. Similarly, demand of repeatedly increase tariff put economic pressure on local house hold. Moreover, loss of government jobs or private sector become endemic.

4.8 - Tool to coerce developing countries

Likewise, it is believed that G&Ts are a tool of developed world to coerce developing countries. For instance, Pakistan received high grants from IMF during war on terror but when USA priority shifted

gaining loan became more difficult than ever. Hence, GEFIs act on the whims of Global North

5- Conclusion

To sum up, it can be said that, GEFIs ~~are~~ have a huge foot print on global governance. Their role in ensuring trade, regulation is pivotal but in recent decade their dogmatic policies of neoliberalism has only been a source of agony for developing states like Pakistan, Egypt and Argentine. Hence, ~~it~~ ^{it} is time to revisit the framework of GEFIs and to make them more align with the global realities of today world.

Q#7

1- Introduction

Economy and politics are strongly interconnected toward one another.

As those states have progressed who ensure that a balance remain ^{their} in political system. Likewise, if the political system is weak, this will lead to loss of investor confidence and policy inconsistency. Similarly, a state can benefit and can harness unparalleled economic benefit if the political situation is stable. But in Pakistan the situation has been reversed, where repeated political instability has led to loss of economic gain. Therefore, it can be deduced that if Pakistan wishes to become an economic hub it must strike a balance with its political economy.

2- Overview of Pakistan Political Economy

Pakistan manifest peculiar set of political economic landscape. As it is has a federation level setup, marked by repeated military

intervention. Moreover, it has an extractive, over-regulated economy where government oversee and regulate the business. Moreover, its main source of earning had been utilizing its geostrategic position. Consequently, it can be inferred that Political development has really never been the focus of Pakistan Policymaker. Moreover, the current political economic predicament is a mere spill over effect of long term policies.

3- Economic and Political challenges to Pakistan

3.1 Political instability

The

3- Political stability and Economic development strength and challenges in Pakistan

Political stability Foster an environment of growth and policy consistency. Moreover, it gives the local and foreign

Investor the confidence and incentive to invest in Pakistan. But sadly the situation in Pakistan is precarious, as political instability cycle and deadlock over policy issues has compounded political economic insecurity. Similarly, inflation is all time high with growing debt and myopic short term goal has made matter worse.

4- Rule of law and Economic environment

Another ~~time~~ ^{way} to view it is through seeing whether the rule of law system in a country is effective. As rule of law implies that all are ^{getting} equal level playing field. This result into healthy competition. As witnessed in USA, Germany etc. But sadly, in Pakistan weak rule of law hinder investment environment. This, skewing chances of economic growth.

5- Infrastructure and Human development

States which invest heavily in human development and infrastructure development gains the most dividend. A ^{their} political system ~~that~~ focuses on pro-people centric policy making, this gives the business environ a renewed incentive to invest in nation development. However, in Pakistan Politics have repeatedly defeated economic. Moreover, Infrastructure projects had been undertaken to only cater the need of few. Thus, building deficit on all projects of development had been the essence in Pakistan.

6- Good Governance in relation to Economy

Similarly, a very strong political system can ensure good governance.

As good governance refer to responsiveness, effectiveness and efficiency of a state to response to a

public problem. However, in Pakistan Good governance is in downhill trajectory. A weak political system has given the political space to other unelected forces. Hence, has made the prospect of economic revival bleak.

7- Stability of Policy

A strong political system can ensure that policies remain consistent. Similarly, it gives predictability and encouraged long-term investment. For instance, CPEC in Pakistan is touted as a major project invested by China in Pakistan. But the current political crisis has slowed down the progress and skewed the dividend of it.

8- Public confidence

Lastly, a strong political system can ensure public confidence in the system. As people will more likely to

invest in government plan. But, political crisis has eroded people confidence in govt. Recently, speculation in the price of dollar led to price hike in open market. This people mistrust over government decisions has led to erosion of govt - confidence.

Conclusion

To sum up, it can be deduced that Pakistan is facing perennial set of political crisis. This crisis in turn has led to poor growth and loss of business environ. Hence, to make Pakistan again Asian tiger it is important to undertake structural reform and decouple politics from economics.

Q#4

Introduction

The International and Regional organization have ^{been} repeatedly used by developed world to exploit

the economies of the ^{Global} South.
Like, the role of IMF, World Bank, WTO are now ⁱⁿ an open question of whose interest these institutions wish to cater. The blind adherence to neo liberal economic policies of the Global North has led havoc on countries economies like Pakistan, Egypt, and Argentina etc. Moreover, the only thing which has been constant for such ^{developing} nations has been slow growth, high inflation and unemployment. Hence, it can be said that international and regional organizations are tool of developed world to exploit resources in the developing countries.

Q- how international regional organization are a tool to exploit developing countries

Q1- one shoe fit for all

International regional organization

like IMF and world bank only giving one prescription advice to all states i.e. to carry out structural adjustment program (deregularize and privatize the economy) Hence forwarding Global North neoliberal order.

2.2 - open trade policy

Similarly, such institutions compell all loan seeking state to open free trade so, that developed world product can go freely and destroy the local nascent industry. Thus, benefiting global North market.

2.3 - Market based exchange rate

Another way they exploit developing country is by forcing them to float the exchange freely. Thus, taking away the economic sovereignty of a state

2.4 - Debt trap

These regional and international financial institution gives loans to nation on high interest rate

Thus, making such economies dependent more on debt. For example, 23 times went to IMF and every time its debt get increased to an unprecedented level. Like, current external debt of Pakistan is \$88.8 Billion which is unstable.

2.5 - unrealistic conditionalities

These International financial institutions put unrealistic demands. Like, they seek classified document of the state. For instance, it is been reported IMF many times wished to see the declassified document of CPSC project.

2.6 - unrealistic austerity measures

Similarly, IMF and other institution advance unrealistic austerity measures like reducing government spending, & lowering social service net. This lead to poverty and never ending unemployment cycle.

2.7 - Tool to coerce developing countries

Another way such IFIs are a tool of developed country is that such institutions give cash to ~~with~~ states that possess good ~~can be determined~~ by ~~the~~ relation with Global North. If relation with Global North are strained loan become difficult to acquire. Like, Pakistan failed to receive IMF loan in 2022 because USA was unhappy with Pakistan foreign policy.

2.8 - Loss of sovereignty

Similarly, state who are indebted to IFIs are at the stake of losing sovereignty. Moreover, they could not take free choice decision. As decision of economic and strategic importance are coerced on them. Thus, making the sovereignty compromised.

3 - Conclusion

To sum up, it can be deduced that Global North holds the key decision making ^{power} of IFIs. Thus, it can coerce and exploit global south easily. Furthermore, it can be said that the benefits of economy are skewed in favour of west while the rest of the world are at their mercy.