

Q No. 8

Introduction:

Political instability has hit Pakistan hard. It has resulted in inconsistent governmental policies. The inconsistent economic policies discourage businesses. The lack of investment and capital flight have led to slow economic growth and unemployment. The skyrocketing inflation has resulted in declining of standard of living. However, certain measures can be taken to avert socio-economic crises. Acceptance of democratic values, building political consensus on national issues, signing of charter of economy, and promotion of rule of law can help overcome these socio-economic crises that are faced by Pakistan.

1) Overview of historical and current political instability in Pakistan

Historically, Pakistan has faced political instability. The chaotic era of 1990s is a glaring example. The recent political instability ensued when the prime minister Imran Khan was toppled through no vote of confidence backed in April, 2022.

2) How political instability leads to socio-economic crisis in Pakistan

Political instability brings with it many socio-economic crises. Since, it leads to inconsistent socio-economic policies and slow economic growth. Detailed discussion is given in heads.

i) Inconsistent economic policies only those economic

policies work that follow consistent time period. However, in case of Pakistan political instability has caused the inconsistent economic policy. Each government has tried to apply its own model of economy.

"Root cause of economic crises in Pakistan lies in inconsistent economic policies."
(S. Akbar Zaidi)

ii) Lack of investment

Political instability leads to civil unrest. It also results in change in economy policy by the new government. So, investors hesitate to invest as they think that their investments may go wasted.

iii) Capital flight

Investors also take their capital from the markets.

They must where they find stable government for their economic benefits.

iv) Slow economic growth

It is natural that when capital flight occurs, it decreases investment. The industries get locked down. It leads to slow economic growth. Thus, political instability causes slow economic growth.

v) Rising inflation

Political instability also leads to inflation. As it slows economic growth that decreases supply of goods and products and the demand increases. So, it causes inflation in the country.

v) Declining of standard of living

Political instability also leads to declining of

Standard of living. As lack of investment due to political instability leads to slow economic growth which causes inflation. The inflation makes hard for people to meet the basic needs of their life.

3) Recommended policy measures

What policy measures should be taken to tackle socio-economic crises are discussed here.

i) Signing of charter of economy

The mainstream parties should sign charter of economy. The signing of charter of economy brings continuity in economic policy. The continuity in economic policy determines its success.

"Pakistan needs charter of economy for economic development."

(Khurram Hussain)

ii) Prioritization of national interest over vested interest

National interest must lie at the heart of decision making. However, it is found that vested interests have been given precedence over national interest. So, priority to national interest over vested interest is a prerequisite to socio-economic relations.

iii) Acceptance of democratic values

Democratic values must be respected. False allegations for rigging of elections and undemocratic moves for any political actions must be discouraged. These moves help focus on solution of socio-economic crises.

iv) Building political consensus

Political consensus is a must for dealing variety of national issues.

The ruling party must take opposition parties in consultation for any important national issue that may relate to social or economic affairs.

V) Promotion of rule of law

Rule of law must also be promoted. Any arbitrary move must be discouraged. This can help prevent political victimization and thereby leading to political stability.

Conclusion:

To conclude, political instability gives birth to socio-economic crisis. Since, it leads to inconsistent socio-economic policies. These changing of economic policies discourage businesses. The discouragement of businesses results in slow economic growth, unemployment and inflation. However, signing of charter of economy can help meet these crises.