SECTION- A

QUESTION No. 2

Critical Analysis of the U.S System of Checks and Balances

The US Constitution established a system of checks and balances to prevent any one branch of government from becoming too powerful. This system rests on separation of powers among the legislative, executive, and judicial branches. While generally effective, it has strengths and limitations.

How the System Works

a. Legislative Branch (Congress)	b. Executive Branch (President)	c. Judicial Branch (Supreme & Federal courts)
• Makes laws • Can impeach the President and federal judges • Controls federal spending and can refuse funding.	• Can veto laws passed by Congress • Appoint federal judges and executive officials • Can issue executive orders (Subject to Judicial review)	• Review laws and executive actions for constitutionality. • Can invalidate acts of congress or the president through "judicial review".

• Senate confirm presidential appointments and treaties.	• Conduct foreign policy	

Effectiveness in Preventing Abuse Of Power

1. Strengths

Each branch has constitutionally protected powers and tenure systems. Judges serve for life time, protecting against political pressure. The president cannot dissolve Congress. Since Marbury v. Madison, courts have the authority to strike down unconstitutional laws. States retain powers that limit federal authority. State courts and legislatures can counterbalance national government actions.

2. Weaknesses and Structural Challenges

The system relies heavily on political norms and compromise. Congress often refuses to hold presidents of its own party accountable. Modern presidents use executive orders, emergency powers, and administrative agencies to bypass congress. Lifetime-appointed judges can accumulate significant influence and shape policy for decades.

The system is still largely effective but increasingly strained. It prevents direct authoritarianism, but political polarization and norms erosion have weakened checks that the constitution alone can not enforce.

Lessons for Pakistan

Pakistan has grappled with military interventions, weak institutions, and executive dominance. The US model offers useful insights but adaptation must reflect Pakistan's political Content.

1. Strengthening Separation Of Powers

Pakistan's constitution outlines separation of powers but overlaps and ambiguities allow military interference in politics, executive dominance over bureaucracy, and parliamentary weakening.

Pakistan can strengthen:

Parliamentary supermacy in legislation,

limits on presidential or prime ministerial unilateral powers, and protection of institutional independence through constitutional safeguards.

2. Ensuring Judicial Independence

Secure tenure for judges, transparent and merit-based appointment of judges, protection from executive and military interference. However Pakistan must also gaurd against judicial activism turning into judicial overreach, ensuring courts remain impartial and do not enter political arenas unduly.

3. Enhancing Executive Accountability

Strengthening parliamentary oversight of the executive through empowered committees.
National Accountability Bureau (NAB) reforms to prevent political engineering.
Strengthen Auditor General And Public Accounts Committee.

4. Civil-Military Relations

Unlike the U.S Pakistan's military has historically intervened in governance. Civilian supremacy must be constitutionally and politically reinforced. Parliamentary Committees on defence should be empowered. Military budgets should be subject to parliamentary scrutiny. The rule of law must be applied to all state institutions.

5. Reducing Partisanship and Strengthening Norms

The U.S system shows that constitutional design alone is insufficient without political culture based on rule of law, respect for institutional boundaries. Pakistan needs political party reforms like internal party elections, reduction of personality-based politics and institutionalizing consultative decision-making.

SECTION- B

QUESTION No. 7

Current Economic Situation of Pakistan

Inflation

Inflation has fallen significantly from the very high levels of previous years- from over 20% in FY24 to much more moderate levels 2025. Recent reports project inflation averaging around 5%-6% in FY26.

This moderation reflects tighter monetary policy and improvements in supply conditions, but food and energy prices function still pose risks.

Challenges:

Inflation remains above comfort for the poorest household, where food represents a large share of spending. Climate shocks (e.g 2025 floods) could rekindle inflationary pressures through supply disruptions.

Fiscal Deficit

The fiscal deficit has narrowed compared to several years ago but remains significant (around 4.0 – 6.0 of GDP).

Debt Burden:

Public debt remain high – around 70–75% of GDP – and continue to rise in nominal terms, posing risk if growth slows or interest costs climb.

Challenges:

Weak revenue generation, heavy interest burden crowding out development and social spending.

Foreign Debt

Pakistan continues to depend on external financing including IMF lending (over $7 billion under the Extended Fund Facility) to support reserves and avoid default.

The trade deficit remains structurally large; Goods trade deficit ballooned to over $3.3 trillion in September 2025.

up substancially from the prior year.
Imports have surged relative to exports, underscoring weak exports.

Trade Imbalance

Pakistan's exports base remains narrowly concentrated in textiles and low-value goods, with limited penetration into high-value.
Services exports have grown but not enough to offset good trade gaps.

Challenges:

- Limited industrial diversification.
- Structural non-tariff barriers.
- Insufficient regional and global market linkages.

Policy Measures to achieve economic stability and sustainable growth

1. Enhanced Fiscal Discipline

Broaden the tax base and improve tax administration by digitisation of filing, enforcement.
Rationalise subsidies and eliminate non-targeted transfers that strain the budget.

Impact: Higher revenue will reduce deficits and allow productive public investment

2. Debt Management and Restructuring:

Extend debt maturities and shift toward low-cost financing where possible.
Maintain transparent debt sustainability framework to reassure investors and multilateral lenders.

Impact: Reduce refinancing risk and interest burden.

3. Export Diversification and Competitiveness

Promote export-oriented industrialization through incentives, market diversification, and quality standards.

Strengthening trade ties regionally.

Impact: Enhances foreign exchange earnings, narrows trade deficit.

4. Support Private Sector and Innovation

Ease regulatory burdens and improve the business climate to attract FDI.

Invest in SMEs and technology adoption to nurture higher-value industries

Impact: Drives sustainable jobs and productivity growth.

5. Human Capital Development

Prioritise education, vocational training, and health investment to boost labour productivity.

Align skill development with industrial needs.

Impact: Increases long-term growth potential and competitiveness.