

Current AffairsPart IIQuestion 31. Introduction:

State Owned Enterprises (SOE)s have been a huge and persistent burden on the budgetary economy of Pakistan. These losses have been concurrent since the last decade and is turned out to be a disturbing issue for policymakers as well as the stakeholders. This losses have to paid from the pockets of common citizens thereby increasing more taxes. The ensuing paragraphs are on the discussion on how these SOE's become a burden and how these enterprises can be privatized to save from any future losses.

2. Causes of State Owned Enterprises being a burden on the economy2.1 Financial burden

Many SOE's have been a financial burden on the economy. In fact, these SOE's have incurred Rs 6 trillion since 2014 of losses on the public exchequer.

Another example is of Pakistan International Airline (PIA) which was a cash cow for the

government in the 1960's. Up till now PIA has incurred a loss of more than Rs 700 billion, which is deposable the country. Another example is of National Highway Authority (NHA) which is ~~entire~~ entrusted upon the task to make highways and roads, connecting different cities. NHA incurred a loss of Rs 400 billion in just one year. All these losses will eventually have to be paid from the taxpayers money.

2.2 Inefficiency and mismanagement

Many SOE's are mismanaged due to overstaffing and are inefficient due to high debt. For example, Pakistan Railways is overstaffed and with high debt. ~~Our~~ In our neighbouring country, India, for instance, Railway Department earns a huge income for its government and is considered to be one of its cash cows.

2.3 Subsidies and Fiscal stress

In Pakistan many industries have been given consistent subsidies to stay afloat. What happens is by this subsidy its expenses are covered and will earn more or recover faster than its competitors. So, this

will discourage its competitor ~~not~~ to make or produce any thing in the market. For example, some sugar, textile industries are given subsidies. Moreover, some SOE like Utility store is also given subsidy due to which it is a burden on the economy.

2.4 Poor service delivery

Due to subsidies, many enterprises are reluctant to perform in the market. They do not do anything extra or put ^{any} value ~~added~~ addition in their products or services. This is ~~the~~ one of the reasons they have poor service delivery. For instance, Pakistan International Airlines and Pakistan Steel Mills have been providing poorer services and poor quality products due to these heavy subsidies. On the contrary, these competitors ~~having~~ have been providing better quality products or services in exchange for ^{more} ~~higher~~ amount of money.

3 The Process of Privatization and Recommendations

3.1 Identification of loss-making SOEs

The first process in privatization is the

Identification of loss making ~~subsidiaries~~ enterprises. Ministry of Finance has highlighted few of these industries and enterprises which have been a consistent burden. They are as follows:

- i. Pakistan Railways
- ii. Pakistan International Airline
- iii. National Highway Authority
- iv. Pakistan Steel Mills
- v. FESCO
- vi. LESCO
- vii. PESCO

3.2 Developing a privatization plan

The policymakers along with stakeholders should devise a ~~privit~~ privatization plan encompassing all aspects for example, its process, timeline and expected outcomes.

The SOE bill and SOE Management Policy, for instance, provide a ~~f~~ comprehensive framework of all these aspects related to privatization.

3.3 Engage Stakeholders

The government along with private investors and the public should come to terms and devise a comprehensive plan. For example, the Cabinet Committee on

State Owned Enterprises should engage all stakeholders

3.4 Implement Reforms

First and foremost, the current government, before ~~selling~~ privatizing SOEs should implement reforms. By implementing reforms, the SOE efficiency and financial performance will be improved. This will attract more funds from private investors.

Question 5

1. Introduction

The Dollar and SWIFT financial technology system has been used by the United States against countries of the global south to maintain its hegemony. The BRICS+ has been remarked as a weapon of the global south through which it can compete or get rid of western exploitation. By implementing a multifaceted approach, BRICS+ can get rid of this menace and change the existing world order. The ensuing paragraphs will be on a discussion about the policies which BRICS+ can implement.

2. Strategic policies by the BRICS+ to counter western global hegemony

a. Development of alternative payment system

The BRICS+ can make their own financial technology system like the SWIFT, or develop their own medium of exchange through which all ^{member} countries can trade.

b. Promotion of local currencies

By promoting local currencies can strengthen their standing in the global financial market. They can trade in their own currencies which will reduce dependence on dollars. For instance, China and Russia have been using Yuan and Ruble in their bilateral trade agreements.

c. Strengthening Economic Cooperation

The BRICS+ has made their own bank on the similar model of World Bank called National Development Bank NDB. This NDB provides funding for infrastructure projects for its member countries.

d. Diversification of Foreign Reserves

The BRICS+ member countries have been diversifying their foreign reserves by investing in gold reserves along with investing in other currencies. By these policies, BRICS+ can surely compete with the dollar in the near future.

e. Investment in Technology and Innovation

Technology has been advancing rapidly and is now beyond extent to human adaptability. The BRICS+ have been reaping on this potential by investing in technology and innovation. For example, China has made many investment projects in Africa and Latin America, while also sharing their technology with member countries.

f. Strengthening Regional Alliances

Many regional alliances like Shanghai Cooperation Organization (SCO) and Eurasian Economic Union (EAEU) have been strengthened since the few last years. These organizations can give a tough time to organizations of the west.

Question 7

1. The beneficiaries of the ongoing conflicts in the Middle East

a. Regional Powers

i. Iran

In the current ongoing conflicts in the Middle East, particularly the war of Palestine-Israel, Iran has emerged as a dominant player in the region. Iran has openly confronted Israel many times and also with many exchanges of missiles.

Iran also has been backing Hamas in ~~the~~ Palestine and Hezbollah in Lebanon against Israel. Both non-state actors have detrimentally impacted this ongoing war.

ii. Israel:

After the war that started fourteen months back, Israel has been getting huge amount of finances and technology from its ally USA in the form of aid. Israel do not seem to be exhausted even after this prolonged war. Moreover, it has metted a fear among rest of the world that it can go to any extent in times of war.

Many international organizations which were deemed to be called peace keepers have been failed miserably in averting this ongoing war.

iii. Turkey:

Turkey had ~~been playing~~ ^{played} a role in the middle east, particularly in Syria to maintain its foothold by supporting Assad's Regime in Syria.

b. Non-state Actors:

i. Hezbollah in Lebanon:

Hezbollah is a non-state actor in Lebanon which is considered to be stronger than ~~the~~ its government. With many ~~to~~ rebellion fighters fighting on the front line and with the backing of Iran. It has destroyed many bases in Israel and has killed many of their soldiers.

ii. Hamas in Palestine:

Hamas was a political entity in Palestine and is now considered to be a terrorist organization by the west. None the less, Hamas has been the only organization in Palestine that has kept its strong foothold despite of the ongoing war.

2. The most affected groups in the ongoing war in Middle East

a. Civilian population

i. Civilian population of Palestine

Up till now there have been more than 43000+ deaths in Palestine and of which 27000 consisted to children.

ii. Civilian population of Syria

Since the two decades long ~~are~~ conflicts many civilians have been displaced, killed and forced to leave their homes.

b. Regional Economies Disrupted

i. Trade among regions

c. Global market fluctuations

i. Global price rise of commodities