

Question No. 3

Write a note on the ----- Afghanistan?

1. Introduction:

The situation in Afghanistan since 1979 has been characterised by conflict, instability and political unrest. Despite efforts by international community to bring peace, Afghanistan remains one of the world's most fragile state with non-existent democracy and violated human rights. Pakistan, being its neighbor has borne the brunt of the decades long unrest in Afghanistan. The Afghans flee in-to Pakistan to seek refuge from Taliban and preceding rulers. The Afghan flux put strain on the limited resources, infrastructure and dwindling economy of Pakistan while also contributing to security threats and political instability. - In the words of Maween Daud; in NY Times,

" Afghanistan is more than the graveyard of empires. It's the mother of vicious circles "

2. Afghan War since 1979

①: Soviet Invasion of Afghanistan: The Beginning of the USSR's end:

The Soviet Union invaded Afghanistan in late December 1979 in order to expand communist influence. The communist government in Kabul backed by Soviet Union took control and introduced a series of radical modernization and land reforms. This led to the decade-long war between Soviet backed government and various Afghan rebels groups known as mujahedeen. This destroyed infrastructure and led to displacement of millions of Afghan.

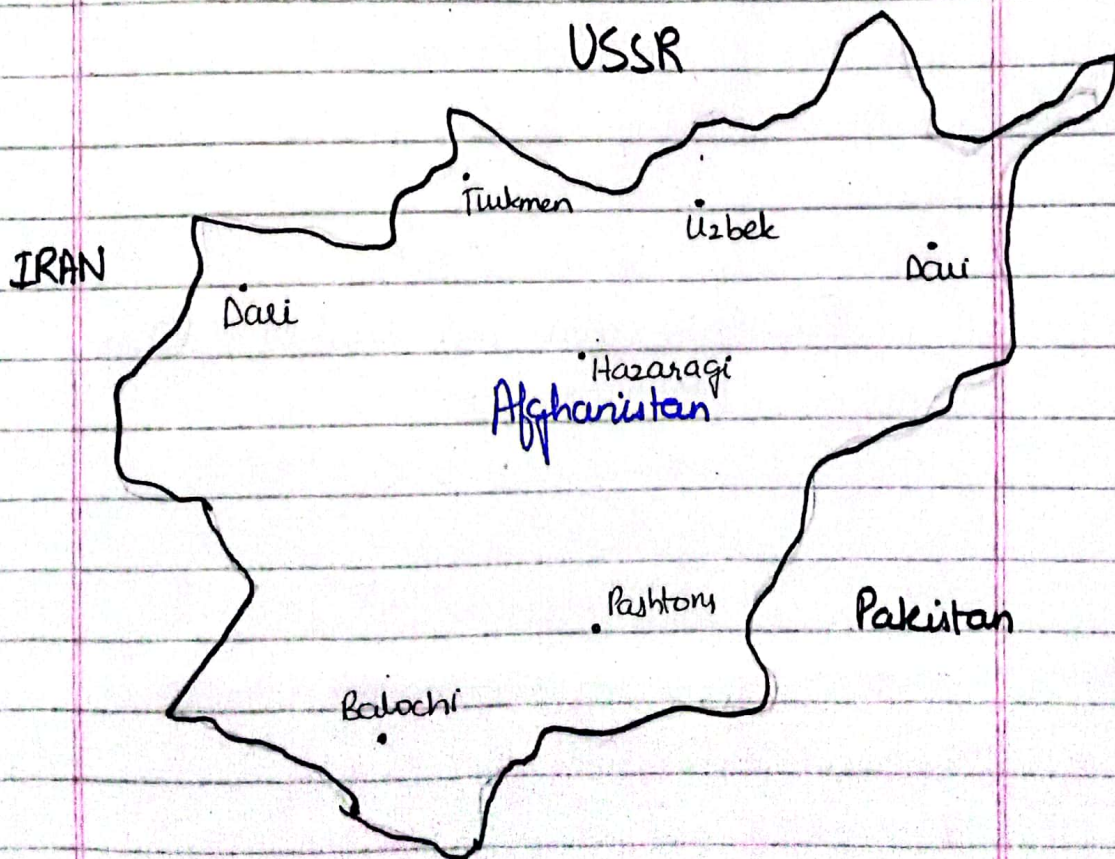
②: Soviet withdrawal from Afghanistan and onset of civil war:

The Organization of Islamic Cooperation adopted a resolution forcing Soviet Union to withdraw from Afghanistan. Under pressure, the reformist leader "General Secretary

Mikhail Gorbachev" announced Soviet withdrawal from Afghanistan which concluded in 1989, leaving Afghan government alone in battle against insurgents.

(A): Strategic location and the power vacuum created for local tribes in Afghanistan:

The strategic location of Afghan and presence of different ethnicities made it prone to civil war like situation.



③ - 1979-91 : Local rebellion against USSR called "Mujahedeen" contributed to collapse of USSR :

The Mujahedeen were both local Afghan fighters and global volunteers to fight the Soviet Red Army. In his book, "The Graveyard of Empires" Jeth G. Jones discusses how the origin of Taliban can be traced back to these local fighters who defended their homeland. Mujahedeen were supported by United States, China, Iran, Saudi Arabia and Britain with Pakistan providing secure sanctuary to them.

④ - Civil war and rise of Taliban (1992-96) :

After Soviet withdrawal, Afghanistan was faced with a political vacuum. This political vacuum led to civil war like situation with different factions claiming dominance - The conflict was a Cold war-era proxy war which ended

with Soviet Collapse and an unstable Afghanistan - In 1996, Taliban - a hardline Islamist group, captured Kabul for the first time and imposed sharia law. Human rights abuses, mistreatment of women and religious extremism was common.

① - Second Civil war (1996-2000) - Full control of Taliban :

Gaining power in Afghanistan, Taliban enforced Shariah law and fought to gain complete control of power and territory along side NATO forces.

③ - US led Invasion and fall of Taliban after 9/11 attack :

One of the extremist section of Taliban, "Al-Qaeda" launched attacks on USA termed as 9/11 attack - This led to USA invasion of Afghan on the allegations that Taliban give safe haven

to Al-Qaeda. "Operation Enduring Freedom" was launched to eradicate Taliban regime and Al-Qaeda terrorist. In his book "The Afghanistan Papers", Craig Whitlock said,

"The war in Afghanistan was waged against people who had nothing to do with it."

④- Insurgency and Continued conflict (2003-21):

After installation of US-backed govt in Afghanistan, Taliban launched insurgency against it. Afghanistan continued to face violence and instability. Several outfits like Islamic State Khorasan (ISK), Tehreek-e-Taliban (TTP etc) emerged.

⑤- US withdrawal and return of Taliban 2021:

In April 2021, US announced withdrawal,

leaving Taliban in charge of Afghanistan. This marked the end of two decades conflict through US involvement in Afghanistan. The Doha Act 2020, an agreement between Taliban and US through Pakistan mediation set the groundwork for withdrawal.

3. Impacts of Afghan War on Pakistan:

(i) - The Refugee Influx:

Pakistan received around world's largest refugee population from Afghanistan with more than 1.4 Million Afghans residing in country (Dawn, 2022). This led to socio-economic problems like unemployment etc.

(ii) - The security dilemma - Rise in terrorism:

The porous border with Afghanistan, facilitated militants and extremist to find safe haven in another country. The Militancy challenge posed by TTP, TLP, ISK to Pakistan is a result of Afghan leniency towards such outfits.

(iii) - Strained diplomatic relations:

Afghan conflict forced Pakistan to pick sides between Afghanistan, USA, USSR and others over multiple occasions leading to strained diplomatic relations with other states. Pakistan was also accused of supporting Afghan Taliban.

(iv) - Economic impacts:

The already struggling economy of Pakistan faced further downgrade following Afghan inflow. The deteriorated security situation also impacted foreign direct investments and tourism industry.

(v) - Political Instability:

The unstable Afghanistan contributed to instability in tribal areas of Pakistan leading to insurgency. These factions help polarize politics in support or against Afghan Taliban and international community.

Question No. 4

What are _____ of innovation.

1. Introduction:

The economy of Pakistan is in peril following the debt burden, dwindling reserves and rising inflation. For sustainable growth, balanced economic measures like tax reforms, increasing export base, developing infrastructure, fiscal reforms, facilitating innovation through research and development are essential. This can help lead Pakistan to the path of recovery and growth.

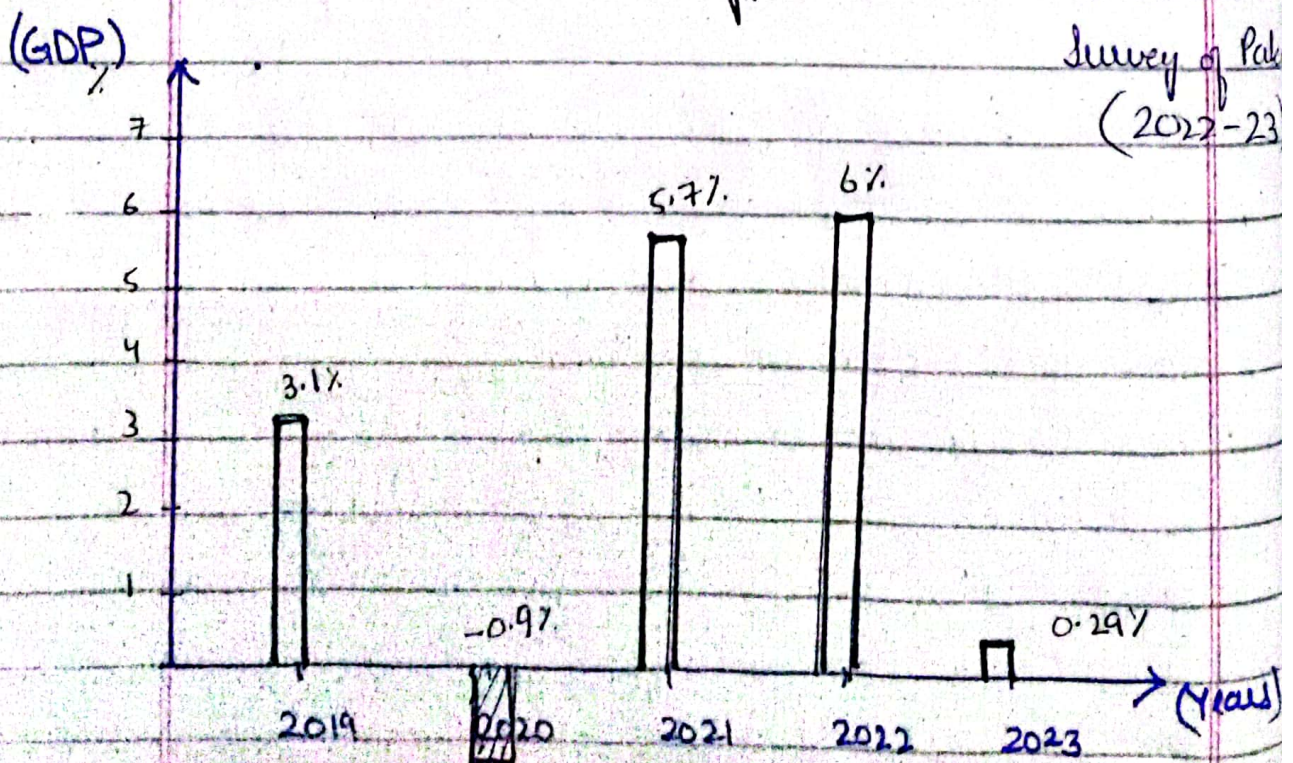
2. Economy of Pakistan:

The economy of Pakistan is categorized as a "developing economy" and ranks 24th largest on GDP basis. According to World Bank Report 2023, the major contributor to Pakistan's economy is agriculture (22.3% of GDP), industry (textiles) and services. The post-pandemic recovery came to a halt in 2023 when Pakistan faced a default risk.

②. Economic projections by International organizations for Pakistan :

Fiscal Year	Institute	Economic Projection
FY24	SBP (State Bank of Pakistan)	2-3% of GDP
FY24	IMF (International Monetary Fund)	2.5% of GDP
FY24	WB (World Bank)	1.7% of GDP

③. Pakistan GDP growth rate : Economic Survey of Pakistan (2022-23)



4: Emergence of "Non-State Actors" and Non-Traditional security threats in Pakistan a result of Afghan warfare:

Today, the biggest security threat faced by Pakistan is through Non-State Actors (NSAs) and terrorism. Be it the Peshawar Attack (2014) which killed innocent lives or the estimated 600 militant attacks in 2022 alone (Pakistan Institute of Conflict and Security Studies), the NSAs take root in Afghanistan soil - The porous border with Afghanistan provided safe haven to terror outfits.

Backing by foreign elements i.e India, Afghanistan etc helped create civil conflict in different provinces i.e Balochistan, KPK (former FATA). The US intervention in Afghanistan and later withdrawal made the "Mujahedeen" outfits in Pakistan anti-state actors. The Afghan Taliban and IS-K also facilitated outfits like TTP, IIP to act against state creating economic and political instability.

5. Critical Analysis :

Afghanistan is known as the graveyard of empire. It host multiple ethnicities and people tend to be resilient but the country hasn't seen peace in decades due to war and conflict. The spillover on Pakistan has also contributed to security, political, economic and social challenges.

6. Conclusion:

The war in Afghanistan especially since 1979 has led to infrastructure destruction, no governance, rise of undemocratic forces and human rights violation in Afghanistan. The lack of a security apparatus also facilitated the Non-State Actors to fill the ^{power} vacuum and posed non-traditional security threats to neighbouring states especially Pakistan. The Afghan ~~conundrum~~ contributed to socio-economic challenges, security threats, refugee influx and religious extremism in Pakistan.

B- long term economic measures.

①- Fiscal policy insulation from political interventions :

According to "Alif Mian" and "Reza Baqir,"

"The political crisis is a double edged sword for the economy of Pakistan."

Hence the fiscal policy must be protected from political interventions and all stakeholders including the opposition must be a part of decision making.

②- Tax reforms in agriculture and land revenue collection :

The subsidized sector must be reduced and to increase the tax net, agricultural income as well as land revenue must be taxed to increase the inflows and manage a balanced economy.

(iii) - Better utilization of GSP+ status increase export market :

The Generalized Scheme of Preference Plus status allows Pakistan to export textiles, handicraft, gems and jewelry to Europe without tariffs. Expansion into other market segments will boost Pakistan's economy.

(iv) - Increased participation of women to facilitate diversity and innovation :

According to the Population Census 2023 of Pakistan, women constitute of more than 48.5% of population i.e. 241 Million. But the "National Report on The Status of Women in Pakistan, 2023" by United Nations states that the labor force participation of women stands at 21% only. Women participation brings a fresh perspective as Hillary Clinton said ;

"When women participate in the economy, everyone benefits."

3- Measures for economic reconstruction of Pakistan:

According to World Bank country Director for Pakistan:

"Urgent fiscal and structural reforms are required to restore macroeconomic balance and lay foundations of sustainable growth in Pakistan."

A - Short term economic measures:

①- Fiscal measures - increasing tax net and reducing expenditure:

According to World Bank report, the tax to GDP ratio of Pakistan is reduced to 9% of GDP in 2023.

The taxation of informal sector, agriculture and land revenue will help boost economy. Similarly, restructuring of expenditure by removing subsidies and focusing on development projects will help deal with economic crunch.

ii) - Increasing exports to boost foreign exchange reserves.

Pakistan must increase its export base instead of reducing imports to facilitate economy by reducing current account deficit. Exploring new market segments like handicrafts will also help.

iii) - Debt restructuring:

According to Atif Mian, Pakistan's debt servicing must be restructure as current proportions are not feasible. The export earnings must be recycled as debt repayment and not cuts on imports should be imposed.

iv) - Promoting tourism following Turkish model for tourism.

Turkey boosted \$40 billion in economy through tourism in FY23 alone. Provided Pakistan's vast landscape and natural resources, tourism industry can flourish if security concerns are addressed and the processes are streamlined to provide good tourist experience.

⑤ - Investing in health, education, digitalization and social security nets for sustainable economic development.

The current Budget for FY 2023-24 spends only Rs 1.9 billion on development spending with minuscule amount reserved for education, health etc. Lack of investment to build skilled workforce and promote innovation through research and development will only hinder economic growth.

⑥ - Attracting foreign investments for infrastructure development and better implementation of CPEC:

Infrastructure development for energy, communication, transportation etc will facilitate access to remote areas of Pakistan to explore and utilize untapped potential i.e energy reserves, skills development, internet access, gem market etc. The China Pakistan Economic Corridor will also facilitate economy if implemented properly.

4- Critical Analysis:

Pakistan had the potential to ~~become~~ ^{be listed} within world's 10 largest economies by 2030 according to World Economic Forum.

But the casino economy of Pakistan contributed to inequality and lack to achieve any UN sustainable goals has made it lag behind. If sustainable measures are taken to reform and streamline processes, the economic development can still gain momentum.

5- Conclusion:

The economic reconstruction of Pakistan is possible through reforms in taxation, expanding export markets, skill development, promoting ease of doing business and managing a fiscal policy favourable for the time. According to Michel Kugelman said;

"The Pakistani leadership and stakeholders need to take ownership of the challenges and declare their intention to tackle them first."

Question No. 5

Despite having _____ issues?

1. Introduction :

In developing countries like Pakistan, agriculture and industries are closely linked. The development in agriculture sector is the major vehicle for economic growth. However, coupled with hurdles in industrialization, dependence of agricultural outputs on industrial inputs and vice versa, Pakistan lacked significant progress in both sectors.

2. Agriculture in Pakistan :

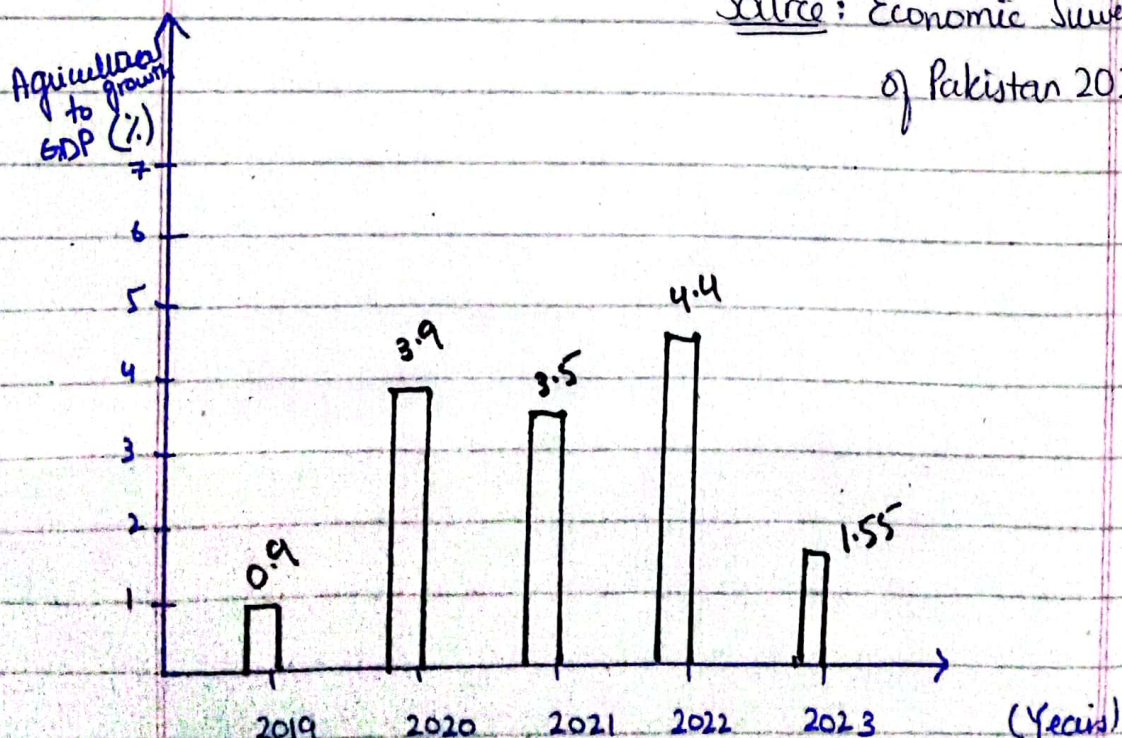
Agriculture is the backbone of Pakistan's economy. The major agricultural produce includes ^{cotton} rice, wheat, fruits, sugarcane, vegetables etc. As an agricultural country, Pakistan is the world's largest producer of raw cotton. Pakistan has a very vast fertile soil with tremendous irrigation system (Indus basin) to support the population through livelihood and through production of food sources.

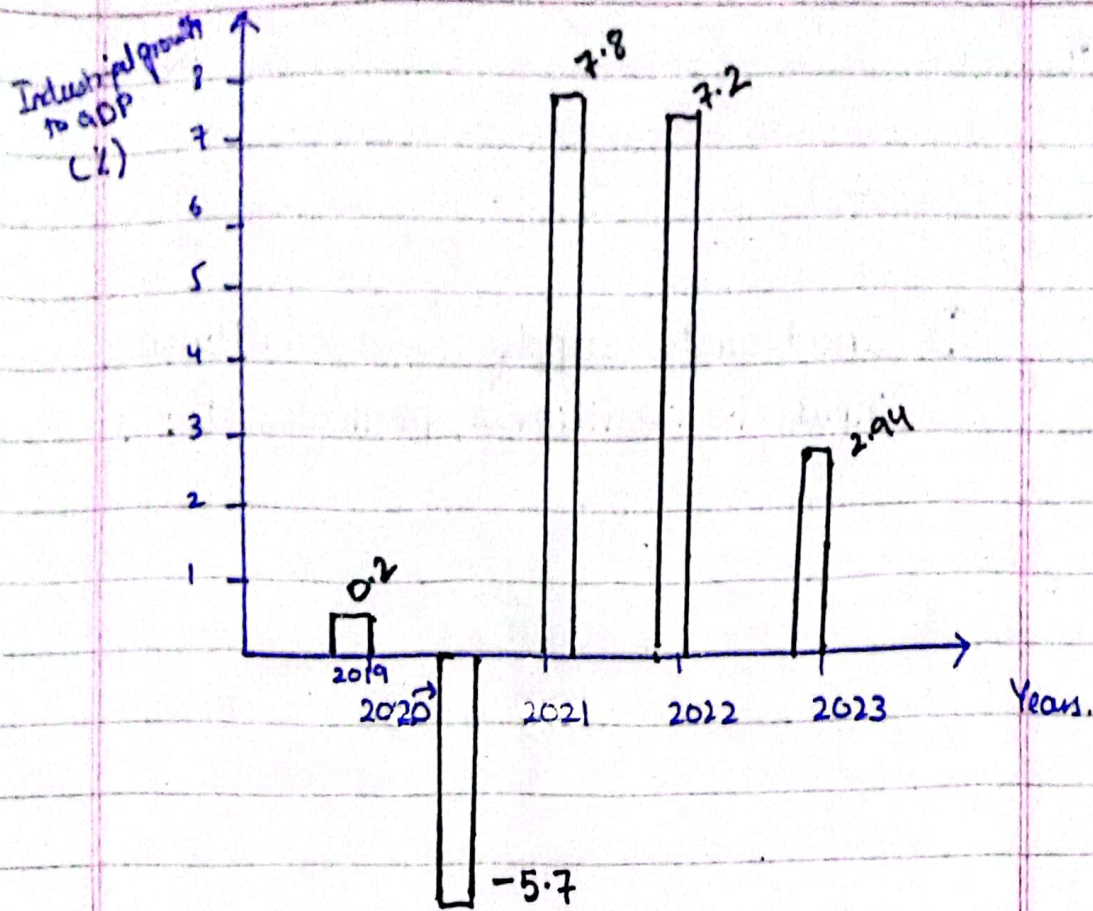
3. Link between agriculture's stunted growth and troubled industrialization in Pakistan.

(i) Contribution of agriculture and industry to GDP of Pakistan:

Agriculture contributes 25% to the GDP of Pakistan and is the source of livelihood of 68% people in rural areas. Similarly, according to Finance Division of Pakistan, industrial sector (mostly manufacturing) contributes about 28% to GDP.

Source: Economic Survey of Pakistan 2023.





Despite ^{almost} equal contribution to GDP growth / economy of Pakistan, the agricultural growth and industrial growth ratings show a contrast. The agricultural produce is used to satisfy the population's demand and rest to be exported. However, the industrial shutdowns or challenges not only hinders exports but also put a pressure on imports to satisfy public needs.

4. Lack of progress in agriculture sector in relation to industrialization in Pakistan:

(i) - Inadequate supply of agricultural inputs i.e. fertilizers, pesticides etc:

Pakistan has only 10 fertilizer producing units. Therefore, agricultural inputs, like pesticides, fertilizers, high yielding seeds are to be imported to meet the demand. The limited and expensive supply of modern input provides low agricultural yield each year.

(ii) - Slow growth of allied products i.e. fruits, poultry, milk etc:

The products which are not directly linked to agriculture but are need to improve the living standards of farmers like milk, poultry, fruits etc are produced slowly. This puts a pressure on industrial sector which in turn impacts the agricultural sector.

(iii) - Low cropping intensity thus higher cost of production :

Crop intensity is the number of crops grown in a piece of land in a year. Low yield of crops contributes to low input on industrial side thus more burden on imports and thus increasing the cost of production of common goods.

(iv) - low quality products as the manufacturing output from agricultural inputs :

Pakistan has pursued "Import Substitution Industrialization Strategy" all along according to London School of Economics' research paper. This policy not only create an anti-export bias but also affects the growth of exports. Therefore, the agricultural produce is converted into goods of low quality which can't compete in international market thus can't really generate much value for their business.

⑤ - Lack of focus on value addition in manufacturing sector:

Pakistan is the biggest producer of raw cotton and widely known for textile products but most agricultural produce is exported without adding value and generated a finished product which costs more. Therefore agriculture sector makes minimum profit.

5. Solutions to address Agri-Industrial issues in Pakistan:

①. Supply of agriculture credits/loans to facilitate farming cycle:

Banks should provide short term loans to farmers so that they can buy agricultural input instead of waiting for the revenue to kick in from sale of agricultural products. This will enable farmers to buy high quality/yielding seeds, fertilizers and pesticides to produce next crop yield and continue the farming cycle.

(ii) - Government subsidy on agricultural machinery (Mechanization of agriculture):

China accompanied mechanization with land reforms and rapid industrialization. The digitalization of land records and mechanized agriculture will increase productivity and reduce labor stress thus young population can be employed in industries to improve manufacturing.

(iii) - Focus on value addition of products,

The best use of limited resources through value addition to increase its market price will help facilitate the industrial growth as well as give a boost to agricultural input through revenue generation.

(iv) Farmers' training to increase crop yield and rotation (Skill Development):

The farmers must be trained and taught about changing agricultural trends and technology to better utilize machinery and improve production. A skilled workforce will not only benefit economy but also improve production.

⑦. Industrial clusters to gain competitive advantage and increase production capacity (Agro-based Industry):

Industries based on agricultural produce should be cluster together to increase efficiency i.e. logistics, resource delivery, knowledge sharing etc. An agro-based industry will provide a boost to economy through both sector in a win-win situation.

6 - Conclusion :

Pakistan, despite being an agricultural country, could not tap its agricultural potential fully, partially because of challenges faced by industrial sector. The endless cycle of delay in agricultural input from industry side and uncompetitive and low yield of crops from agriculture side contributes to backlog of both sectors. Thus focusing on an agro based industry and boosting agriculture production can solve these issues.