

Q3) The Techno-Polar World

The term techno-polar attempts to illustrate how technology and mastery/control of it will define the power centres of the future. Significant evidence supports the power that technology is increasingly having on international power. Some have gone on to say that mastery of technology, and not traditional power barometers will define the ongoing U.S - China rivalry in the future. This is a product of how far-reaching technology is, and its impacts on the two main determinants of power. Economic and Military Strength.

Economic Power of Tech

A) The Great Employment Reset

In 2023, before the advent of latest ChatGPT and AI development (Goldman Sachs predicted over 200 million middle level jobs at risk of automation by 2030).

Such great changes in employment are driven by the pure cost and productivity advantages AI provides. Which in a globalised world of cost sensitivity, AI's ability to significantly reduce the cost of labour firms incur allows it to reshape global trade, especially in service segments. Thus the nation that comes to dominate global trade in the knowledge economy will be the one that excels in AI.

B The Accelerated Rate Of Progress

AI has the ability to perform a myriad of different tasks in a fraction of a second. Most recently, U.S. researchers have been able to discover 12 new antibiotics for resistant bacteria through AI.

Without AI, the process could have taken a decade to conclude. The rate of intellectual and innovative progress of the future shall be defined by AI and its quality.

Whole industries from biotech, engineering and design will eventually come to be defined by AI expertise. Thus whoever controls AI will be able to control the gears of innovation and progress in the future.

C) The Rise of Tech Sanctions.

Most recently in 2024 the Open AI board has included a former head of the N.S.A as a member, a move decried by Edward Snowden as 'undemocratic'. Similarly the

U.S in 2023 blocked Open AI from obtaining investment from the U.A.E. China has also barred

the use of U.S technology in sensitive government offices. All

this points to the new tech race, replacing the arms race of the past.

AI and technology have become national priorities, that cannot be governed by the free market alone. Instead of natural resources, or ~~or~~ weapons,

technology will define the security of the new world. Nations barred from AI and the latest technology

will not be able to compete in the globalized system. This means

barring nations from accessing tech will become the new oil sanctions of

Day: _____

Date: _____

the upcoming Century.

The New Age of War

A) New Military Paradigm

The Nagorno - Karabakh and Russo-Ukrainian Conflict have shown how Warfare has Changed. Tanks have become easy picking for cheaply made Kamikaze drones while Missile defence Systems are Overrun by 'Swarm' tactics. Operation Swift Retort and the Subsequent 'downing' of an Indian fighter jet displayed the power of jamming. War has Changed and Security is increasingly defined by technological progress. 4th and 5th generational Warfare has expanded the definition of Security. Thus Control of technology will define Security in the Coming age.

Day _____ Date _____

B) The Role of Data in National Security

Information and its Control have defined Security since the breaking of the Enigma Code in WW2.

Increasing reliance on data and technology from power generation to the encryption of State Secrets is paramount. AI has the ability to break encryption codes once thought unbreakable, while spyware such as Israeli Pegasus software is being used in international spying. Thus efficient control of technology will be essential in controlling the flow of information for the national interest.

C) Dependency on the Machine

Whole economies are now inextricably linked to technology. In the ongoing Russo-Ukrainian war, Russian cyber

attacks were able to shutdown Ukrainian electricity grid stations. Technology is now within every industry, and almost all objects that define the 21st Century. Thus control of the latest technologies and ways to attach it can bring whole nations to its knees.

Conclusion

It is increasingly apparent that the technopolar world is here to stay. It will define national success in the economic, and security fields and thereby be a defining component of power and great power rivalry.

Q5 Tax and Growth

The recent budget of FY 24-25 has been decried by business circles as counter intuitive and out of line with economic needs.

Numerous business groups and associations such as the Pakistan Business Association have decried the lopsided measures that will negatively impact the business climate.

Salient Features of Budget

Tax on exporters between 29-40%.

Increase in taxes on Salaried Class

Maintenance of Super tax

18% GST on Packaged Milk

Nominal Subsidy on Industrial Energy

1 Present Economic Climate

a) High Cost of Utilities

Currently, utilities such as electricity and gas are at historic highs, significantly impacting the cost of production in the country. Industrial entities often pay as high as 100 PKR per unit, alongside having to bear with loadshedding. Similarly high gas tariffs have increased the cost of production in vital industries such as textile and fertilizer.

B) Subdued Local Buying Power

At present, back breaking inflation in excess of 30% per annum alongside subdued earning growth has devastated local buying power and sales, further compounding business woes.

C) Limited Foreign Reserves

The lack of Dollars in the Country has led to import restrictions. These barriers have interfered with the ability of local firms to import Material for use in production.

D) PKR Depreciation

The fall of the Pakistani Rupee to around 280 to the Dollar has made the cost of inputs exorbitantly expensive. The automobile sector in particular has seen prices quadruple and demand fall by over 70% in some cases necessitating factory closures.

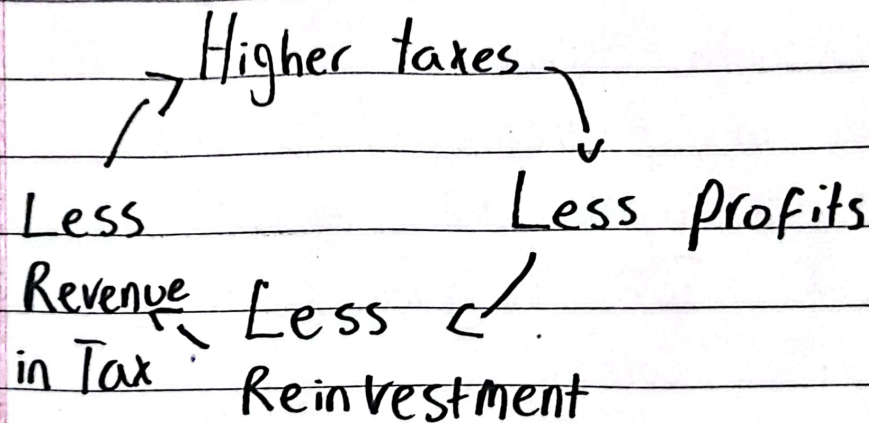
E) Record High Interest Rates

With the KIBOR rate climbing to 22% the system of business finance has collapsed. Many firms face onerous repayment terms and

Cannot find funds. Others have been bankrupted

Impact Of The Current Budget

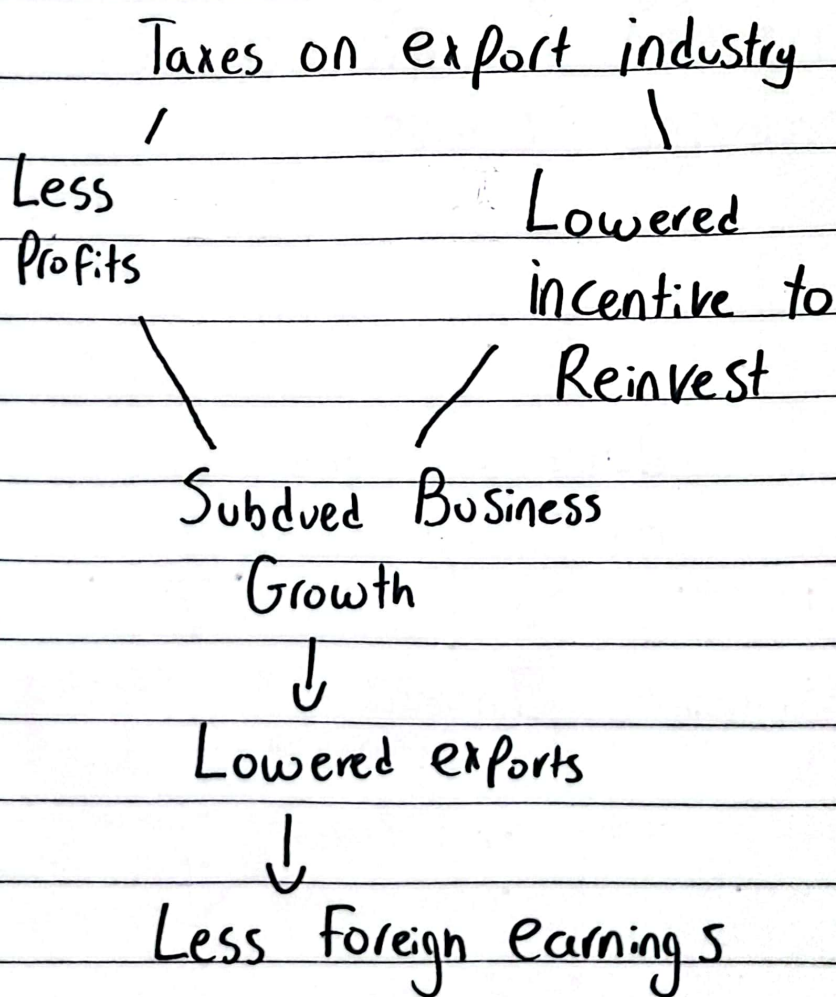
A) Excessive Tax in Low Profit Environment
Limiting Reinvestment



Greater taxes on all already subdued business climate will only lead to less investment. This will lead to less business activity, more informalization and ultimately less revenue collection from tax

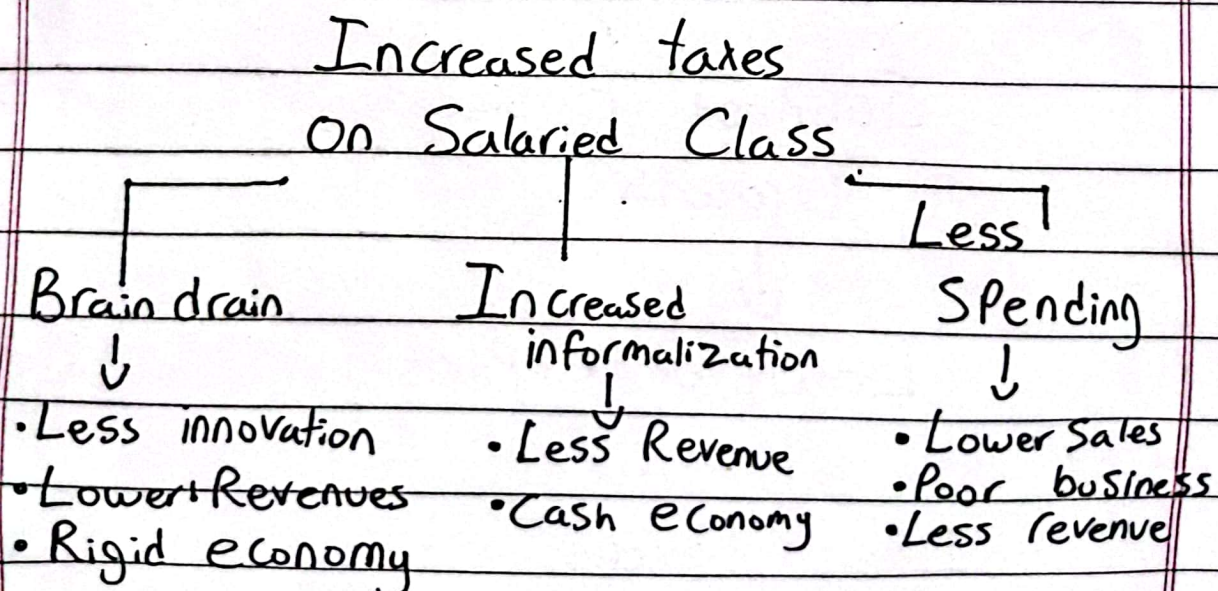
as firms decide to close or move overseas. This means the government will need to apply even more taxes making a negative feedback loop.

B) Fall in Export Growth



Increasing taxes on export Sector
 will mean even less incentive to
 reinvest and more incentive to
 maintain production or move abroad.
 This leads to lower foreign earnings
 and compounds our balance of
 payment crisis

c) Shattered Confidence of Salaried Class



Increased tax on the Salaned Class will lead to brain drain, and Negative Signals to the youth who haven't yet entered the workforce. This will lower innovation in the economy and negatively affect business growth. Further pressurizing this class will lead to more informalization that will be hard to reverse.

Conclusion

The present budget and its measures have been decried by prominent Institutions such as PIDE and by economists alike for its negative effects on business and social growth. It has failed to go after 'Sacred Cows' and instead compounding the strain on the middle and formal business class. This will only lead to informalization, subdued business growth, and increased brain drain harming the economy.

Q6) Energy Crisis

Pakistan has long since faced structural issues in its energy sector that is now contributing to increased energy costs. Experts now believe after the 2024 Budget the average unit cost will be in excess of 70 PKR for residential consumers. Alongside ballooning cost loadshedding is also becoming increasingly common despite a surplus of capacity. ❌

Reasons for the Crisis

A Poor Policy Planning

One of the main reasons behind the crisis is the failure to plan effectively. IPP agreements of the early 1990s and late 2000s were based on imported fuel

Governments of the time focused on quick and easy solutions instead of effective long term solutions using local resources such as hydel and coal.

B) Reliance on imported fuel

This reliance on imported fuel has led to load shedding due to the limited foreign reserve reserves of the government. CPEC coal based projects such as the Sahiwal coal plant are not only poorly planned, but aren't able to use local Thar based coal.

Even more money would be spent reramping them to accept local sources of coal leading to their closure and/or infrequent use.

Due to the high costs of production and dollar shortage both load shedding and high power prices are caused by imported fuel plants.

c) Corruption and Inefficiency

The present Nationally Controlled distribution and Price Setting regime is inefficient. Overstaffing, political appointees, and lack of oversight are contributing to loadshedding and higher electricity prices.

Corruption, both moral and financial have also led to power deals with terms that favour IPPs rather than the State. Organizations such as the ECP CPPA are plagued by politicized interference hampering delivery.

d) Aegri Aging Infrastructure And Theft

Pakistan's transmission system is antiquated with successive governments ignoring the pressing need for modernization. These old systems of overground transmission contribute to electricity

wastage, Voltage fluctuations and theft. Over 500 billion PKR of electricity is stolen every year. It is estimated that between 15 to 20% of electricity is lost due to theft and line losses

Solutions

A) Privatization of Transmission and Distribution

The government can no longer sustain this white elephant. Modernization can only be achieved with capital and expertise of the private sector. This would reduce theft, increase efficiency and root out inefficiency within the system. Moreover over 1 trillion PKR have been allocated to subsidies to the industry in 2024. Privatization would prevent budget wastage and reduce the costs

of electricity.

B) Breaking Lobbies and Interest Groups

In order to attract investors, there is a need to eliminate lobby groups and unions that prevent structural reform. The SOE amendment passed in July 2024 can allow a reramp of the boards of DISCOs if used effectively. There is also a critical need to 'right size' the sector to make it appealing for investors. A environment open to investment is only possible through these steps.

C) Renewable Focused Growth and indigenous Fuel Sources

Renewables are the future of energy production. Setting up Solar, Wind, and hydel alongside Nuclear will significantly reduce costs of generation. Policies like Net Metering

Should be Maintained, allowing the government to harness Cheap, and effective energy Using the Public's funds. Finally Converting power plants e.g Coal to use local Coal Should be Streamlined to Save Foreign foreign reserves and to generate Sustainability.

1) Pro - Business Climate

The Majority of the electricity tariff $2/3^{\text{rds}}$ is a result of fixed Capacity payments. 44,000 MW of electricity production only Meets roughly 20,000 of demand. Promoting business will increase electricity consumption and spread the cost of electricity on more users, thereby reducing the cost of electricity, while meeting other objectives.

Q 8) Trump's Foreign Policy

Trump, through his most recent presidency has shown his disapproval of liberal policies of U.S. foreign policy. Unlike Neo-Cons and American exceptionalists of the past he has espoused protectionists, and at times realist modes of foreign policy. This has huge implications for bilateral and U.S. multilateralism going forward.

A Ukraine Policy

Trump has decried the current Biden's administration's failure to end the Russo-Ukraine conflict. He boasted that "The conflict will be over before I take the presidency". (Between Trump's win

and inauguration on the 20th January).
Going by his advisors and previous policy, Trump sees U.S interests in peace and not with over \$100 billion USD going to Ukraine post conflict. The speed in which he claims a deal likely involves significant pressure on the Ukrainians to give into Russian territorial demands and a ban on joining NATO.

B. NATO

Trump has made clear his disdain for NATO, even threatening to leave the organization if each member state did not contribute 2.5% of their GDP to defence.

While Trump pulling out of NATO is unlikely, U.S co-operation will be limited. Trump will likely not agree with NATO's admission of Ukraine or their view on Russia.

He is likely to come to terms with Russia bilaterally, leaving NATO to

deal with European goals independently.

NAto and the U.S will however

Co-operate on policies aimed at China.

c) Middle East

i) Gaza Conflict

The Trump administration is likely to give a free hand to Israel in the conflict. Unlike the Biden administration that tried to, unsuccessfully, reign in the Israelis, Trump would promote quick and brutal solutions with little concerns of the blow back.

ii) Iran

Despite the new Iranian administration under Pzenkishan looking for a return to rapprochement, that seems unlikely if Trump comes to power. Even more pressure on Iran will push it to look towards China and Russia for support.

iii) K.S.A

The Trump administration will push for K.S.A acceptance of Israel.

However whether Trumps Supports efforts for a Strategic Defence agreement in return is Unknown.

However it is likely K.S.A will deep its relationship with the U.S under the Trump regime.

D China

Trump will maintain the policies of his first administration and add even more punitive trade tariffs and restrictions. Chinese - US trade war will extend

greatly in the tech sector and over AI control. The U.S

is likely to pursue an aggressive defence of Taiwan and continue to patrol the South China Sea.

Relations thus will likely deteriorate and Chinese and US camps

in the Conflict may become more defined. Navy, Military, Economic, and tech & trade Competition will therefore increase.

E) Climate Denial

Trump downplays Climate Concerns and is likely to roll back the Biden policies at limiting local fracking and sticking to Climate Goals. However considering the Mass Market for EVs, and New Markets for Sustainable energy, Trump may seek to maintain control and influence by promoting some segments of the U.S green industry.