

Q3

Pakistan's dependence on International Monetary Fund (IMF) reflects several underlying issues within its economy.

1. Fiscal Imbalance: Pakistan faces chronic fiscal imbalances with persistent budget deficit and high levels of public debt. The government often relies on borrowing to finance its expenditures, leading to unsustainable debt levels.

2. Current Account Deficit: The country frequently experiences significant current account deficits due to mismatch between imports and exports. This imbalance puts pressure on foreign exchange reserves and the exchange rate, making it difficult to maintain stability in the economy.

3. Structural Weaknesses: Pakistan's economy suffers from structural weaknesses, including inefficiencies in tax collection, a large informal sector, inadequate

infrastructure, and governance challenges. These issues hamper sustainable economic growth and exacerbate the country's dependency on external support.

4. **External Shocks:** Pakistan is vulnerable to external shocks such as fluctuation in global commodity prices, geopolitical tensions, and natural disasters. These factors can further strain the economy and necessitate external assistance to mitigate their impact.

The implications of IMF bailout can be both positive and negative.

### **POSITIVE IMPLICATIONS:**

**Stabilization:** IMF programs often focus on macroeconomic stabilization measures, including fiscal consolidation, monetary tightening, and exchange rate adjustments, which can help address immediate imbalances and restore investor confidence.

**Reforms :** IMF conditionality typically includes structural reforms aimed at addressing underlying economic weaknesses, such as tax reforms, privatization, deregulation, and improvements in governance. These reforms can enhance economic efficiency and competitiveness in the long term.

### **NEGATIVE IMPLICATIONS :**

**Austerity Measures :** IMF programs often entail austerity measures such as spending cuts, subsidy reductions and tax hikes, which can lead to social unrest and political backlash, particularly among vulnerable segments of society.

**Dependency :** Continued reliance on IMF assistance can create a cycle of dependency, where the country becomes trapped in a pattern of recurring crises and external interventions, limiting its policy autonomy and long-term development prospects.

Debt Burden : IMF wants add to Pakistan's external debt burden, potentially exacerbating the debt sustainability challenges in the long run if the borrowed funds are not effectively used to address structural imbalances and promote sustainable growth.

## Recommendations :

- 1- Diversification of Economy :  
Pakistan should focus on diversifying its economy by promoting export-oriented industries, investing in human capital development, and reducing reliance on a few key sectors such as agriculture and textiles.
2. Enhanced Revenue Mobilization :  
The government should prioritize efforts to broaden the tax base, improve tax administration, and reduce tax evasion to enhance domestic revenue mobilization and reduce dependency on external —

## financing .

### 3. Investment in Infrastructure :

Investments in infrastructure development, including energy, transportation, and telecommunications, can improve productivity, attract investment, and stimulate economic growth.

### 4. Enhanced Governance and Transparency :

Strengthening governance mechanisms, combating corruption, and promoting transparency in policy-making and public finances are essential for restoring investor confidence, attracting foreign investment, and fostering sustainable economic development.

### 5. Regional Economic Integration :

Pakistan should explore opportunities for regional economic integration, including trade facilitation agreements and connectivity projects, to expand market access, promote economic —

cooperation, and enhance regional stability.

By addressing underlying structural weaknesses and implementing prudent economic policies, Pakistan can reduce its dependency on external support and build a more resilient and self-reliant economy.

Q: 4

The statement suggests that China, like the US, is utilizing geo-economic and political strategies to expand its influence globally. China's approach, however, differs from that of the US in several ways.

1. Economic Expansion:

China's Belt and Road Initiative (BRI) is a key component of its geoeconomic strategy, aiming to enhance connectivity and infrastructure development across Asia, Africa, and Europe. This approach focuses on economic cooperation and infrastructure investment rather than military interventions, distinguishing it from the US's historical practices.

2. Non-Interference:

China often emphasizes the principle of non-interference in the internal affairs of other countries, contrasting with the US's

interventionist policies. This stance can make China a more acceptable mediator in conflicts where sovereignty and non-interference are sensitive issues.

### 3. Multilateralism :

China tends to advocate for a more multipolar world order and support multilateral institutions like the United Nations. In contrast, the US has historically pursued a more unilateral approach, which has sometimes alienated other nations.

### 4. Soft Power :

China has been investing heavily in soft power initiatives such as cultural exchange programs, media expansion, and educational scholarships. These efforts aim to improve China's global image and influence through non-coercive means, complementing its geo-economic and political strategies.



5.

## Regional Engagement :

China actively engages in regional organizations and initiatives such as the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB). By participating in regional forums and initiatives, China can better understand and address the specific dynamics and challenges of different regions, enhancing its effectiveness as a mediator.

In summary, while China may employ similar geo-economic and political strategies as the US, its approach differs in terms of economic emphasis, non-interference principles, multilateralism, soft power initiatives, and regional engagement. These differences can potentially position China as a more effective mediator in certain contexts compared to the US.

Q5

The expansion of the Israel — Hamas conflict into the broader region carries significant risks due to potential involvement of other actors, escalation of tensions, and exacerbation of existing regional conflicts. The conflict could impact global power politics by influencing alliances, exacerbating tensions between regional and global powers, and shaping perceptions of international intervention and diplomacy. The involvement of major powers such as the US, Russia, and others could further complicate the situation and increase the stakes for all involved parties.

Q: 7

The revival of insurgency can be in Pakistan can be attributed to several factors:

1- Afghanistan — Pakistan Border:

The porous and poorly managed border between Afghanistan and Pakistan facilitates the movement of militants, weapons, and illicit goods, allowing insurgent groups to operate across both sides of the border with relative ease.

2. Historical Grievances:

Ethnic, sectarian and political grievances within certain marginalized communities in Pakistan provide fertile ground for insurgency. These grievances may stem from perceived discrimination, economic disparities, or political marginalization.

3. Foreign Influence:

External actors, including neighbouring

Countries and global powers, may exploit local grievances and support insurgent groups to further their own geopolitical interests in the region. This can fuel instability and exacerbate existing tensions.

4. State — Sponsored Terrorism :
- Allegations of state sponsorship or support for certain militant groups by elements within the Pakistani establishment have also contributed to the perpetuation of insurgency, both domestically and across the border in Afghanistan.

The revival of insurgency in Pakistan has significant implications for Pakistan — Afghanistan relations :

1. Cross-border Attacks :

Insurgent activities in Pakistan often originate from sanctuaries and safe heavens in Afghanistan, leading to accusations and blame between the two countries.

## 2. Proxy Warfare :

Pakistan and Afghanistan have accused each other of supporting insurgent groups to destabilize their respective governments. This mutual distrust hinders diplomatic efforts and exacerbates tensions between the two neighbours.

## 3. Refugee Crisis :

The influx of Afghan refugees into Pakistan exacerbates social, economic and security challenges for Pakistan.

→ Ways to address the revival of insurgency and improve Pakistan - Afghanistan relations :

i- Enhancement Border Management :  
Strengthening border security and control measures to prevent the infiltration of militants.

ii- Bilateral Dialogue :

Engaging in constructive

dialogue and diplomatic initiatives to address mutual concerns, build trust and promote cooperation on counterterrorism and security issues is essential for improving relations between Pakistan and Afghanistan.

### iii) Regional Cooperation :

Facilitating regional cooperation mechanisms involving neighbouring countries, international organizations, and relevant stakeholders can help address the root causes of insurgency and promote stability in the broader region.

### iv) Political Reconciliation :

Pursuing inclusive political processes and reconciliation efforts to address grievances and accommodate diverse interests within Pakistan and Afghanistan can help reduce support for insurgency and foster sustainable peace and stability.

By addressing the underlying drivers of insurgency and enhancing cooperation between Pakistan and Afghanistan, both countries can work towards achieving greater security and stability in the region.