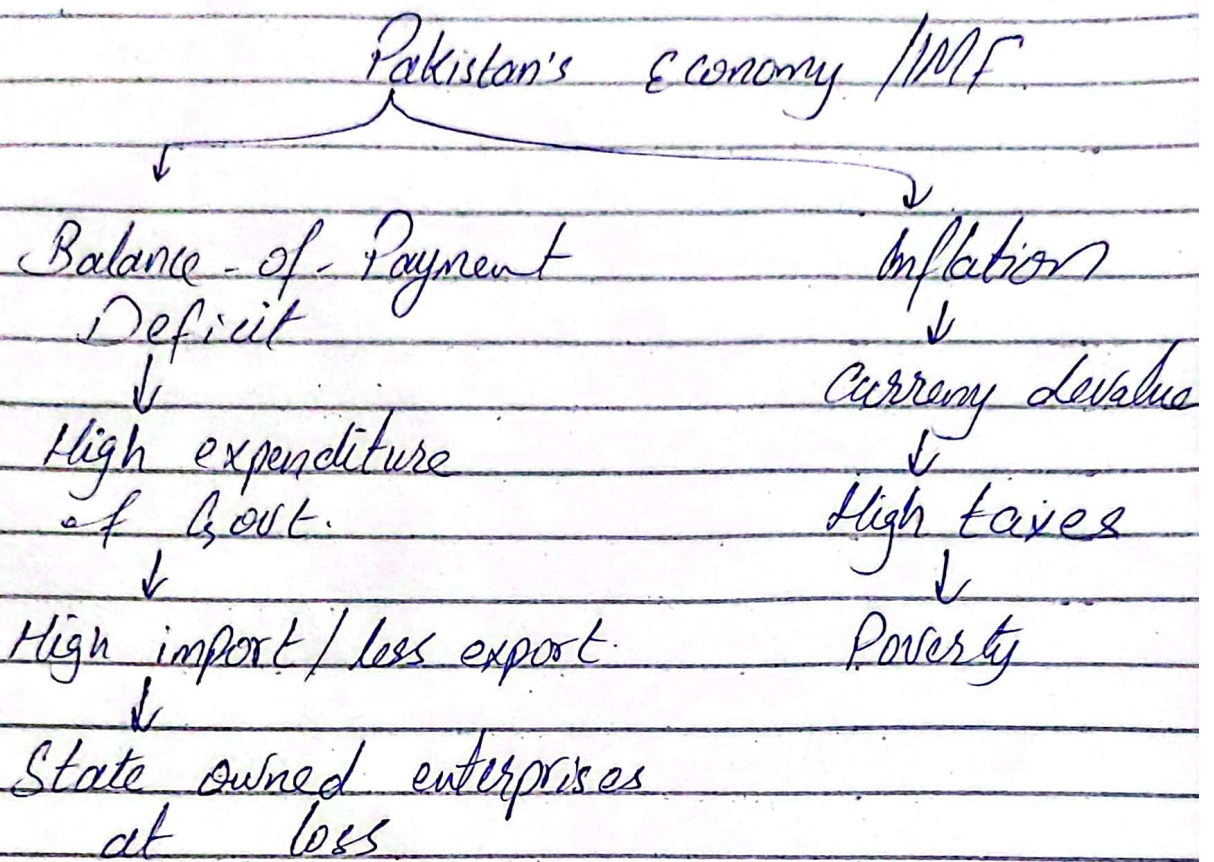


## Mock-2 Current Affairs

Q. 3



IMF - International Monetary Fund - is an international organization for giving financial help to the countries faced with severe economic crisis. It gives trillions of dollar loan to any country but with specific conditions and interest rate. Pakistan went to IMF, for the first time, in 1958 and since Pakistan

took IMF loan over 23 times. Every successive government of Pakistan took IMF loan.

Every time IMF gave loan, it imposed certain conditionalities which adversely affected the the local population.

## Reasons for dependence of Pakistan's economy on IMF

### i- Balance - of - Payment Deficit

The fiscal account of Pakistan is in deficit. The expenditure of the government is more than its income. To overcome this deficit, Pakistan has to take IMF loan and fulfill its expenditure. Note that Pakistan is already under a very huge international loan. The international loans of Pakistan, accumulated together, exceeds \$ 100 billion.

The interest of these loans is a burden on Pakistan's economy which must be paid.

The fiscal account deficit and interest of loans compel the state to acquire IMF's support.

ii- High expenditure of Government:  
Pakistan spends millions of dollars on the protocols of government officials. Consider for stance, a judge gets 100s of free electricity units, 4 to 5 body guards, 3 to 4 cars and 100s of litres of free petrol. Similarly, the officers, BAPAs, MNAs, and civil servants all have a luxuries life style on the cost of country's economy. In order to fulfill all these expenditure government have to take IMF loan.

iii- High Import / less export  
A country's economy is highly dependent on its import and exports. Pakistan is the exporter of raw materials and importer.

of refined goods. The net export of Pakistan worth less than its import. In order to fulfill the demands of daily commodities, Pakistan is highly dependent on its import. As the fiscal account of Pakistan is already in deficit, the state have to take the IMF loans to fulfill the public demands of daily commodities.

iv - Loss of State-owned Enterprises. State owned enterprises are the source of revenue for a country and a state's economy is highly dependent of SOEs. The SOEs of Pakistan such as PIA, Pakistan steel mills, Pakistan railways ~~are~~ all are at loss. Only the Pakistan Railways suffered a loss of worth 1.2 trillion rupees in fiscal year 2022-23. Similar is the case with all other SOEs. Instead of profit, these SOEs are liabilities on the economy. Pakistan has to take

the IMF loan in order to survive and fulfill the country's need.

## Implications of IMF bailouts.

### i - Inflation.

The first and foremost implication of IMF programs is the inflation. In order to ensure the safe return of its money, IMF impose certain conditions on the country seeking loan. These conditionalities include the price hike of daily commodities, lifting off the subsidies, increasing taxes. All these factors will lead to high inflation rate. Due to these reasons, the inflation rate in May - 2023 was about 39%.

### ii - Currency devaluation

IMF always wants the currency of a country to be market control instead

of state control. As Pakistan's import is higher than its export, it will result in devaluation of rupees against dollar.

### iii - Poverty

Note that high inflation rate, increasing taxes, removing subsidies will result in poverty.

Currently 23% of Pakistan's are below the poverty line and these IMF programs will further lessen the purchasing power of the citizens.

### Recommendations

No doubt, Pakistan is at a stage where it can't survive with IMF bailouts, but with certain policies, Pakistan can come out of IMF's dependences. Such policies include the following measures:

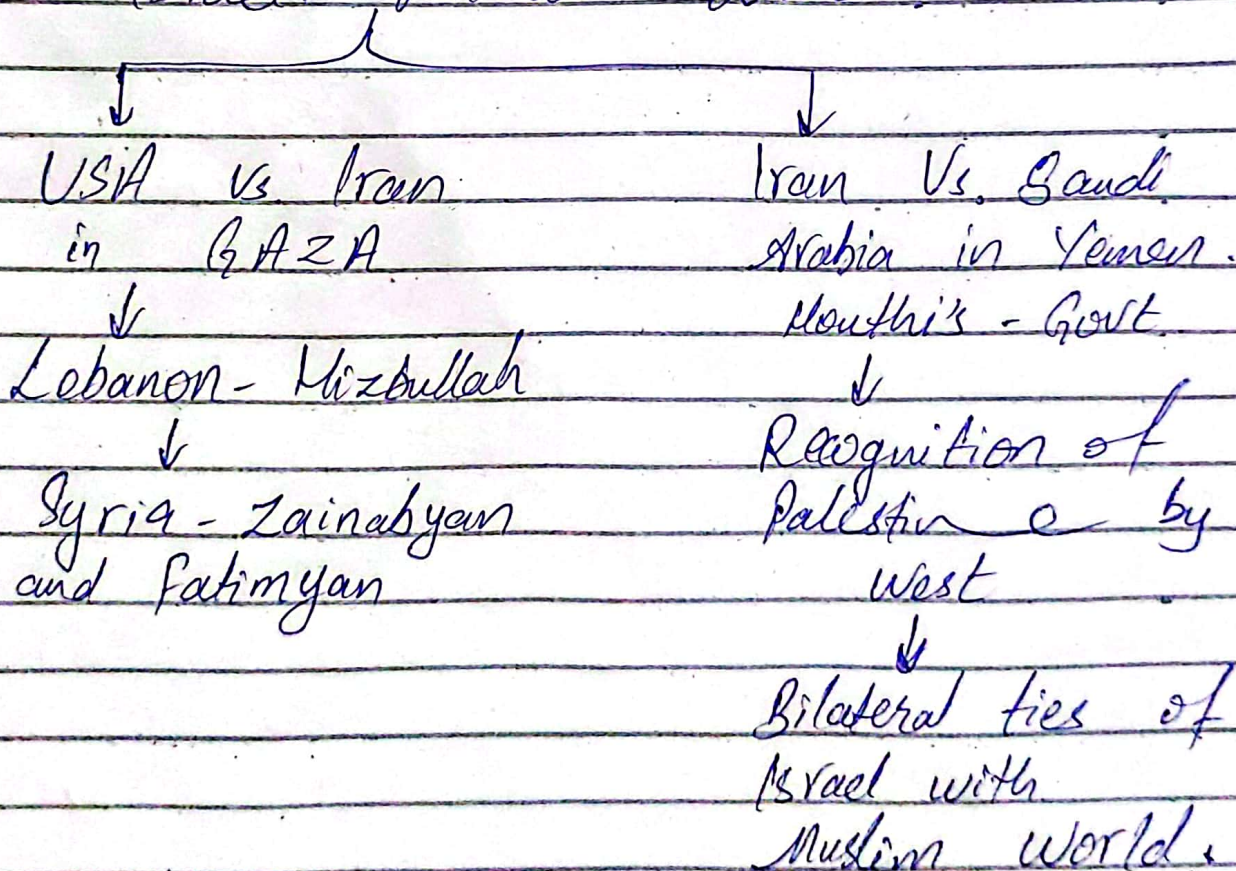
- i - Lessen the expenditure of government
- ii - Increase exports and reduce imports

iii - Privatization of state-owned enterprises.

iv - Focus on short-term as well as long-term solutions.

Q.5

Israel - Hamas War



On October 7, 2023 Hamas - a political and jihadist organization in GAZA - attacked on Israel, killed about 1200 people in Israel and brought 250 Israelis as hostage back in GAZA. Since then, a war is initiated between Israel & Hamas in which more 35000 Palestinians are killed including about 14000 children and the war is still continued and Israel is bombing and killing innocent Palestinians.

USA and Iran in Hamas-Israel war.

From the first day of Israel-Hamas war, USA made its stance clear that he is supporting Israel with its full zeal and enthusiasm and anyone against Israel will be considered against USA. Since then, USA has deployed a large Naval fleet in Mediterranean



sea, a number of warships in Red sea and Mediterranean sea for the support for of Israel.

On the other hand, Iran had announce its full support for the Palestinian people. Hamas in Gaza is originally backed by Iran. So Hamas-Israel war is Iran-USA war on the back hand.

Israel launched a number of missiles on Iran in month of Ramadan - 2024 most of which were interept but a few hit its target. After Eide on April 2024, Iran launched more than 300 missiles on Israel, most of which were interept, but few also hit the target.

Inclusion of Lebanon  
Lebanon is the country sharing borders with Israel. Hezbollah is a jihadist organization in Lebanon. Hezbollah headed by Hassan Nasrullah is the proxy of Iran. Hezbollah is involved in the Hamas - Israel war ~~as~~ from the start as Israel is the common enemy of Hamas and Hezbollah. Hezbollah have exchanged missiles attacks with Israel and is actively participating in Israel - Hamas war.

Inclusion of Syria  
Zainabiyun and Fatimiyun are two non-state actors in Syria who fight for the spread of Shiite Islam. Zainabiyans and Fatimyan. These two non-state actors are the proxies of Iran and they're also trying their best to attack Israel.

On April 2024, Israel launched airstrike on Iranian embassy complex in Damascus, Syria killing 3 to 4 Iranian officials and few Syrian citizens. Syria is automatically indulged in the Hamas - Israel war.

Inclusion of Yemen  
Houthis are the political and jihadist organization in Yemen. Houthis have the control of Capital city "Sana'a" of Yemen. Houthis are backed by Iran while the counterpart of Houthis "PLC" is backed by Saudi Arabia. Yemen is the battleground for Iran and Saudi war through their proxies. Houthis attacks the ships entering into the Red sea via Strait of Aden. Houthis claim that they target the ships which are going for Israel. Houthis are the

die-heart supporter of Hamas.  
Yemen is already involved in  
the Israel-Hamas war.

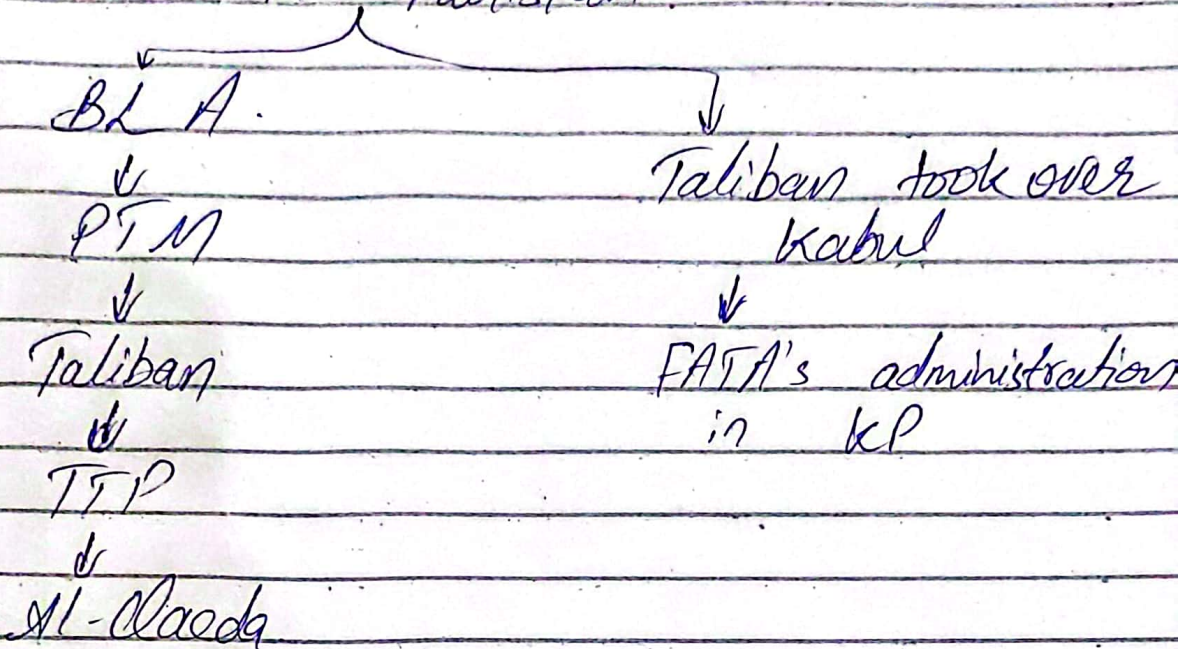
## "Impact on Global Power Politics"

While USA is involved in  
Hamas-Israel war and also  
in Ukraine-Russia war,  
China and Russia are  
trying to strengthen their place in  
global power politics. Russia  
and China endorsed every  
resolution passed against Israel  
and in favor of Palestine.  
Both countries have recognized  
Palestine and cut off their  
diplomatic ties with Israel.  
Russia and China are trying  
to make a soft corner  
among Muslim world.

Saudi Arabia also stopped  
its relations with Israel.

Q 7

## Revival of Insurgencies in Pakistan



The two main reasons for the revival of insurgencies in Pakistan are:

- i - Taliban's control over Kabul
- ii - Mainstreaming of Federally Administered Tribal areas.

## Taliban's Control over Kabul

Taliban took over the Afghanistan in August-2021

After the Taliban's government in Kabul, Afghanistan is the safe home for all the terrorist organizations. Due to radical ideology of Taliban, all terrorist organizations can freely train the so called jihadists. The terrorist organizations in Pakistan such as Tehreek-i-Taliban, Baloch Liberation Army and Al-Qaeda all operate from Afghanistan.

### Mainstreaming the FATA

From independence of Pakistan in 1947 till 2018 FATA were autonomous region within Pakistan's jurisdiction. It was mainstreamed in KPK Province through 25<sup>th</sup> amendment in Constitution. FATA is the hub of terrorist due to its proximity with Afghanistan. Note a large number of local people of FATA have also

joined the terrorist organizations due to socio-economic disparity, weak governance and pervasive radical ideology. The administration of FATA will eventually increase the terrorist activities in the whole province of KPK.