

Q1

Q5:- Trump has launched the largest and the most dangerous trade war of the century. Critically evaluate its possible implications on US, China, and global political economy.

Introduction:-

Trump, with gaining his administration, imposed unilateral taxes on almost every country of the world and some uninhabited islands as well. The motive behind these tariffs was to make America great again. This phenomenon has various short and long-term implications on China, political economy globally and the U.S. itself. These taxes in the U.S. can lead to rise in inflation, unemployment and higher chances of deindustrialization. China, on the other end, may end up losing its largest trade market, can face deflation and deindustrialization. Overall, Globally, these tariffs can have variety of implications, as the world can witness emergence of new markets, the world order could be seen shifting from unipolarity to bipolarity and multipolarity.

Implications on US.

The overwhelming imposition of tariffs on other countries can impact the US in following ways:

Rise in Inflation.

The administration, by imposing taxation on imported products, aims to promote the local industry, which can be expensive as compared to other products available in the market, leading to the increase in recession.

Deindustrialization

Due to heavy tariffs on raw materials and goods, the manufacturers might shift the industry in order to seek cheaper labor and resources, which can ultimately lead to the unemployment in the US.

Reformation of ~~New~~ Alliances

The trade war initiated by Trump Administration can endanger alliances formed since the WWII. As in the case with European countries, where these tariffs are welcomed, bitterly and straining their alliance.

Implication on China.

The trade war initiated by the U.S has following implication on China.

Loss of the largest trade market.

Due to the overwhelming impositions of tariffs on China, it may end up losing its largest market, where it used to export products such

as, Steel, Aluminium, Robots, etc.

Deflation and Deindustrialization.

The loss of market then leads to the deindustrialization and deflation in China, causing losses to many several manufacturers and devaluation of the currency.

Formation of New Alliances.

On one hand, China may completely end up the trade with the US and on the other hand, China has formed new alliances to stabilize its trade such as with Russia, China, and its trade agreements with South East Asian countries.

Implications on Global Political Economy

Imposition of tariffs by Trump can lead to the global recession and disruption in global supply chains. It has further led to the formation of new alliances and increased the bilateral and multilateral sanctions by other organizations i.e. EU, in response. Moreover, it has empowered states such as India, Mexico, to provide space from industries.

Conclusion

The trade war amidst other crisis in ^{the} world, is highly ~~is~~ dangerous as it has created global economic tension, and lead to the initiation of Cold war II between two global powers the US and China; Therefore, it is better to adopt and take initiatives by both the nations to resolve this war which is shaping the world economic order.

Q2 India, like always, has blamed Pakistan for the recent attack on tourist in Pahalgam, occupied Kashmir. Making an excuse, India unilaterally moved out of Indus Water Treaty. Critically evaluate the situation, and give the policy recommendation to follow.

Introduction

It has been witnessed through the history that India ^{govt} has always blamed ^{Pakistan} for any insurgent activities. For instance the Pulwama attack of 2019. At the moment, the Indian government has put blame on Pakistan for the sponsoring of the terrorist attack, occurred on 22 April, 2005, resulted in 26 casualties in Pahalgam, Indian-occupied territory in Kashmir. As a result, it has taken severe actions against the state of Pakistan, including the suspension of Indus Water Treaty. This suspension has various impacts on the India and the people of Pakistan. Therefore Pakistan needs to take measures to tackle the foreseeable issue.

India's baseless Action.

The government of India, has blatantly held the Pakistan responsible for the terrorist attack and has claimed the government of Pakistan, being involved in

the cross-border terrorism. Moreover, it has downgraded the diplomatic ties by summoning Indian High Commission in Pakistan, closing the Attari Border, reducing the number of diplomats to 30, and lastly, by unilaterally suspending the Indus Water Treaty in abeyance. Their government has taken these actions without any provision of evidence, threatening the existence and survival of people of Pakistan.

Pakistan's Retaliatory Response.

The government of Pakistan has condemned the attack. However, denied its any sort of involvement in the terrorist act. Additionally in response to the severe actions taken by the government of India, Pakistan has retaliated by the ~~closing~~^{ending} of bilateral trade agreement (Simla Agreement, 1972). has closed the Wagah border, summoned the Pakistani High Commission. In response to the suspension of IWT, the Pakistani government has responded by declaring it as the "act of war".

Policy Recommendations:

- Renegotiation of Indus Water Treaty.
- The State of Pakistan need to renegotiate the terms of Indus Water Treaty, signed by Indian Prime Minister, J. Nehru and

then President Ayub Khan in 1960, mediated by the World Bank. Moreover, the state need to increase the dam construction to reduce dependence on Indian-controlled rivers.

Legal Measures:

Pakistan can file a case at the Permanent Court of Arbitration (PCA) ~~from~~ to declare India's withdrawal illegal.

Strengthen ties with China.

Pakistan can adopt policies to strengthen its ties with China, which can diplomatically support Pakistan in the threat of existential survival.

Conclusion.

Pakistan and India are once again at the standoff, which can severely impact both of these nations. Therefore, Pakistan need to take above-mentioned actions in order to stabilize the current and future crisis.