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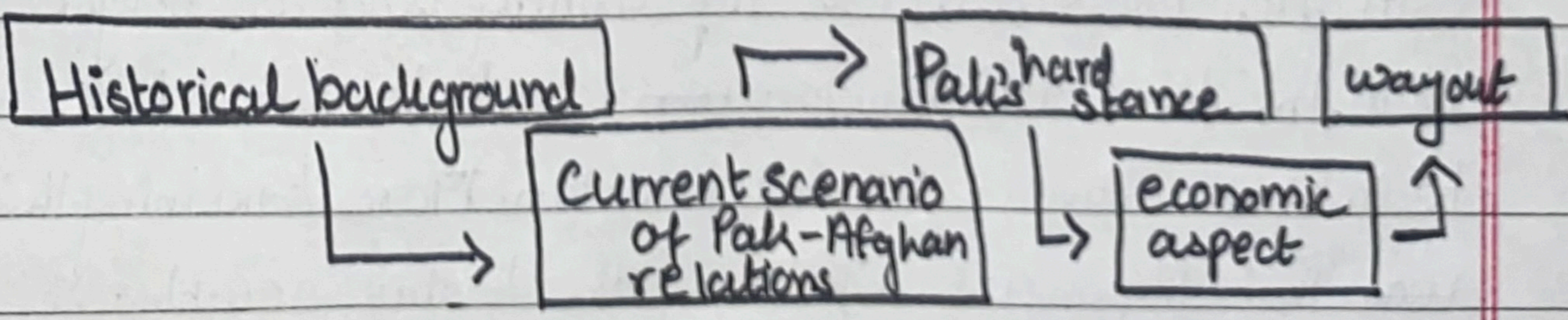
PAKISTAN Affairs

CSS-2025

Question-5

i Introduction

Since inception of Pakistan, Pak-Afghan relations have been more about security and less about economic benefits. The nature of security ~~has~~ ^{has} been dynamic between the two neighbors. Pakistan has either been helping Afghanistan in matters of their security, or been targeted by them concerning its own security. The story of restrained relations of Pakistan Afghanistan starts from ~~Durrand~~ ^{Durrand} line and till date prevails, although taking various shapes. Security tensions ^{Pakistan came at} the ~~receiving~~ ^{end} ~~end~~ ^{during} between 2008 ~~to~~, However, tensions escalated post 2021, when Afghanistan, by disguisingly joining hands with India, started providing Tehreek-e-Taliban Pakistan safe heavens and then flexing it as well. After various ~~tries~~ ^{efforts} to settle the matter, Pakistan also took a hard stance against Afghanistan that resulted in ^{further} deteriorating relations. Therefore, one can conclude that Pak-Afghan relations ~~concern~~ ^{highlight} security rather than economy; ~~as there~~ except for illicit trade and transit treaty there is not much to say at the economic front. ^{lastly} ~~Considering this~~, Pakistan, considering the given drop backdrop, should activate the Wakhan ~~border~~ border and relations ~~with~~ Tajikistan to support Ahmed Massoud.



ii Historical Aspect

Back to Pak-Afghan relations have always been riding on bumpy roads. The struggle story starts at Durand line of 1893. When Pakistan came into being, Afghan took its sweet time to recognize the neighbor, mainly because of the Durand line. This bone of contention took several twists and turns to become the present day Pak-Afghan relations. ~~It~~ The highlight of Pak-Afghan relations was during the cold war, when Pakistan helped its neighbor greatly to secure their national interest. Fast forward to the times of global war on terror, Pakistan, again proving to be a good neighbor, helped Afghanistan and gave Afghan nationals a safe abode in its ~~to~~ land. From their tables turned for Pakistan, and ~~it~~ internal struggle to combat terrorism started, when various militant groups arised. The struggle peaked at the Aps attack after which Pakistan took actions.

Fighting Insurgents:

After the Aps attack Pakistan started its mind blowing operation Zarb e Azab. Situations settled after that but not ended. Till date Pakistan is employing various operations and surgical strikes to curb this menace. The current one is Zarb e Istekham.

iii Current Scenario:

In 2021 when Taliban government took over Afghan^{tan}s situation exacerbated for the country and for neighbors. Now, the land of Afghanistan ^{is} ~~was~~ openly being used to instigate activities against Pakistan. More concerning thing ^{is} ~~was~~ that Afghanistan is providing the hostile neighbor of Pakistan, India, ~~to~~ a passage to instigate activities in Pakistan to destabilize Pakistan. Lastly, Afghanistan

openly declares TTP as state guest and refuses to take action against it. Seems like its an old tactic of the country as they did same in case of wanted Osama bin Laden. Despite, direct talks and international pressure by Pakistan, Afghanistan took no ~~any~~ actions against its country being used as a launch pad for insurgents.

iii Pakistan's hard stance:

After all what Pakistan endured, it finally took a hard stance on Afghanistan. It started tightening border security curbing the illicit trade. Moreover, it started the policy of mass deportation of ~~#~~ unregistered Afghan refugees, although on request of Taliban government, one year is extended for card holders. Lastly, Pakistan started ^{cross border} surgical strikes on TTP camps in Afghanistan. All of this further deteriorated the already restrained Pak-Afghan relations.

v Economic Aspect:

Considering the status of relations and evaluating the reasons of it, it is safe to say that Pak-Afghan relations are more about security than economy. Moreover, these relations were never ^{between} majorly about economy as the economic landscape of both neighbors consists of illicit border trade and transit trade treaty and nothing more. Lastly, Afghanistan is not one of the major trade partners of Pakistan either.

vi WAY forward for Pakistan:

In the prevalent conditions, knowing that Afghanistan brings no major economic benefit to Pakistan ~~at~~ but

rather always attacks on the sensitive areas of the country, Pakistan should work to operate the Walehem border and strengthen ties with Tajikistan to support ~~Abd~~ Ahmed Massoud, exiled Afghan leader, against Taliban. This would bring internal pressure on Afghanistan administration to get their acts straight. Moreover, through international diplomacy, Pakistan can put external pressure on Afghan to fix their attitude and take corrective measures.

vii Conclusion:

Pakistan-Afghanistan relations for the longest time have been restrained. Matters concerning Durand line, to refugees and ^{launching Pacl} ~~insurgencies~~ of insurgents are all matters that require great deal of attention. However, the Afghan attitude does not seem serious as they are very openly accepting it and helping India against Pakistan. Pakistan after multiple operations took a hard stance on the matter as well. Moreover, nothing much except ^{for} illicit trade and transit trade treaty lies in the economic front of Pakistan and Afghanistan. Therefore, as matters are more about security than economy, Pakistan should join the camp of Ahmed Massoud to internally pressurize Afghanistan and through international diplomacy externally pressurize Afghanistan to cease the support of ~~to~~ TTP insurgents in Pakistan.

Question 6

i INTRODUCTION:

Nope, the state No, the statement that Pakistan only needs quick money is a serious misconception that needs to be dealt with. If this ~~would~~ ^{was} have been the case, Pakistan would not have had been to International Monetary fund for 23 times. Hence, it ^{is} clear that Pakistan has some ser chronic structural issues that needs to be understood and then formulate taylor made, and not acquired, plans to cater the economic plight of the country. Chronic structural issues are regarding taxation, agriculture, fiscal federalism, state owned enterprises, wrong policy and elite capitalism. Therefore, Pakistan should strategies to strengthen local body governments, to make service centric policy and ~~privatization~~ privatize state owned enterprises, to correct the economic failures.

ii Problem with IMF:

The statement that Pakistan needs quick money is a problematic one. ~~This would~~ As Pakistan utilizing IMF bailouts 23 times would not have been the case, if this was true. IMF does not guarantee solutions to recovery. It does not provide taylor made plans to countries, rather schemes for debt traps, this is evidenced by various chief economists of IMF including Peter Doyle. Therefore, countries while thinking that it is a body ~~of~~ ^{for} quick money solutions is wrong.

ii STRUCTURAL ISSUES OF PAKISTAN:

i Labor to Income returns

50% of the Pakistani population is employed in the agriculture sector, but the total agriculture sector share in GDP is 21%. Moreover, 21% population is employed in service sector, whereas, the return of services sector is only 60%, giving rise to elite capture. One must ponder over it, that why 50% of population earning only 21% income. This indicates at some serious problems with agriculture sector.

ii Poor tax policy:

The agriculture sector of Pakistan pays only 0.03% of tax, whereas industrial sector bears the brunt of tax. Moreover, services sectors pay a total of 60% of tax. Moreover, our tax structure highlights more of indirect taxes and that too from the salaried class.

iii Fiscal federalism

Another issue of Pakistan is that, the country could not collect more taxes as ^{fiscal} powers were never devolved to local bodies, it stayed till provincial level.

However, in majority countries where the tax system is strong, it is observed that they have strong local bodies.

iv Wrong Policy

We can clearly see that through income share of each sector that Pakistan is a service or industrial country and not an agrarian economy yet we formulate agriculture centric policies.

v. State owned Enterprises:

Despite the fact that our State owned enterprises make billions of losses every year, the govt country has yet owned them. Prestigious organization, PIA makes a loss of \$ Rs 100 billion every year. Same is the case of Pakistan steel mills, railway etc.

iii SOLUTIONS:

Documentation / digitalization

To cater lower tax bases and undocumented economy, Pakistan should digitize the taxation, agriculture ~~sect~~ sector. Moreover, all farmers should get registered.

Local body system:

The growth model of China is based on local body systems; where it strengthened them to increase taxations and growth trickled to lower levels too. Pakistan should also work to establish local governments. This would also break elite captures.

Correct Policing

Foremost, Pakistan should employ a progressive tax policy to reduce burden on salaried class. Moreover, Pakistan should formulate Industrial Centric policies as clearly we are not a agrarian economy.

Privatization of SOE's

Pakistan should apply the Thatcher model of privatization. should divest from SOE's and invest that money in proper functioning of the

Economy. Moreover, ~~It~~ after privatizing SOEs, country should earn taxes from it to increase its revenue sources.

iv

Conclusion:

The statement that Pakistan needs quick money to stabilize ~~would gether reforming~~ is completely wrong. This would never ensure stability. If this was the case, first IMF bailout would have been a success. Rather, it should be noticed that Pakistan has structural issues in taxation, agriculture, policy making. ~~and~~ Moreover, these issues should be solved to ensure stability. Solution lies in strengthening local body governments, formulating correct policy, Digitalization and privatizing SOEs.

Question 4

- Climate disasters know no boundaries
- Yes it would bring unprecedented challenges not only to environment but also to health and economic security.
- floods of 2022 caused loss of \$30 billion ^{GDP} that included
- further infrastructure and crop loss was also endured which are critical to economic security
- last heat wave in Karachi (2023) killed 500 people which are again an asset for economic security.
- Therefore, proper planning and mitigation strategies are required. However, most important is climate financing to build climate resilient infrastructure.