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Question No. 3

INTRODUCTION

Resources are the blood stream of a nation, that feeds the economic arteries of a country. Institutional structure determine the flow and implementation along with proper utilization of resources. Pakistan is endowed with rich resources; however, mismanagement and structural flaws clots the flow of its economic resources. Institutions work on the partial boom of the economy, with being more dependent on foreign aides, loans, and remittances, making a rent-seeking economy. Similarly, the resources are drained in imports, culminating in trade-deficit. Another important factor is the utilization of foreign aids/loan, which make the consumption-based economy more vulnerable to politicized privatization, leading to over taxation and inflation. Hence, the remedies lie in structural reforms by reducing dependency through diversification of commodities while promoting public-private partnership to increase export by making the economy sustainable.

Current Economic Challenges of Pakistan

The current economic challenges of Pakistan are more structural and less political economy. Some of the challenges are as under

Weak Industrial Base:

Since inception of Pakistan, the industrial base is weak. As a historical legacy, it continued to impact the political and social structure of Pakistan. Hence, fewer industries produce fewer export goods.

Out-dated Technology

Pakistan lacks technological innovation. Although the reason is fragile economy, yet technological innovation also requires political will and technical design. As the case may be seen in Green revolution during 1960s.

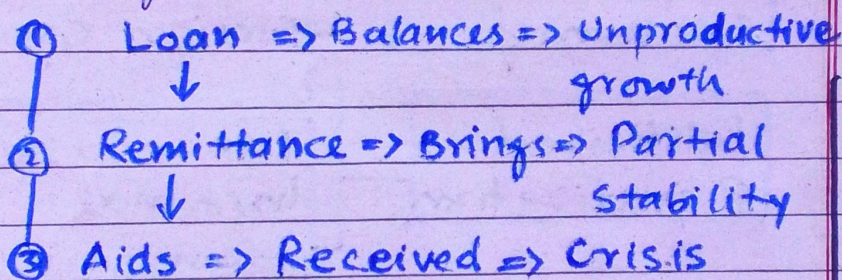
Import-laden Economy

Pakistan local production is entirely based on the imports. Such kind of approach exposes the institution's dependency while also making the

while also making the country vulnerable to disruption of global supply chain.

Dependence on Aid/Loans

Pakistan's dependence on aids and loans makes the institution inefficient. As a result, the ~~renew~~ revenue generation remains low while economic growth stagnant. Hence, such dependency ^{lead to} loss of the autonomous credibility.



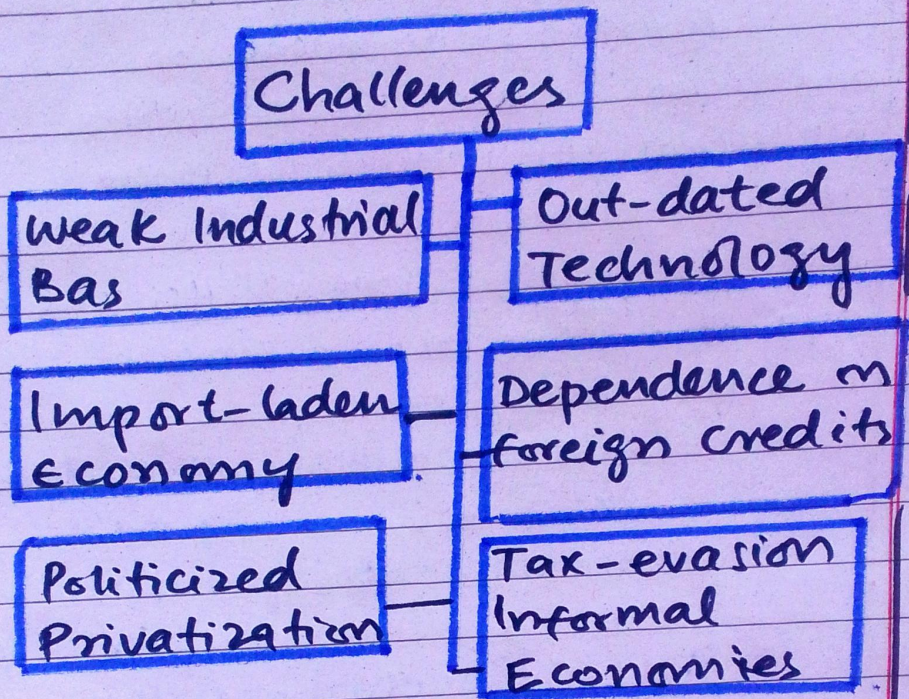
Structural flaws and fiscal imbalance

The amount of aid is often used in balancing the fiscal deficit. As a result, the earned credits are consumed in government expense while the productivity out of loan remain low.

Politicized privatization

When the SOEs are under-performing, the political elites often on the instruction of foreign

institutions, privatize many SOEs. However, due to absence of regulatory framework, the create market monopoly, which results in inflation.



Policy Measures

Public - Private Partnership

The underperforming sectors must not be fully privatised; instead, they should be given into public and private partnership, not to boost innovation but to generate revenue under government supervision.

Increase in Export & Self-Sufficiency

The import dependent economy is more vulnerable to global market shock thus, self-sufficiency and increase in export are best remedies.

Innovation of Industrial-base

Modern technologies and automation can produce much speedy and precise products; while the services are done better than anything else. Hence innovation would help increase exports as well as it will manufacture rather than assemble.

Diversification of Commodities

Pakistan must prefer diversification of exports, so fewer revenue from multiple sources would reduce dependency while balancing trade deficit.

Ease of Doing Basing Business

Pakistan must open one-window operation and decrease bureaucratic inertia to uplift its export base. This will attract more foreign investment.

Investment in Tourism

Tourism is one of the most attracting field that attract foreign investor. However, foreign attraction requires infrastructure development, but it feeds the economic sectors of the country.

Reducing Overstaffing and Overlapping services.

There are multiple ministries which are created to keep its voters base happy. Similarly, multiple workers for one task creates overlapping of services and overstaffing, denying the meritocracy.

Policy Measures

Private-Public Partnership → Government supervision

self-sufficiency → Reduce
Diversification → dependency

strong Industrial Base → Increasing
Sources of Revenue

Ease of doing Business — Facilitation & Investment

Overstapping and overlapping service be end → save resources

Conclusion

In short the challenges lies in structure that is more dependent on foreign credits while less efficient in utilizing its resources and generating revenue. Hence, structural reforms by diversifying the sources of income and increased-collaboration with private investors under the regulatory framework are better remedies to rescue the economy.

Question No. 5

INTRODUCTION

Pakistan and US relations have undergone several phases of ups and downs. The most recent romanticism is seen both strategic and transactional. The underlying reasons are manifold. The Indian reluctance to compromise and render its strategic autonomy; and the Chinese persistent growth (peaceful rise) increase their influence in the region. This brings the question of US relevance in regional calculus. Another important reason is the Chinese ban on export of rare-earth minerals to export. The US realized the dependency could be costlier and push the US back. Thus, it seeks to exploit minerals in Pakistan, which is transactional mode. Keeping eyes on Afghanistan for Bagram airbase after gaining access to close the orbital influence of China and Iranian development. Similarly, the US invested in India to contain China, while India is now becoming more friendly to China and itself seeking global

hegemony. In this situation, the balancing act for the US to preserve status quo in the region and fragmentation of power center requires cooperation and alternative to the revisionist powers. As a result, Pakistan can shift the regional balance and nature of regional architecture.

An Overview of Pak-US Relations

Pakistan and the US have cooperated since the beginning of cold war. Supporting the US in Afghanistan and after war on Terror, the visible cooperation often rested on the sandy of edifice. However, defense and weapon exchange have taken place. In short, the support during cold war was strategic in nature which benefitted both and serve both national interest. However, after the "Pivot to Asia" concept of Obama the attention diverted to Indian ocean. However, the strategic location of Pakistan necessitated the recent ban on it.

Regional Realignment

Pakistan support to the US during Afghan withdrawal process and extradition of terrorist personnel gained more importance in the high echelon of US administration.

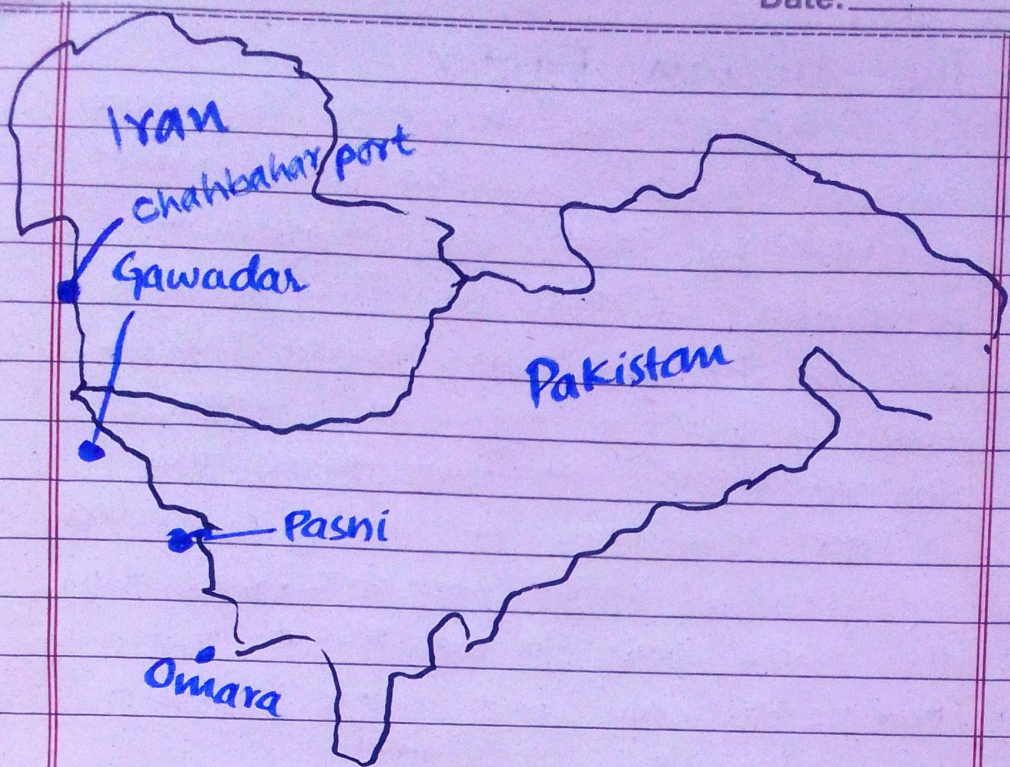
The Birth of Recent Banhomie

The US and Pakistan signed a deal after few major regional developments.

- ① May Conflict between Pakistan and India
- ② China's ban on export of rare-earth mineral.
- ③ Diplomatic cover for Gaza Peace Plan
- ④ A less optional importance of Trump nobel price nomination.

The Minerals Deal

Pakistan and US signed the mineral deal to explore and exploit the rare-earth mineral. Similarly, the agreement provided the US with access to Pasni port in Balochistan for trade purposes only.



- Pasni port is a few km away from Gawadar, thus, security dimension should not be ignored.
 - Similarly, Chahbahar port of Iran is also closed to Pakistan, used by Indian Port Authority to purchase Iranian energy.
- ⇒ The US would keep check on any major development in the region apart from resource exploitation.

The Indian Factor

After the Pivot to Asia concept, India secured dominant position in the upper corridor of powerstruggle in the US. The purpose was to lift sanctions from India and support it against China containment. At that time the Indians had fear of being encircled by China. Both cooperate. Recently the trade wars was about not only tariff war but more about choosing sides.

US interests => Contain China

India Interest => Avert the danger of Chinese encirclement.

The US even supported Indian accession to the permanent seat of UN security Council.

Iran Factor

Iran has now understood the importance of multilateral diplomacy; therefore, it openly contributes to multilateral diplomacy. Similarly, there is also confusion in the US administration about the damages after the strikes through bunker buster. Staying in Pakistan would ultimately keep check on Iran, too. Thus, keeping China's rise halted.

The Chinese Factor

Pakistan and China enjoy all-weather and strategic friendship, the recent tilt toward the US would harm the bilateral relations, if the US raise the question of security in Baluchistan. Therefore, it is essential for Pakistan to avert the danger of "threat to the US interest," by providing security under cautiously gauged foreign policy guidelines.

Global Power Shift

For Pakistan, dependency is better than diversification in foreign association. To Andrew Small, diversification is strategic maturity, yet it should be ensured through formalized and institutionalized relation to refrain from loss of credibility.

Conclusion

In nutshell the relations with US have always remain uncertain, sometimes strategic with transactional and sometimes transactional with hidden intention of strategic. This time it looks both in relation with China's rise and Indian reluctance to choose side among the powerful. For Pakistan, diversification brings innovation and economic development.

Q4:

INTRODUCTION:

Pakistan and Afghanistan's relation remained under the clouds of hope. Pakistan supported the smooth transition of government in Kabul in 2021 with hope that Taliban would return in the TTP and other terrorist organization; yet against the hopes, Taliban supported TTP leaders as their guest and brothers due to shared ideology and cultural affinity. Meanwhile, the relations worsened and Pakistan presented multiple evidence of Afghan citizen's involvement in criminal activities. After showing reluctance to Pakistan, Pakistan decided to repatriate refugees due to cross border terrorism. This step angered Kabul and it attempted to realign itself to India. The quest of diversification remain unsuccessful and surge was observed in terrorist activities. Pakistan destroyed multiple hideouts but asked Kabul to take responsibility. Nevertheless, the cross-border terrorism and Afghan realignment to ideological rival India provided enough space to Indian proxies.

to act against Pakistan. The cross-border terrorism cost multiple lives. Thus, Pakistan retaliation led to conflict which ended with Qatar and Turkey mediation.

Trajectory of Pakistan-Afghanistan Relations

The trajectory of Pakistan - Afghanistan relations posits the growing suspicion and mistrust. Pakistan insistence on Afghanistan stability while Afghan administration efforts to regional and global recognition show different priorities.

"History is evident that the External Actor has always stabilized Afghanistan's internal situation. During Colonial era, the Britain did stabilize while in current times the US withdrawal brought another wave of instability."

Border Security

The fenced border of over 2600 km is often crossed by terrorists to infiltrate in Pakistan. The main target of recent attacks according to new patterns of terrorism is to maintain loyalty of people to its narrative while attacking the soldiers of top-rank.

Fitna tul Hindustan

Fitna tul Khawarij

Reasons behind Taliban Reluctance

① To keep its ideology alive

The primary purpose of this reluctance is to keep itself relevant in the regional politics.

② Security apparatuses

Fitnatul Khawarij and an, Fitnatul Hindustan are supported as security apparatuses to make border more porous.

③ Embolden Ambition

After multiple non-state actors have recently taken over their governments, these developments have emboldened the TTP ambition.

to take over Islamabad.

Shared Ideological roots

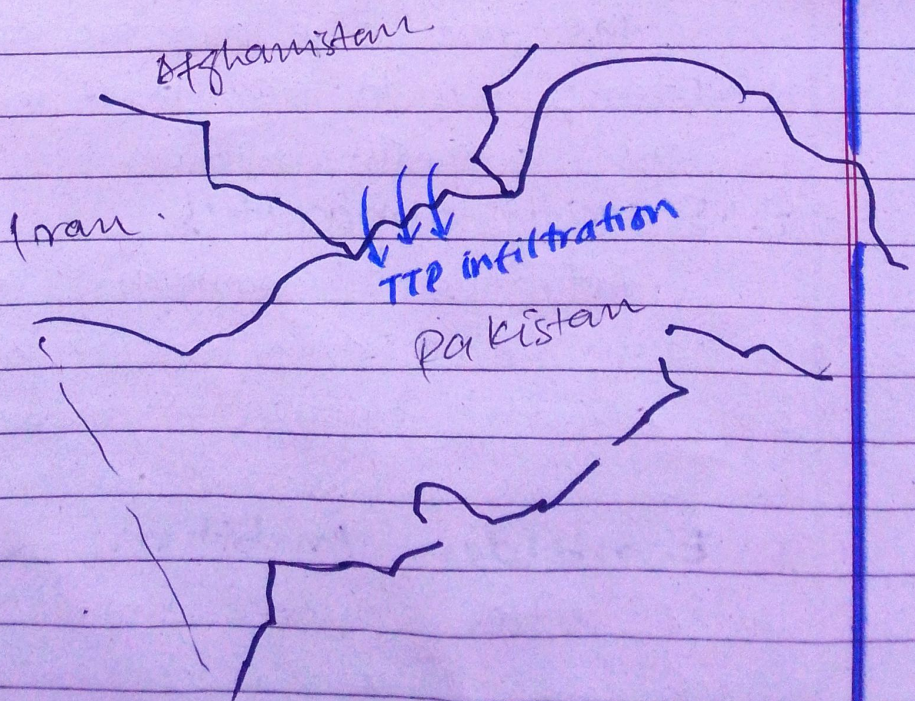
Both TTP and Afghan Taliban share ideological roots of their struggle. So, they support each other.

Cultural Affinity

Similarly, cultural practices of protection to guests and hosting guest make an excuse of providing support to ~~the~~ TTP leaders.

Indian Proxies

India has stable and visible network operating from Afghanistan to destabilize Pakistan's economy.



Refugee Issues

Pakistan's depleting resources demand proportional population. The burden of affording Afghan refugee keeps the economy instable

Informal Economies

According to world Bank report 2022, Pakistan hosted more than 3.70,000 refugees who have maintained a strong network of informal economies which harms GDP

Informal economies



Tax evasion



Loss of Greater
share in GDP



Inflation and
social disparity

Border Smuggling

Many Afghan refugees ^{are} used to travel across the border with impunity. They smuggle drugs and weapons. This business is not streamlined, thus, there is a fear of supporting terrorists in pretext of friends.

Regional Realignment Influence on Bilateral Ties

"Pakistan sees Afghanistan with security-centric lense, to prevent Indian influence in Afghanistan's social structure"

Robbin Bernet

(i) Security-Centric lense

Pakistan sees Afghanistan's alignment in the region through regional security lense. Because India have been operating from ~~the~~ across the border through its proxies.

(ii) Security vacuum in Afghanistan

Pakistan's strategic depth concept is seen in Afghanistan as meddling in its internal affairs; however,

any security room left, will be filled by India. Thus, harboring more terrorism across the border.

Future Prospects

Afghan stability is high dependent on its recognition whereas its recognition is contingent upon the its adaptability and resilient policies reflection through actions. Internal stability in Afghanistan, if prioritized, could earn regional reputation and international recognition. Thus, the regulatory order and border security become imperative for the ruling elites in Afghanistan. Hence, they should eliminate the self proclaimed provision of shariah to preserve people support to their policies and actions.

Conclusion

Pakistan-Afghanistan relations have been friendly; however, the cross border terrorism and Afghanistan tilt toward Indian proxies and as well as the reluctance to act against TTP have strained relations. Hence, responsible and mature of both behavior could stabilize the region,