

GK-II (Current Affairs)Part-IIQ2:-(I) Introduction

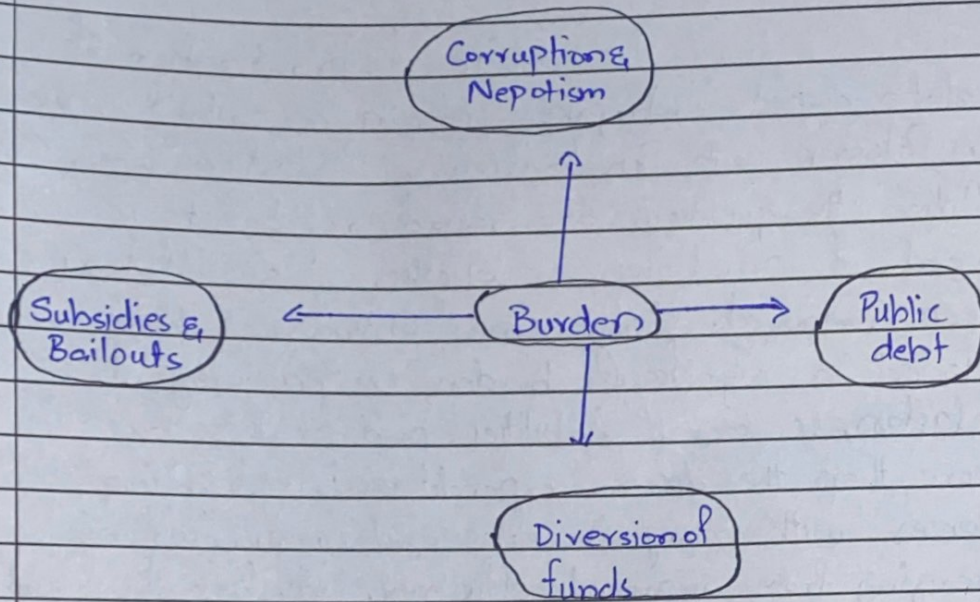
The debate of privatization of state owned enterprises remain a critical issue in Pakistan. With Privatization of Pakistan International Airline, the questions are raised related to its need of privatizing or whether it should have been improved. State owned enterprises have placed a significant burden on economy of Pakistan, the overall liabilities paid for these are more than the defense expenditure. Privatization comes with many benefits and repercussions ranging from improved efficiency, reduction of fiscal pressure, to risk of unemployment, possibility of monopolies and price hikes, therefore demanding a balanced approach.

(II) Overview of SOEs in Pakistan

The initiative of nationalizing the banks and institutions took effect in 1970s. The era marked with establishment of entities owned by governments, this raised the concerns whether the efficiency and transparency would remain intact or the organization's conditions would be dilapidated. Fast forwarding to 2025, the state owned enterprises such as PIA, Railways, Postal, Motorway and many more proved to be a burden on economy. They due to some practices as argued by Anatol

Lieven in his book 'Pakistan: A Hard Country' have been used for providing benefits to loyalists.

(iii) Burden Placed by SOEs on Budget of Pakistan



a- Corruption and nepotism

SOEs have been used by the elite and ruling leaders to serve as institutions of providing benefits to loyalists. These institutions are full of unprofessional and under-educated employees who instead of working for the benefit of common citizen serve only their patron. The issue has been highlighted in various research works by institutions such as PIDE in its 2017 Report on, 'state owned enterprises'.

b- Increasing Public debt

Soes have been responsible for increasing public debt on the budget

of Pakistan. According to Ministry of Finance, the SOEs have the overall liabilities around Rs. 7.5 trillion, almost three times country's defence budget. This creates a strain on budget of Pakistan.

c- Subsidies and Bailouts

Each year, a subsequent amount is spent for maintaining the SOE in their overall costs. These loss making institutions are unable to meet the needs of their own employees, let alone government's support. According to the 'Budget FY 2025-26', Rs. 1.19 tr was spent on subsidies. Moreover, a significant amount of PSDP is spent on SOEs.

d- Diversification of funds

The amount spent on SOEs related liabilities makes it hard for government to focus on important issues such as health, education and infrastructural maintenance. out of Rs. 1 tr of PSDP, only Rs. 14.3 bn was spent on health, According to budget of 2025. This shows that funds go to loss making institutions instead of important basic needs.

(iv) Arguments Supporting Privatization

a- Improved efficiency

Privatization would ensure efficiency as private ownership wants maximum output and is dependent on profit making.

The overall system of accountability would improve.

b. Reduction of fiscal pressure on government

Privatization would ensure that the burden on government's spending is reduced as there would be no more socs related liabilities.

c. Attraction of foreign and domestic investment

With improvement in service delivery and efficiency, and curbing corrupt practices. There will be an opportunity for international and domestic investors to feel safe and invest in businesses, improving the overall condition of economy.

(v) Arguments Against Privatization

a. Risk of unemployment

By prioritizing maximum output and earning, there would be firing of unneeded employees. This would indeed create a problem for government as well as many families.

b. Possibility of monopolies and price hike

As private owners are focused on gains, there would be price hike in delivery of service moreover, the monopoly of single leader or few will increase

in overall decision making.

c. Loss of state control

The state which has a say in affairs of enterprise will lose its autonomy.

(vi) Critical Analysis: Is Privatization Inevitable?

Firstly, there needs to be a clear boundary drawn between strategic and commercial soes. commercial soes can be sold however, strategic soes such as education, health and such services should remain under government and their efficiency should be improved. Moreover, instead of full privatization, the public-private partnership should be encouraged. To improve soes, political interference should be reduced and regulation mechanisms should be tightened with strict audits and anti-corruption measures. This way, the soes creating strain of economy would improve.

(vii) Conclusion

State owned enterprises have created a strain on economic situation of Pakistan. There has been a long debate related to privatization and many recommendations and arguments are presented in such response. With proper look into the matter, privatization comes with many positive and negative

impacts, however the strain they have created remain a huge issue which makes the debate of privatization more strong.

Q3 :-

(i) Introduction

With the start of Russo-Ukraine conflict, the world saw a new modern weapon being used, that is freezing of currency, trade and dollar. The US's dominance of the global economic system creates shockwaves and make the Global South recognize the urgency of shift from Dollar and SWIFT to an alternative. With BRICS+ emerging as a strong multilateral platform promoting voices of the Global South, there is seen rise in the challenges to the US backed global economic system. However, the US's dominance still stands rigid in global economic sphere.

(ii) Understanding Dollar Dominance and SWIFT

The US Dollar is a global currency used in all kinds of international transactions and dealings. It has maintained this image for so long and the world faces strong resistance from US and its allies if it thinks of shifting from this currency. Moreover, SWIFT is a secure messaging

network connecting over 11,000 financial institutions globally, making them enable to send and receive standardized information for international transactions.

(iii) Weaponizing Against Russia

- Freezing Foreign exchanges
- Exclusion of banks from SWIFT
- Restricting Dollar backed Payments

a- Freezing Foreign exchanges

The Russian's foreign exchanges have, post Ukraine war, been frozen by US making it hard for its economy to survive on its own.

b- Exclusion of banks from SWIFT

The Russian banks have been excluded from SWIFT network, this makes them unable to hold transaction among other institutions. This makes it hard for foreign investors, businesses and commoners to send and receive money globally.

c- Restricting Dollar based payments

International system conducts trade and business in US Dollar as it has strong base. The US has restricted

use of dollar for any dealings making her impossible to trade with countries when buying or selling its commodities. This weaponizing creates a strain on Russia's economy and sends a message to global South that any policy divergent from US's interest would lead to economic sanctions and isolation.

(IV) Message Sent to Global South

a- Politics influence financial system

It has been made clear that financial system is not politically neutral. Any diverging policy or stance could mean blockage of international transactions and dealings.

b- Fear among developing countries

The developing countries, which are already placed back economically are feared with US's monopoly in international economic sphere.

c- Perception of economic sovereignty risks

It is widely believed that the sovereignty of nations is compromised by US's monopoly in international system making the developing countries striving to shift from US dominated global system.

(v) Emerging Alternative to Dollar and SWIFT

- Alternatives
- BRICS+ Initiatives
- China's CIPS & Russia's SPFS
- Digital currencies

a- BRICS+ dedollarizing initiative

BRICS+ has emerged as a voice for Global South. It has given rise to the idea of launching a new currency for international transactions. To quote Brazilian President, 'we must reduce dependence on the dollar and develop mechanisms that reflect our economic sovereignty.'

b- China's CIPS & Russia's SPFS

China and Russia has shifted from SWIFT for its transactional services and has shifted to CIPS (Cross Border Interbank Payment system) and SPFS (System for Transfer of Financial Messages).

c- Digital currencies

Moreover, the world is now moving towards digital currencies for payments changing their reliance on US dollar and SWIFT.

(vi) Critical Analysis

The recent developments have reduced dollar dominance but does not ensure its authority being ended. The US's policy of weaponizing has accelerated the fragmentation of global financial system and created trust deficiency among the nations. This approach of financial non-neutrality makes it essential for nations to adopt alternative measures to secure their financial independence and economic sovereignty.

(vii) Conclusion

To sum up the US's weaponization of Dollar and SWIFT shapes the global economic landscape. The restrictions placed on Russia proves to be eye opening for Global South which now feels it important to adopt alternative measures. This challenges the US's dominance but it still needs combined efforts to ensure financial sovereignty.

Q5:-

(i) Introduction

Pak-KSA defence agreement that concluded on Sept 17, 2025 is a major development in the global affairs. This serves for wide range of benefits for KSA and Pakistan. For Saudi, it ensures diversification, access to experienced military and greater strategic autonomy and for Pakistan, it enhances regional influence, opportunities for investment, and strengthening its overall standing in Muslim world. However, the pact must remain defensive and under strict oversight.

(ii) Understanding Pak-KSA Defence Relation

Pakistan and Saudi have had defence ties since the inception of Pakistan. With Zulfikar Bhutto's ambitions to create an Islamic force to the recent defence pact, the relations have remained strategic and mutually supportive to one another. Both nations have been actively involved in intelligence sharing, defence cooperation, joint military trainings, and Saudi backing Pakistan in its economic struggles.

The relations despite changing international spheres and affairs remain cordial and there is a sense of brotherhood and oneness when viewed from KSA lens.

III) Geopolitical Achievements For Both

Saudi Arabia

- Diversification
- Experienced Military
- Strategic Autonomy

a- Diversification of Security Pact

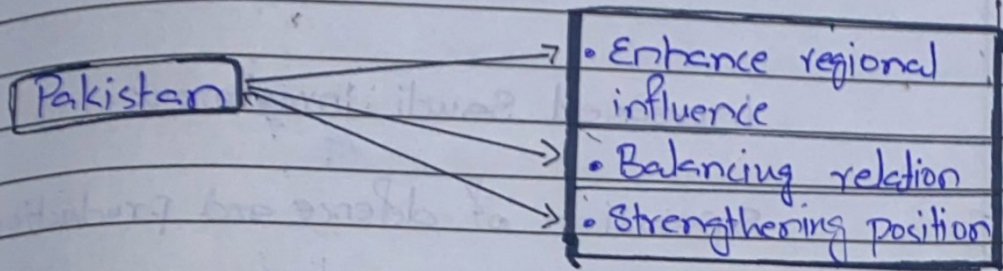
The opportunity offered by this pact is that it opens door for more nations, specifically Arab world to get involved in pact and improve their security and ties with both the nations.

b- Access to experienced military

Pakistan provides Saudi with an experienced military, that has fought many wars since its inception and remained victorious against an enemy twice its size, India.

c- Greater strategic autonomy

The pact ensures strategic autonomy for KSA, which relies on US for its security. This ensures that the reliance is reduced on US and creates a sense of autonomy and independent decision making.



a- Enhance regional influence

The pact ensures that Pakistan's credibility is upheld in the region. It enhances its influence in the region is enhanced by providing it security bases in Arabian peninsula.

b- Balancing relations with other nations

It ensures that the relations of Pakistan with other nations such as Türkiye, Iran and middle East are maintained and balanced. It gives Pakistan more say in regional affairs as it ensures security of Islamic Holy Places.

c- Strengthening position in Muslim world

The overall position of Pakistan in Muslim world is strengthened by this pact. It creates image of Pakistan as a nation working for promotion of peace and security. It moreover positions Pakistan in center for dominating affairs in the region.

(IV) Economic Opportunities for Pakistan

Increased Saudi Investment

Expansion of defence and production

Employment opportunities

Energy cooperation

a- Increased Saudi investment

The pact assures more permanency to Pak-KSA ties further paving way for increased Saudi investment.

b- Expansion of defence and production

The defence of two countries combinedly would promote expansion of defence and its production with Saudi's investments.

c- Employment opportunities for Pakistan

Pakistanis will be subject to more dignity and respect globally ensuring more employment opportunities.

d- Energy cooperation

The pact ensures energy cooperation and concession oil purchases for Pakistan.

(v) Critical Analysis

The defence pact must remain defensive and no space should be left for any one to exploit the political will of any nation. moreover, parliamentary oversight should be tightened in dealing with matters and public participation and transparency should be promoted. Foreign policy should be wisely maintained, Pakistan should keep in mind its relations with Iran.

(vi) Conclusion

To sum up, the Pak-KSA defence pact stands as a vital development for Pakistan and Saudi. It provides wide range of benefits for both the nations with ensuring increased Saudi investment in Pakistan, expansion of defence, more employment opportunities, and energy cooperation. Moreover, the defence pact should have proper oversight and must remain defensive. The relations of Pak-KSA is an evidence of lasting friendship.

(THE END)