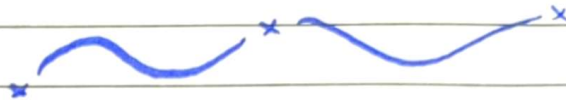


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DATE: 04/01/2020.

LMS : 38411
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BATCH : 393
PAPER : CURRENT AFFAIRS



QUESTION NO 2.

INTRODUCTION.

Free capital and open market trade requires the state to ~~su~~ pave a clean and easy path for businesses and not take existing businesses into state control. State-controlled business can benefit a state majorly. However, for that to be effective a state must have political and economic stability. Pakistan

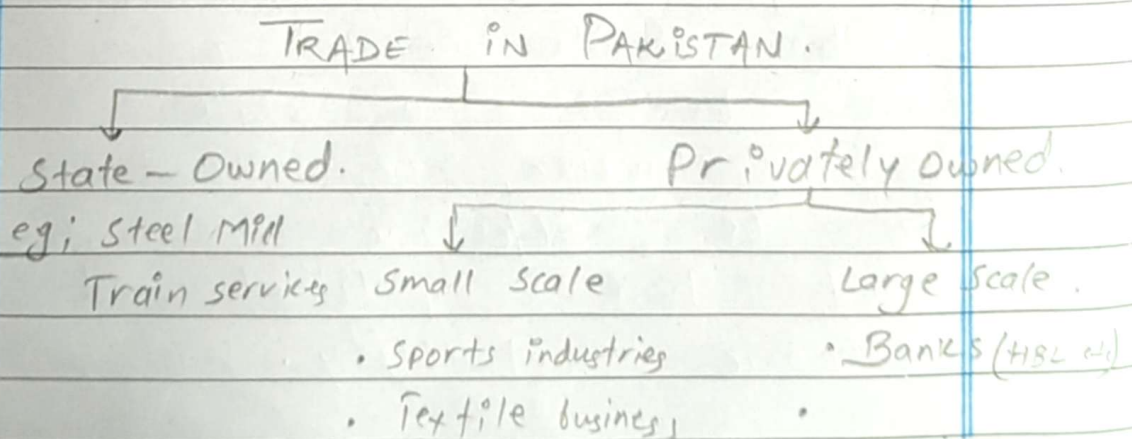
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simply cannot afford to fund main business currently. Hence, a privatization policy will bring a respite on its budgetary economy. Privatization is inevitable as state owned enterprises have been a huge budgetary burden for the budgetary economy of Pakistan.

TRADE STRUCTURE OF PAKISTAN.

Pakistan has a mixed trade structure. It has many state owned enterprises (SOE), small scale businesses, and large scale private business.



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A small semi-private pool of business are also present in Pakistan, e.g; PIA etc.

NATIONALIZATION OF 1970s AND ITS EFFECTS.

The government of Zulfikar Ali Bhutto tried to bring many large businesses under the state's umbrella. For this purpose the government launched a large scale nationalization process. This had several negative effects.

- i - Scaring-off foreign investors.
- ii - Extreme strain on state's economy.
- iii - Lack of human resources lead to large scale mismanagement of these newly state owned business.

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PRIVATIZATION OF 90s AND EARLY 2000s.

Pakistan's economy could not carry the burden of under-managed SOEs. Hence, from 90s a privatization process started. NBP, being a large SOE, was privatized. ~~the~~ This process of privatization helped in respite for the strained economy of Pakistan.

RECENT PRIVATIZATION.

To help Pakistan's economy breathe more, more large scale SOEs ~~were~~ are privatized recently. PIA, a state-owned airline, sold its 75% share to become a semi-private enterprise.

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PRIVATIZATION: THE ONLY SOLUTION.

Pakistan's economy is too strained by SOEs. Also, the management of these SOEs has also been a big issue for the state.

Budgetary constraints and mismanagement have only been a burden on both the state and these SOEs. Hence, only a comprehensive large scale privatization can save these SOEs and bring a respite for Pakistan's economy as well.

HURDLES IN PRIVATIZATION.

Although beneficiary, privatization has several hurdles in its way that must first be crossed before the start

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of actual process of privatization. These hurdles are as follows.

i- Political instability.

Pakistan has never seen complete political stability for a long period that could provide a ground for privatization.

ii- Varying stances of State holders.

Whenever a large scale SOEs are put forward for sale, many state holders bring objections, state pillars also, sometimes, go against the process of privatization. For instance, when

~~the~~ Karachi Steel Mills were tried to be privatized, the judiciary opposed it and stopped the process of privatization for this enterprise.

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iii - NO-incentives for Foreign Investors.

For an economy to grow it must attract foreign investors as well. This will boost foreign exchange reserve. However, Pakistan has failed to attract such investments. It has failed to provide ample grounds for foreign investors to take interest in owning a business in Pakistan.

CONCLUSION.

For Pakistan's economy to survive and grow it must privatize at least some of its SOEs. Nationalization drive of the 70s brought many businesses under state and scared-off many investors. To counter this, in 90s and

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2000s, several SOEs were privatized for further privatization and to occur and for economy to grow Pakistan must first clear the hurdles of instability, and policy makings.

x — x — x — x

QUESTION NO 7.

INTRODUCTION.

Traditional warfare is getting extinct. Today armies don't face each other. The first step in modern warfare is trade war. We live in a global village where every

person is dependant on other. same is the case with states. A country is never absolutely self-sufficient. For a country to complete its needs it must trade with others. Modern warfare targets this soft point. ~~chi~~

China and USA have growing agitations against each other. The world might even be in second cold war. However, today's cold war does not employ armies and ~~war~~ conventional weapons, it uses trade, ~~a~~ terrifs, and sanctions to achieve goals.

US-CHINA RIVALRY: A HISTORY.

USA and China have opposing ~~rivalry~~ ideologies; Capitalism and Socialism. It is only

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natural that ^{each of} these two
opposing ideologies fears
the growth of the
other.

Taiwan ~~was~~^{is} another
bone of contention between
the two beasts.

The two countries
faced each other in
Korean war and Taiwan.
Later on in the beginning
of Trump's second
term as US president
started a tariff
war between the two
states. Preceding this,
a chip-ban for
Chinese manufacturer
also added to the
causes of the ongoing
trade war.

CHIP-BAN AND RARE EARTH METALS.

many of
modern electronics especially
mobile phones use

US manufactured chips. The USA blocked supply of such chips to china in late 2010s. Later on, in retaliation china (being the largest reservoir of rare-earth metals) stopped the ~~supd~~ supply of rare-earth metals such as lithium and nickel. This ~~to~~ created hurdles for US manufactures as most electronic including chips use these rare-earth metals.

THE TARIFF WAR.

Trump, in the beginning of his second presidential term, imposed heavy tariffs on the imported goods of china. china retaliated ~~with~~ by ~~app~~ imposing tariffs on US ~~in~~ products.

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The tariffs on both sides raised to a whopping 245% at one stage.

TRADE WAR AND GLOBAL FUTURE.

Trade wars cripple states' economies. The recent tariff war between USA and China resulted in heavy surges in prices of imported goods affecting, at the end, the common people of both these states.

These two giants are opposites of each other however they cannot survive ~~within~~ full without ~~the~~ each other. As we have seen during the Tariff war and chip blockage, both these countries eventually drew back for their

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people to enjoy better
life.

CONCLUSION.

Today is
the age of modern
trade wars, where instead
of guns chips, and
metals, and imports are
used to cripple the
opposing nation. However,
whatever the mode of
war be, the people
will always suffer.

