Instructions to Secure Good Marks in the Current Affairs Paper

Important Note: Marks will be awarded strictly on the following parameters: Content 60%, References 15%, Subject-specific language 15%, Graphs, charts & diagrams 10%.

Key Guidelines: Each question should be attempted with 12–13 clear headings. The answer must be 8–9 pages (sides) in length to score above 15 marks per question. Questions usually contain 3–4 parts; each part carries equal weightage, so all parts must be discussed equally and proportionately.

Content & Argumentation: Always use examples from current and ongoing events to justify your arguments. Demonstrate strong analytical depth, not mere narration of facts. Support arguments with relevant data, reports, international indices, treaties, and recent developments.

Structure & Presentation: Begin every answer with an attractive, context-setting introduction. End with a forward-looking, well-linked conclusion that ties back to the question. Use headings directly derived from the question statement—pick words and phrases from the question itself.

Alignment with the Question: Each argument must be explicitly linked to the specific part of the question being asked. If your heading is not aligned with the demand of the question, the content—no matter how accurate—will not be rewarded. Avoid generic or unrelated headings; precision is key.

Language & Visuals: Use subject-specific terminology relevant to international relations, geopolitics, economics, and security studies. Incorporate simple graphs, flowcharts, tables, or maps wherever relevant to enhance clarity and scoring potential.

14/20

Subjective Part - II

Q.2 Answer:

Introduction

The debate over privatization in Pakistan is no longer ideological; it is fiscal and existential. For decades State owned Enterprises (SOEs) were defended in the name of national interest, strategic control and public welfare. However, the economic reality today shows Pakistan's SOEs have become a chronic burden on the budget, contributing to deficits, debt accumulation and poor service delivery. In an economy facing shrinking fiscal space, mounting external debt and repeated IMF dependence, → privatization is no longer a policy option but an economic necessity.

SOEs as a structural drain on the Economy

Pakistan's SOEs have consistently recorded losses despite heavy government support.

Enterprises such as PIA, Pakistan Steel Mills, power distribution companies, and railways have survived not on efficiency but on taxpayer money. These entities absorb hundreds of billions of rupees annually through bailouts, guarantees, and subsidies. This spending crowds out development expenditure on health, education, and infrastructure.
PIA is a textbook case of institutional failure. Overstaffing, political interference, weak governance, and resistance to reform made it impossible for sucessive governments to turn the airline around. Despite repeated restructuring attempts, PIA continued to post losses, accumulate debt, and lose market competitiveness. The state was simply not capable of running a commercial airline efficiently in a highly competitive global aviation market. The recent decision to offload PIA reflects an acceptance of this long ignored reality.

Why the State Failed to Reform SOEs

The failure of SOEs is not accidental; it is structural. Political governments used these entities as tools of patronage thrugh over hiring and politically motivated appointments. Management decisions were influenced by non commercial considerations, while accountability mechanisms remained weak. Trade unions within SOEs often resisted downsizing and efficiency reforms, making internal restructuring politically costly and practically impossible.

Moreover, public sector rules restrict flexibility in pricing, hiring, and investment, which private firms use to remain competitive. Expecting SOEs to operate like profit driven enterprises while binding them with bureaucratic controls is economically unrealistic.

Fiscal Stress and the Need for Immediate Resources

Pakistan's federal government today operates under severe fiscal constraints. Debt servicing consumes a major portion of the budget, while revenues remain insufficient. In such conditions, loss making assets are liabilities, not assets. Retaining SOEs means continuous borrowing to finance inefficiency. privatization, on the other hand, offers immidiate fiscal relief through sale proceeds, reduce subsidy requirements, and improve investor confidence.

Countries facing similar crises, such as Turkey and Malaysia, used privatization not as an ideological shift but as a stabilization tool to restore fiscal discipline and improve service delivery. Pakistan's situation is no different.

Privatization Is Not Abdication, It Is Reorientation

A common criticism is that privatization means the state is abondoning public interest. This argument misunderstands the

build proper arguments

role of the modern State. The state's Job is not to run airlines or steel mills, but to regulate markets, protect consumers, and ensure fair competition. Private ownership, under strong regulatory oversight, often delivers better outcomes than State control with weak governance. In aviation, energy, and telecommunications, private operators bring capital, technology, and managerial expertise that the state lacks. The success of privatized Sectors such as Telecom and Steel mills, demonstrates that Private Participation, when properly regulated, can expand access and improve quality.

Risks and Mismanagement of Privatization

That said, privatization is not a magic Solution. Pakistan's Past privatization efforts were often poorly executed, leading to asset undervaluation, lack of transparency, and Public mistrust. without

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regulatory strengthening, privatization can create private monopolies instead of efficient markets. Therefore, the problem is not privatization itself, but how it is designed and implemented.

Recommendations

First, privatization must be transparent, competitive, and institutionally supervised to avoid cronyism and asset stripping.

Second, strong independent regulators must be empowered to protect consumers and prevent monopolistic practices.

Third, loss making SOEs with no strategic value should be prioritized for privatization, while strategic entities should undergo public private partnerships instead of full state control.

Fourth, labor adjustment programs must be introduced to manage layoffs humanely, including retraining and compensation.

Finally, proceeds from privatization should be used to reduce debt rather than finance recurrent expenditure, ensuring long term fiscal sustainability.

Conclusion

Pakistan can no longer afford the illusion that inefficient SOEs can be fixed through political will alone. The experience of PIA and other enterprises proves that State ownership, in the absence of strong governance, leads to persistent losses and economic stagnation. Privatization if conducted responsibly, is not a surrender of sovereignty but a rational reallocation of state responsibility. In Pakistan's current economic condition, delaying privatization is costlier than embracing it

6

Concise it

Q.3. **Answer:**

Introduction

The freezing of Russian foreign reserves and its partial enclusion from the SWIFT financial messaging system after the Ukraine war marked a historic turning point in the global financial order. For the first time, the US dollar and western controlled financial infrastructure were openly used as geopolitical weapons against a major power. While the immediate targets was Russia, the message was far broader: any country that challenges western strategic interests risks financial isolation. For economies of the Global South, this episode has fundamentally shaken trust in the neutrality of the western led financial system and accelerated the search for alternative currencies and transaction mechanisms.

Dollar and SWIFT as Instruments of Power

The dominance of the us dollar is not merely economic ; it is deeply Political. The dollar's Status as the world's reserve currency gives the United States extraordinary leverage over global trade, finance, and capital flows. SWIFT, although formally based in Europe, operates under western political influence, making it vulnerable to Strategic use during geopolitical conflicts.

By freezing hundreds of billions of dollars of Russian reserves and restricting access to SWIFT, the us and Europe demonstrated that financial assets held in western Jurisdictions are not sovereign but conditional. From a Global South Perspective, this Shattered a long standing assumption that international finances is rules based and insulated from political coersion.

Trust Deficit and the Psychology of Vulnerability

The most damaging consequence of this weaponization is not economic but psychological. Trust is the foundation of any monetary system. Once countries realize that their reserves, trade settlements, or payment systems can be frozen overnight, the incentive to diversify away from the dollar becomes rational rather than ideological.

For developing economies, many, which already face sanctions risk, political instability, or policy disagreements with the west, the Russian case served as a warning. The concern is not whether they support Russia or not, but whether their economic sovereignty can be compromised in the future. The trust deficit has become a structural issue in the global financial order.

China and the Push for currency Alternatives

China has emerged as the Principal driver of de dollarization efforts. By promoting the use of the yuan in bilateral trade, establishing currency swap agreements, and developing its own Cross Border Interbank Payment system, China is offering an alternative transaction infrastructure outside western control.

Several countries are already settling energy and commodity trade in local currencies with china. The expansion of Yuan based trade in Asia, Africa, and parts of Latin America reflects not Just economic Pragmatism but Strategic hedging. Even us allies have quitely explored diversification, indicating that concerns about dollar weaponization are not limited to adversarial states.

BRICS, Regional Trade, and Fragmentation of Finance

Beyond China, platforms such as BRICS are increasingly discussing alternative reserve arrangements and payment systems. While no single currency currently rivals the dollar's depth, liquidity, and global acceptance, the direction is clear, a gradual fragmentation of the global financial system into parallel spheres.

This does not mean the immediate collapse of the dollar. Rather it signals a slow erosion of its uncontested dominance. Global South countries are seeking options to reduce exposure, diversify reserves, and protect economic autonomy.

Limits and Realities of De-Dollarization.

At the same time, it is important to remain analytically balanced. The dollar remains dominant due to deep capital markets, institutional credibility, and legal predictability. Alternatives face challenges such as limited convertibility, weak financial institutions, and lack of global trust.

However, the significance of recent shifts lies not in replacing the dollar overnight, but in reducing blind dependence. Even partial diversification weakens the west's ability to use financial tools as coercive instruments.

Implications for the Global South

For the Global South, the lesson is clear: overreliance on a single currency and transaction system is a strategic vulnerability. Economic sovereignty today is inseparable from financial autonomy. Countries are increasingly viewing reserve diversification, regional trade settlements, and alternative payment systems as matters of national security rather than economic experimentation.

Conclusion

The Weaponization of the dollar and SWIFT against Russia has fundamentally altered global perceptions of financial neutrality. While intended to punish Moscow, it inadvertently acceleration a global rethink of the Western-led monetary order. For the Global South, this episode has exposed the risks of excessive dependency and triggered a cautious but irreversible shift toward diversification. The world is not moving toward a post dollar era yet, but it is clearly moving toward a post dollar monopoly.

Concise it!

Q. No. 6 **Answer:**

Introduction

The Paris climate Agreement of 2015 (COP21) was built on collective responsibility, mutual trust, and long term commitment to limit global temperature rise. The decision by former US President Donald Trump to withdraw from the agreement sent Shockwaves through the global climate regime. Given the united States' position as one of the largest historical and current emitters.