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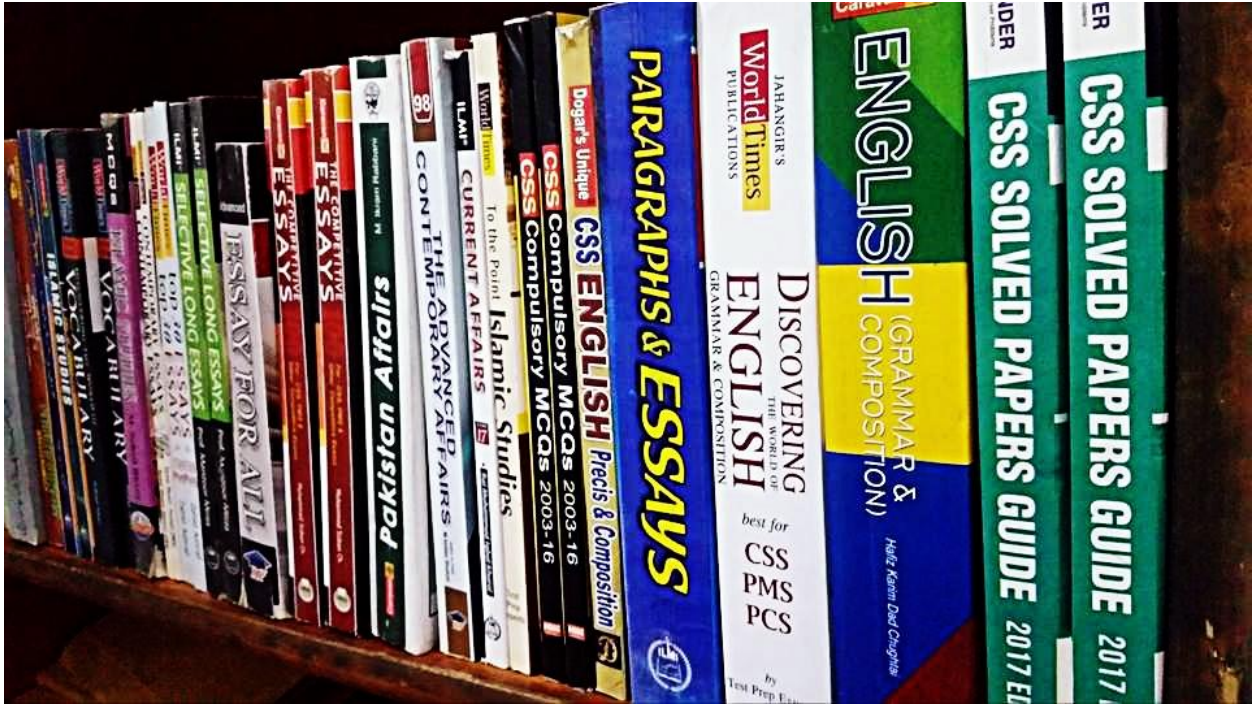
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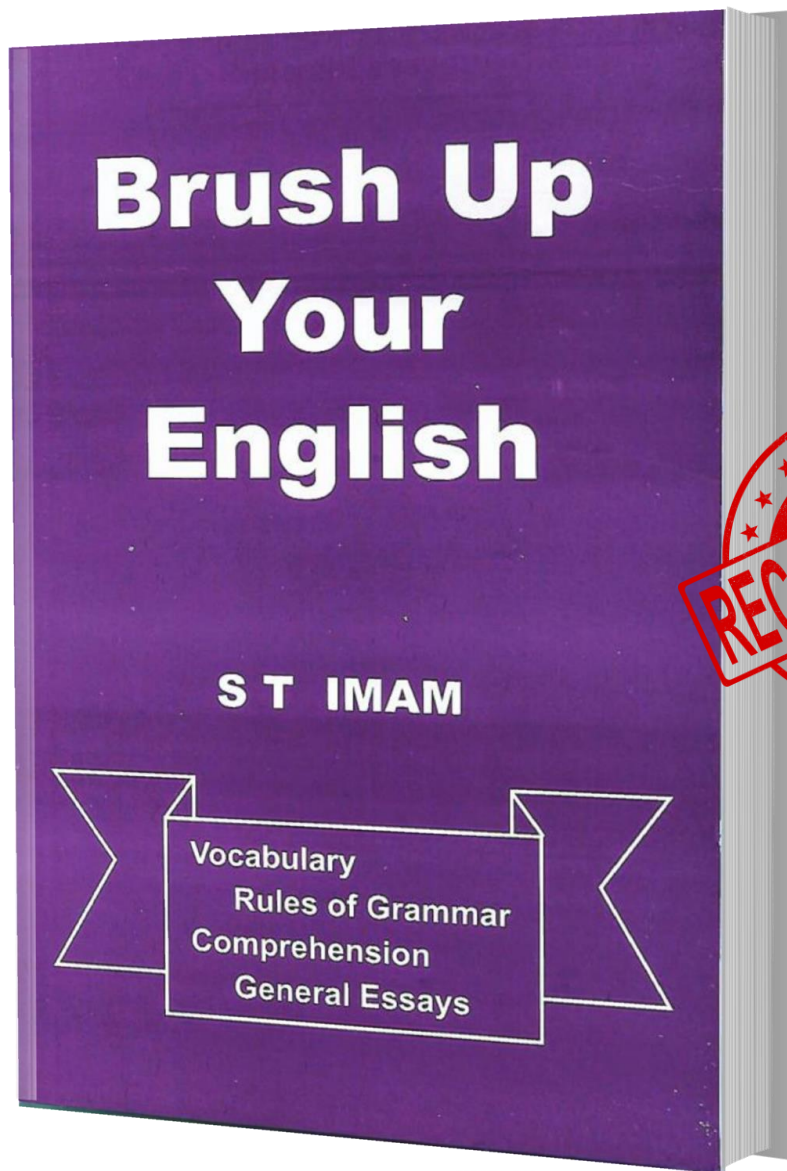
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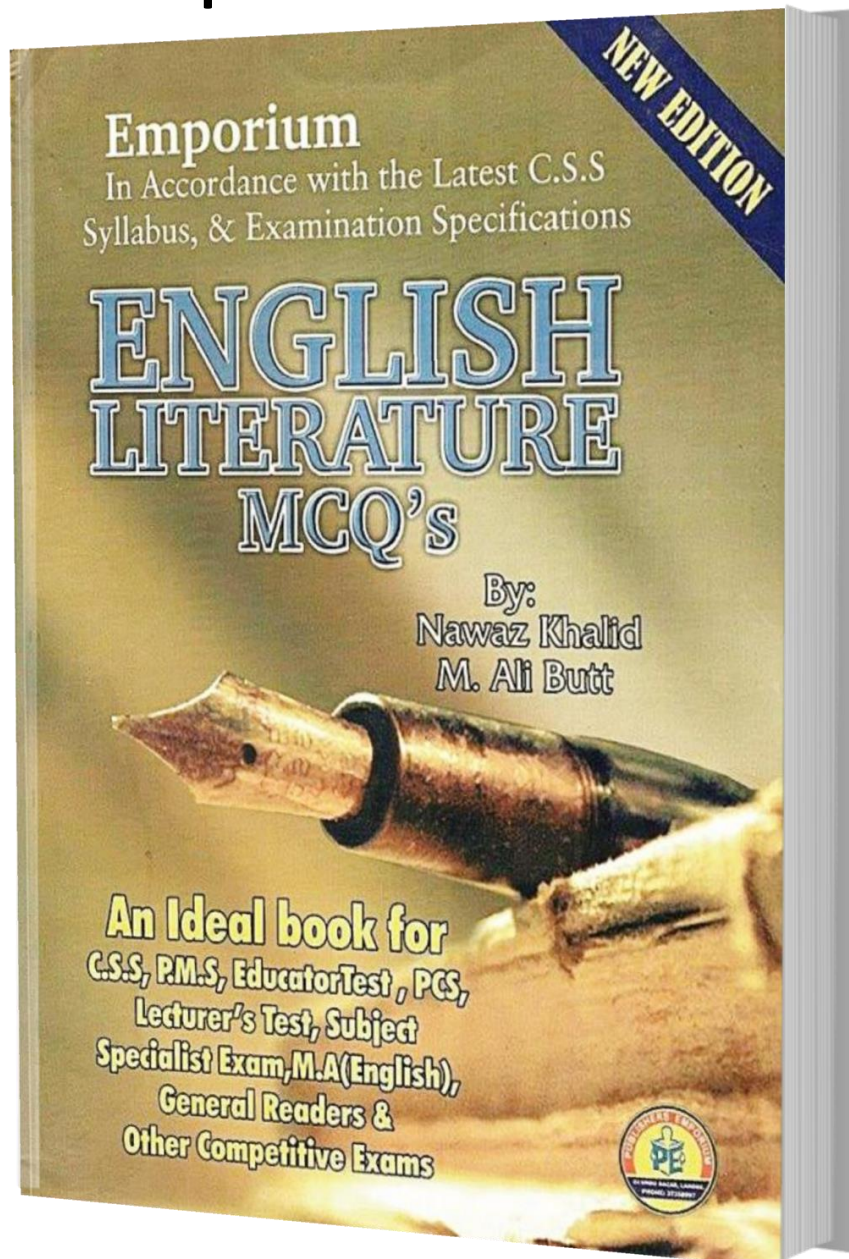
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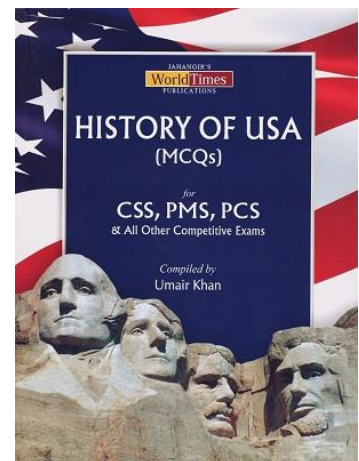
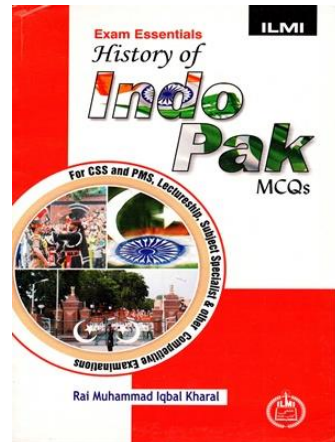
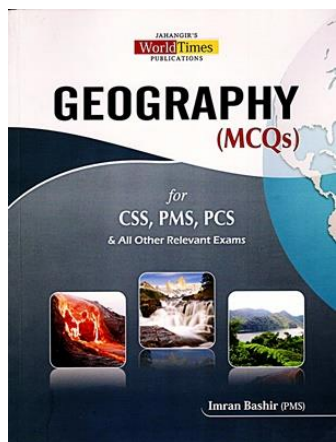
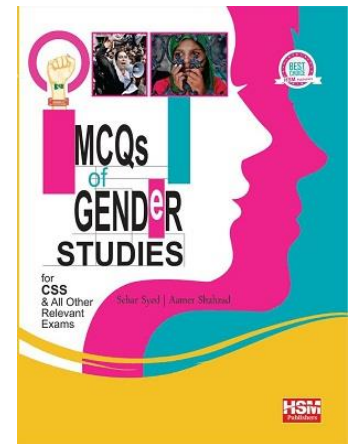
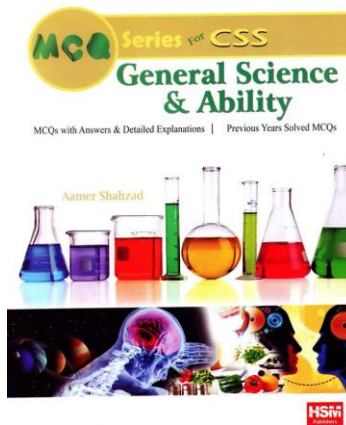
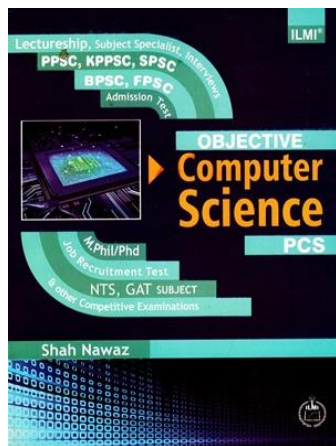
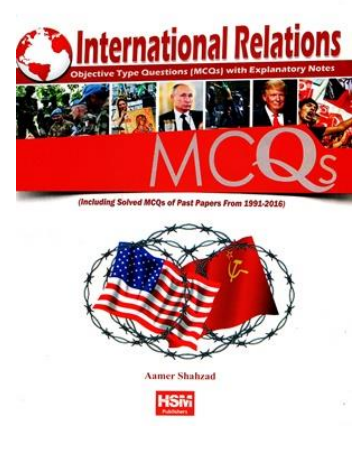
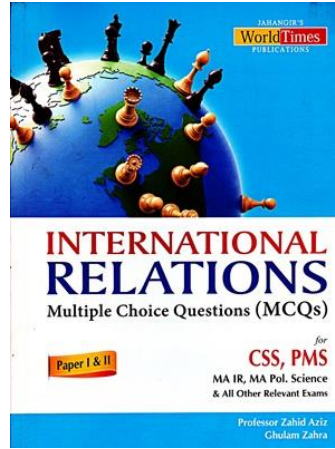
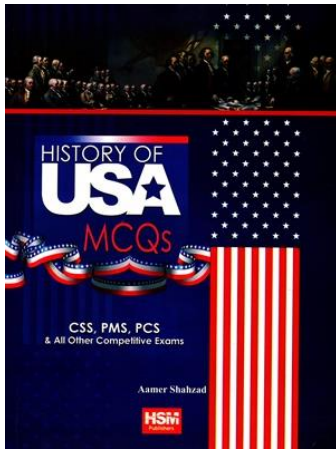
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# PAKISTAN

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## **Has Pakistan Won in Afghanistan? By Hussain Nadim**

It appears that Pakistan has emerged as a “winner” in the US-Taliban peace deal: that the Taliban are back in business, the US is on its way out, India and its investments in Afghanistan are down the drain, and China is likely to be more involved in Afghanistan’s post-war setup are all things that Pakistan had hoped for. After two decades of war, however, it is hard to tell a victory from a defeat. The post-deal mood in the Pakistani security establishment is less of jubilation and more of a sense of relief.

If we go by the account of Steve Coll in Directorate S, Pakistan urged the US right after 9/11 to find a political settlement with the Taliban and arrest Osama bin Laden. However, the US persisted with war. For the next 19 years, Pakistan continued to convince the US that the war had no military solution and that a political settlement with the Taliban was the only way forward to avoid a total collapse in Afghanistan. Yet, for its principled stance Pakistan was tarnished as a state sponsor of terror with its agencies blamed to have gone rogue.

The US-Taliban peace deal, for Pakistani officials, hence provided the much-needed vindication and credibility to Pakistan which — especially under the new Prime Minister, Imran Khan — championed for a peace settlement in Afghanistan. Even the PM for his stance on peace was for over a decade labeled as Taliban Khan.

Second, Pakistan is also very glad to see India out of the picture in Afghanistan and its future. This was one of the main points by Pakistan in its negotiations with the US. For as long as Indian presence was in Afghanistan, Pakistan’s security calculus did not allow it to provide US full assistance in the Afghan war. With assurances from the US to keep India at bay, Pakistan is optimistic that post-war Afghanistan will not be a safe haven for Indian covert operations against Pakistan.

At the same time, however, there is a caution in Pakistan over the Taliban. Having dealt with them for well over 40 years, the Pakistan Army is not under an illusion of Pakistan-Taliban brotherhood. The Taliban relied on Pakistan out of desperation; however, there is deep-rooted resentment on both sides. The Taliban view Pakistan Army as mostly a Punjabi-dominated and Western influenced army that cannot be entirely trusted as an institution. Therefore, the relation that Pakistan maintains with the Taliban has been less institutional and more based on individuals on both sides.

Similarly, there is a sentiment within the Pakistani security establishment that the Taliban have a history of going back on deals and are treacherous in their engagements. The concern is that the Taliban may not entirely prove to be a friendly partner to Pakistan in post-war Afghanistan. For this reason it has been in Pakistan's interest to forge relations across the board with actors in Afghanistan. For instance, PM Imran Khan's acceptance of Ghani as President is one aspect of Pakistan diversifying its stakes in Afghanistan unlike India, that has been less pragmatic in its foreign policy approach to Afghanistan.

Finally, a key issue that Pakistan hopes to resolve now that the US has a deal with the Taliban is to secure its removal from the Financial Action Task Force's (FATF) grey list. From Islamabad's perspective, Washington lobbied the FATF to put Pakistan back on its grey list in February 2018 to exert pressure on Pakistan to deliver in Afghanistan. But the listing has brought Pakistan on the verge of economic collapse. With the US-Taliban deal completed, Islamabad hopes Washington would ensure it gets off the list.

Since peace negotiations in Afghanistan are ongoing, it is impossible to gauge who the "winner" is, especially since all parties have suffered a great deal. But for now, it seems that the Taliban, Pakistan, and the Trump administration have all got a little of what they wanted.

Published in The Express Tribune, March 30th, 2020.

Source: <https://tribune.com.pk/story/2186950/6-pakistan-won-afghanistan/>

## **Ease in Lockdown | Editorial**

Are we going to witness a near-normal activity in the country from today? Well, it looks so.

The PM has announced extending the coronavirus lockdown in the country for two weeks — albeit more leniently than what had been in practice since March 23. The decision taken at the level of the National Coordination Committee — a body comprising representatives from the Centre, all four provinces, administrative territories, and various state organs — allows the construction industry as well as manufacturers of exports goods to function under certain SOPs. A statement from the PM's special assistant Firdous Ashiq Awan — coming in the wake of the media briefing at which the lockdown decision was announced by the PM and his team — notifies who all are allowed to reopen their businesses. They include cement and fertiliser plants, nurseries, companies related to service industry, food and beverages firms; E-commerce, software development concerns, stationery shops, veterinary hospitals, etc. Transportation of goods will also continue unhindered, says Awan, adding that it's for provinces to decide whether carpenters, tailors, electricians and plumbers should resume work.

In a related move, ulema and religious scholars from across the country have declared that lockdown will not be applicable to mosques across the country and congregational prayers will be held there with proper implementation on the precautionary measures advised by the government. Besides, small traders in three provinces — Sindh, Balochistan and K-P — have also announced opening their shops and businesses from today, and warned that they stand ready to court arrest if stopped by the provincial authorities. And the business community in Punjab has asked the CM to allow commercial activities at least for a limited time in the day. All this means that the lockdown is practically only applicable to educational institutions, marriage halls, shopping malls, cinema halls and recreation places.

The lockdown decision comes at a time when the country is nearing 100 coronavirus deaths and the total number of infections are approaching 6,000 cases. As this ease in lockdown is set to conflict with the social distancing

practices, it remains to be seen how the authorities ensure compliance on the suggested SOPs.

Published in The Express Tribune, April 15th, 2020.

Source: <https://tribune.com.pk/story/2197988/6-ease-in-lockdown/>



# **SAARC — Through The Looking Glass! By**

## **Khalid Saleem**

GIVEN the recent and not so recent developments in the region, it may well be in order to take a good look over the shoulder at what may be in store for the South Asian Association for Regional Cooperation (SAARC). With the obvious change in the nuances of India's foreign policy vis-à-vis its neighbours, it was but natural that its shock-wave would be felt in the Regional Organisation as well. The unfortunate decision of the Indian Administration to sabotage the erstwhile Islamabad SAARC Summit was uncomfortably close to a death blow to the future prospects of Regional grouping. The subsequent precipitate actions of re-elected Modi administration too have not done future prospects of SAARC any good! The one fundamental precept related to International Groupings is that top priority is invariably accorded to strengthening the moorings and establishing of the infrastructure. It is only after these fundamentals have been suitably taken care of that attention is diverted towards what may be termed as embellishments and trimmings. The question of expansion beyond the strict regional regime, if at all considered necessary, is relegated to the lowest priority. The South Asian Association for Regional Cooperation (SAARC) has surprisingly turned out to be the singular exception. Ever since its inception, SAARC has been engaged more in superficial ostentation rather than tackling the basic impediments that stand in the way of regional integration. For one thing, so many ancillary bodies have sprouted under its benign shade that it is now difficult to discern the original organism, such as it was envisaged.

One reason for this sad mix-up of priorities has probably been the general atmosphere of suspicion and distrust that has continued to characterize the relations between the largest member state and the smaller states of the region. History tells us that whenever a Regional Organisation of this genre is set up, the first evolutionary steps are invariably based on the concept of 'notional equality' of the member states. Bilateral frictions and hang-ups are generally made subservient to the overall interests of the Organization, as well as that of the region as a whole. Advantage is then taken of the favourable ambiance created by the commonality of interests to minimize the political differences among member states, preferably to settle them once for all. The experience of ASEAN is a case in point, where Indonesia – by far the biggest member state – took a

conscious policy decision to maintain a low profile so as not to give the smaller member states a feeling of having to deal with a 'big brother'. For reasons best known to only to itself, the Indian establishment missed no opportunity to throw its weight around to browbeat the smaller member states. Possibly due to (unfounded?) fears that the small state members might gang up against it, 'Big Brother' India made no secret of its intention to deal with each neighbour individually and on its own terms. The two landlocked member states – Nepal and Bhutan – were particularly singled out for some heavy-handed treatment. Sri Lanka had to contend with an insurgency that can hardly be called entirely indigenous. Maldives barely managed to keep its head above the waters, once again thanks to Indian overtones. Pakistan too has continued to be on the receiving end. On the economic front, the Organization has made little or no headway. Despite the hullabaloo about the importance of SAFTA, India has made no attempt to eliminate the hidden non-tariff barriers in its bilateral trade with member states. With all the talk about free trade and CBMs, India made little effort to ensure a level playing field in its economic and commercial dealings with its SAARC partners.

SAARC meetings should, and could, have been occasions for the leaders of the Member States to bend their energies to settle issues of vital concern to the region as a whole. Nothing of sort has happened. It is true that Charter discourages references to 'bilateral issues'. But, then, there are several issues that are no longer of purely bilateral nature and which are crying out for solutions. Among them are issues relating to – Natural Disasters; – Apportionment of Water Resources; -Sharing of Energy Resources;- Preservation of Environment; – Poverty Alleviation; – Education for All; and – Extremism and Terrorism Despite the imminent need to tackle these issues, nothing tangible appears to have been achieved thus far. If anything, there appear to be today more schisms than convergences. If one looks back at the record of the fruits of the past SAARC summits, one finds precious little that one can latch on to. The only noteworthy element that stands out is the extremely positive and constructive contribution of the smaller member states. Nepal, Sri Lanka, the Maldives and Bhutan have more than pulled their weight in the Association's somewhat erratic march through the minefield of South Asian politics. These states had perforce to manoeuvre within very restrictive parameters and yet they have given ample evidence of their commitment to the principles and ideals of SAARC. The same cannot be said about the larger (and more influential) member states. The leaders of the SAARC region states would do well to spare time to have a good,

hard look at the way the Regional Organisation is shaping out to be. If the present trend is not checked, there is growing fear that SAARC may be headed for a future that regional powers, that be, may live to regret in the times to come.

— The writer is a former ambassador and former assistant secretary general of OIC

Source: <https://pakobserver.net/saarc-through-the-looking-glass/>

# **Post -COVID-19: Indo-Pak Relations By** **Dost Muhammad Barrech**

Pakistan and India in the recent annals of international politics are the only states in the world that have been engaged in perpetuating antagonism for the last 72 years. Their hostility even remains immune to the novel coronavirus, a pandemic disease that has engulfed the whole world. Warmongers at the helm of affairs, on both sides, convert natural calamity into opportunity to galvanize their hostility. Indian Prime Minister Narendra Modi is least bothered about COVID-19 in India-held Kashmir. The Indian unprovoked shelling continues during COVID-19 at the Line of Control (LOC) killing innocent civilians. For both states, the continuation of hostility at the expense of their masses developments in the foreseeable future would inevitably be counterproductive. Prevailing COVID-19 ought to serve as a wake-up call for them, and should now concentrate on human developments rather than building military strength.

However, COVID-19 even has exposed myriad health sectors and vulnerabilities of developed states. COVID-19 warns policymakers that consolidation of military power at the expense of health budgets will put the lives of masses in jeopardy. The Stockholm International Peace Research Institute in its report reveals that the world's total military expenditure has reached approximately to \$ 1,822 billion in 2018. The US is at the top in the world in spending on its military expenditure. According to International Institute of Strategic Studies, the US spent nearly \$ 700 billion on its military in 2019 and the figure is expected to rise to \$ 725 billion in 2020. Resultantly, the US is bearing the brunt in death toll amid in Covid-19, it has now overtaken Italy.

Death toll of the US is a great lesson for Pakistan and India to ponder over it. Statesmanship of both states needs to overhaul their foreign policies and reassess the gravity of threats emanating in post-COVID-19 arena. Non-traditional threats such as COVID-19, climate change, water and food scarcity are more lethal and destructive than so-called imaginary or traditional threats. The entire world, including Pakistan and India never remained in lockdown by virtue of traditional threats but non-traditional threat, first time in history has clamped down on the whole world, halting economic, political, social and religious activities across the world and is likely to alter the complexion of world



politics very soon. Presumably, in near future threats from pandemic disease and climate change will multiply due to existing an exploitative capitalist system going against the law of nature. Nature is going take its revenge from mankind in shape of pandemic disease and climate change.

Suffice to say that theory of realism in such fragile circumstances has caused a colossal damage to Indo-Pak relations. Seeing the relationships of two belligerent states merely in prim of realism would further deepen the enmity. Analyzing the critics of realism and implementing them in foreign policies of both states by all means would de-escalate the tension. First and foremost, realism negates non-traditional threats like pandemic diseases and climate change only prioritizing traditional and imaginary threats. Currently, 600 million Indians are struggling with drought and the country is the largest user of ground water in the world, by 2030 approximately 40 percent of the Indians may not have access to the drinking water. Above all, 200,000 people in India die every year due to undrinkable water. Intriguingly, deaths of 200,000 Indians by contaminated water are not a threat in realist's lexicon.

Had Pakistan and India been economically interdependent, there would have certainly been less likelihood of such hostility

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Meanwhile, Director General of the Pakistan Meteorological Department (PMD) Dr Ghulam Rasul says, “Pakistan will become water scarce by 2025”. German watch, a German think-tank, on the other hand, shows a grim picture of Pakistan's vulnerability to the climate change, saying that Pakistan is the 7th most vulnerable country to the climate change. To bear in mind, such threats do not fall in realist spectrum.

Secondly, realists are disinterested in economic interdependence, concentrating solely on maximization of power. Maximization of power and security without a robust economy is simply out of the question. According to Stephen Cohan, South Asia is the least economically intertwined region of the world, having merely 5 percent intraregional trade. Had Pakistan and India been economically interdependent, there would have certainly been less likelihood of such hostility. Thirdly, realists overshadow intrastate conflict usually referred as civil war or internal conflict. Both India and Pakistan are confronted with intrastate conflicts. Arguably, intrastate is more detrimental to the state than interstate conflict, enfeebling state's political system and national integration.

Implementation of social constructivist theory is prerequisite in Indo-Pak relations in post-COVID-19 arena. Alexander Wendt, a renowned social constructivist, says “anarchy is what states make of it”. He further articulates that friendship and enmity is socially constructed that could not be taken for granted. In the real world, the existence of friendship, enmity and sovereignty is questionable. Making friendship, enmity and sovereignty are dependent variable, depends on man’s and woman’s consciousness. The prevailing hostility of Pakistan and India in contemplation of Wendt could be deconstructed by changing enmity into friendship for the purpose of combating COVID-19 and foreseen non-traditional threats in the future. In short, the post-COVID-19 scenario is supposed to change mindsets of both states to shun imaginary threats and securitization of foreign policy and should focus on human development including health and education sectors.

The writer works at the Institute of Strategic Studies a think-tank based in Islamabad

Source: <https://dailytimes.com.pk/597672/post-covid-19-indo-pak-relations/>

# **China and Pakistan Unite to Overcome Difficulties By Long Dingbin**

To date, over 3 million people worldwide are infected with COVID-19, posing a formidable challenge to global public health security and becoming an enormous threat to lives and health. Since March, COVID-19 has already spread across Pakistan, particularly Punjab, where confirmed cases account for half of the total cases in the country. Being the Chinese Consul General in Lahore, I am pleased to see the remarkable results achieved by China in combating the epidemic. Meanwhile, I've been paying close attention to the situation in Pakistan, especially in Punjab. I have a staunch belief that we are bound to win the battle against the pandemic through concerted efforts by the governments and people of China and Pakistan.

Ever since the outbreak, the Chinese government has been adhering to the principle of “early detection, early reporting, early isolation, early diagnosis and treatment”, treating the infected in dedicated facilities by senior medical professionals from all over the country and with all necessary resources. Moreover, the Chinese government has taken the most comprehensive, rigorous and thorough measures of epidemic prevention and control. For instance, over 330 medical teams and more than 42,000 medical staff were dispatched to Hubei Province including Wuhan. China made initial achievements in epidemic prevention and control through its people's endeavours nationwide. Economy and society are getting back to normal.

As a responsible great power, China is taking the initiative to make greater contributions to world peace and health while striving to solve its own issues. We share information with WHO and other countries in an open, transparent and responsible manner, suspended all overseas group tours and imposed strict lockdowns on epicentres including Wuhan to contain the coronavirus. Chinese citizens and enterprises in Pakistan strictly comply with the requirement of the Chinese embassy and consulates in Pakistan, i.e. enforce mandatory self-isolation for 14 days from their arrival to Pakistan in order to minimise the risk of the spread of the virus to Pakistan. Although China has close relations with Pakistan and the people of the two countries have kept frequent contact, so far there has not been a single confirmed case in Pakistan imported from China,

which proves that the Chinese government has been putting relentless efforts into containing the epidemic.

The China-Pakistan all-weather strategic cooperative partnership has become a model for countries of different sizes or systems getting along with one another. Despite changes of international situations, the two countries share weal and woe through thick and thin all the time, offering selfless help to each other whenever in need. Joining hands in fighting COVID-19 once again embodies profound bilateral friendship as the two countries always help and support each other.

Chinese government and people will never forget that it was the Pakistani government who mobilised medical supplies nationwide to help China out at a critical time in fighting COVID-19. The letters addressed by President Arif Alvi and Prime Minister Imran Khan to President Xi Jinping and Premier Li Keqiang respectively as well as the resolution passed by the Senate of Pakistan expressed support for China's fight against COVID-19, speaking highly of China's unremitting efforts against the outbreak. Likewise, Punjab Chief Minister Sardar Usman Buzdar, Governor Chaudhry Mohammad Sarwar and Provincial Health Minister Dr. Yasmin Rashid wrote letters to me and expressed unflinching support for China's fight against COVID-19.

A drop of water in need shall be returned with a spring in deed. Ever since the outbreak in Pakistan, the Chinese government has attached great importance to the epidemic situation of Pakistan and is going all out to support Pakistan in combating COVID-19. China urgently managed to collect several batches of test kits and medical supplies to support Pakistan, and sent a medical expert team to Pakistan to introduce experience of epidemic prevention and control as well as treatment. Sister provinces and cities, and local governments have also been extending helping hands to Pakistan, specifically donating a great many medical supplies to Pakistan including Punjab via the Pakistan Embassy and consulates in China, among which the medical supplies donated by sister provinces of Punjab, are to be delivered to Pakistan soon. What's more, Chinese enterprises and overseas Chinese in Pakistan voluntarily made donations. According to incomplete statistics, Chinese enterprises in Punjab alone have donated cash, medical supplies and grains, tallying up to over Rs 60 million. Besides, China is ready to provide Pakistan with more much-needed medical supplies and



equipment, and will help Pakistan to set up temporary isolation hospitals so as to help Pakistan defeat COVID-19 as soon as possible.

In the era of globalisation, the interests of human society are highly integrated. We are intertwined and interdependent, with responsibilities shared together. As President Xi Jinping pointed out, viruses recognise no national boundaries, and epidemics do not discriminate between races. COVID-19 once again proves that human beings live in a community of shared future, who are supposed to work together to go through current difficulties. China will continue to firmly adhere to the concept of building a community of shared future for humankind. And meanwhile China will also continue to stand firm with Pakistan in taking more positive measures and join hands in fighting COVID-19. I am fully confident that by working closely together, the all-weather strategic partnership between China and Pakistan will be further deepened and the foundation of China-Pakistan community of a shared future will be more solid.

Source: <https://nation.com.pk/29-Apr-2020/china-and-pakistan-unite-to-overcome-difficulties>

# **Climate Resilience After COVID-19 By**

## **Zartaj Gul Wazir**

As the highly destructive and disruptive pandemic sweeps the world, coronavirus has upended the traditional and even the more modern economic and social operating assumptions. Governments are focused on planning how to counter this extreme threat, and also on devising ways to blunt the economic recession that the world is already descending into.

At the time the world got hit with Covid-19, sustainability was already getting positioned at the top of the agendas of a multitude of governments around the world, private sector and nongovernmental entities. Now, with the world gripped by the pandemic's influence, the case for sustainability and for climate change action has become stronger, with added dimensions and an enhanced paradigm.

The coronavirus outbreak and climate change is interlinked, as the research indicates 75% of all infectious diseases come from disturbing our wildlife ecosystems. The situation is exacerbated by degradation of natural habitats and climate change, thereby presenting new and greater dangers. This calls for building societies that are resilient to emergencies of all kinds.

In Pakistan, my Ministry aims to work towards deployment of a significant part of the eventual economic recovery package towards enhancing our nation's climate change resilience, just as we are braced to upgrade our public healthcare infrastructure to prepare for the next pandemic. To this end, we must increase investment in a resilient and sustainable infrastructure and work towards a green economy. Retooling our economy, focusing sharper on renewables rather than coal, reforestation instead of deforestation, we can together work for a more robust future for our coming generations. Being saddled with a raft of major issues, not the least economic constraints, Pakistan requires mitigating social behavioural changes and a greater recognition all round of our collective responsibility to the planet.

This is also a stark reminder of the rapid flux in the global environment, and it can be anticipated that major multilateral agencies in the not-so-distant future would legislate for climate change discipline in a stricter and stronger fashion, just as

the FATF regulates the financial side of countries, imposing sanctions and penalties on the erring states. Pakistan has to work more intensely towards a collective behavioural change with the civil society fulfilling its responsibility towards sustainability and strengthening the multiple initiatives we currently have in operation along with the future ones on the landscape. We're lucky in this regard to have a Prime Minister who is an avowed environmentalist and has identified climate change action as one of the core items of the governance agenda.

Pakistan needs to enhance its capability to model climate risk and its associated climate change economics. This will contribute towards climate stress testing in global funding initiatives and improving the recovery programs. Ideally, we need to decarbonise our heavy industries, and the federal government will undertake this progressively in a ratcheted fashion, and would soon open up this avenue for further talks. The returns to be gained from this initiative are multifarious, including opening up new sources of growth and risk mitigation.

The crisis has sharply brought into focus the lack of capacity and readiness in healthcare systems around the world to cope with a pandemic outbreak of this magnitude, not the least in developing nations like Pakistan. We have responded diligently to the challenge, but the connection between sustainability and healthcare has been well underlined across the world, as degradation of the environment, in one form or the other, invariably leads to high medical care costs. This necessitates, going forward, a deeper interface between healthcare and climate change. Well-resourced healthcare systems would provide the necessary bulwark to defend nations against high health security threats including climate change.

It is imperative that economic revival post COVID-19 should promote health, fairness and environmental protection. The overlaps and interconnections between multiple challenges including those of environmental degradation, economic crises, and escalating public health threats call for reconfiguring and retooling the conventional economic models that have been followed for decades.

A global fund, in this regard, to help developing nations take up the challenges thrust by COVID-19 more resourcefully, would go a long way in making the world a safer place. This pandemic has underlined unquestionably how closely nations

and regions are interconnected, and only a holistic global effort will mitigate the rising risks including the potential of another pandemic. I will be talking to my international colleagues and contemporaries on this – we could generate and contribute to meaningful negotiations and deliberations to help put together the structure for a global fund to assist developing nations in mitigation of the immense risks posed by the pandemic.

Moreover, on the global front, it has become clear in the wake of COVID-19, systemic issues are not solved by incremental, independent responses. There exists a dire need for intensifying international collaboration and to streamline approaches on sustainability. We must use crises as an opportunity to chart new paths and achieve the elusive goal of alignment on climate change. We must take up the challenge, as it's not a choice now, but an absolute necessity.

Source: <https://nation.com.pk/25-Apr-2020/climate-resilience-after-covid-19>



## **Diplomatic Masterstroke | Editorial**

The government has taken the right decision to reach out to countries and international forums to reschedule loans of developing nations in general and those of Pakistan in particular. It was Pakistan's Prime Minister Imran Khan who initially asked wealthy countries and international financial institutions to reconsider the loans of developing nations. By taking the lead in this initiative the Pakistan government has shown its ability to engage the international community on an issue that requires unity. Foreign policy wise, taking the lead on this is supremely beneficial for us.

The coronavirus looks set to inaugurate a turbulent new political and economic era, the only way to fight it is if the world unites against it. Some of the challenges that the virus poses to the world are identical to those the international community faced after World War II. Perhaps, in this scenario as in WWII, the economic challenge is one of the most significant ones. Therefore, the government's decision to use all diplomatic channels for the rescheduling and waiving off loans – after PM Khan's proposal found support at international forums – is the right one. Emerging as an influential state after the dust has settled is only added bonus.

As the government will be reaching out to countries and international financial institutions, developing nations will unite behind Pakistan and we can use this support to become the flag-bearers on this issue. Calling this a diplomatic masterstroke then, is not wrong. Such an initiative, if it succeeds, will show Pakistan's commitment to internationalism. And in these times, this call deserves all applause. If Pakistan's diplomatic initiative succeeds, it will not only save countries like Pakistan from economic turbulence but also many others like ours. It will prove to be of utmost significance in the fight against coronavirus. For us, if successful, this could be one of our greatest victories in the international political arena.

Source: <https://nation.com.pk/08-Apr-2020/diplomatic-masterstroke>

## **Lockdown Extension | Editorial**

Prime Minister (PM) Imran Khan's address to the nation on Tuesday regarding COVID-19 was a great show of team coordination and making policy decisions that adapt to an evolving situation. His announcement to maintain restrictions on public gatherings and schools and extending the lockdown up to April 30 is welcome. The opening of specific sectors, particularly low-risk industries is also appreciable. With this, the government is attempting to strike a fine balance between two pressing issues. Staggered opening of the economy is necessary to save people, especially the daily wage earners, from hunger and starvation. However, the government also realises the risks that will surface while easing the lockdown. Now the onus of responsibility lies on the shoulders of the general public to practice all the prescribed precautionary measures that the standard operating procedures will demand.

It was encouraging to see Special Assistant to the PM on Health Dr Zafar Mirza's honest review of the situation. But the public needs to take his remarks seriously. People must observe and practice all the precautions that help in keeping the virus away. The reason that Pakistan is still in a better position compared to some countries is because of the government's timely announced social restrictions. The government has done its part so far. No one expected that a developing country with Pakistan's population numbers would brave this crisis in the way that we have so far. But if people ignore the directions, all efforts that have proven successful in containing the spread of coronavirus will be in vain.

One thing the state can improve on is enhancing the testing rate. Our current testing rate is roughly around 1100 per day, which as international experts have explained, is not sufficient. Out of a total population of an estimated 220 million, only 55,000 have been tested since February. As the Prime Minister and his team mentioned, Pakistan is way below the expected figures after nearly over months of facing the virus. But there is no denial of the fact that our initial testing policy has cost us a bit. The authorities can now utilise this lockdown to rapidly increase testing so more of the infected can be quarantined or isolated.

Source: <https://nation.com.pk/15-Apr-2020/lockdown-extension>

# **Welcome Moratorium by FATF By Malik Muhammad Ashraf**

Amidst the gloom and despondency in the country in the wake of the onslaught of the deadly coronavirus comes the good news that the Financial Action Task Force (FATF) has given another five-month grace period to Pakistan to submit its performance report on 13 outstanding benchmarks for foolproof arrangements against money laundering and terror financing. The review session scheduled for 21-26 June has been postponed till October. It is indeed a welcome moratorium by FATF which would allow Pakistan to remove all the discrepancies pointed out by FATF and have the opportunity to get out of the grey list which is hanging over the country like the proverbial sword of Damocles. In February, the financial watchdog gave Pakistan four months to complete its 27-point action plan against money laundering and terror financing noting that Pakistan had delivered on 14 points and missed 13 other targets.

It is pertinent to point out that the inclusion of Pakistan in the grey list of the FATF had political overtones. Pakistan was put on the grey list by FATF in June 2018 as a result of the US resolution supported by its allies and other countries. Placing Pakistan on the grey list was surely a political move by US with a view to keep Pakistan under pressure. It was very much expected in the backdrop of the nosedive in relations between Pakistan and USA since the announcement of the new policy on South Asia and Afghanistan by President Donald Trump and its outright rejection by Pakistan. It was the most unfortunate development in view of the fact that Pakistan, which had been a US ally since the early fifties and had suffered the most in the war against terrorism, remained a suspect in the eyes of the latter in regards to its indiscriminate action against terrorist outfits.

Bernie Sanders says he is 'unlikely' to run for presidency again

The reality was that Pakistan had been a sincere partner in the war on terror and had not only dismantled the infrastructure of all the terrorist outfits based on its territory including North Waziristan but was also faithfully engaged in eliminating the remnants of their supporters within the country. It had also taken all possible administrative and legal measures to check and block the sources of funding to terrorist organisations. Pakistan had already promulgated a Presidential

Ordinance to amend the anti-terror legislation in order to include all UN-listed individuals and groups in the national listings of proscribed outfits and persons. The Securities and Exchange Commission of Pakistan (SECP) also took measures in keeping with FATF regulations and issued Anti-Money Laundering and Countering Financing of Terrorism Regulations 2018. The government had also chalked out a comprehensive plan to eradicate terrorist financing which was shared with the international watchdog. The FATF decision was reflective of the US rhetoric to 'do more'. It was also indicative of how much influence the US could exercise on world bodies like FATF.

Senate session begins today to debate COVID-19 situation

However, the kink in the relations between the two countries disappeared in the backdrop of Pakistan facilitating dialogue between US and Taliban, a role acknowledged and appreciated by President Trump and his administration. It was due to this development that despite the best Indian efforts during the Beijing and Paris meetings, Pakistan could avoid being pushed into the blacklist because no member of the FATF including US and EU supported the Indian view. The outcome of these moots represented a major blow to Indian diplomatic efforts to penalise Pakistan. However, Pakistan was not taken out of the grey list but was given another chance to fully comply with the action plan given by FATF by June 2020.

The change in the attitude of the US and its allies was also indicated by the statement of acting US assistant Secretary of State for South Asia Alice Well, when after the arrest of Hafiz Saeed and before the FATF meeting, she said, "Conviction of Hafiz Saeed is an important step forward in regards to both holding the LeT accountable for its crimes and for meeting commitments of the Khan government in combating terrorist financing."

The Turkish President, during his visit to Pakistan while addressing the joint session of the parliament, also reiterated his country's support to Pakistan on the issue. In fact, it was due to the support extended by China, Turkey and Malaysia that Pakistan could not be pushed to the black-list and has stayed in the grey list. The spokesman of the Chinese Foreign ministry referring to FATF decision had said, "In recent years Pakistan has actively taken measures to strengthen financial supervision and crackdown on terrorist financing and made important progress. We have always believed that great efforts and sacrifices made by the

Pakistan government and people for the fight against terrorism are obvious to all. The international community must give full recognition and trust to these efforts and treat those efforts objectively and impartially instead of relying on criticism and pressure.”

In fact, Pakistan had done its homework well before the Beijing meeting on the diplomatic front. Besides taking administrative and legal measures to comply with FATF requirements, it also undertook intensive lobbying and diplomatic efforts to muster support for her cause. Foreign Minister Shah Mahmood Qureshi met US Secretary of State Mike Pompeo and discussed the issue with him seeking support for getting out of the grey list. The Prime Minister, in his meeting with President Trump on the sidelines of the Davos Forum – among other things – also deliberated on the issue of FATF.

In the October review meeting, Pakistan besides meeting the given targets, would also require diplomatic support for coming out of the grey list. According to the FATF regulations a country needs at least 3 votes for not being relegated to the black list and at least 12 votes for up-gradation to the white list. The FATF has 39 members. In view of recalibration of relations between US and Pakistan and the concrete and credible steps taken by Pakistan ever since placement in the grey list and the positive vibes emanating from the Beijing and Paris meetings it could be genuinely hoped that things would have a positive outcome when Pakistan gets the chance in October to present its case before FATF. Official sources have revealed that Pakistan has put in place a broad-based strategy for taking necessary action to complete the outstanding commitments with the FATF.

Pakistan’s removal from the grey list and up-gradation to the white list is absolutely imperative in regards to getting financial support from international lending agencies for financing its economic reform agenda and putting the country on the road to sustained economic growth besides political gains on the international level.

Malik Muhammad Ashraf

The writer is a freelance columnist.

Source: <https://nation.com.pk/10-Apr-2020/welcome-moratorium-by-fatf>

# ECONOMY

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## **SBP Relief Efforts | Editorial**

The announcement of relief efforts by the State Bank of Pakistan (SBP) is a source of relief for households, businesses and other stakeholders due to the economic slowdown driven by the spread of the coronavirus. Under this plan, the loaning ability of several banks across Pakistan will be increased along with a reduction in the Capital Conservation Buffer (CCB) from 2.50 percent to 1.5pc. This is a far-sighted approach that the Pakistan Tehreek-i-Insaaf (PTI) government is taking along with the SBP to facilitate small and medium enterprises (SMEs) in Pakistan, that will imminently be affected by the economic slowdown. The biggest variable in the picture is the duration of how long the virus will last in Pakistan; that will inadvertently impact these SMEs and they will need funds to revive their businesses.

For this purpose, the government needs to devise a very soft loan return plan because, at a time when these SMEs cannot rely on the market for funds, these loans will help them sustain their businesses at softer conditions because the aim of the government here is help sustain the market in these times. The government also plans to defer payment of principal on loan obligations by one year. This will not affect the borrower's credit history, and the process of written applications to utilise this facility begins in June this year.

This is an exhibition of farsightedness by the government and must be appreciated. The government needs to also take all the stakeholders (SMEs) on board to ensure that they understand the policy being framed out to ensure that those being offered these facilities understand the conditions, work accordingly, and are able to meet the requirements set by the state to protect the local market. The SBP will monitor the situation as it evolves to be able to draft better policies given the requirement of the time.

Source: <https://nation.com.pk/29-Mar-2020/sbp-relief-efforts>



## **To Keep Economy Moving | Editorial**

CORONAVIRUS has brought everything to a standstill with industries and shops all closed as a precautionary measure to avoid the spread of the pandemic. However a country like us cannot afford and sustain such a situation for a long period. Extraordinary situations warrant extraordinary decisions.

Our authorities will have to come up with some out of box solutions to keep important and much needed units operational. It is really a matter of satisfaction that both federal and provincial governments are working in cohesion and coordination to fight this menace. During a meeting on Saturday, they agreed to allow ten major industries to continue operations to maintain supply of essential items in domestic market amid the lockdown. It was initially agreed to allow food, packaging, pharmaceuticals and medical supplies, rice, call centres, exporters, essential chemicals, LNG facilities and refineries sectors to operate uninterrupted. Certainly nobody knows as for how long this emergency like situation persists and closure of industries and other sectors for an indefinite period will also cripple country's ability and capacity to effectively deal with this challenge. Therefore, it is important that authorities while taking on board the stakeholders move fast towards reopening of industrial units putting in place stringent safety guidelines to ensure safety and health of workforce. The government must extend all out assistance to industries to develop these guidelines for safety of workers. A mechanism also needs to be developed to strictly monitor implementation of those guidelines. Similarly, government must also consider starting work on development projects including those related to housing sector and road infrastructure by adopting similar safety guidelines. We also need to substantially cut policy rate to keep the economy moving. As for education sector, schools and universities should be directed to use latest technology and start online classes so that students could continue their studies while staying at home. We need to learn to adapt to crisis like situation. This will also help offset panic and fear amongst the masses.

Source: <https://pakobserver.net/to-keep-economy-moving/>

# **Pakistan Economy and the Impact of Covid**

## **19 By Imtiaz Rafi Butt**

WHAT started as a small viral outbreak in Wuhan city of China has now engulfed the whole planet. All those who had any false hope and misconceived notions of containing this are now in shock. The world has come to a standstill. The COVID 19 outbreak is now a global event that is affecting every human being alive as of today. China suffered to contain the virus from December and has been declared cleared of the virus after five long months. South Korea and Singapore have also been competent enough to control the spread, but many other countries like Italy, France, Spain and the United States have not been so fortunate. This incident is more catastrophic than the Second World War. As the developed nations of the world are facing the full brunt of the disease, developing countries are yet to arrive at the point where they are overwhelmed. Pakistan is on the brink and there is a tight rope in front of a weak economy. The year ahead is perhaps the most formidable challenge the country has faced, and one that will require resilience, competence and discipline, the other side of the equation, if we fail, is worse than our darkest nightmares. In the analysis of the matter at hand, there is a need to comprehend the fact that there is no treatment available for the virus COVID 19. It is highly contagious that spreads from person to person through droplets in the air or when a person comes into contact with the surface that has been touched by a Corona patient. As of today, over 1.4 million have been infected and there have been over 85 thousand deaths worldwide. Pakistan was introduced to the virus through travellers coming in from countries like Iran initially, and then there have been reports of migrant workers and personnel coming to Pakistan from the Middle East and Europe. Pakistan as of now, has over four thousand cases and under one hundred deaths which are increasing daily.

According to experts, this is just the incubation period of the spread of the virus and the full blow of the infection is yet to be felt. The only way to limit the spread of the virus is through social distancing, which can only be achieved from lockdown of cities and villages alike. If a lockdown is not initiated, there is a risk of massive infection rates which can overwhelm the health infrastructure resulting in huge loss of lives. On the other hand, lockdowns tend to suffocate the economy in a number of ways. The economic fall-out is able to cripple the

economy and it threatens the livelihood of the poorest segments of the society. It's a split decision and a delicate balance of controlling the virus while not destroying the economy in the process. It would be pertinent to thrash the facets of the negative impact on the economy from the COVID 19.

The implications for the financial system from COVID 19 can be bifurcated into two broad areas. First is the international and external impact. Corona Virus has primarily disrupted the Global Value Chain also called GVC. It means that the movement of imports and exports has been disturbed. Exporters from Pakistan are unable to process their orders and the payments from previous orders have also been halted in most cases as businesses abroad, mostly in Europe and the US have been shut down. Movement of goods and cargo is also blocked making it extremely difficult to maintain the flow of business.

Conversely, imports cannot be completed as lockdowns have shut down every major city in the world. People are not coming to offices and have been ordered to work from home. This model can work for IT and service-based companies but trade involves tangible goods that cannot be handled without human presence. There are a huge number of private companies in Pakistan that heavily rely on imports for running successfully. Commercial importers will suffer from delays or complete stoppage of value chain while industrial importers will have to stop production because of non-availability of raw material. After the initial grace period, the shortfalls in revenue will result in salary cuts and then finally, job losses. According to PIDE (Pakistan Institute of Development Economics), there will be losses of jobs in the millions, particularly for semi-skilled and daily wage earners. Around 2.4% of the annual GDP will be lost due to COVID-19, which is enough to send the country into a spiraling recession. Secondly, on the internal side, the closure of schools, offices, factories and markets will hit the small and medium businesses. There is a possibility of mass bankruptcies. As the middle and lower income groups struggle to earn enough income to feed themselves and pay for basic necessities, which can result in hyper-inflation, joblessness and complete collapse of the economy.

The Prime Minister of Pakistan realized this scenario and has taken considerable criticism for not implementing a complete lockdown of the whole country. In his words, we are faced with two challenges, Corona Virus and its economic impact on the poor segments of the society. The Government of Pakistan has taken a number of steps to tackle the oncoming hurricane of challenges. The idea is to

take on the economic impact through stimulating businesses in the urban areas and agriculture in the rural areas. A massive plan of around Rs.30 billion has been unveiled for the construction industry in particular. Tax exemptions and relaxations regarding source of income have been announced for investment. Naya Pakistan Housing Scheme is set to launch a comprehensive plan to engage daily wage workers. These are stimulus packages for the economy from coming to a stand-still. Similarly, relief efforts are being beefed up with cash hand-outs to the poorest of families. Around 10 million families are being given subsistence, for those who have been directly hit by the virus and the lockdowns. The Prime Minister has announced a Tiger Force as a volunteer body for supplying food and basic necessities to poor families. Approximately seven hundred thousands have already enrolled. A national relief fund for donations has been created to cater to extra expenses that are being incurred by the Government to fight the COVID outbreak. The Government of China has been engaged to assist in financial as well technical matters. 500 ventilators have been delivered to hospitals across Pakistan and more are on their way. Extra facilities like expo centres are being converted into quarantine centres for Corona patients. As per section 245, Army has been called to take part in the fight against Corona and controlling its spread across Pakistan. A National Command and Control Centre has been created to coordinate the response to COVID-19 cases in their quarantine and contact tracing. It is similar to preparing a wall before the flood, with the hope that it is able to withstand the impact.

According to the World Bank, Pakistan is among the highest charity giving nations in the world and with one of the youngest populations, Pakistan and its economy needs both of these to rise above the onslaught of this deadly virus. Our lives and our livelihood are at stake during this time of global challenge, perhaps the most arduous challenge ever. Everyone needs to pitch in to rescue each other from this ordeal. As said by a Pakistani guard in an interview to an International TV Channel, “we are not rich but we have big hearts and with it, we will defeat Corona Virus”.

—The writer is Chairman, Jinnah Rafi Foundation, based in Lahore

Source: <https://pakobserver.net/pakistan-economy-and-the-impact-of-covid-19/>

## **Trade With Afghanistan | Editorial**

Pakistan is easing burdens on Afghanistan in every possible way. The recent decision allowing the import of Afghan bulk cargoes amid coronavirus under the Afghanistan Pakistan Transit Trade Agreement through Gwadar port is the latest example in this regard. Even though other countries are closing borders with each other, Pakistan's decision to trade with Afghanistan fits perfectly in Prime Minister (PM) Imran Khan's vision for the region. Allowing the import of Afghan cargo will help ensure the provision of essential commodities in the war-torn country in ample quantities.

While the government's decision regarding allowing trade activity is welcome, officials need to implement protocols that are necessary nowadays as both countries are struggling hard to overcome the spread of COVID-19. The federal and provincial governments must take foolproof measures. Establishing medical centres on trade routes – where the drivers and their helpers can be tested for coronavirus – must be our foremost priority. Taking preventive measures has become more urgent as at least 37 truck drivers who had returned recently from Afghanistan were tested positive for coronavirus. The authorities must ensure strict adherence to the Standard Operating Procedures (SOPs) and make sure no repeat incident is in the offing.

The transporters' cooperation with the government in this matter will be extremely significant. Before anything else, they must be made aware of the deadly nature of COVID-19. The government must also have enough screening equipment for all drivers and helpers who pass through and come back to Pakistan. Likewise, the transporters also need to understand that if authorities want them to spend time in isolation, the purpose is not to vex them but protect them and others from the virus. This is undoubtedly a precarious situation and as always, we have lent a helping hand in a country's time of need. Only extra scrutiny will ensure that our altruism does not become a problem.

Source: <https://nation.com.pk/21-Apr-2020/trade-with-afghanistan>

## **A Ticking Debt Bomb Relief By Shah Fahad**

THE G-20 countries have decided to give relief on the bilateral debt repayments for the poorest countries to help them focus on the fight against the novel Coronavirus. The pandemic has frozen the international economy and people are confined to their homes for the quarantine. The International Monetary Fund calls it “The Great Lockdown”. The situation caused the markets to crash and asset values to fall, pushing fund managers to liquidate their positions. The price of oil has fallen which forced the Arab and Russian oil powers to once again negotiate a supply cut. The world is at a two-front war, one is the pandemic and the other is the recession. At first, it feels very encouraging that poor countries are given a fighting chance in the war against the virus but when you take a closer look at this deal you realize that it’s nothing but a joke. G-20 has given relief on the bilateral debt to the poor countries and the international financial institutions such as the World Bank and International Monetary Fund were seen clapping behind them. Sooner or later the debt has to be paid off but the wobbly economic output and huge debt burdens will create a quagmire.

Italy and Spain were the two worst-affected countries from the virus in the European Union. The two countries have been struggling with the debt crisis for some time, Italy has a debt to GDP ratio of 134.8% and Spain has a debt to GDP ratio of 97.6%. The Italian Prime Minister Conte requested the EU to issue “Corona Bonds” to help them fight the financial crisis that has risen as a result of this pandemic but the idea of paying off those bonds by all member states was opposed by The Netherlands and Germany. The Italian Premier asked for medical help to the European Union via the Emergency Response Coordination Centre, the call for help was forwarded to all member states. Surprisingly the response from the neighbours was very cold. A very exasperated Mr Conte told in an interview with BBC that the European leaders are “facing an appointment with history”. In 2018, Sweden had a wildfire and the country requested the Emergency Response Coordination Centre, the response was phenomenal. All the member states stepped forward and helped Sweden fight the wildfires. It was evident that the EU is more than just an economic alliance and the relations go far beyond that but this time the message is completely different.

After the initial call for help from Rome, on the 11th of March, help did arrive but surprisingly not from Brussels but Beijing. A Chinese airplane landed on 12



March with 31 tons of medical supplies and nine medical experts. Russia also stepped forward in helping with a heartfelt message “From Russia with Love”. The EU doesn’t have good relations with the two countries yet Moscow and Beijing extended help to the member of an organization that considers Russia and China hostile. The crack in the EU was once again visible, so the President of the European Commission recently offered an apology to Italy. According to a recent survey, 88% of the Italian felt that the EU has failed them. The apology from the European Commission is not enough and if the EU fails to help their member nations then the Union might fall. The decision of delaying the repayments is not a long-term solution to the problem. The borrowing of lower-income countries has increased manifolds in the past decade and currently the public debt is at an unsustainable level. Countries like Pakistan that is borrowing more money from the International Monetary Fund to fight the pandemic will show an increase in their debt to GDP ratio which is already well over 80%. Italy will have a debt burden of 150%, Spain 108% and Portugal 128%. The estimated loss of 2 trillion rupees has already battered Pakistan’s economy. It will take a substantial amount of time to recover from the concomitant effects of the pandemic and the recession which according to the IMF is the worst economic condition since the Great Depression.

The issue right now is not just about the unstable chunk of the debt which countries can’t pay off but also the lack of solidarity. Mark Dowding Chief Investment Officer at BlueBay Asset Management, said in his comments to Financial Times that “what matters to the market is the sense that we are not seeing solidarity at the time of the crisis, it’s every man for himself.” The least affected countries are least bothered to help those who are severely hit by the pandemic. Ray Dalio, a Hedge Fund Manager and Chief Investment Officer of Bridgewater, believes that the lessening of the wealth gap can help the economy to recover from this recession. Historically debts were used to be forgiven every 50 years which was called the Jubilee year. With the passage of time, the practice was forgotten and the debt started to accumulate. Even after the Second World War 50% of Germany’s debt was written off and the rest was required to be paid from the trade surplus. That helped make Germany the economic power it is right now, interestingly countries who helped Germany in that write off, included Pakistan, Spain, Italy and Greece, all are now burdened under the pile of debt. According to a report 64 countries, including Pakistan, were spending more on external debt payments than on their health care. Islamabad spends \$10billion to \$12billion on debt servicing each year which is a huge chunk of

outflow for a lower-income economy. What the world needs at this hour of crisis is an action of financially and non-financially solidarity. Writing off debt will provide fiscal space to countries to spend more on health-care and capital improvements rather than debt servicing, failing to do so will not only have dire consequences'

but will change the landscape of the world forever.

—The writer is freelance columnist, based in Karachi.

Source: <https://pakobserver.net/a-ticking-debt-bomb-relief/>

## **Moody's Forecast | Editorial**

What the Moody's Investors Service says in its latest assessment of Pakistan's economy sounds pretty heartening. According to the top US credit rating agency, Pakistan's economic growth will — under the impact of the coronavirus pandemic — shrink much lesser than what the State Bank of Pakistan, the International Monetary Fund and the World Bank anticipate. Moody's says it expects Pakistan's real GDP to contract only modestly — by 0.1-0.5% in the ongoing fiscal year — as against extremely worrying predictions made by the mentioned financial institutions, including the World Bank that sees Pakistan's economic growth rate falling into a negative zone.

The Moody's encouraging forecast is based on a few steps taken by the federal government to offset the impact of a month-long coronavirus lockdown in the country that has started easing from April 15. The first and foremost is the government's permission to labour-intensive industries like agriculture, construction and textile to resume operations — something that is likely to aid a gradual recovery in domestic consumption.

Moody's assessment also takes into account certain steps taken by the SBP which are expected to “further buffer the economic shock related to coronavirus”. These steps include bringing down the benchmark interest rate to 9% from 13.25% over a period of 30 days to provide cheaper working capital to the businesses in a bid to spur commercial activities; besides launching certain schemes for providing easy loans to industrial and construction sectors as well as to the owners of business concerns to help them retain their employees.

Further, Moody's expects that a gradual revival in economic activities in Pakistan will help the country's economy “to grow by more than 2%” in the next fiscal year. However, a lot will depend upon the government's persistence with the ease in economic lockdown, given the fears that the coronavirus pandemic is all set to peak over the next couple of months.

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Source: <https://tribune.com.pk/story/2206121/6-moodys-forecast/>

# **COVID-19 Could Bring Down the Trading System By Chad P. Bown**

For three years, the administration of U.S. President Donald Trump has attacked the global trading system. Now other forces are battering international trade. The pandemic spread of COVID-19, the disease caused by the novel coronavirus, is stoking new pressure for protectionism, and the World Trade Organization (WTO) needs to prepare for more countries to capitulate under the strain.

If the trend is left unchecked, the world may repeat the experience of the 1930s, when industrial production fell by nearly 40 percent, unemployment soared, and economic activity remained anemic for the better part of a decade. Then as now, trade barriers did not cause the problems. America's Smoot-Hawley Tariff Act did not trigger the Great Depression, and tariffs today will not have caused the COVID-19 depression. But such barriers could affect the recovery, especially given the modern importance of cross-border supply chains. What happens now will influence the shape the trading system will take for decades to come.

## **THE TARIFFS ARE COMING**

No one should be surprised if the Trump administration uses the current situation as a pretext for imposing new trade barriers. Trump has shown that he is happy to apply vast trade restrictions in good economic times, even over the objections of American business. Tariffs on tens of billions of dollars of steel and aluminum are still in place. The administration reached a temporary truce with China in February, but most of the trade war tariffs remain, still affecting more than half of two-way trade. Now come the bad economic times—and a presidential election. Trump will need someone to blame for the mass unemployment and bankruptcies that COVID-19 is leaving in its wake. If and when he picks foreigners as that scapegoat, his natural next step will be further protectionism.

Other countries have shown remarkable restraint during Trump's first three years in office, in that they have not escalated matters with disproportionate protectionism of their own. Perhaps their leaders were waiting for Trump's tenure to end, hoping to keep the rules-based trading system going as long as necessary for the United States—the system's architect and leading member—to return to its historical role. With the exception of China, countries largely kept

their responses to Trump's aggression in line with the WTO's fraying rulebook. They also mostly acted in solidarity and refrained from lashing out at one another. The European Union even took the opportunity to pen new trade deals with Canada, Japan, Brazil, and Argentina, portraying itself as a champion of multilateralism and international cooperation.

The pandemic, however, has strained that solidarity. Trade barriers within Europe have sprung up remarkably quickly. In March, France and Germany banned sales of vital hospital equipment outside of national borders, including to virus-ravaged Italy. The European Commission had to step in with a compromise: member states could limit exports of medical supplies to everyone else, so long as they played nice with one another. With that arrangement, Brussels salvaged internal harmony—at the cost of the moral authority on multilateralism that Europe had worked so hard to maintain during the age of Trump.

Export protectionism is contagious: the United Kingdom, South Korea, Brazil, India, Turkey, Russia, and dozens of other countries have restricted foreign sales of medical supplies, pharmaceuticals, and even food. But nativist economic practices carry risks, the most serious of which may play out not during the pandemic but after it, when industrial production restarts.

Export protectionism is contagious.

Much of Europe's manufacturing sector rightly shut down to help limit the public health effects from the coronavirus. But the asynchronous timing of the global pandemic may mean that countries outside of Europe reopen their economies earlier than Europe does. When hundreds of billions of euros in shoes, electronics, chemicals, and other low-priced goods suddenly show up at ports in Rotterdam and Hamburg, European industry will surely kick up a fuss, demanding tariff protection from the onslaught of unfair trade. Moreover, China might try to get its depressed economy going again by subsidizing manufacturing in the manner that led Europe, the United States, and others to complain of unfair trading practices in the first place. Since Chinese products will remain mostly walled off from the United States owing to the trade war, Brussels will be an important bellwether.

But governments outside of Europe will also come under pressure to protect domestic industries, and European exporters will face the brunt of such

measures in foreign markets. Companies everywhere can and will seek relief from imports by asking their governments to hit foreign competitors with many forms of tariffs. The WTO's conditions for levying tariffs are pretty accommodating. An industry needs to show that it has been injured—not a difficult bar to clear given current economic hardships. After that, a common argument industries will make is that foreigners should be punished for doing something unfair.

One tariff catch phrase that will soon creep into public discourse is “countervailing duty.” The term describes an anti-subsidy tariff that is used to discourage unfair competition arising from state intervention in markets. Governments are currently allocating trillions of dollars to keep companies afloat. In the aftermath of COVID-19, lots of imports will arrive on foreign shores from companies that got bailouts. Under WTO rules, it matters little if the domestic industry got a handout, too, or if the foreign subsidy was sensible economic policy at the time. The rules allow for both sides to subsidize and both sides to reciprocate with anti-subsidy tariffs, as inefficient an outcome as that may seem.

In fact, while problematic, that scenario would be far from the worst case. Some governments may ignore WTO rules altogether, mimic Trump's actions on steel and aluminum, and claim that imports need to be stopped because the trade poses a threat to their national security. Or they may justify tariffs as a necessary response to the public health emergency, as Brussels effectively did with its export controls on medical supplies.

### THIS TIME IS DIFFERENT

Only a coordinated political commitment among global leaders will prevent an onslaught of protectionism in these extraordinary times. The WTO rules actually make such protectionism likely in the absence of an upfront plan to stop it. But no such global policy commitment has materialized. We know this, because we know what action against tariffs during a global economic crisis looks like.

The financial crisis of 2008 also produced an economic collapse sharp and deep enough to threaten the modern trading system. Ever since the devastation of the 1930s, the fear has been that economic hardship would cause trade barriers to rocket out of control. Yet the last global recession turned out to produce a shockingly low level of protection. Trade barriers did not shoot up, in part because of the domestic policy response of the U.S. and other governments:



large government spending programs, central bank interventions, and flexible exchange rates that ensured that the dollar and euro especially did not remain excessively strong. These policies were significantly different from those that greeted the Great Depression.

WTO rules make protectionism likely in the absence of plans to stop it.

Protectionism was also limited because leaders of the major economies got out ahead of the problem. In November 2008, despite not yet knowing the full severity of the economic crisis, the George W. Bush administration brought together leaders of 20 industrialized and major emerging economies in a new G-20, where the attendees made an important pledge: “We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty. In this regard, within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports.”

The timing of the 2008 crisis was hardly ideal. Lehman Brothers collapsed, the U.S. financial and automobile sectors needed bailouts, and millions of Americans suddenly found themselves out of work. To make matters worse, the U.S. government was in the midst of a transition: the Bush administration was about to turn out the lights after eight years in office, and Barack Obama would not begin until January 20, 2009.

The Bush administration was both a lame duck and deeply unpopular abroad. The international reputation of the United States was still reeling from the Iraq war. Tensions had escalated with China due to its undervalued exchange rate. Even trade was not going well, as the Doha Round of WTO negotiations had collapsed into acrimony in July. To its credit, the U.S. administration overcame all those obstacles to put together a Washington summit that ultimately helped the trading system survive.

Admittedly, the global disharmony that the Bush administration overcame in 2008 pales in comparison with the bitterness and distrust today.

## A LOW STARTING POINT

Thus far, Trump has followed his usual playbook in his trade response to COVID-19. U.S. hospitals faced dire shortages of personal protective equipment. Still,

the administration waited until March 17 to grudgingly remove trade war tariffs on respirators and surgical masks from China, where nearly 75 percent of U.S. mask imports are produced. Ten days later, Trump appointed Peter Navarro, a top trade adviser, China hawk, and leading proponent of tariffs, to direct COVID-19 supply chain and trade policy. The administration then almost immediately invoked the Defense Production Act and mimicked Brussels's beggar-thy-neighbor policy by limiting American exports of respirators and masks, too.

On March 30, the G-20 trade ministers had a virtual meeting. They made little mention of the coming protectionist pressure or what to do about it. To the contrary, U.S. Trade Representative Robert Lighthizer, a trade skeptic, took the opportunity to blame the COVID-19 crisis on trade itself: "Unfortunately, like others, we are learning in this crisis that over-dependence on other countries as a source of cheap medical products and supplies has created a strategic vulnerability to our economy."

The joint statement coming out of the G-20 meeting was "not as ambitious" as he had wanted, EU Trade Commissioner Phil Hogan confessed. But France and Germany were partly to blame for having left a mess for Brussels to clean up. Instead of countering the calls for protection, Hogan had to explain why the EU's own protectionist export controls on medical supplies weren't as bad as they looked.

#### WHO WILL STEP UP?

Even if Trump had never come along, COVID-19 would have put the trading system to a stiff test. But Trump has left the WTO less prepared than it might have been. Unlike in 2008, this time there is little hope that immediate leadership will come out of Washington.

Saving the rules-based trading system from a crisis of widespread protectionism will require creativity and foresight from somewhere else. Squint hard enough and some hopeful signs are visible. Trump torpedoed the WTO's system of resolving trade disputes in late 2019—in response, the European Union organized a workaround, signing up a number of major economies outside of the United States to a framework to resolve their differences harmoniously. And a group of smaller economies—led by Canada and Australia—has put forward an antiprotectionist trade statement on COVID-19 that is more aggressive than any the G-20 could agree on.

Trump has left the WTO less prepared than it might have been.

Governments of the major economies must do more, and quickly. They should not let Washington's current dysfunction hold them back. At a minimum, countries will need to channel potentially unstoppable demands for protection into the WTO system's most transparent, time-limited, and least distorting instruments. A special tariff called a "safeguard" satisfies those criteria and may be the best option. Safeguards are for emergencies, when imports surge and threaten to further damage industry, and they do not require assigning blame to foreigners. Applying one will not tangle policymakers in esoteric arguments over which subsidies granted in response to COVID-19 are "unfair"—a topic unworthy of litigation during a pandemic in which nearly everyone is treating state aid like Monopoly money.

The failure to anticipate and prepare for the coming demand for trade protection could be catastrophic. Starting the trading system over from scratch would be not only extremely difficult but incredibly costly, as there would surely be an interim in which no system functioned at all. But as with containing the pandemic, shoring up trade cannot be any one nation's sole endeavor. Until the pandemic is contained everywhere, it is a worry anywhere. The same is true for protectionism.

Source: <https://www.foreignaffairs.com/articles/united-states/2020-04-28/covid-19-could-bring-down-trading-system>

# EDUCATION

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## **Education in Quarantine By Prof Dr Tayyaba Zaarif**

IT is no secret that like the entire world, Pakistan was also taken aback with the sudden outbreak of COVID-19 and the reaction from various quarters that followed draw gloomy picture of where we stand. Clearly, our systems, including the education sector was not ready with backup plans in the form of alternatives that had to be adopted when measures such as lockdown were announced.

There is no denying the fact that there is massive demand for online educational systems and virtual learning models, especially after the outbreak of COVID-19, however; the options which surfaced, have made it clear that this learning curve is indeed way too steep and in order to overcome this challenge, there is a dire need for policy planners and practitioners to join forces for the ultimate benefit of the students/learners. For the higher education institutions (HEIs), it is perhaps an utmost obligation to consider and prioritize their students as regards to adoption or integration of any policy or practice for online teaching-learning.

Taking care of the interests of the students is not just their right but a legal responsibility of any educational institution and its faculty. So the steps being taken at this point in time by various higher education institutions are quite understandable. However, in the academic arena of a country like ours' where quality of education is an area of concern in the normal course of life, a mix bag of online tools, software, applications and portals, is raising many eyebrows and that too not just of observers but surprisingly of the students, parents and teachers alike in form of complaints etc. In this situation the "quality and access" of internet has also been realized as an essential ingredient for accomplishment of online teaching-learning according to one survey conducted by the author. Considering the scale of the pandemic in both urban and rural settings, it was imperative to understand how the students of HEIs with different backgrounds are coping up with this situation.

A survey in one area carried out recently by author revealed that 44 percent students have no access of internet at home. On the other hand, almost 77 percent students use mobile data for internet connection whereas 62.6 percent students have no high speed internet services and in some areas majority never ever enrolled in any online courses. Keeping in view students' preference on online teaching and learning, it is obligatory to explore this area from a research standpoint. In this regard, the author of the article conducted a research on this area as well. The findings of the survey reveal that students are facing many issues like unavailability of internet or slow internet, unaffordability of internet services, no availability of smart phone or laptop, no/poor network coverage at rural/far flung areas, electricity problem (load shedding), Lack of willingness/interest toward online learning, low quality of education, Problems in arrangements of resources due to lock down, Financial problems with students, No prior experience of taking online classes.

One student tole me”Madam ghar k lae pase nahe to internet k lae kahn se laen” another said Madam “have no separate room and laptop for attending online lecture or classes, that’s another “My father is a daily wager, and we are in a difficult situation because my father has been at home for the is at home from last 10 days, so I cannot afford mobile package”. As a nation we are facing critical situation with the epidemic of COVID-19 in all social paradigms including mainstream quality education system. The recent actions taken by HEC in the form of crackdown of numerous online education initiatives is a testament to the problems faced by scholars in these hard times, thus emphasizing the need to have a structured approach and a fully regulated & monitored system to facilitate not only the learning pathways of students from all backgrounds but also to assist the teachers & faculties in their service delivery.

There is a need of complete learning Management System LMS for HEIs as per the need of courses especially practical oriented courses with embedded simulations where required along with prescribed use of VR equipment for hands-on 3D practice. This also implies the development of standards, benchmarks and SOPs for such systems including the digitized assessment frameworks. The time is difficult, however this doesn't mean that we do not have potential, in fact true empowerment of visionary and intellectuals minds on this front coupled with the right technological mix can pave a way forward that can make life easier for both the students and teachers. So, while the education is in quarantine, there is still hope and students should stay motivated and hopeful as

in the times to come. HEIs will certainly be having a Plan-B, Plan-C and so on which will ultimately benefit all the stakeholders through technology.

—The writer is Former Vice Chancellor.

Source: <https://pakobserver.net/education-in-quarantine/>



# **Online Education is Here to Stay By Dr Wasim Qazi**

Radical change in the mode of production requires transformation of the education system. Our current education system, with its focus on memorisation and standardisation, does not fulfil the requirements of the Fourth Industrial Revolution to prepare students to compete against intelligent machines or the Sustainable Development Goals to enhance education access, equity, quality, and lifelong learning.

Online education is an imperative and integral part of changing technologies and consumer preferences. Hybrid learning and virtual classes will play a significant role in the long-term survival of many universities. Students will be attracted and enrolled in the universities offering online learning with flexible timings. Many countries are already incorporating classes with unconventional technologies such as augmented reality, Artificial Intelligence and virtual reality-based learning. The 'blended learning' approach is becoming more popular in many parts of the world.

The Covid-19 pandemic has created a public health crisis and an economic crisis globally, exposing the interconnectedness and interdependence of the global village. Economic activity has halted to prevent people from catching or spreading the novel coronavirus. The global economy is in recession, Asia's annual economic growth is projected to be 0% in 2020, and Pakistan's annual economic growth is expected to be -1.5%.

Education and public health play a pivotal role in the economy of any country. These variables of human capital increase the productivity of individuals and bring prosperity to any country. The wellbeing of individuals, as well as nations, can be determined by the education attainment of its population and healthcare they receive. Adopting new models of education not only contributes to economic growth and development through building individual capacity to earn more and become better off socio-economically, but it also leads to a healthy and happy society.

Change is happening faster than ever before during Covid-19. All the political, social, economic and business stakeholders are trying to adapt to Covid-19 to survive the public health and economic crisis. As an emergency response, educational institutes are also forced to go online to adjust with the Covid-19 pandemic immediately, although a great number of them were already planning and preparing their systems and existing models to provide appropriate education for the Fourth Industrial Revolution that demands a shift to online education as more than 60% learning was expected through the online mode by 2022.

The closure of educational institutes because of the Covid-19 pandemic has forced institutions to change their mode of delivering education from on-site to on-line, creating new challenges of access, technology, training, digital resources, assessment, and a sea change in workplace culture.

Access requirements: Students, teachers, and staff interact using internet connection available to them, and the various digital devices, ranging from mobile phones, tablets, laptops and personal computers. Access requirements limit the access only to those with an internet connection and a digital device that can handle asynchronous and synchronous mode of communication creating a digital divide between those who have internet connection and a digital device and those who do not. This digital divide will lead to a social, economic, and political divide turning the world even more inequitable, and unsustainable than it already is. A public and private partnership can overcome this challenge by providing free internet access and digital devices for education to all the learners.

Technical requirements: Educational institutions must have a learning management system (LMS), a content management system (CMS), and a conferencing tool like Microsoft Team, Google Meet, Zoom, and others to deliver online education both in synchronous and asynchronous mode. Each course offered must be uploaded on the CMS including the curriculum, lesson plans with learning materials, assignments, activities, quizzes, and projects.

Many public universities do not have a LMS, CMS for asynchronous learning, and a conferencing tool for synchronous learning.

Training and support requirements: Students, teachers and the staff should be provided technical support, and teachers and staff must be trained to deliver

online education. Many educational institutions are struggling to train teachers and staff and populating the CMS with course curriculum, lesson plans with learning materials, assignments, activities, quizzes, and projects.

Digital resources: Traditional libraries are inaccessible and digital libraries are needed to provide educational resources to the students and teachers. There are many free educational materials on the net, however the subscription of a complete digital library is expensive. The HEC offers subscription to the HEC digital library while other digital libraries are also available.

Assessment: The Covid-19 pandemic has restricted the traditional examination setting for summative assessment of bringing the students under one roof to verify students' identity, and to ensure they are not cheating in the exam. Online summative assessment apps and services for proctored exams are available but require infrastructure support for access in terms of bandwidth and digital communication devices with a webcam. The traditional assessment model with 70% summative assessment and 30% formative assessment is reversing in favour of formative and performance-based assessment. Online assessment facilitates formative assessment through facilitator's feedback and summative assessment through group projects, individualised assignments and by motivating students to use all available resources instead of restricting students from using available resources.

Change in workplace and workplace culture has also occurred. Online learning from anywhere, anytime changes the workplace as well as the workplace culture of students, teachers, and staff radically. They need counselling and support to transition from on-site to on-line mode of delivery that requires unlearning the old, and relearning the new ways of learning.

Various stakeholders such as government agencies, educational professionals, publishers and producers, technology benefactors, and telecommunication operators have joined hands to combat the public health and economic crisis. Learning confederations and alliances have become more evident in just a few weeks, countries are paying attention to the continuation of learning in this crisis, introducing various techniques and modules accompanied by technological advancement for online education programmes.

China is providing tablets and computers and subsidising mobile data packages for students from low-income families. In France, printed assignments are being provided to the 5% of learners who do not have access to the internet. The UAE government has established a hotline portal for teachers and students facing connection difficulties to reduce the disruption. While in Hong Kong, over 60 educational institutions, media organisers, publishers, and entertainment industry specialists are providing access to more than 900 educational resources constituting books, videos, evaluation and assessment tools and free counselling services.

Futurist Thomas Frey, founder and director of the DaVinci Institute, says “The world is changing rapidly. Ten years from now, education is going to look radically different. It might not feel like it, but we’re in the midst of a huge transition.”

We need to develop digital infrastructure, increase global cooperation and build public-private partnerships to provide education access, equity, quality, and lifelong learning through diverse learning pathways to all. This crisis has changed the world, it is the time for academia to transform or perish as change is not optional.

Published in The Express Tribune, April 28th, 2020.

Source: <https://tribune.com.pk/story/2208369/6-online-education-stay/>

# **Online learning woes during lockdown** By **Usama Nizamani**

Ever since countries all over the world have gone into lockdowns due to COVID-19, educational institutes have been no exception. Students and teachers have come across the perennial struggles of having access to uninterrupted and seamless quality of internet connection. To this universal problem, Pakistan has been no exception. Students and teachers across the hierarchy of educational backgrounds have found themselves in the eye of a near meltdown of internet bandwidth in many places. This state of affairs is adversely pitting academic institutions, tutors and students in a race against time. At the same time, it is compromising on student's much desired academic progress. However, universities and schools can adopt smart solutions to overcome the disruptive distress of adopting the online mode of communication.

First, university administrations in Pakistan do not need to let all teaching staff be on virtual video-conference applications to conduct virtual classes with a dozen or more students. As the number of users in a single video-chat increase over ten or more participants, the quality of internet connection is likely to get hampered. That one route is surely going to frustrate students, teachers and administrations alike on assuming that online-education is impractical. Instead, university staff can move to adopt already available and free off-the-shelf solutions. Universities can quickly reduce some of the burden on their existing staff members by directing their students to make use of the available repository of teaching content available on YouTube. They may not need to look far away. The Virtual University of Pakistan has an almost rich source of course material of about 338 courses on YouTube. One must admit that they do not account for all academic programmes universities may teach. However, for a relative margin, they alleviate pressure on universities to account for all course instruction. For some courses, whose lectures may not be available on VU's YouTube channels, universities may consider requesting their respective course instructors to upload their teaching instruction on a single channel belonging to the university over YouTube. One tip that teachers can follow is that by keeping their videos short, precise, and clear to the concept by offering some metaphors, they can help retain the attention and focus of students. Also, by uploading some PowerPoint presentations below their videos along with one reading material (if need be),

they can help ease the pain of the students in revisiting concepts. Universities may also consider using MIT's Courseware or using Coursera like platforms, if need be. Universities can also engage in an agreement with Virtual University and seek their handouts to distribute among their students.

Second, in order to conduct exams, universities may consider using online Exam Software which may help alleviate the challenge of conducting online exam. This will prevent universities in facing delays in its annual academic calendar.

Third, schools and universities can use free services and platforms to create rooms and discussion boards to undertake lesson-based discussion. Google classroom is certainly one such platform which can come to teachers' aid among many similar platforms. Moreover, by using email service or generally having standard FAQs for a certain lesson, the instructors can address queries of students. Staying available or online in course-based groups can reduce pressure for students and teachers from missing out on completion of deadlines.

Fourth, it is important that instructors continue to give some form of assignments to their students which can keep their students engaged in academic activities. Certainly, the use of plagiarism software can ensure fair play from students and can help keep in check violation of ethical code.

Next, the most important bit is the need to undertake a behavioural change on part of the teachers, students and parents. This bit is about ensuring that students and teachers, while, staying and working at home have the essential private space to complete pending academic commitments. What needs to be realised is that the ongoing lockdown is not a stay-at-home vacation. It is as much a time to find one's self-space, while ensuring that our pending professional commitments remain connected by harnessing technology and internet. Families need to ensure that distractions remain controlled to a minimum by ensuring a quality environment. This ensures that the wellbeing and the much-needed discipline remain intact on behalf of both teachers and students to complete their assignments.

Perhaps the most important bit which is closely related to online education is that it can have a psychological fallout of making students feeling excluded and secluded. Students may feel that they're lacking discipline and perhaps being below par, which could trigger anxiety. To beat this sense of frustration and lack



of self-efficacy students require self-assurance and a reminder that they are not alone in this and will be able to come out knowing as much as other peers. Second and most importantly is that families and friends need to come closer for students to provide them with needed psycho-social and knowledge-based support. This will ensure that students are able to have a fulfilling academic experience through online education and by being at home during this novel time. As a former graduate of an online university and a frequent online-education beneficiary, the experience of online-education is second to none for all the right reasons, provided that there is drive, determination and devotion on part of the learner to keep learning and staying committed to time-bound goals.

Source: <https://nation.com.pk/15-Apr-2020/online-learning-woes-during-lockdown>

# WORLD

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## **Impact of COVID-19 on the World By** **Senator Sehar Kamran**

“Public health is really closely tied to the social, political and economic issues of the world. Where they go awry, public health can quickly go awry.”—Michael Osterholm

THE world is currently grappling with the yet untamable monster of COVID-19, as the global tally of people infected is on an upward march. Until 9 April 2020, more than 1,519,571 have been tested positive for the virus globally; with more than 88,550 dead, and 331,014 recovered. As clichéd as it sounds, the world as we knew has completely changed. Undoubtedly, the post-COVID-19 world will have a different reality, as compared to the one we were living in. From increased distrust of global institutions erected post-World War-II (especially financial ones), to a growing international skepticism and waning trust between states, rise of authoritarianism and a surging state surveillance impinging upon citizen's privacy are some of the long-term impacts of this pandemic which are going to reshape the world. According to the International Monetary Fund, the world is officially in a global recession. The fund stated that this recession would be worse than the one following the 2008 economic crisis with no respite in sight.

Undeniably, the pandemic has injected a lot of economic uncertainty across the globe with almost the entire world in a shutdown mode. In the first three months of 2020, the global stock markets have crashed around by 30 per cent. The longer the lockdown lasts, the worse the economic conditions will get. The global supply chains have been upended and it will take time for them to become functional again. An unprecedented level of unemployment is on the rise globally, with no clarity on when businesses will open and normal life will resume. Though researchers are on task to find a vaccine and treatments for the virus but it will take time, from some months to a year or more, until then social distancing and lockdown is the only way forward to break the transmission chain and contain the spread of pandemic. The third world countries will be hit the hardest. As per the

UN Conference on Trade and Development (UNCTAD) report released on 30 March stated, “developing countries, including Pakistan, will be hit hardest by the economic shockwaves caused by the novel coronavirus crisis that has shaken the world and will need a support package of up to \$2.5 trillion to cope with the damage.” The wave of economic distress across the globe will further erode the perception of international organizations like UN, IMF and WTO which have already been under severe criticism from different quarters. The states will adopt more inward policies in order to protect their interests and it will have a negative impact on global trade and cooperation. The bilateral cooperation between states which was already under strain prior to the pandemic will further weaken. The countries will view each other with more skepticism and the transparency in relations will further erode. The US intelligence has alleged that China has hid the extent of the COVID-19 outbreak which aggravated the situation globally and is not revealing the real number of pandemic casualties, so much so that the US President went ahead and termed the novel Corona Virus as the “Chinese Virus.” Moreover, these allegations against China are now being echoed by the rest of the world as well, as they hold Beijing’s silence complicit in the spread of the virus. China has rejected these accusations. One of the after-effects of the pandemic is going to be the undermining of democracy as an institution and an increase in authoritarianism around the world. A glimpse of this has been seen already in the form of Hungary’s new “Corona Virus laws”, which give the country’s Prime Minister Viktor Orban sweeping new powers, without any time limit. Although the EU and others have criticized this move, it is worrying that other states are considering to implement similar measures. Authoritarianism is creeping slowly and steadily into the power capitals of Europe and other regions, where populist leaders are ‘using the pandemic as an excuse to tighten control over their countries.’ Another victim of the post COVID-19 world will be the civil liberties and privacy of citizens. Currently, several states like Iran, China and Israel have launched coronavirus applications to monitor location of its citizens. Such measures can continue post the pandemic with States making new laws infringing upon citizen’s privacy with an increased electronic surveillance in the name of protection. One of the positive impacts amidst all this, which has already been announced, is the ban on the consumption and farming of wild animals by China. This step will help in curtailing any future epidemic or disease which might spread from the eating or trading of wild animals. In order to prevent a future epidemic or pandemic, developed countries, multinational corporations and conglomerates will now invest more in research and development, because the novel Corona Virus has shaken the foundations of the global economic system

and exposed the world's lack of preparedness to fight this deadly disease. It is hoped that in the post-COVID-19 world, states would review their strategies and will give scientists and healthcare professionals their due in protecting the people. History is witnessing that humanity has overcome a number of deadly pandemics and epidemics over the centuries. Undoubtedly, the world will come out of this pandemic albeit shaken but not broken. The human spirit will prevail. The complete financial and political repercussions of this pandemic will only come to the forefront after it is over, but it must not stop the cooperation between states because only by working together, we can achieve milestones and miracles.

—The writer is founder of Centre for Pakistan and Gulf Studies

Source: <https://pakobserver.net/impact-of-covid-19-on-the-world/>

## **WHO Warning | Editorial**

As the worldwide death toll from the novel Coronavirus has surpassed 100,000 with 1.6 million cases reported, World Health Organization (WHO) has warned the countries to be cautious about lifting restrictions introduced to curb the spread of the pandemic. Addressing a news conference, the UN Agency's Director General Tedros Adhanom Ghebreyesus said the world body would like to see an easing but at the same time lifting restrictions could lead to a deadly resurgence. Indeed the very remarks of the WHO DG indicate the tough and challenging times ahead and the very warning by him should be taken very seriously by all and given heed to. The countries need to take cautious and well-calculated decisions keeping in view the ground realities to avoid the situation getting out of control. As a specialized body of the UN, the WHO has a leading role to play in the fight against the pandemic and it needs to bring together the researchers and scientists as well as public health agencies across the globe to find cure to the pandemic at the earliest. Setting clear global research priorities for the novel Coronavirus should lead to more efficient investment, high-quality research and synergies among global researchers.

Responsibility rests with the important capitals to fully support the agency's efforts. Instead of raising fingers on its working as was done by the US P resident, its hands need to be further strengthened and supported so that it could build the capacity of the poor and developing countries to effectively handle the pandemic. We will rather suggest that a Corona Fund be established with economically strong countries contributing to it so that necessary medical supplies and logistics could be provided to the countries struggling to cope with the situation. As Pakistan is all set to take a decision about the extension of the lockdown today, the federal and provincial governments should not only keep in mind the WHO warning but they also need to be on the same page on the matter to give a message of unity to the nation. In fact all the political parties also need to support whatever course of action they decide for the coming days and months. The very remarks of Bilawal Bhutto Zardari, the P PP Chairman, criticizing the federal government's response to the pandemic, during an interview with Sky News, are really unfortunate and should not have been made when greater unity and harmony is required. At the start of the breakout, Bilawal had earned great praise for expressing confidence in the leadership of the Prime Minister and decided to opt for no criticism policy over the pandemic. As we are

yet to surmount the challenge, we expect that the PP P Chairman will continue to toe the same policy in the greater national interest. Given our economic situation especially the plight of daily wagers, PM Imran Khan has repeatedly and very rightly stressed the need to strike a right kind of balance between the lockdown and the economic activity and at this point in time we need to open only those businesses which are pivotal to run the wheel of our economy but this should be done after putting in place and ensuring safety guidelines at the workplace. Protection of the workforce should be the foremost priority. We cannot afford addition of thousands of Corona cases as our healthcare system is ill equipped to bear that burden. Government has recently announced a very lucrative package for the construction industry which, in fact, has the potential of generating immense job opportunities in these testing times. The construction of road infrastructure and new houses indeed will help uplift several other sectors allied with the construction. The government should immediately take the requisite steps including the necessary legislation to ensure the package's complete implementation so that builders and developers could invest in mega projects. This will also help attract the overseas Pakistanis to invest in the construction industry. Funds should be released by the government for the construction of road infrastructure both in cities and rural areas as such projects do not pose much threat to the spread of the virus.

Source: <https://pakobserver.net/who-warning/>



# **Afghanistan-US Peace Agreement: Back From the Brink! By Iqbal Khan**

AFGHANISTAN government released 100 Taliban prisoners on April 09, claiming they were among 5,000 detainees to be freed under Afghanistan Peace Agreement between Taliban and the US. Taliban said they have yet to verify those released were on the list they handed over to Washington during negotiations. Taliban political spokesman Suhail Shaheen in a message to Associated Press said Taliban doesn't know who the government is releasing without verification. Taliban have released 20 prisoners belonging to Afghan Defence Forces. This micro-level prisoner swap gives the peace agreement another lease of life, at least for the time being. Interestingly, during the winding talks between the US and Taliban, the American side had often questioned as to whether Taliban would be able to deliver on the terms of peace agreement. Paradoxically, it is the US side which appears unable to deliver. Its handpicked dysfunctional political dispensation of Afghanistan is playing spoilers. The Afghanistan Peace Agreement signed on February 29 had been touted to be the best chance to end the 18-year-long war. Plans for a prisoner swap have faced opposition and hurdles from the start, threatening to unravel the agreement.

According to ABC News, "three-member Taliban team arrived in Kabul last month to begin the prisoner exchange process. Last week, Afghan officials said they would release 100 Taliban prisoners who were sick or over the age of 50". In exchange, the Taliban were expected to free 20 members of the Afghan security forces. Ultimately both sides would aim to release the 6,000 prisoners they are holding. Afghan are not known for abiding treaties and agreements. They are also poor performers in handling intra-Afghan negotiations. Earlier, according to Reuters, Suhail Shaheen said, "Their release has been delayed under one pretext or another." "Therefore, our technical team will not participate in fruitless meetings." The government says the Taliban are making unreasonable demands by asking release of high profile prisoners first. A prisoner exchange is meant to build confidence on both sides for intra-Afghan talks. Taliban say Afghan officials are trying to delay the release, while officials say the militants' demands are unreasonable. Prisoner exchange is a confidence building measure. It was meant to trigger intra-Afghan dialogue leading to end the war.

Matin Bek, Mr Ghani's head of local governance, told a news conference the Taliban were demanding that the first batch of releases include about 15 senior commanders convicted of major attacks. "We cannot release the killers of our people," he said. The US had agreed to the prisoner swap as a first step between the Afghan government and the Taliban, who are still technically at war. The Afghan government was not included in the talks. The government says it's willing to release up to 400 low-threat Taliban prisoners as a goodwill gesture in return for a considerable reduction in violence. As per peace agreement document the US had committed that its 5,000 soldiers troops would leave the country by May. The process has already begun. The remaining US and NATO troops are slated to withdraw from Afghanistan within 14 months, provided Taliban uphold their side of the deal. Most of the international analyst opine that even if Taliban abide by all provisions of the agreement, the US is not likely to proceed with troop pullout beyond the magic 5000 figure. America had also agreed to lift sanctions against the Taliban and work with the UN to lift its separate sanctions against the group. In return, the Taliban agreed not to allow Al-Qaeda or any other extremist group to operate in the areas they control.

Even after the Taliban released a statement saying they were pulling out of the talks, Afghan officials hoped another meeting between the technical teams scheduled for 07 April would go ahead, but it did not. The International Committee of the Red Cross, experienced in prisoner swaps, is a third party in the talks to help overcome mistrust. It is not clear what particular point broke down the talks. "Discussions on release of Afghan security forces and Taliban prisoners had entered an important phase ahead of release," said Javid Faisal, a spokesman for Afghanistan's National Security Council. "Withdrawing from talks at such a time indicates a lack of seriousness about peace. We tried our best — that they need to trust us, and we trust them as we have to work together. We thought their arrival in Kabul was a big step", Javid added.

The Taliban insisted that the senior commanders be released in the first batch so they could help verify the rest of the 5,000 prisoners who had been expected to be released. Afghan officials offered a workaround: They could not release the senior commanders now, but those commanders could participate in the verification process and then return to prison. ABC has reported that a spokesman for the government said it would maintain its work on the prisoner release plan. "We ask the Taliban to not sabotage the process by making excuses now," said Javid. Mujib Mashal reported for Times that "Several Afghan

officials aware of the discussions said the government had tried earnestly to use the opportunity of a Taliban delegation in Kabul to make progress. Afghan government is under pressure from the US side for an aid slashing of the tune of \$1 billion over differences between President Ghani and his political rival Dr Abdullah Abdullah, which the Americans say has undermined the timelines of a tightly choreographed deal. Coupled with aid cut, Secretary of State Mike Pompeo had delivered a second stern message to Afghan leaders: that if they did not resolve their dispute to prioritize the peace talks, the United States could pull out all American troops.

—The writer is a freelance columnist based in Islamabad.

Source: <https://pakobserver.net/afghanistan-us-peace-agreement-back-from-the-brink/>

# **Coronavirus: A Challenge to World Order**

**By Kashif Ahmad Mohaar**

Unfortunately, a catastrophic novel coronavirus has rung alarm bells around the world. Neither the developed nor developing countries are immune to this pandemic. Its repercussions are long-lasting, disastrous and overwhelming. It is exponentially spreading, wreaking havoc and destroying even the developed, modernised and technologically advanced healthcare systems of the world. Additionally, it may unravel the existing world order. I am neither a medical expert nor entitled to discuss the technicalities of the virus. However, given its cataclysmic and omnipresent consequences for the world order, one needs to deliberate upon its devastating implications for generations to come.

It is worth noting that the Chinese courageously and resiliently fought against the pandemic and have won the war. The world has acclaimed Chinese success. Now, with all its experience, China is in a better position to help other countries in their drive against the pandemic. Chinese are providing paramedics, ventilators, masks, testing kits and other preventive equipment to others. This has, undoubtedly, multiplied Chinese influence, whether you call it soft power or anything else. However, the US is still fighting the pandemic and is in no position at this stage to help others. Even the US is importing the necessary equipment from China. This makes China an important and influential country and, probably, a global leader for fighting nascent pandemic.

The world order is severely threatened by the virus. The earlier order was based on liberalisation; free movement of goods, people and everything across the world; free borders and trade. In other words, globalisation. However, due to the virus, the borders are now closed. Free movement is at stake. People are self-isolating. Freedom is challenged worldwide. Quarantines are the best options. States are looking inward. Globalisation is kept in check. At this point in history, no one is proposing social integration. Instead, isolations and lockdowns are preferred. Though the flow of goods is not restricted at this time, God forbid, if it further spreads or any such cataclysmic calamity arises in future, it would deal a severe blow to the existing order. It will take us to the medieval orders or at least, to pre-globalisation era. Nationalistic isolation may be the new phenomenon. Nationalism will resurge on the global scene.

The pandemic is badly affecting the global economy. Lockdowns across the globe have isolated people keeping them away from their jobs. Public and private offices are closed. Some employees are working from home through internet applications while the others are left jobless. Daily-wagers are facing constant threats to survival. This makes many penniless. Though developed countries with healthy economies are supporting the destitute, the under-flourished economies are in no position to facilitate the unemployed. If the crisis prolongs, even the developed nations will fail to keep the poor secure through welfare funds. This will reduce the purchasing power of the people at large. As a result, national economies will not survive the burden on the national exchequer. Ultimately, the global economy may collapse.

Furthermore, the virus may unravel a globally interconnected economic system. If the crisis persists, the national economies may emerge against the global one. The phenomenon of interdependence may not exist as the global supply chains are and will be further disrupted by the fatal disease. The global shutdown of manufacturing factories will decrease the supply of goods, unbalancing the supply-demand equation. Also, the demand may decrease as fears of virus increase and people remain housebound. Consumers/countries will not demand goods from foreign manufacturers fearing the transmission of the virus through supplies. All this will lead to self-sufficiency and national economy or at the least an era of less interconnectedness.

Another dimension of the crisis can be a bio-warfare age. If it is so, it may relegate the existing order. As a result, new power-centres will emerge. In such a scenario, only the countries with the best healthcare systems and advanced technologies will be able to cater to dynamic bio-warfare challenges.

In view of the aforementioned arguments, the whole world should stand united to put the genie back in the bottle. The decision-makers should come up with actionable strategies to get out of this conundrum. Every effort should be taken to make the existing order survive and to prevent the emergence of nationalism. The future threats will be global in nature, and every global crisis needs a global response. Therefore, globalisation may better fight such ubiquitous challenges.

Now, where does Pakistan fit in the equation? The answer is simple: nowhere. The country is striving to fight dynamic domestic and foreign challenges with

inadequate resources. The greatest of all is the deteriorating economy. With a dwindling economy, this country cannot provide advanced or even reasonable healthcare facilities to its citizenry. The first step is to mitigate the crisis through short-term strategies. For this, the Chinese experience is worth replication in Pakistan. As a Chinese scholar put it, “China imposed the largest and most draconian quarantine in history. Factories shut, public transport stopped and people stayed indoors. By doing that, it flattened the curve, on one hand, China avoided millions of cases and tens of thousands of deaths. On the other, it stretched out the time and made the hospitals restaffed and less strained. The citizens fully cooperated with the government and showed resilience by staying indoors for weeks and months.” This is exactly what Pakistan should know and strictly follow. It should not wait like Italy, but act as China did. The citizens must self-isolate themselves to mitigate the speedy transmission of the virus. Quarantine must be viewed and observed as a civic duty. Secondly, this is perhaps a bio-warfare age. A strong and unsurmountable healthcare system is the best weapon to fight with. Therefore, as a long-term strategy, Pakistan should reinvigorate its healthcare system as per modern techniques. The technological advancement in this sphere is the need of the hour. The people at the helm must perceive this necessity and act accordingly.

Kashif Ahmad Mohaar

The writer holds MSc. in International Relations from Quaid-I-Azam University, Islamabad. He can be reached at [Kashif.ahmad99@gmail.com](mailto:Kashif.ahmad99@gmail.com)

Source: <https://nation.com.pk/20-Apr-2020/coronavirus-a-challenge-to-world-order>



## **Trump's Election Stunt | Editorial**

President Donald Trump continued his rule-by-tweet policy, deciding on Monday that he would be suspending “immigration into the United States”. By Tuesday, he had clarified that the immigration in question was mostly related to Green Cards and not business, tourism, or temporary worker categories. Trump’s executive order would ‘pause’ issuance of green cards — which are the first step to citizenship — for 60 days. The policy would then be reexamined and possibly extended, depending on economic conditions at that time.

The US president insists that his goal is only to protect Americans from international competition for jobs. Oh, the irony! Trump, leader of the world’s most capitalistic society, fears that American workers can’t compete with foreign ones. But given his many bankruptcies, his anti-trade practices as president, and his bailing out of stock market gamblers, it is quite clear that Trump has no clue how capitalism works. But we digress. The US has already essentially closed immigration, given that field offices around the country and embassies abroad are closed for immigration services.

While experts say the executive order could not affect existing visas, until Trump or the administration explicitly say as much, many immigrants await anxiously. Meanwhile, Americans sponsoring relatives will almost certainly be affected. Some have argued that highly-educated and skilled workers will also be affected. This makes total sense since Trump “loves the poorly-educated” people who think they will now get these jobs.

The fact of the matter is that the US needs immigrants. Because of poor policymaking, immigrants are the only way to fill many essential jobs. This is why a quarter of doctors in the country are foreigners. Trump may or may not understand this, but his racist and bigoted voter base most certainly does not. This is an election stunt and must be exposed as such.

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Source: <https://tribune.com.pk/story/2204545/6-trumps-election-stunt/>

# **How Trump Can End the War in Syria By** **Ayman Abdel Nour**

In the summer of 2011, as Syria's peaceful protest movement began mutating into a full-blown civil war, Syrian opposition activists begged U.S. President Barack Obama to aid their efforts to oust the country's authoritarian leader, Bashar al-Assad. The dissidents were received with great warmth and sympathy by State Department officials and by lawmakers from both political parties, but the Obama administration—already focused on preventing Iran from developing nuclear weapons and keen to avoid the quagmire of a sectarian conflict—declined to intervene. For the next five and a half years, as the war in Syria killed hundreds of thousands of people and displaced millions, Obama offered rhetorical and humanitarian support to the Syrian rebels but little more; he repeatedly failed to take the kind of decisive action that might have ended Assad's brutal rule or changed the course of the bloody conflict.

Since entering office in 2017, U.S. President Donald Trump has faced frequent criticism for his lack of a coherent foreign policy and apparent disdain for traditional diplomacy. But Trump has shown himself to be capable of bold decision-making and unafraid of confrontation. In the case of Syria, for example, Trump twice responded to Assad's use of chemical weapons with immediate retaliatory airstrikes—in stark contrast with his predecessor, who called chemical weapons a "red line," then stood passively by when Assad used them against Syrian civilians. Although his contradictory statements may frustrate foreign policy analysts and long-standing U.S. allies alike, Trump's ad hoc, reactive approach to international challenges has often proved more effective than his detractors would like to admit. Even Trump's decisions to cancel the Iran nuclear deal and to assassinate the Iranian Quds Force commander, Major General Qasem Soleimani—arguably the most audacious and controversial foreign policy moves of his presidency—have thus far failed to produce the catastrophic consequences that were so widely predicted in their immediate aftermath.

It is time for Trump to act boldly once again by striking a grand bargain on Syria. Thanks to an unusual set of economic, geopolitical, and epidemiological circumstances, the Trump administration has a historic opportunity to put an end to the conflict that has ravaged the country for nearly nine years. Syria's

economy had been deteriorating over the course of the long war, but over the last several months, the financial crisis in neighboring Lebanon has pushed it into a state of complete collapse. Syria's military is badly debilitated, causing Assad loyalists to openly question the regime's legitimacy for the first time. Russia and Turkey, which back opposing sides in the conflict, each face significant internal economic woes of their own—now suddenly exacerbated by the arrival of the novel coronavirus. The so-called Astana peace process, which was laid out in a 2017 deal between Iran, Russia, and Turkey, is breaking down, with a diminished Iran increasingly acting as a spoiler. Even a March 5 cease-fire agreement between Russia and Turkey in Idlib, Syria's last remaining opposition stronghold, has begun to fray, mere weeks after it was signed. By acting quickly and offering both countries—and especially Russia—face-saving paths out of a fight they can no longer afford, the United States can conclude the war in Syria once and for all.

## ECONOMIC COLLAPSE

In regime-controlled areas of Syria, the economy is in ruins. Fuel and cooking gas are scarce, and shortages of basic goods, combined with a plummeting Syrian pound, have sent prices soaring. For the first time in decades, wheat shortages now threaten the government bread subsidies that are a critical underpinning of the regime's legitimacy. In a desperate bid to hide its inability to provide Syrians with enough bread, the government has launched "innovative" new distribution methods: doling out bread from trucks instead of traditional bakeries and issuing ration cards equipped with electronic chips to each household; if Syrians don't receive bread to feed their families, the government can now argue that it is because they didn't run fast enough to catch the bread truck or carelessly damaged the delicate chips on their ration cards. Electricity cuts are constant, and once staunch supporters of the regime have begun openly criticizing Assad and his cronies, calling out the rampant corruption that has pushed millions of people into abject poverty.

Assad's air force is now so weak that, in February, Turkey was able to impose an air embargo over Idlib using just two F-16 fighter jets alongside a fleet of drones. The last time Syria purchased military aircraft in large quantities was in 1983 (although it acquired a small number in 1996). At present, Assad has only about 30 functioning aircraft, and his government lacks spare parts to repair them when they break down. The Syrian army, too, is exhausted and demoralized. After months preparing for a heroic last fight to "liberate" the northwestern region of Idlib, the troops were shocked when their advance was prematurely halted by a

March 5 cease-fire between Russia and Turkey—a cease-fire agreement concerning Syrian territory, yet concluded without any involvement from Syria's president. For many soldiers, learning that their leader had been excluded from the cease-fire discussions was a moment of horrifying revelation that laid bare the truth about their leader's subservience to Russia.

## RUSSIAN AMBITIONS

Although the war in Syria is one of the most complex of the modern era, Russian President Vladimir Putin's reasons for entering it in September 2015 were relatively straightforward. Putin hoped to raise Russia's status and to burnish his own international reputation. By making Russia indispensable in the campaign against the Islamic State (or ISIS), Putin hoped to make his country an equal partner with the West in the fight against terrorism, much like the Soviet Union partnered with the Allies to defeat Nazism. Putin made this vision explicit when, in a speech at the United Nations shortly before the Russian intervention in Syria, he praised the post-World War II Yalta conference for laying a "solid foundation for the postwar world order." It is not a stretch to say that Putin hoped that, by involving Russia in the war in Syria, he would later find himself in the position of Stalin at Yalta, meeting with the leaders of the world's other great powers and reorganizing the world into spheres of influence.

Things have not turned out that way. Russia has now reached the absolute limit of what it can achieve in Syria, whether for the purposes of selling weapons or burnishing its reputation before the international community. Further engagement in Syria now threatens to actually damage Russia's image by exposing the failure of its weapons against Turkey's superior arsenal. Syria's military depends entirely on Russia's unconditional support, and there are clear signs that Russians are losing patience with Assad and questioning the wisdom of continuing to assist his regime. Last week, a Russian news agency owned by a close Putin ally published a blistering attack on Assad's weakness and corruption. The news that Assad recently spent \$30 million on a David Hockney painting as a gift for his wife, Asma, was first reported in a Russian outlet, too. But most damning of all for the Syrian regime was a recent article by Russia's former ambassador to Syria, Aleksandr Aksenok, in which he argued that Assad is obsessed with military victory, increasingly divorced from reality, and incapable of rebuilding postwar Syria and turning it into a functional country once again.

Putin hoped to find himself in the position of Stalin at Yalta.

With oil prices hitting new lows, Putin badly needs new sources of revenue. A peace deal that enabled the launch of reconstruction projects would offer Russia a chance to recoup some of the money it has spent supporting Assad—by providing Russian businesses with a stream of lucrative reconstruction-related contracts—and also hand Putin an international political victory. Putin won't give up on the idea of a leading role for Russia in postwar Syria, but he will readily abandon Assad himself as a means to that end.

The Trump administration should focus, first and foremost, on bringing Russia to the table. But Turkey, too, badly needs a deal. Its domestic economic situation is deteriorating, and tensions within the ruling Justice and Development Party, known as the AKP, are increasing. For Turkish President Recep Tayyip Erdogan, the human and financial toll of the Syrian intervention have become unsustainable. Turkey cannot succeed in Syria without NATO support, and Erdogan fears a sudden American withdrawal from Syria's northeast. Since the March 5 cease-fire in Idlib, Turkey has begun, tentatively, to cooperate with Russia. But Erdogan relies on American military aid, provided both bilaterally and through NATO, and will welcome the Trump administration's involvement in bringing the conflict to an end.

#### A STEP TOWARD PEACE

The road map for bringing about a peaceful, Syrian-led democratic political transition already exists. It was laid out in UN Security Council Resolution 2254 and adopted unanimously in December 2015. But a cease-fire is the first step, and Trump should seize the opportunity to bring that about. In fact, he is probably the only world leader who is capable of doing so.

It is true that the United States doesn't have the standing in the Middle East that it once had, but Putin won't hesitate to follow Trump to the negotiating table—in part because it will flatter his “new Yalta” ambitions, but mostly because he has little choice. After striking a deal with Russia and ensuring Assad's capitulation, Trump can approach Erdogan and from there set Syria on the path to a democratic transition and peaceful reconstruction. The war in Syria is messy; many interests will still need to be served and many problems resolved in the final agreement. But a deal with Russia and Turkey leading to a lasting cease-fire and Assad's removal is the necessary first step; after that, the Kurds will readily get on board. Trump has demonstrated that he can act boldly. By striking a grand

bargain on Syria, he would once again show the world that he can deliver tangible results.

Source: <https://www.foreignaffairs.com/articles/syria/2020-04-26/how-trump-can-end-war-syria>



## **The Yemen Conundrum | Editorial**

With the pronouncement of self-rule by the separatists in Yemen, the war-torn country will plunge into further instability. The consequences of the declaration will be far-reaching, both politically and socially. With the announcement of self-rule, Saudi Arabia's peace efforts will receive the most visible dent. It is not wrong to say that with the decision of the secessionists in the country's south, Riyadh pact has become defunct. Additionally, the Saudi efforts to end the war within a war and attempts to de-escalate the conflict with Houthis will also be dealt a severe blow.

The move of the separatists — who were once on the side of Yemen's President Abd Rabbuh Mansur Hadi — will make it easy for Houthis to consolidate their grip on the areas under their control. This will indirectly create room for other states to grow their influence in the country, as opposition to Houthis is bitterly divided because of infighting.

Trump moves to halt \$4.5bn in federal pension investments in Chinese stocks

Similarly, the decision of the secessionists will also sour relations between the Kingdom and the United Arab Emirates (UAE). Will the UAE, which has already distanced itself from the declaration, succeed in maintaining ties with Riyadh? If it does not exert pressure on the Southern Transitional Council (STC), which has its support, Riyadh will not accept UAE's distancing as a neutral stance.

No matter which way we look at it, the self-rule announcement will resume hostilities. And the declaration will affect ordinary people the most, as it will further rupture the already torn-apart social fabric and infrastructure of the country. The civil war has already created the worst humanitarian crisis the world has ever seen after the Second World War. The fact that COVID-19 has also reached the war-torn country and started consuming its energies, the STC's announcement was completely unwanted. Regional players, including Iran, must overlook their narrow interests momentarily and play their role in restoring peace for now.

Source: <https://nation.com.pk/28-Apr-2020/the-yemen-conundrum>

# **Diplomacy and Deterrence Forever? How South Korea Can Deal With North Korea in the Future By John Dale Grover**

Editor's note: John Dale Grover is a Korean Studies fellow at the Center for the National Interest. He visited Seoul for a week in early November 2019 to interview nine experts in South Korea for this project. This is the fifth piece in a five-article series, "How South Korea's Politics and Military Impacts Strategic Stability with North Korea." This series examines the two South Korean views—Engagement First vs. Deterrence First—over how to best interact with North Korea. The first piece introduces the problem of conflict escalation and stability in the context of North and South Korea's militaries. The second piece looks at the Engagers' point of view, and the third piece at the Deterers. The fourth piece sees where both groups agree and disagree, and the fifth piece concludes with how each side can help avoid a Second Korean War. Support for the reporting of this article was provided by a fellowship from Atomic Reporters together with the Stanley Center for Peace and Security and funding from the Carnegie Corporation, New York. The quotations in this article have been edited for length and clarity.

## For Now, North Korea Is Here to Stay

Although economic mismanagement and strict economic sanctions have caused a lot of harm to North Korea, Pyongyang has a long history of surviving the odds. Ms. Jeongmin Kim explained, "They know how to survive different external pressures and shocks. They even survived the fall of the Soviet Union, and they are coming up with reforms such as the 'Our style socialist economy management system,' to become self-reliant and survive even if a deal with Washington cannot be made."

This is why Pyongyang has created ideological justifications to allow some limited market activity. These reforms are needed in order to grow economically and improve North Koreans' workers' and soldiers' access to food so they won't starve to death. "Kim Jong-un knows he cannot really stop marketization, but I think he's really keen on using marketization for his own regime stability. There

are all these elites who have different interests. Kim Jong-un is moved from the mean of these elites as well. People talk about regime collapse, but North Korea is not a regime that can be collapsed easily.”

This resilience is why Ms. Jeongmin Kim was skeptical that regime transition or collapse is just around the corner and requires an external push. “Sometimes we talk about a bloody nose policy because we look at North Korea as if it could fall really easily. But positing regime collapse or transition too hastily leads to illogical policies, and we end up sanctioning the wrong industries. We shouldn’t look at North Korean marketization the way we look at markets in the capitalist world. Their markets are run very differently—it is not a market system.” In fact, Ms. Jeongmin Kim cautioned against assuming North Korea is guaranteed to end up under a state-capitalist system like China or that it would reform into a Western-style market economy.

Dr. Youngjun Kim more readily thinks that Pyongyang could change, but he agrees North Korea as it is today is a reality that must be dealt with for the foreseeable future. “My prediction would be maybe we can make North Korea, in the end, on our side. Who knows, in twenty or thirty years.” He gave the example of North Korean soldiers who got pulled from guard duty on the border to instead work in construction, such as the Wonsan resort. “Why? The motivation is not because Kim Jong-un is a good guy, but because they want more economic development.” This change of priorities is perhaps the best hope that internal change would one day happen—even if it takes decades.

### Avoiding the Escalation Spiral into another Korean War

The reality of North Korea means that South Korea will rightly continue to maintain its defenses. Certain weapons, like a decapitation unit, do deter the other side, but they also tempt—and threaten to trigger—a preemptive attack. During a crisis, tensions are high, threats are exchanged, intentions are unclear, rumors abound, and events are fast-moving. In such a crisis, the reaction times of Pyongyang and Seoul are very short. Short decision-making times also increase the chance each side thinks they must move first before it’s too late and they are destroyed. Added to this volatile mix is the possibility of misjudgment and military accidents. All of these crisis factors create the danger that both Koreas will worry it will be hurt more if it acts too late, making war a self-fulfilling prophecy.

Consider then, how a crisis might change the way North and South Korea interpret each other's military capabilities or whether they resort to violence. As mentioned in the introduction, Seoul created a decapitation unit in 1971 under dictator Park Chung-hee and acquired Terminal High Altitude Area Defense (THAAD) batteries to shoot down North Korean missiles in 2016 under President Park Geun-hye. Moreover, in 2016 reports detailed how the South Korean military could respond to a crisis by attempting to destroy North Korean missiles before they launched, by trying to shoot them down, or by attempting to kill the North Korean leadership as punishment for a successful attack.

During a crisis, it is not hard to imagine these options being considered. Although it seems less likely that an Engager administration would launch a preemptive attack on North Korea, that cannot be ruled out if it appeared a North Korean nuclear attack was imminent. Any South Korean President would be hard-pressed if they thought both countries had passed a point of no return.

Engagers and Deterers may never fully agree on the best way forward, but they both generally want to avoid armed conflict. As Captain Sukjoon Yoon argued to TNI, "Conducting any kind of surgical strike pinpointed on Pyongyang means regime change, but what happens next, and what does China do?"

The stakes for South and North Korea are regime and national survival. These concerns drive each country to pursue stability—at times through developing stronger militaries but also through periods of diplomacy and détente. Can Seoul get the balance right?

### Finding the Right Balance of Tools

South Korean liberal and conservative leaders overall broadly support a first-class military and know that talking to North Korea is vital. Sticking to one paradigm not only causes Seoul's policies to become myopic—it is also unsustainable given the sharp divides in South Korean politics. Both the current and future administrations in Seoul will need to base their policies on the likelihood that North Korea isn't going to collapse soon and that Washington probably won't change its demands for up-front denuclearization. So the question is one of balance between the Engager and Deterer approaches and how each group can help prevent an escalation spiral into a second Korean War.

There are several tools to avoid this horrible scenario from ever happening. Engagers rightly recognize North Korea does actually feel threatened by certain weapon systems or exercises. At the same time, Deterers are right about the need to project strength—but Seoul can deter North Korea without appearing too threatening. This is a crucial point that Dr. Youngjun Kim emphasized to TNI. “Now we’re in the denuclearization process, so maybe we have to stop joint exercises temporarily for one or two years to support diplomatic talks between the United States and North Korea, because the nuclear threat is the number one threat. Instead, we need to expand more exercises with America in other places, like South East Asia, Australia, in Hawaii, or even in Kansas or the Northern Sea. Nobody can complain because the location is too far. We need to expand our alliance’s military exercises—but not inside the peninsula, which will send the wrong signal to North Korea and the denuclearization process.” These kinds of creative ideas might provide a way to deter a potential enemy without causing them to panic.

This is the lesson U.S. President Ronald Reagan learned during the Cold War. He drastically ramped up American military spending and rhetoric. This included holding some of the biggest wargames with America’s European Allies in 1983—Able Archer 83. Those war games were, to Washington, obviously defensive in nature. Americans weren’t thinking about starting World War III. However, Moscow was scared and genuinely thought the exercises were a pretext for a surprise invasion. U.S. intelligence noticed the Soviet Union panicked and made preparations for nuclear war, only to eventually back down when Able Archer ended. This struck President Ronald Reagan as a shocking revelation and convinced him to pivot to diplomacy, eventually signing the Intermediate-Range Nuclear Forces Treaty with Moscow and laying the groundwork for what would become the Strategic Arms Reduction Treaty. This example shows even a Deterer like President Ronald Regan understood that a rival country had its own fears and that arms control combined with strength and diplomacy can work. It is not inconceivable that some South Korean Deterers might eventually come to a similar conclusion.

Furthermore, inter-Korean exchanges might also be helpful for building connections and fostering goodwill. For example, Dr. Youngjun Kim suggested that, although they are tricky, civilian exchanges wouldn’t violate sanctions. He argued that South and North Korea could “exchange military observers to each

other's exercises," a concept that "was already agreed to in 1991," and so is not a radical idea. Additionally, he pointed out that "Military exchanges to Kim Il-Sung Military University and Korean National Defense University could have a joint seminar on a nonpolitical topic regarding nontraditional security such as climate change. Or some kind of joint seminar between South Korea, North Korea, and America could be held regarding peacebuilding or how to build joint peacekeeping forces."

Both Engagers and Deterers understand a lack of trust and confidence makes it hard to get anywhere. While Engagers rightly see that incremental improvements could help prevent future conflict, Deterers also rightly know that caution is warranted. Reducing tensions and distrust now will help defuse a crisis later. A part of this could include arms control as Engagers want but could be done in a way that doesn't undermine South Korea's defense. In addition, providing regular early notification of any upcoming war games may be another way forward. Deterers may want high-tech weapons systems but they also want capabilities that work and are worth the investment. Arguably then, Deterers may accept certain capabilities being restricted or reduced as part of an arms control agreement if those capabilities weren't as useful or cost-effective in the first place.

For instance, using modified F-15 Slam Eagles, or F-35 stealth fighters, to hunt and destroy North Korean mobile missile launchers during a war would probably not actually work very well. During the First Gulf War, Iraq was very effective at using mobile Scud missile launchers to launch attacks. Iraq crews were better than the U.S.-led Coalition had assumed, and their launchers were almost impossible to find. Scud crews could hide, move, set up and fire, and then move again—all faster than was thought possible. Despite enormous time and effort, Coalition aircraft and special forces probably only destroyed a few of them. In fact, a report by the Pentagon after the war found there was "no indisputable proof" any real mobile missile launchers had been destroyed. It is likely South Korean aircraft would have a similarly hard time neutralizing North Korea's mobile launchers. This means that Seoul should be hesitant to strike first even with such advanced warplanes during a crisis since it would guarantee a war and be unlikely to succeed.

Another example are ground forces meant to decapitate North Korea's leadership. Seoul's current unit may not be large and logistically-supported



enough to take out Kim Jong-un. If that unit would likely fail in its mission—but its peacetime existence harms stability—then it may be a poor use of resources. Consider that North Korean commandos tried to kill South Korea's President Park Chung-hee in 1968 and also tried to blow up South Korea President Chun Doo-hwan with a bomb in 1983. Both of these incidents raised tensions and could have caused a war. Moreover, South Korea formed its own decapitation group, Unit 684, in 1968 to retaliate. That unit was composed largely of criminals and misfits who were enraged when the attack on Kim was called off. Unit 684 bloodily revolted and was put down, and it seems that for a while afterward plans for other decapitation groups were shelved.

These are two examples of capabilities that likely appear destabilizing to Pyongyang and that also aren't very effective. The question is whether it would politically be acceptable for Seoul to either reduce these capabilities or declare no first use. As Ms. Jeongmin Kim warned, cutting too many defense programs might backfire domestically. "From South Korea's point of view, these capacities like ballistic missile defense and also some part of decapitation capacity should be kept. This is because if they get rid of it, it also has domestic effects in South Korea because it makes the conservatives more extreme." The concern is not just that Deterers would go further in the opposite direction when they are eventually reelected, but also that this would further harm South Korea's often-fractured domestic politics. In addition, it could make it harder for President Moon Jae-in or future presidents to lay the groundwork for improved inter-Korean relations.

With these concerns in mind, it is not clear which military programs both Engagers and Deterers might accept changing. But the point should be that since both groups are prioritizing peace and security, then it is believable some leeway exists as a part of an arms control or confidence-building measure. Perhaps, South Korea needs a Ronald Reagan or a Richard Nixon before it can have a transformation with North Korea. Someone who is tough on defense that Pyongyang would fear but who also can convince Deterers that it is okay to give up some capabilities as part of an inter-Korean agreement. Ultimately, a strong defense can be maintained while still engaging in arms control. If a certain capability isn't worth it and harms stability, it makes sense to reduce or cut it in exchange for something from Pyongyang. Meanwhile, Seoul could still focus on other means of deterrence, such as regular military drills or close-range air and missile defenses.



Overall, Deterers are correct that South Korea's military and technical edge provides a level of balance with North Korea that is necessary due to Pyongyang's many acts of violence, from the 1968 seizure of the USS Pueblo to the 2010 sinking of the South Korean ship Cheonan. Today, this military balance might be all the more important given America's domestic distractions and current disputes over alliance spending. If Seoul's policymakers grow more concerned about the U.S.-South Korean alliance, it would be better if they pursued high-tech conventional forces over a homegrown nuclear weapon of their own. After all, no doubt, a South Korean atomic bomb would really alarm North Korea and might provoke action to stop its development. Dr. John Delury explained to TNI that a South Korean nuclear weapon wouldn't happen overnight. Instead, it would be "a logical development from a total collapse of the alliance." He also cautioned that a nuclear South Korea isn't unthinkable since "there are some liberal versions of the idea too—it's not an exclusively conservative idea. And there's been polling for years that suggests relatively high public support for the possibility of South Korea getting its own." Needless to say, if the alliance did end, then it is likely many Engagers and Deterers might strongly reconsider pursuing a domestic nuclear weapon.

### North Korea Isn't Budging on Denuclearization

For now, there will remain a long slog of tensions and talks. Ms. Jeongmin Kim sees continued stalemate because "trading Pyongyang's means of regime survival, which are nuclear weapons, for sanctions relief is not a fair trade from a North Korean point of view." She said nuclear weapons are too central to the survival and domestic legitimacy of Kim Jong-un's rule.

This process of North Korean propaganda and ideology means it is harder for Pyongyang to change course than is generally appreciated by American policymakers. "Washington has to learn how to wait. It takes time for North Korean statecraft to come up with a way of legitimizing their choices when it comes to international relations. It is not very easy to get out of their very old anti-United States ideology and all the other institutions that come from it. But they are going step by step. For example, Washington should learn how to live with North Korea touting all these condemnations and hostile rhetoric and not take it at face value. They need to wait until the North Korean system is okay with normalizing ties with the United States. Because it is going to take time, it is

going to take stages. We need to be less dramatic about reacting to what North Korea says or what the United States says.”

Both Engagers and Deterers want to eventually see the Korean nation as free and whole, and most don't have denuclearization as a priority. The good thing is this means, on the one hand, collapsed denuclearization talks between Pyongyang and Washington might not automatically raise inter-Korean tensions. But on the other hand, inter-Korean relations would likely sour eventually anyway because America would still insist on up-front denuclearization and might revive maximum economic and military pressure.

### What America Does Next Still Matters

Without a denuclearization or another kind of deal, North Korea could lash out with a series of intercontinental ballistic missile or nuclear tests. Pyongyang might also do so in order to distract from internal problems or to shore up domestic support for the regime.

Regardless of the reasons, if that happens South Korea should be ready to help defuse any new escalation spiral. Dr. John Delury warned that Pyongyang might mistakenly trigger the next escalation cycle. “I don't think Trump will go back [to fire and fury] unless Kim tests him. Kim has to trigger this by testing an ICBM or a nuclear device. If that happens, it will have been Kim who made a mistake, but there will be a strong temptation for the United States to make a massive mistake in response.” Dr. John Delury expressed the remote possibility that hopefully instead, Pyongyang could do an obviously fake satellite launch as a cover for an ICBM test, enabling President Donald Trump to downplay it.

Either way, the time to plan for the next crisis is now. Dr. Jihwan Hwang believes that “Kim Jong-un will wait and see the results of the U.S. presidential elections, so 2020 will be less dangerous.” That is why Seoul needs to lay further groundwork for confidence-building and clear communication with North Korea soon. Dr. John Delury put it this way to TNI, “It's not a communication problem, it's really a political issue and when the politics allow it, the two Koreas have shown they can communicate really quickly, they can communicate comprehensively. They do have the basic infrastructure for it. That kind of thing can matter, especially in crisis situations. There's a phone.”

This is why South Korea should keep calm and carry on, using both diplomacy and deterrence, as it often has. Washington may be upset at a failure to secure a denuclearization deal, but Seoul has lived with North Korean nuclear weapons for a long time. As Ms. Jeongmin Kim laid out, “The hostile relations between North Korea and the United States is accelerating the feeling of insecurity in the North Korean regime. For the status quo, I think it is wiser to recognize North Korea as North Korea is right now, understand what kind of insecurity North Korea has, and then try to manage the risks rather than going to an extreme solution like regime change or perhaps near-term unification.”

“The policymakers in Seoul can’t really go anywhere without the United States getting on board, so their hands are already tied,” Ms. Jeongmin Kim reiterated to TNI. “But what they can do is create this friendly environment for future South Korean and U.S. presidents for a potentially elongated deal with North Korea—which is probably going to happen. It is not going to be done in the short-term. It’s going to take years, decades even. So I think it would be wiser for Seoul, for now, to prepare for what Seoul can do after Moon Jae-in.” Ms. Jeongmin Kim advised this means President Moon Jae-in’s party needs to be careful going forward to ensure it doesn’t lose supporters in favor of engagement who might matter years down the line.

#### Conclusion: Deterrence and Diplomacy Forever?

“South Korea will try to persuade North Korea to calm down and also try to persuade the U.S. to persist in the status quo on the Korean peninsula because even a small military dispute could lead to full-scale war on the Korean peninsula,” predicted Dr. Jihwan Hwang. Even with minimal progress, he sees Seoul as maintaining its role as messenger and peacemaker.

Unless Seoul and Washington had a dramatic split, South Korea’s current administration is likely going to straddle a difficult line between seeking engagement with Pyongyang while not going further than America wants. Until either administration changes its priorities or is voted out, there will likely be no dramatic improvement beyond what has already been seen or tried. Washington’s insistence on upfront denuclearization is a nonstarter, and a return to maximum pressure likely wouldn’t work. Instead, maximum pressure 2.0 would just raise tensions.

The present status-quo can persist, but eventually something might have to give. For example, Seoul might not always be so willing to appear in agreement with American policymakers. Dr. John Delury warned, “Washington needs to understand Moon Jae-in is the nicest liberal they are going to find.” That is something both the current and future U.S. administrations to consider.

Dr. Chung-in Moon told TNI, “Up to now, President Moon believed that by taking sides with the United States, having close coordination with the United States, that would facilitate U.S.-North Korean negotiations. Then we can have better and more stable inter-Korean relations. But we put all our eggs into one single basket—the United States—even risking souring our relationship with North Korea. And now the U.S. and DPRK aren’t making any progress, and North Korea is mad at us.”

This is why it is important Seoul acts now so when tensions rise again, they will not get out-of-hand. After all, as Dr. Chung-in Moon warned, “We are in a very difficult position because we are hoping the United States would make a major breakthrough so we can revitalize inter-Korean relations. If the United States returns to the working-level talks with a new method and new calculation, maybe North Korea will accept it. If the U.S. responds, then our betting will work. If not, there’s a great chance for crisis and escalation reminiscent of 2017.”

Editor’s note: John Dale Grover is a Korean Studies fellow at the Center for the National Interest. He visited Seoul for a week in early November 2019 to interview nine experts in South Korea for this project. This is the fifth piece in a five-article series, “How South Korea’s Politics and Military Impacts Strategic Stability with North Korea.” This series examines the two South Korean views—Engagement First vs. Deterrence First—over how to best interact with North Korea. The first piece introduces the problem of conflict escalation and stability in the context of North and South Korea’s militaries. The second piece looks at the Engagers’ point of view, and the third piece at the Deterers. The fourth piece sees where both groups agree and disagree, and the fifth piece concludes with how each side can help avoid a Second Korean War. Support for the reporting of this article was provided by a fellowship from Atomic Reporters together with the Stanley Center for Peace and Security and funding from the Carnegie Corporation, New York. The quotations in this article have been edited for length and clarity.

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# **A Foreign Policy for the Climate By John Podesta and Todd Stern**

In September 2019, after a two-year drought and some of the hottest days on record, wildfires broke out across eastern Australia. The fires raged for seven months and consumed 75,000 square miles. They displaced tens of thousands of people and destroyed almost 3,000 homes. In Melbourne, the air quality was 30 percent worse than in famously toxic New Delhi. Researchers estimate that more than one billion animals died in the conflagration. And the total economic damage is expected to exceed the previous \$4.4 billion record set by the Black Saturday fires in 2009.

The Australian fires were a particularly harsh reminder of the effects of climate change, but they were hardly the only one to make the headlines recently. Between 2010 and 2019, natural disasters cost the world approximately \$2.98 trillion, making the last decade the costliest one on record. And in the first half of 2019, extreme weather displaced seven million people, setting a new midyear high. The situation will only get worse: in the next few decades, climate change threatens to cause shortages of food and water, render coastlines that are home to hundreds of millions of people unsuitable for habitation, and unleash a stream of refugees that will dwarf the flow during the recent European migration crisis.

Tackling the climate emergency will require decisive action. In 2018, the UN's Intergovernmental Panel on Climate Change made it clear that to avoid significant risks to planetary health and human well-being, the United States and other significant emitters must cut their carbon emissions to "net zero" by 2050, a daunting task, well beyond what most thought necessary at the time of the 2015 Paris agreement on climate change. Even if countries increase the amount of carbon dioxide they can capture and sequester, they will still have to radically decarbonize their energy, transportation, and manufacturing systems in the next 30 years, while also transforming agriculture and arresting deforestation.

The United States, in particular, will require both a full mobilization at home and an unhesitating commitment to leadership abroad. A president ready to take on climate change must organize the government to meet this challenge and work with Congress to enact a broad program of investments and incentives for the

development and dissemination of clean technology. Abroad, the United States must devise a climate-centered foreign policy that uses the country's political capital and economic resources to drive the decarbonization of the global economy. Several changes are needed—starting at the White House and extending to key bilateral relationships, international forums, and financial institutions—to accelerate a global clean energy transformation and galvanize the political will necessary to confront climate change. The tools to spur clean technological innovation, promote sustainable investment and job creation, and confront environmental injustices are within political leaders' grasp. Heads of state and government need only be willing to employ them.

### CHANGE BEGINS AT HOME

To reach net-zero emissions by 2050, the United States' executive branch will have to undergo structural changes. The next president should create a national climate council, overseen by an assistant to the president for climate policy. Modeled after the National Security Council and the National Economic Council, the National Climate Council would boast a specialized support staff capable of directing and delivering quantifiable results across the federal government. It would spearhead executive action and legislation and coordinate between actors at the state and local levels. And in conjunction with top members of the National Security Council, the proposed council would develop and execute a diplomatic and security strategy to propel rapid clean energy deployment, build resilience against climate-change-induced disasters, and pressure reluctant actors to achieve the net-zero goal. What's more, the president should direct the Pentagon and the intelligence community to expand their treatment of the climate threat out to 2050 and beyond. To date, both institutions have included useful comments on climate change in their major threat assessments, but more could be done to articulate the profound risks from climate change to U.S. interests abroad—risks that include state failure, migration, and conflict.

The United States should also resume its historic leadership in climate science and climate data collection. In the past, it has made information from American satellites, sonars, and other remote-sensing technologies available to decision-makers around the world as they planned for the impacts of climate change. But the priority given to climate science has withered under the Trump administration.

To achieve the country's sustainability goals, the United States should triple its investment in climate science and data collection. And the country should once



more give science pride of place in decision-making, appoint scientists to key advisory positions, and establish rigorous scientific standards across agencies. New funds would also help the country quickly rebuild the U.S. science workforce after losses during the Trump years, bringing in new talent that can tackle the challenges of the coming century.

That said, officials need to be aware that a return by the United States to a position of leadership on climate change would be greeted by some skepticism on the part of the international community. The other major players know that they need the United States, but they have been burned twice: first when President George W. Bush refused to sign the Kyoto Protocol, in which only developed countries promised to reduce their greenhouse gas emissions, and then when President Donald Trump announced the United States' withdrawal from the Paris agreement. This underscores the pressing need, as the country moves forward, for Republicans to start joining Democrats in recognizing the reality and urgency of climate change so that Washington can move past the start-and-stop pattern of U.S. climate engagement. A climate-centered foreign policy would go a long way toward rebuilding trust. It would go even further if the United States, in word and deed, chose to abandon gradualism and embrace the net-zero goal; after all, if the country lacks the political will to combat climate change at home, it will be unable to earn the bona fides it needs to lead internationally.

## THE PRODIGAL SON RETURNS

To convey its renewed commitment, the United States should promptly announce its intention to rejoin the Paris agreement. The agreement is a crucial component of the global effort to contain climate change. The deal brings countries together each year, urges them to ramp up their action and build resilience, takes stock of their progress toward the 2015 goals, scrutinizes the provision of financial assistance, and provides a platform for joint engagement. The agreement is also the symbolic embodiment of the world's commitment to combat climate change.

Beyond rejoining, the United States will need to prepare new emission targets that are both consistent with the net-zero imperative and credible. In addition, the United States and its allies should push all countries, especially the major emitters, to submit their own strategies for getting to net-zero emissions by 2050, as called for in the Paris agreement.



The United States should promptly announce its intention to rejoin the Paris agreement.

The Paris agreement is not the only institution that the current administration has been neglecting. In 2009, the United States launched the Major Economies Forum on Energy and Climate (MEF), a group of 17 economies representing some 80 percent of global emissions that gathered at the ministerial level to facilitate the climate negotiations. The next administration should revive the MEF and recommend that its members' leaders meet every two years to review where the world's largest economies stand on climate change and what new forms of joint action they should undertake. (Government ministers should meet twice a year to prepare for the meetings.) The focus of this new MEF would be the challenge of global decarbonization, and its first order of business would be to secure agreement on the net-zero goal. The body could also promote the development and dissemination of sustainable technology, become a venue for sharing policy ideas and best practices, and support the efforts of multinational businesses to set clean energy standards. Argentina, Saudi Arabia, and Turkey should be invited to join in order to provide additional representation for important regions and so that the MEF and the G-20, which would then share the same membership, could coordinate the timing of their meetings.

The United States should also work with key European allies to reinvigorate the High Ambition Coalition—which was the fiercest champion of bold mitigation measures at the Paris negotiations—so that the organization can advocate both within the Paris regime and outside it for measures to achieve net-zero emissions by 2050. The members of the High Ambition Coalition include the United Kingdom and the EU, a group of progressive Latin American and Caribbean countries, and many vulnerable states from Africa and Asia, most of whom are not big emitters. But they are strong proponents of the net-zero goal and have the moral standing to put salutary pressure on all the important players.

#### GREENBACKS FOR A GREEN EARTH

Developing economies badly need investment in low-carbon energy systems and in infrastructure that can withstand climate change. The United States, together with key allies in Europe and Asia, should bring together a coalition of international financial institutions, such as the World Bank and the International Monetary Fund, and regional development banks—such as the Asian Infrastructure Investment Bank, which the United States should join—to encourage lending practices in line with the net-zero goal and quickly direct

substantial investment toward sustainable infrastructure and development. In addition, the United States should build a coalition to press the major coal-financing countries—China, Japan, and South Korea—to put a moratorium on coal investments around the world, all the while ensuring that funds will be available for clean alternatives.

Washington must also step up its own climate assistance to poor countries. In 2014, Obama pledged \$3 billion over a four-year period to the new Green Climate Fund and secured \$500 million from Congress for each of the next two years. But the Trump administration cut this funding off. The next president should prioritize getting the remaining \$2 billion out the door and should follow the lead of such countries as France, Germany, Norway, and the United Kingdom, which doubled their 2014 pledges in 2019.

Of course, the existing money is not yet being used properly. Huge amounts of funding are perversely protecting fossil fuels at the very moment when the world needs to start breaking the dirty habit. Direct subsidies amount to well over \$500 billion per year globally, and total subsidies stood at over \$5.2 trillion in 2017. Washington should pressure other governments to eliminate these subsidies, an effort Obama began in the G-20 in 2009.

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The next president should also enact carbon tariffs on imports from countries with inadequate climate policies. Such “border adjustment mechanisms” were part of the Waxman-Markey cap-and-trade bill, which was approved by the House of Representatives in 2009 but never voted on in the Senate. Ursula von der Leyen, the president of the European Commission, has called for carbon tariffs in the EU, as well. Washington should embrace such tariffs and support other governments doing the same.

Additionally, the United States should push for an agreement to facilitate trade in environmental goods—such as products that produce renewable energy or improve energy efficiency—an effort the World Trade Organization pursued during the Obama years but never completed. And it should make sure that all bilateral trade agreements include environmental and labor standards as enforceable components.

The next administration should also capitalize on the work of the Task Force on Climate-Related Financial Disclosures (TCFD), a body set up in 2015 by the Financial Stability Board, itself an organ of the G-20, to help public and private actors worldwide make informed emission decisions. The task force is designed to push companies to disclose the risk that climate change poses to their businesses so that markets can price that risk. But its recommendations lack impact because disclosures are voluntary. The U.S. Securities and Exchange Commission and other financial regulators around the world should commit to adopting and enforcing the TCFD's protocols.

### FRIENDS, OLD AND NEW

A climate-centered foreign policy would also shape the United States' bilateral relations with both partners and rivals. The United Kingdom and members of the EU have been leaders in the fight against climate change for decades, and they would remain essential U.S. allies in the pursuit of a net-zero world. Together with the United States, these countries represent more than a third of global GDP and an equal share of both China's and India's export markets. This kind of clout gives them the leverage to influence Chinese and Indian climate behavior. Other developed countries, such as Japan and New Zealand, have also been important U.S. partners in the past and would be again. Canada and Mexico should also be close allies, both in driving strong climate action across North America and in joining a global coalition for low- or no-carbon economic transformation. The U.S. government will need to collaborate with all these players on a number of fronts, including synchronizing policy approaches to rapidly scale up the production and use of clean and efficient energy.

But the United States will also have to work with more challenging partners. China, in particular, has such an enormous carbon footprint (it accounts for around 29 percent of global carbon emissions) and so much influence in the developing world that there is no way to reach global climate goals without it. During the Obama years, both the U.S. and the Chinese governments recognized the potential for climate change to serve as a positive pillar of the two countries' often fractious bilateral relationship. This culminated in a joint announcement in 2014 in which both governments pledged to curb their emissions, with China agreeing for the first time to stop its total emissions from growing by 2030.

Today, the challenge is even greater, given the tensions with China over trade, regional security, and human rights. But not only must the United States continue to work with China on climate change; it must also put progress toward a net-zero world in 2050 at the very center of the relationship. There will be plenty of U.S.-Chinese competition in the future, given the two countries' diverging interests, but the setting of priorities matters. The harsh reality is that if the United States and China don't get climate change right, the fallout from that failure will dwarf most other issues, including those stemming from U.S. competition with China.

Early on, the next president should organize a meeting with Chinese President Xi Jinping to collaborate on climate change. At the meeting, both leaders should attempt to establish parameters regarding the scale and speed of decarbonization globally and in their two countries. No adequate progress is possible if the United States and China are working from fundamentally different assumptions about what needs to be done and when; but if they could come to a genuine meeting of the minds, it would move the world.

The United States will also have to deal with India, the third-largest emitter, behind only China and the United States. The country's use of renewable energy is increasing impressively; New Delhi has worked effectively—with support from the U.S. government and the private sector—to develop green buildings and electric vehicles, yet the country is still forging ahead with plans to build ten new major coal installations. The United States should propose to Indian Prime Minister Narendra Modi a larger-scale, more dynamic clean energy partnership than ever before, focused on policy as well as technological research, development, and dissemination.

Brazil will also need to be the target of American climate diplomacy. Under President Jair Bolsonaro, the country has gone from being a constructive player on climate change, substantially reducing deforestation in the Amazon River basin, to a first-order threat. Bolsonaro is implementing policies that risk tipping the region into an ecological death spiral that could cause the release of hundreds of billions of tons of carbon dioxide into the atmosphere, wipe out ten percent of global biodiversity, and destroy a forest system that is essential to regulating the entire region's rainfall. The next U.S. president will need to work urgently with Latin American allies—including progressive friends such as Chile, Colombia, and Peru—to urge Bolsonaro to abandon the catastrophic course he

is steering for the Amazon basin. There is no road to global well-being without Brazil.

Some countries will inevitably resist change because they have so much at stake in the global fossil fuel economy. The United States itself, on the strength of the fracking revolution, has become the largest oil and gas producer in the world, so it, too, must plan for the decline of the fossil fuel sector with the rise of clean energy. But the United States has the advantage of a fully diversified economy, whereas many fossil fuel producers do not. There is no easy answer here, but Washington will need to work closely with its allies to help producing countries find a path forward consistent with the necessary emission reductions.

Pull the United States out of the equation, and the energy and focus dedicated to fighting climate change dwindles.

Finally, climate change will prompt a large-scale movement of people that will threaten stability and democratic politics. Indeed, the migration crises in Europe and on the U.S.-Mexican border will likely seem minor compared with the global exoduses prompted by rising temperatures. As severe climate change displaces more people, the international community will be forced to either change the legal definition of refugees to include climate migrants or create a new category altogether. (The current definition is focused on political persecution rather than environmental degradation.) The United States' ambassador to the UN should take up this cause in the Security Council, and the United States should collaborate with its partners in the worst-affected regions to explore the best ways to support internal refugees and outline the legal rights of those fleeing climate change, along with practical plans for helping them.

The United States' relative absence from climate mitigation and adaptation efforts under the Trump administration has been highly problematic. U.S. resources, influence, and expertise—not to mention the United States' enormous carbon footprint—make the country an indispensable player in such discussions and actions. Pull the United States out of the equation, and the energy and focus dedicated to fighting climate change dwindles from Beijing to New Delhi to Brasília. In spite of the recent lull, however, the United States' policy toward climate change could be rapidly transformed, especially with a new president in the White House. We have sketched out what the changes could look like if climate were made the central organizing principle of U.S. foreign policy. The

public, for its part, is increasingly eager to be led, as are large swaths of the business community. The international community will doubtless remain a bit wary of the sharp turns that U.S. politics can produce, but other countries are hungry for the United States to lead again. A new president who sees the climate threat for what it is could make a game-changing difference. It is late in the day, but not yet too late.

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# The Right Way to Fix the EU By Matthias

## Matthijs

In January 30, 2020, representatives from the European Union's 28 member states gathered at the European Parliament, in Brussels, to approve the United Kingdom's official exit from the EU. After the vote was cast, the parliamentarians from the 27 remaining members waved their British counterparts goodbye while singing "Auld Lang Syne," the Scottish farewell song that celebrates lasting friendship and the passing from old times to new. Among the departing British, some wept tears of sorrow, others tears of joy.

On the continent, most consider the British decision to leave a tragic mistake. Even so, the Brexiteers' core contention—that the European Economic Community they joined in 1973 has grown far beyond an international union of sovereign states and into something far more ambitious and intrusive—is hard to deny. So is the claim that the EU's own missteps in handling the process of European integration played some part in driving the British out.

If the union wants to maintain its legitimacy and global influence after Brexit, it should use this moment as an opportunity to rectify those mistakes. Above all, the EU should stop putting economic logic ahead of political reality when it should be the other way around—as the original guiding principles of European integration held. The goal of integration, as the British historian Alan Milward wrote, was not to create a giant internal market or to eventually become a new global superpower but to rescue Europe's nation-states from the threat of collapse, annexation, and forced occupation—threats that many European states had failed to resist in World War II. Those states had failed in their primary task, to defend their national territory and protect their citizens. For the sake of their own survival, European states needed some degree of coordination to achieve the twin goals of political stability and economic prosperity. That would require some surrender of national sovereignty to a supranational entity, but the underlying objective would be to buttress the legitimacy of member states.

European leaders today should recommit to that vision and develop a new division of labor between Brussels and national capitals. That can happen only if the most powerful remaining member states—France, Germany, and Italy—



reach a consensus over what went wrong and why. If those states manage to find common ground, Brexit could yet turn from a bruising debacle into a moment of promise and renewal.

### ONE MARKET TO RULE THEM ALL

The roots of the EU's multiple crises during the past ten years—over the euro, migration, Brexit, and the rule of law—reach back to the 1980s and 1990s. For much of the postwar era, European integration had followed a simple logic. States would gradually liberalize their economies and foster trade and investment relations. Meanwhile, in the interest of domestic political stability, they would maintain national control over important policy levers—monetary and fiscal affairs, industrial policy, public procurement, labor-market policy, and so forth. But starting in 1985, the new European Commission president, Jacques Delors, turned that logic on its head.

Instead of policy discretion at the national level, Delors's vision for the bloc emphasized pan-European rules on matters of trade, regulations, and public procurement. Over the following decade, the EU rapidly created a genuine common market by abolishing all nontariff barriers to trade. Delors also laid the groundwork for a single currency, which transferred control over monetary policy and exchange rates to the eurozone level and severely limited member states' discretion over fiscal policy through a set of rules laid down in the Stability and Growth Pact. By the mid-1990s, the one-time grand bargain between sovereign states had given way to a radically new paradigm that put economic and financial connectedness first and political sovereignty second.

The EU should stop putting economic logic ahead of political reality when it should be the other way around.

Yet the new model was deeply flawed. True federations rely on financial solidarity in times of crisis, but the EU failed to put in place the supranational institutions that would have made such solidarity possible, leaving the single market and the euro vulnerable to inevitable shocks. The single market enabled the free movement of capital but lacked the shared institutions to regulate those flows through mechanisms of joint financial supervision. The single currency meant a common monetary policy but had no provision for common control over fiscal matters to cushion the uneven effects of a potential crisis. At the same time, the EU's focus on strict economic and financial rules eclipsed its political priorities, in particular the need to enforce basic democratic principles and the

rule of law, both of which were largely taken for granted, even as enlargement to the East became a reality in 2004.

The milestone treaties of the Delors era, the 1987 Single European Act and the 1992 Maastricht Treaty, radically altered European markets by enshrining specific economic policy choices in supranational agreements that could be changed only by a unanimous vote. To some extent, globalization was driving similar changes everywhere. But the EU's member states embraced the logic of international markets with much greater enthusiasm than anyone else in the advanced industrial world. And in the first decade of this century, when the EU expanded to take in ten formerly communist states of central and eastern Europe, its leaders mostly worried about how the new members would manage the transition from central planning to market principles. They did not concern themselves much with the possibility of democratic backsliding, which has since emerged as the main threat in newer EU members, such as Hungary and Poland, and has the potential to seriously erode the democratic integrity of the entire union.

## THE RETURN OF POLITICS

If these oversights once seemed forgivable, the economic and political tumult of the 2010s revealed that they were anything but inconsequential. First came the eurozone crisis. The lack of an EU-wide financial and banking union was always going to lead to serious macroeconomic imbalances between creditor countries and debtor states. But what transmuted a relatively manageable Greek fiscal problem in 2010 into a full-blown, contagious sovereign debt crisis was the EU's obsession with rigid fiscal rules and competitiveness at the expense of national-level flexibility. When the Greek government struggled to pay its sovereign debt, the so-called troika—made up of the European Central Bank (ECB), the European Commission, and the International Monetary Fund—arranged a bailout. But in return, it insisted that Greece build up a substantial budgetary surplus for the foreseeable future so it could pay back its debt. The troika imposed crippling fiscal austerity measures and sweeping structural reforms, mostly intended to deregulate the Greek economy. That intervention not only exacerbated the Greek sovereign debt problem by slashing growth; it also left the Greek government with very little say in its country's economy. As far as economic policy was concerned, the outcome of national elections—including the 2015 victory of the far-left party Syriza, which promised an end to austerity—was largely meaningless.

If national politics was powerless in the face of the European debt crisis, it came back with a vengeance during the migration crisis that followed in 2015. The EU's response to the wave of refugees reaching its southern shores was hampered by the so-called Dublin Regulation, which required asylum seekers to register as refugees wherever they first entered the EU, putting a disproportionate burden on the main entry states, especially Greece and Italy. German Chancellor Angela Merkel tried to redistribute the refugees more equally but failed. Several central European states, in particular, refused to accept more than a handful, arguing that Merkel's redistribution scheme infringed on their sovereignty. Before long, even the Schengen system of visa-free, open borders began to fray, with several EU states building fences or temporarily introducing passport checks. It was an ugly reminder that supranational solidarity in the EU had strict limits.

Refugees on their way across the Balkans in Serbia, October 2015

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Ognjen Teofilovski / Reuters

National politics continued its vengeful return in the 2016 Brexit referendum. In the months leading up to the referendum, British Prime Minister David Cameron toured European capitals to renegotiate the terms of his country's EU membership, hoping that the specter of Brexit would allow him to secure even better terms than those his country already enjoyed. But although London had in the past managed to negotiate opt-outs from the euro and the Schengen travel area, renegotiating any of the EU's four basic freedoms—the movement of goods, services, capital, and, above all, people—proved much harder. In the end, Cameron had to admit that under the new membership terms, London would still not be able to control the inflow of migrants from the rest of the EU. Quick to exploit latent fears of immigrants, the Brexit campaign, led by the conservative populists Boris Johnson and Nigel Farage, pounced—and promised, successfully, to “take back control” over British laws, money, and borders.

In what is perhaps the bleakest reminder of the EU's failure on the political front, the bloc has impotently stood by as two of its member states have gradually slid into authoritarianism. Hungary and Poland still maintain formal democratic institutions, but both now tilt the playing field so far that neither meets the minimal standards for liberal democracy. Elections in Hungary and Poland are free but not fair, ruling parties have eliminated checks and balances on executive power, and after years of court stacking, the judiciary in both countries is no longer

independent. In both cases, the EU has triggered a sanctions mechanism, the so-called Article 7 procedure, which can strip a member state of its voting rights in the European Council, among other sanctions. But the process requires unanimity among all EU member states (excluding the offending country), and Hungary and Poland have both promised to veto any sanctions against the other.

In past decades, European leaders might have agreed on enough to find a way out of these various imbroglios. Each of the big innovations that took shape in the 1980s and 1990s—the single market, the euro, and eastward enlargement—found broad support among the main national players, with the exception of the British opt-out on the euro. The single market was an Anglo-French idea, the euro was a Franco-German one, and Berlin and London both championed enlargement, although each for its own reasons. Meanwhile, Italian elites across the political spectrum were happy to go along with all three of these projects, which they hoped would accelerate much-needed domestic reform and lower Italy's inflation and interest rates.

There is no trace of consensus today. The United Kingdom is out. French President Emmanuel Macron has outlined an ambitious vision for much more fiscal integration, in which member states would transfer to the EU not only control of monetary policy but also some of the power to tax and spend, so as to build a sizable eurozone budget. Germany, arguably the country that has benefited the most from the EU's current institutional framework, is quite comfortable with the institutional status quo and unwilling to make drastic changes. Many members of Italy's current political elite, meanwhile, dream of a return to a distant, pre-EU past, when the state could use the tools of currency devaluation and fiscal stimulus to spur national economic growth.

Overcoming the EU's current malaise will require European leaders to compromise on a broad set of political and economic principles. And since Germany's commitment to the current regime will be hard to sustain given growing opposition in eastern and southern member states, any such compromise would need to strike a balance between the Italian desire for greater domestic policy flexibility and the French dream of more intra-European solidarity.

## A NEW CONSENSUS

What could such a new grand bargain look like in practice? On the economic front, it would mean giving member states far more political control over fiscal policy. National governments should be able to decide for themselves how to use their tax revenues and make budgetary tradeoffs. They should be free to temporarily subsidize ailing sectors, give preference to their own construction companies or law firms in their public procurement (a common practice at the state level in the United States), and bail out struggling banks and other systemically important companies, none of which they can easily do under current EU rules. That flexibility would once again give electorates a real say in economic policy, counteracting the so-called democratic deficit that has beset the union since the start of the eurozone crisis. Such a deal would require a fairly loose interpretation of the EU's current fiscal rules and some temporary deviations from a few sacred single-market principles, such as the prohibition against favoring national service providers. The outcome would be less economic efficiency at the European level but greater political stability: national governments could afford to be more responsive to the legitimate demands of their electorates, taking the wind out of the sails of right-wing populists such as Marine Le Pen in France and Matteo Salvini in Italy, who consistently argue that the EU does not benefit ordinary people.

At the same time, the EU could follow France's lead in developing more supranational mechanisms for economic risk sharing, even if doing so would run counter to economic orthodoxy. The eurozone states took some steps in this direction in the years following the debt crisis, creating a banking union that allows the ECB to monitor and, if necessary, wind down ailing private banks (even though the rules governing this arrangement are, once again, needlessly strict and could have allowed for more national discretion). Europe should add to this banking union an additional pillar: a eurozone-wide deposit insurance scheme, which would ease the burden on any individual member state if one of its banks ran into trouble.

In the same vein, the EU should finally push its member states to pool some of their sovereign debt through so-called eurobonds, which would make a sudden return of high interest rates far less likely and give individual governments more budgetary breathing room, reducing the risk of capital flight or bank runs in a future crisis. Clearly, that step would carry some risk of moral hazard, since it would reduce individual governments' responsibility for the sovereign debt they accumulated. But even if pooling all present and future debt is not politically

viable or financially desirable, a big chunk of the existing debt pile could be mutualized, as long as there are reasonable rules to prevent governments from taking advantage. (The system could have a debt ceiling, for instance, beyond which member states would need to raise their own funds on the market at higher interest rates.) Finally, EU leaders should revisit the ECB's narrow mandate. At present, the central bank's sole official responsibility is to ensure price stability—an outmoded function in a world where the battle against inflation has long been won. Instead, the ECB should be allowed to do as the U.S. Federal Reserve does and also focus on other goals, including full employment and overall economic prosperity.

On the political front, the EU must not compromise in its commitment to liberal democratic principles, the separation of powers, and the rule of law. The union's existing legal framework to protect fundamental democratic principles needs some extra bite—meaning much stricter rules for potential offenders. The EU disburses substantial amounts of funds to economically lagging member states, including Hungary and Poland, which are among the largest net recipients. It could make those funds conditional on good behavior. Additionally, the pan-European parties in the European Parliament, especially the influential European People's Party, which is home to parliamentarians from Hungary's ruling Fidesz party, should work out clear rules for expelling any representatives from national governments who undermine their country's democracy.

Finally, one need not call into question the free movement of people—one of the EU's fundamental principles—to recognize the political risks that come with high levels of migration among EU member states. Although EU immigrants make significant net financial contributions to their host countries at the national level, they can also put pressure on local public services, such as schools, housing, and hospitals, especially if the inflow is large and sudden. That fact offers ready fodder for populist exploitation.

What is more, the brain drain from eastern and southern European states weakens those countries' economies and can negatively affect their citizens' views of the benefits of European integration. As the political scientist R. Daniel Kelemen has shown in the case of Hungary, emigration can also have the perverse effect of strengthening nascent illiberal regimes. Liberal elites and educated young people leave the country in droves. Those who stay behind are either unwilling or unable to resist the slide into authoritarianism. Of course,



counteracting that trend without imperiling free movement is difficult—all the more reason to fight democratic backsliding in Hungary and elsewhere head-on, through a more forceful Article 7 mechanism. As for immigration from outside the EU, the bloc could allocate more funds to border patrol and move away from the outdated Dublin Regulation to a more equitable distribution mechanism for asylum seekers.

## THE PATH TO GLOBAL POWER

Putting its own house in order will also allow the EU to be a more effective global power in an increasingly hostile world. With a U.S. president who is loath to enter military conflicts and views the EU as a geopolitical rival, Europe can no longer rely solely on the United States to guarantee its security. Global trade and financial links have created dependencies that powerful actors can easily exploit, especially in an era of intensifying great-power competition. In this more multipolar and chaotic world, the EU is more relevant than ever for its relatively small member states, a lesson the United Kingdom is bound to learn the hard way in the not-too-distant future, as it attempts to steer its own course.

One area of potential European strength is international monetary relations. In the 1960s, the French finance minister—and future president—Valéry Giscard d'Estaing referred to the U.S. dollar as the United States' "exorbitant privilege." He was right—the United States gains both economic and geopolitical advantages from printing the world's reserve currency of choice. It can export some of its inflation and borrow from global markets in its own currency at much cheaper rates than other states. Through its control over the international payment service SWIFT and the influence of the U.S. Federal Reserve System, Washington has been able to pressure adversaries and impose financial sanctions with global reach. The euro has the potential to rival the power of the dollar, but for that to happen, the eurozone needs a much more liquid currency market. Adding a eurozone-wide deposit insurance system and eurobonds would go a long way toward that goal. A bigger international role for the euro would, in turn, allow the EU to give financial weight to its demands and squeeze rival powers such as Russia more effectively, just as the United States has done with Iran.

In a more multipolar and chaotic world, the EU is more relevant than ever for its relatively small member states.



Trade is another source of European leverage. The trade wars initiated by U.S. President Donald Trump may have diminished his country's overall welfare, but they offer an important reminder: states can use market access as a geopolitical tool. When it comes to using protectionist policies, actors that run a large trade deficit, as the United States does, have a significant advantage over those that depend entirely on export-led growth. But there is no reason why the EU, despite its current trade surplus, could not use access to its formidable internal market as a bargaining chip to force other states to advance core European interests, such as reducing carbon emissions and protecting human rights. The EU's market power makes trade one of the few domains in which the bloc can negotiate on equal terms with great powers such as the United States and China. The EU's commitment to multilateralism (through institutions such as the World Trade Organization) means it will also have many smaller states on its side in any new global trade disputes.

Finally, if the EU is to compete on equal terms with U.S. and Chinese industrial and digital services giants such as Apple, Google, Alibaba, and Huawei, it will need to create its own rival champions. Europe already has at least one such company: Airbus, the French-German-Spanish multinational aerospace conglomerate that dominates the world market for commercial aircraft in a duopoly with the American firm Boeing. But with only five EU companies among the global top 40 (by annual revenue), much work remains, and the EU's current strict antitrust rules are hopelessly out of date for this type of endeavor. Fortunately, some national leaders—especially France's economy and finance minister, Bruno Le Maire, and his German counterparts, Peter Altmaier and Olaf Scholz—understand the new realities of global competition and are pushing for changes, including an overhaul of the EU's merger rules.

#### WAITING FOR BERLIN

None of these steps will be easy. The biggest obstacle of all may be political resistance from Germany—the country that stands to lose the most in the short term from moving away from an institutional settlement that has served it well. But Merkel, who is in the twilight of her long tenure as chancellor, has admitted that Brexit should serve as a wake-up call to the EU. She should use her remaining political capital to make the case that more power at the bottom of the EU will mean more economic robustness at the top, just as more solidarity at the top will mean less political instability at the bottom.

The European Commission's new president, former German Defense Minister Ursula von der Leyen, is perhaps uniquely placed, alongside Merkel, to convince her fellow Germans of the need for fundamental reform. Von der Leyen has also promised that hers will be a "geopolitical" European Commission, in a sign that Brussels is at last beginning to take seriously the need for a globally assertive EU. Now national governments—especially in Paris, Berlin, and Rome, but also in Budapest and Warsaw—need to follow her lead. The guiding EU principle should once again be the primacy of politics rather than economics—not for old times' sake but for the future.

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