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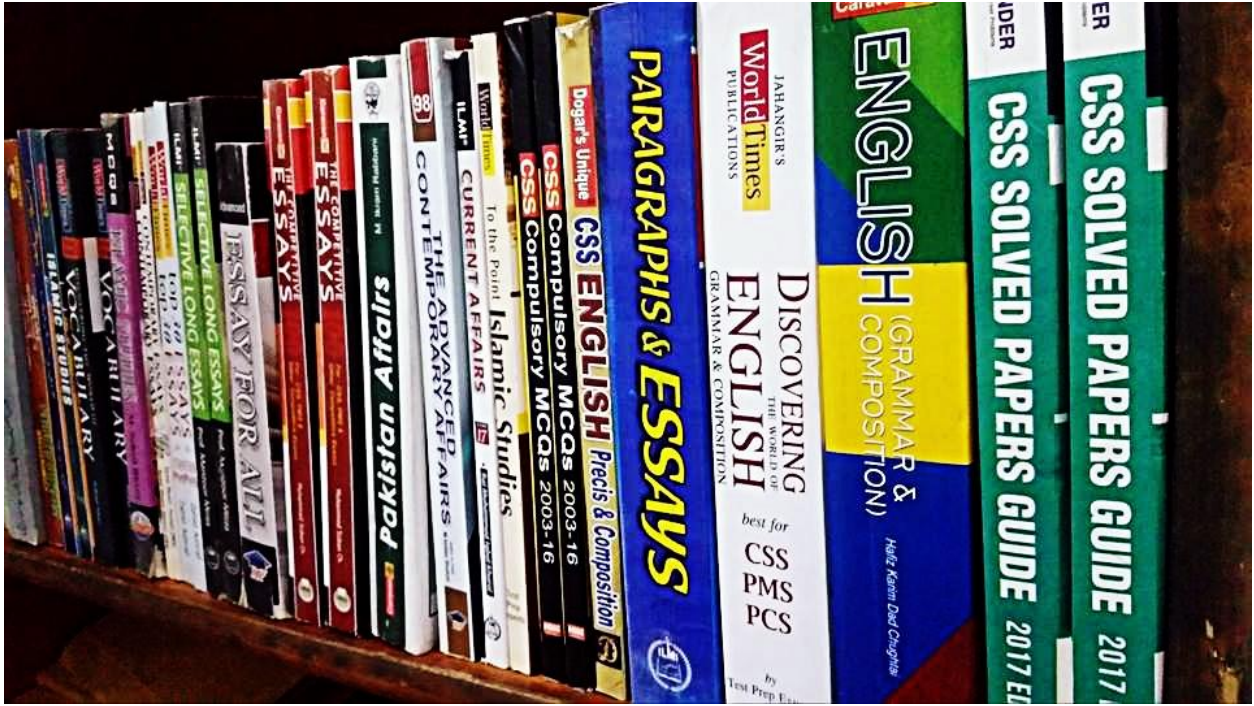
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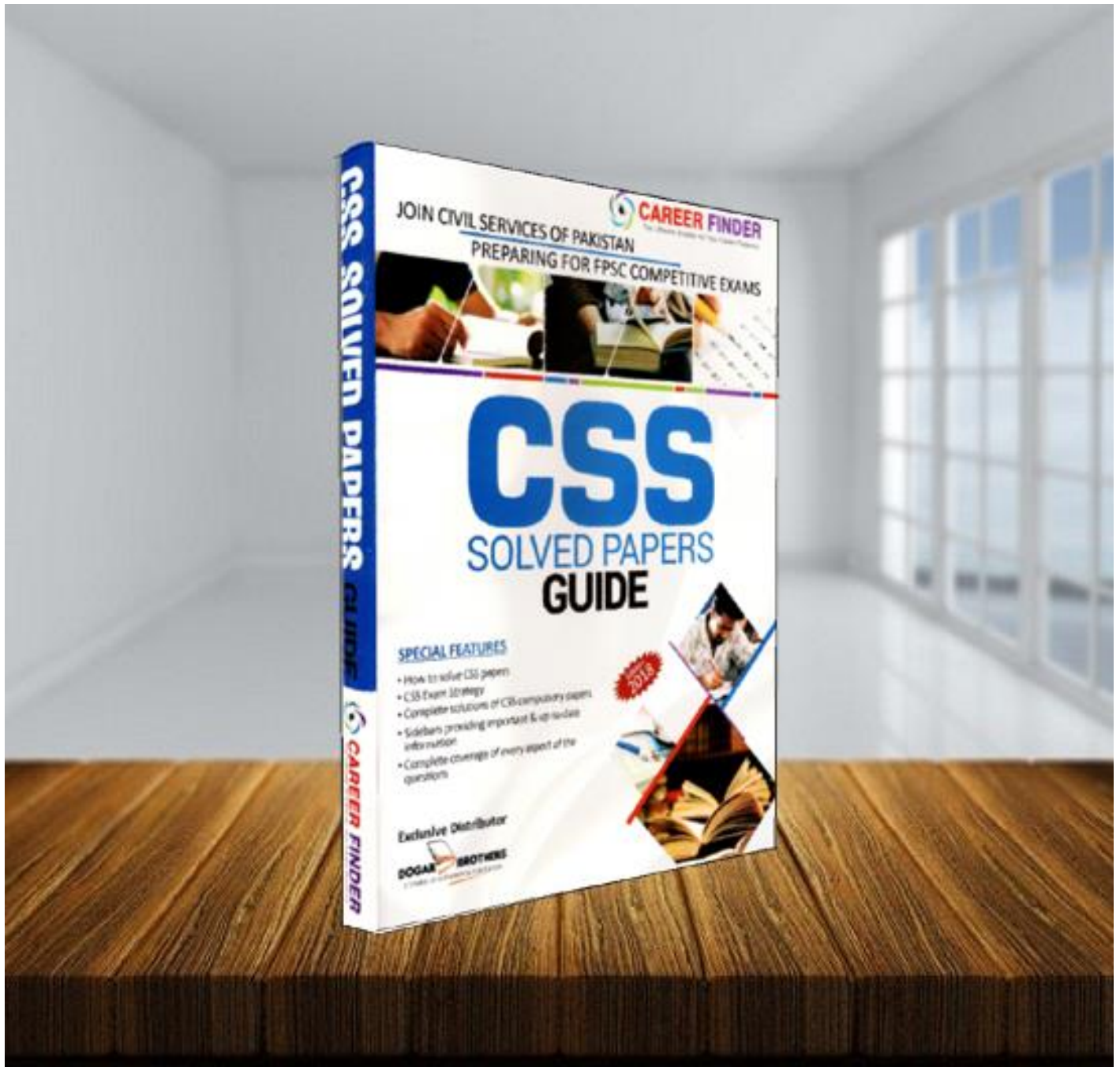
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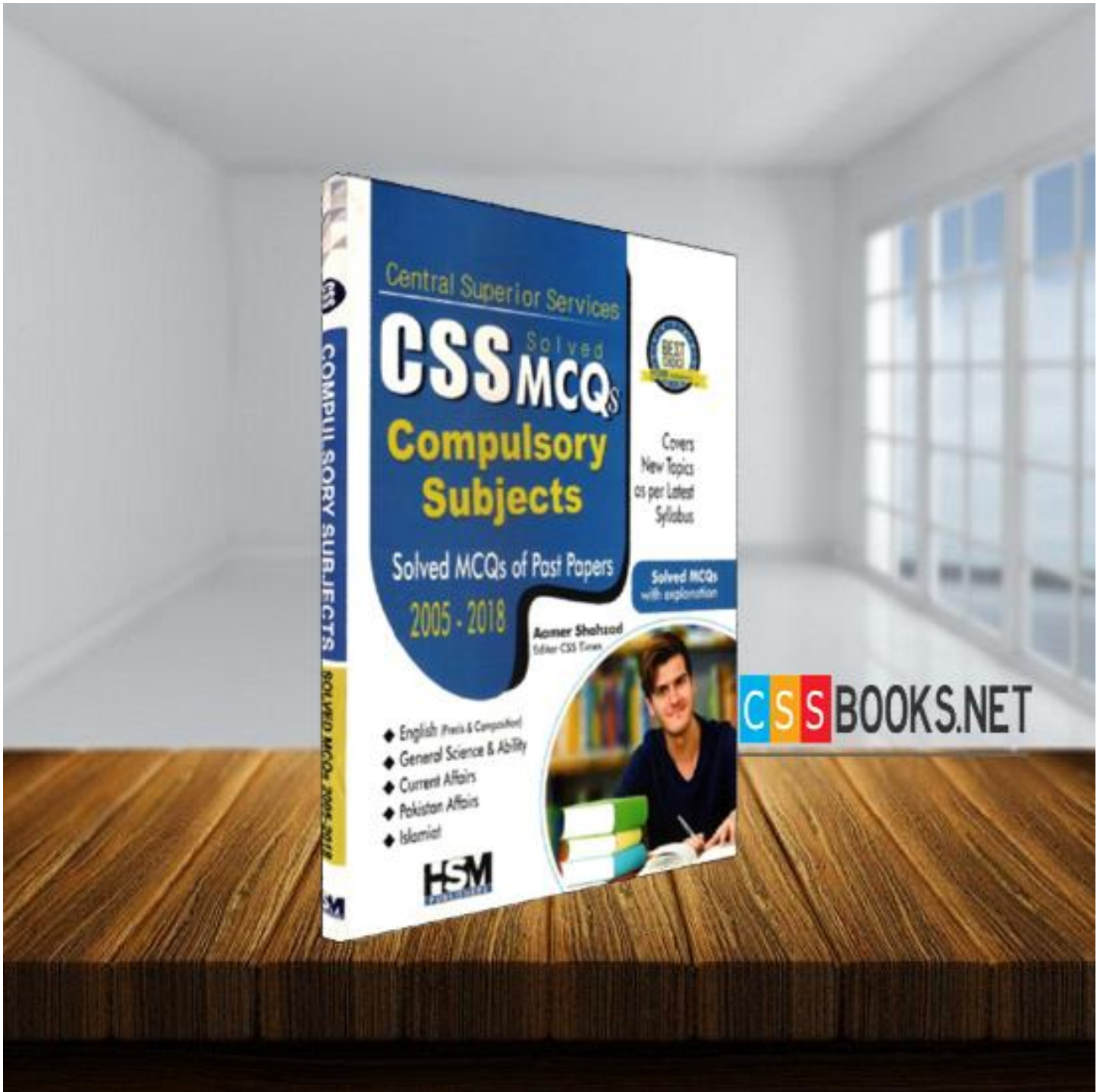
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PAKISTAN

A Looming Crisis | Editorial

The crisis in the power sector has impacted the output of the system by a great extent. The impact is not just restricted to the output of the businesses in Pakistan but also the sectors such as health and education. \$4.5 billion income loss as a result of lack of access to electricity almost makes up 1.7 percent of the national GDP. This is a huge number and incurring such a loss puts the country extremely behind on its developmental goals. These systems are up and running relying on the success of the output, however, one aspect such as energy is the hurdle in their path.

A problem which has not been resolved by successive governments. The last government did successfully upscale the production of the national grid. This has been achieved after rigorous planning and several trial and error techniques. The addition of the units in the national grid did not ensure the transmission of the maximum output because the policy was not thoroughly planned out. The transmission lines in Pakistan have not upgraded according to the units added; the same units were being relied upon for successful delivery. However, the age-old transmission lines could not survive the extra units.

This is an area the new government needs to work upon. The renovation and addition of transmission lines is the next step in the process. The additional units can only be used to their maximum capacity if the grids are upgraded. At the same time, the government should develop a system to eradicate theft and the non payment of dues. If policies of the successive governments are in sync, many projects can see fruition during the new tenure.

The study, 'Electrification and Household Welfare', shows great improvement in the output of the systems in Pakistan if access to electricity is made readily available. At this point, one of the greatest barriers in the country is the power sector crisis – if the local businesses boom due to access of electricity, this will set up a steady market in Pakistan. Along with economic benefits, the provision of electricity will also improve the social fabric of the country. With the rising

temperatures, the absence of such a basic necessity takes everyone a step back. The availability of resources will result in better cohesion in the society.

Source: <https://nation.com.pk/01-Oct-2018/a-looming-crisis>

Civil Service Reforms By Abdul Razak Shaikh

PRIME Minister Imran Khan has asked Civil Servants to support in implementation of the agenda of PTI. In his speech with the civil servants September 14, 2018, he said without help of civil servants the agenda of his government would be rendered useless as civil servants are executive arms of the administration. He assured that salary of civil servant will be increased. The Civil Service reforms are main agenda of Imran Khan government. The prime Minister also in his speech to the nation announced a task force to develop blue print for civil services reforms. The 100-day agenda of PTI highlights the need for appointing officers on merit, offering tenure protection and proper accountability. The PTI manifesto also allowing lateral entry, compulsory retirement and review compensation package. Pakistan is a country with brightest civil servants and weakest governance. An effective public service has remained main achievement of National economic, capable and motivated bureaucracy has also played an instrumental role in economic growth. Effective civil Services are characterized by good governance which means sound policy making, efficient service delivery and responsibility in public resources utilization.

Most of civil servants are much supportive of reforms and willing to be held accountable for their performances in return for tenure security and better salaries. If there was a man who could be trusted to do this job than Dr. Ishrat Hussain is capable to complete the task. Dr. Ishrat Hussain is presently Advisor to Prime Minister for holding portfolio Austerity & Institutional Reforms has been talking about many of these issues repeatedly. He has been advocating for the introduction of National Executive Service (NES), transparent, merit based recruitment, tenure security, performance evolution based on measurable performance. Dr. Ishrat Hussain in his book 'Governing the Ungovernable' has mentioned NES at federal and provincial level. As per proposed plan, civil servant of BPS-19 and experienced professionals from outside the Civil services would be inducted into NES. The NES would open to all professionals from the open market as well as BPS-19 officers in Civil Services. Inducting professionals from outside to be good idea but it would be acceptable? The reason is simple; civil servants would not accept the Boss from outside. There is a need for an arrangement where expertise comes among the civil servants.

The good news is that Civil services reforms have been agenda for successive government is one form or another. The Pakistan vision 2025 also priorities civil service reform as a major objective and Ministry of Planning and Development focusing on Specialization and professionalosim, out come based performance evolution and meritocracy in appointments. There are certain recherché within and outside the country suggesting that financial incentives do improve the performance depending on context. Civil servant has a habit of taking training and assignments to hold emergencies issues and they seems to be superior in all the ranks of other jobs. Dr Ishrat Hussain is the man of caliber, who may propose the reforms in civil services but members for top bureaucracy must be included in the committee, so the civil servant working must be satisfied. Political will is key to successful reform initiatives. Furthermore, a task force can only work well, if supported by a capable secretariat, which can quickly commission research and place findings before the task force for decisions only. Recruiting and retaining talent will be critical for the new government. Civil service reform is an important piece of this puzzle and the sooner the new government cracks it the better it will be at delivering on its election promises.

— The writer is retired health officer of Sindh Govt.

Source: <https://pakobserver.net/civil-service-reforms/>

Energy Crisis, Nuclear Safety and the Security of Pakistan By Asma Khalid

Speaking in the favour of the peaceful use of nuclear energy, on 8 December 1953, President Eisenhower highlighted the significance of nuclear energy to the world by maintaining that, “It is not enough to take this weapon out of the hands of soldiers. It must be put into the hands of those who will know how to strip its military casing and adapt it to the arts of peace.” Subsequently, in the middle of the twentieth century, nuclear energy and technology became popular as an alternate energy source to fossil fuel. Nuclear power is considered as one of the most reliable, efficient and environment friendly sources of energy. Every state has the right to utilise nuclear energy and technology for peaceful purposes which include: medical diagnostics, agriculture, pharmaceuticals and industrial use, etc.

In the twenty-first century, states are unanimously planning and shifting towards peaceful nuclear power to ensure long-term energy security. Pakistan is also one of the ‘energy deficient’ states that focuses on energy security to fulfill its socio-economic requirements. It has a modest Nuclear Power Program (NPP), which is increasingly being viewed as a gap filler in the energy calculus and can mitigate energy crisis. To address the ongoing energy crisis, issues of power shortage and load shedding, which have adversely affected the economic growth potential of the state, it is important for Pakistan to extend its NPP.

Pakistan’s other five nuclear power plants Chashma-I, Chashma-II, Chashma-III, Chashma-IV and KANUPP-1 contribute 1,370 megawatts of clean energy to the national grid. Pakistan has planned to develop two additional nuclear power stations KANUPP-II (K-II) and KANUPP-III (K-III) in Karachi and expected to be operational in 2020 and 2021 respectively. The increased dependence of the country on nuclear energy is for two reasons, firstly, to manage the increasing power demands and to address the dire energy deficit of the country. Secondly, it is a clean source of energy and can fulfill the country’s commitment towards environmental protection. Pakistan’s nuclear power plants are under safeguarded by IAEA.

At national level, Pakistan has established a robust mechanism to ensure nuclear safety and security by developing a rigorous export control regime. Pakistan has also established a National Action Plan (NAP) that deals with the export control as well as the safety and security of nuclear facilities and associated material. PNRA is another independent, viable and legal safety organisation and system, for enforcing national laws and international standards on nuclear safety. The PNRA, works with the Strategic Plans Division (SPD), to ensures the security of these facilities against any threat.

In the twenty-first century, states are unanimously planning and shifting towards peaceful nuclear power to ensure long-term energy security. Pakistan is also one of the 'energy deficient' states that focus on energy security to fulfill its socio-economic requirements

At international level, Pakistan is an active player in the global nuclear order to promote non-proliferation, arms control and disarmament. Pakistan is engaged with the international community to promote nuclear safety and security. In this vein, Pakistan is state party to IAEA code of conduct on safety and security of radioactive sources, it has taken the practical initiative to carryout the UN Security Council Resolution 1540 (UNSCR 1540), Pakistan has been an important and constructive participant in the two Nuclear Security Summits conferences, and ratified the 2005m Amendment to the Convention on the Physical Protection of Nuclear Material (CPPNM). Therefore, Pakistan's participation in international arrangements is a demonstration of Pakistan's commitment to the objective of nuclear security

Pakistan's nuclear program has been facing subjective criticism. Pakistan's efforts encompass onsite physical protection of nuclear facilities and material, prevention of illicit trafficking, transportation security, control and accounting procedure. The criticism on Pakistan's nuclear installations has failed to stop the positive trajectory of its nuclear program. It is challenging to measure or verify how effective nuclear security is unless theft, sabotage or a nuclear accident is reported. Since the inception of nuclear power program, not a single such incident has ever been reported in Pakistan, this factor negates the negative misleading agenda about the safety and security of the it's nuclear sector. Pakistan has repeatedly stated its stance that "we have revisited our safety parameters, emergency preparedness and response, and operators' training".

Christopher Clary also expressed that “threats to Pakistan’s nuclear arsenal have been exaggerated”.

To conclude, nuclear energy is a clean and environment friendly source to reduce Pakistan’s energy deficit. Pakistan is facing a serious energy crisis yet, it is logical that an expanded civilian nuclear energy sector and international arrangements (IAEA and NSG) would facilitate the peaceful use of nuclear technology to overcome this crippling energy deficit. Therefore, Pakistan’s creation of a national mechanism and participation in international arrangements for the safety and security of its nuclear sector manifest that any external power is not capable to seize its nuclear installments. Moreover, physical-protection systems in the Pakistani nuclear facilities are well-built. The induction of nuclear energy as an efficient and secure source based on ‘comprehensive nuclear safety measures’ is to prevent nuclear accidents from happening. It is a positive step to address Pakistan’s energy crisis.

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Source: <https://dailytimes.com.pk/305934/energy-crisis-nuclear-safety-and-the-security-of-pakistan/>

Water Crisis, From Bad to Worse By Imtiaz Rafi Butt

Pakistan is blessed with the most abundant of geological resources and its geostrategic position makes it one of the most influential countries in the region, yet, as there is always a flip side to the equation and autonomy in water resources is not one of them. By far, among the most critical threats to the nation is the problem of water shortage.

According to experts, there will be an acute shortage of drinking as well as irrigation water in Pakistan by 2025 and, if the situation goes unchecked, there is the probability of a complete drought like position by 2040, which would turn all fertile lands into deserts. Everything is on stake here. There is no time for respite or procrastination. This debacle has two distinct facets; the internal maladministration, and second, the tacit anti-Pakistan agenda of India. Both need to be tackled simultaneously if the calamity is to be averted.

Briefly looking at the source of the contention, history goes back to pre-partition Rad Cliff commission that decided the boundaries of the two nations. At the time of independence, in the geographical context, all six major rivers, i.e, Sutlej, Beas, Ravi, Chenab, Jhelum and Indus, have their sources in India. It means that the government of India could control the flow of water to Pakistan. In technical terms, India became the upper riparian state and Pakistan became the lower riparian state when it came to water resources. The riparian part meant the flow of water from top to bottom towards the southern part of South East Asia.

Bitter conflicts kept occurring until the World Bank took up the noble task of arbitration among the two countries. After thorough deliberation, the Indus Water Treaty (IWT) was agreed upon between General Ayub Khan and Jawaharlal Nehru in 1960.

The Eastern rivers, Ravi, Sutlej and Beas were allocated to India and the Western rivers, namely, Jhelum, Chenab and Indus are allocated for Pakistan. Furthermore, the rivers could be used by either country in a way that the flow of water would not be impeded. This included agriculture and domestic uses. The

contention was out of sight from 1960 to 1999. As a turn in water politics, India opted to reignite the controversy as a diplomatic bargaining tool.

The first violation came in the form of construction of Baglehar dam on Chenab in 1999. There were long rounds of the Permanent Indus Water commission which turned out to be inconclusive. In 2016, Narendra Modi openly challenged the IWT and announced the review of articles in favour of Pakistan. In a flagrant display, he commented, “blood and water cannot flow side by side.”

In recent years, India began construction of Kishan Ganga, Sawalkot, Rattle dams which directly affected the water supply of Chenab and Jhelum combined. As a roundup of the situation, these actions are a clear violation of the following international conventions:

- i- The United Nations Charter
- ii- The Universal Declaration of Human Rights
- iii- The International Covenant on Civil and Political Rights
- iv- The United Nations Water Resources Convention
- v- The Stockholm Declaration

Apart from violating the flow of Pakistani rivers, India has also vowed to block the spill-overs of Ravi, Sutlej and Beas which trickles down in Pakistan. This water is surplus of what is used by Indian Government for Power Generation and Agriculture. The strategy is to divert the spill-over towards the Indian Punjab and Haryana. This would actively damage the agriculture in Punjab to a large extent and further reduce the sub-soil water levels. As of 2018, the World Bank has miserably failed to address any concerns from Pakistan. The United Nations (UN) has also not been able to produce any credible pressure on the Indian government. It seems the resolution to the issue lies elsewhere for might is the only right in the world of international affairs.

Coming to another side of the equation, while India has been scrupulously considering every minute detail and making a case on diplomatic as well as, a

practical basis against its neighbour, Pakistan's government has slept over the oncoming disaster for decades.

On the internal front, Pakistan failed to realise the gravity of the situation. Mounting the international diplomatic pressure on India was one factor, Pakistan could not predict and act over the basic counter-strategy against the crisis. Water resources and construction of dams in Pakistan became a point of political debate. Kalabagh Dam and Diamer-Bhasha dam repeatedly became disputed projects. Political parties could not come to an amicable solution and even the construction of smaller dams and power projects for storage of water are not up to the requirements.

Better late than never, the Chief Justice of Pakistan (CJP) has taken the initiative for collecting funds from domestic and foreign sources for funds in order to build a dam. Financial experts are calling it the "chanda model"(charity money) which is unheard of in other nations to build a project of national importance. Only time will tell if this venture will bear any fruit.

Now, the new government of Pakistan has taken the mantle and initiating infrastructure and finance projects to mitigate the damages of the upcoming water crisis. As per UN statistics, Pakistan is the fourth largest consumer of water in the world. Also, only 7 per cent of the water entering into its territories is retained whereas India is able to retain around 30 per cent. Around 10 million acre-feet of water has reduced by Indian dams and the sub-soil waters are also receding. Overall, the situation is nothing short of disastrous.

As pointed out earlier, everything should be on the table for the Pakistani people when it comes to this water catastrophe. The litigation war needs to be filed before international forums but apparently, this diplomatic solution seems to be in vain. As India vows for a seat on the UN security council as a big player, International Government Organizations are inadequately empowered to take on a country like India. The second option available with Pakistan is partnering with China. As India is an upper riparian State to Pakistan, China is an upper riparian state to India. The rivers irrigating Assam and Arunchal Pradesh come from the main river, the Brahmaputra, which originates in Yarling Tsango river in China.

Already, China has blocked some of the rivers towards India as no treaty nor any agreement exists on its utilization by either country. Last but not the least desirable option is not recommended but is obvious, that if this crisis is not averted through internal or external mechanisms, there is bound to be a military conflict. Can the world afford an armed conflict over necessities of life between two nuclear-powered nations? As a philosopher once said, “we are free to make choices, but we are not free from the consequences of those choices...”

Source: <https://www.pakistantoday.com.pk/2018/10/07/water-crisis-from-bad-to-worse/>

Fighting The Environmental Battle |

Editorial

Prime Minister (PM) Imran Khan's "Clean and Green Pakistan" drive will be a significant step in raising awareness around the subject of clean and green environment that the country is lacking. It is encouraging to see that the ruling party is trying to deliver on as many promises that they made in their electoral manifesto as possible. Before Imran, all other leaders made empty pledges to initiate cleanliness drives, but so far no visible improvement in the environment could be seen.

Pakistan stands at 169 out of 180 countries in Environmental Performance Index (EPI) rankings. The rankings that were released on the sidelines of the World Economic Forum meeting in January 2018 states that a substantial population of Pakistan suffer from poor air quality and have no access to clean drinking water or environment. Fortunately, the incumbent government of Pakistan Tehreek-e-Insaf (PTI) is determined to fight the environmental battle.

The campaign that will start from 13th October is praiseworthy for the reasons that it is a collective effort. Furthermore, the waste will be utilised to produce energy that the country badly needs. All over the world, many states are using their waste products to create energy in the form of electricity, heat, and gasses. Harnessing power from waste can help Pakistan reduce its dependency on energy imports. Studies also suggest that waste to energy techniques contributes towards reducing carbon emission and meeting renewable energy targets.

Mr Khan is right in asserting that poor sanitation and unhygienic living conditions are the reasons for the high mortality rate among nation's children. The high mortality rate can be reduced significantly with the help of awareness drives that the government is determined to run not only in residential areas but also in schools. Also, the drive is a multi-pronged campaign. It also covers tourism. One of the reasons, according to the PM for less number of tourists, is lack of basic facilities.

Big cities of Pakistan like Karachi and Lahore need more such initiatives on a regular basis. The campaign is no doubt necessary for cultural change. However,

the movement needs concrete steps too – like investing more in municipal committees that are responsible for the maintenance of any city. Most of the municipal committees face a shortage of funds to carry out their functions. These committees do not have funds to own even necessary equipment like more garbage trucks, dumping containers. For a successful movement, Khan's team need to cover all aspects and issues that they will face in the process.

Source: <https://nation.com.pk/10-Oct-2018/fighting-the-environmental-battle>

Resisting Arms Race! | Editorial

PAKISTAN Foreign Office said on Thursday that the country was against arms race in the region, an apparent reference to latest arms deal worth \$5.4b that would equip India with S-400 missile defence system. Speaking at the weekly news briefing on Thursday, FO spokesman Dr. Muhammad Faisal said that countries providing India any weapons should make sure their assistance does not disturb balance of power in the region. He also stated that Pakistan's armed forces are nonetheless fully ready to respond to any aggression.

There is no doubt that Pakistani nation and its armed forces are fully resolved to foil designs of the enemy and go to any extent to defend the motherland. They have proved this in the past and no one should entertain the idea of any aggression against Pakistan, as the nation is one when it comes to survival and security of the country. However, it is also a fact that threats cannot be deterred with mere statements, thus practical steps will have to be taken to ward off dangers to the defence of the country. This is because India is shopping military hardware and latest technology from all regions of the globe. Traditionally, it remained an arms client of Russia but with the passage of time it exploited its economic and geographic clout to secure favourable deals from a number of countries including the United States, Israel, France, United Kingdom and others.

Pakistan is vulnerable to pressure because of its weak economy but India has entered into latest accord with Russia despite warnings both by the United States and China. It is also negotiating more defence deals with Moscow and Prime Minister Modi has invited Russia to set up dedicated defence industrial parks in India, a proposal that would take their defence ties to new heights and might present serious danger and threat to security and defence of Pakistan. It is quite obvious that Pakistan's economic conditions do not allow it to indulge in arms race besides reluctance of world powers minus China to provide required weapons to Pakistan to help maintain strategic balance in the region that has helped ward off dangers of war. There is, therefore, only viable option to go for a major indigenisation programme and joint ventures with friendly countries like China and Turkey.

Source: <https://pakobserver.net/resisting-arms-race/>

Reforming Our Civil Justice By Mohsin Raza Malik

Addressing a seminar organised by the Supreme Court Bar Association in Lahore last week, Chief Justice of Pakistan Mian Saqib Nisar lamented over the miserable state of the dispensation of justice in the country. He identified the delay in the dispensation of justice a chronic malady of the country's judicial system. "The people lose trust on judges when there is delay in the dispensation of justice", he remarked. He held the judiciary and lawyers equally responsible for this deterioration of the judicial system and made it clear that the future generation would not forgive us for it. At times, the honourable CJP has expressed his strong intention to thoroughly reform the country's judicial system. However, we just observed a substantial surge in the number of Suo Motu actions taken by the apex court following the conclusion of Panamagate case in July 2017. So, unfortunately, the 'judicial activism' has just overshadowed the much-needed judicial reforms in Pakistan.

A large number of judicial reform commissions have been constituted to make recommendations to improve the state and quality of the dispensation of justice in Pakistan. Moreover, there have also been devised and announced several National Judicial Policies for the same purpose. However, in the absence of required resolution and will, these policies and recommendations have never been seriously tried to be implemented in the country. According to Law and Justice Commission of Pakistan, there are more than 1.8 million cases currently pending with the superior and subordinate courts in the country. This year's Rule of Law Index report released by the World Justice Project also paints a gloomy picture of Pakistan's judicial system. Currently, Pakistan stands at 106th position in terms of administration of civil justice among the 113 assessed countries. Certainly, it is extremely deplorable. Worryingly, Pakistan's civil justice system is one of the worsts in the world, and simply the worst in Asia.

"Justice delayed is justice denied", so goes the common legal maximum. But, sadly, the delay in the dispensation of justice has somehow become the most dominant feature of our civil justice system. So, in this particular context, I usually dub our civil courts as 'calendar courts' by drawing an analogy between these courts and a typical yearly calendar. A calendar essentially bears dates, so do

these courts. We mostly appear in a civil court on a fixed date only to get the 'next date of hearing', and nothing else. The primary activities of both complementary components of this judicial system, the adjudicator and pleader, often keep on revolving around a calendar during the proceedings. The former eagerly displays a calendar on an official table in the court room while the latter always keeps it with him/her in the form of a professional diary.

We can't exactly imagine the plight of ordinary litigants who usually face countless troubles and constraints while dealing with this judicial system. In fact, our judicial system more supports the wrongdoers than the wronged ones. A hapless litigant often gets nothing despite fighting a lifelong legal battle. Therefore, sometimes these courts look like mere mortar-and-brick buildings all meant for perpetuating injustice rather than dispensing justice.

The Code of Civil Procedure, 1908 is the bible of civil procedure in Pakistan. It essentially divides a civil trial in a number of stages or phases that generally start from instituting a civil suit and precede each other in a fixed and definite order e.g. the service of summons, submission of reply, framing of issues, evidence, arguments, and finally the pronouncement of judgment by a judge. The CPC has fixed the specific time periods within which a civil court is supposed to conclude the intended proceedings of each stage of this civil litigation. It also prescribes a number of penal measures against a party to the suit which fails to act as required by the court during the trial. So, if this procedure is strictly followed by the civil court, a civil case can by all means be disposed of within 6 to 12 months.

Strangely, instead of reforming or improving the colonial-era civil procedure after getting independence, we just chose to interpret and practice it in a manner which eventually led to its decay and deterioration. Indeed, an 'Anglo-Pakistani garnishing' to this Anglo-Indian enactment simply proved disastrous. Initially, through various judgements, the superior courts prescribed that the civil courts should decide a case on merits instated of procedural technicalities after affording parties a full opportunity of being heard. However, these judgements have eventually given rise to a novel civil procedure characterised by an unending series of adjournments, thanks to the adjournment-seeking lawyers and adjournment-happy judicial officers. At each stage of the civil litigation, a judge frequently adjourns the proceedings in rather a mechanical fashion to enable the litigants to fully avail the 'pool of opportunities'— "first opportunity",

“second opportunity”, “another opportunity”, “final opportunity”, “last opportunity”, “absolute last opportunity”, and so forth. Thus, a single stage in the trial sometimes takes years without contributing anything substantial to the judicial record of the case.

All the stakeholder of our judicial system, namely the judges and lawyers, are equally responsible for the current miserable state of this system. Bar politics and the culture of strikes have adversely affected this system. On the other hand, incompetent and unmotivated judicial officers have made things even worse. Perks and emoluments of the judges of both superior and lower courts have been increased many-fold over the last few years. But regrettably, there has not been any significant improvement in their performance and efficiency. At present, there hardly exists any effective and comprehensive mechanism for the judicial accountability at any level of the judicial hierarchy.

Since our mainstream judicial system has miserably failed in providing “inexpensive and expeditious justice to the masses, the very tool of Alternative Dispute Resolution (ADR) is being portrayed by many as the only significant remedy for the country’s ailing justice system. So, this informal system of dispute resolution is keenly being tried to be introduced and promoted in the country. To ensure “inexpensive and speedy dispensation of justice”, the Alternative Dispute Resolution Act, 2017 was passed and promulgated last year. Under this act, the court can refer, with the consent of the parties, the specified civil matters to a notified “Neutral” who shall dispose of a matter within a period of thirty days. A number of ADR centres have also been made functional in all lower courts throughout Punjab.

Alternative Dispute Resolution is an informal dispute resolution process or technique whereby disagreeing parties come to an agreement short of litigation. In fact, ADR is an umbrella term for a variety of legal techniques to resolve a dispute, mostly with the help of third party, such as negotiation, mediation, arbitration, and conciliation. Indeed, this is an expeditious and inexpensive method of dispute resolution. Nevertheless, ADR can’t be a substitute for a formal judicial process. The ADR system inherently lacks the capacity to decide a dispute involving some complex legal and factual questions. It can only work if both parties to a dispute agree to settle their dispute through this method. Moreover, a civil suit is usually instituted in a civil court when both parties fail to

resolve their dispute through negotiation or mediation. Therefore, when an aggrieved person approaches a court for the determination of his rights or the redressal of his grievances, it should be the duty of the court to expeditiously adjudicate this matter in accordance with the law after hearing both parties rather than advising him to mediate with the very person who has infringed his legal rights. As a matter of fact, the much-hyped 'game-changing' ADR system has yet not succeeded in providing any significant relief to numerous litigants in Punjab.

It has been rightly said "The best way out of a difficulty is through it". Therefore, to ensure a speedy and quality justice to the people, we have no other option except to improve the general state of our mainstream judicial system after plugging the loopholes in this system. Now if we can't reform this system, we should at least stop shedding crocodile tears over the demise of this judicial system. Indeed, what can't be cured must be endured.

The writer is a lawyer and columnist based in Lahore.

Source: <https://nation.com.pk/16-Oct-2018/reforming-our-civil-justice>

The China Connection Between Pakistan and Afghanistan By Moneeb Ahmad Barlas

Last year China hosted the first China-Afghanistan-Pakistan Foreign Ministers' Dialogue. "As a good friend of Afghanistan and Pakistan, China is willing to play a constructive role in improving Afghanistan-Pakistan ties through a trilateral dialogue," China's Foreign Minister told the press. Beijing is keen to mediate between Afghanistan and Pakistan. Arguably, it can do so by addressing the critical issues in the fractured Pak-Afghan relationship.

To begin with, China can help strengthen cooperation on cross-border terrorism which is the major bone of contention between Pakistan and Afghanistan. While the Pakistani military has made tremendous gains in the war against terror and is also fencing off the porous border with Afghanistan to prevent the infiltration of non-state actors, the regime in Kabul still needs to demonstrate its intent and willingness to deal with India-sponsored terrorists operating from Afghan soil. Not only is Pakistan frustrated at the terrorist sanctuaries in Afghanistan but China too is troubled by East Turkestan Islamic Movement's (ETIM) activities from its safe havens in Afghanistan.

Beijing blames the group for instigating terror attacks in the restive province of Xinjiang. Chinese military is working closely with its Afghan counterpart to prevent ETIM's incursions into Xinjiang from the Badakhshan province in northeastern Afghanistan. A section of the media has reported that China is building a military base in the Wakhan Corridor. Although, Chinese officials have denied any such plans, yet, concerns about terrorism are real as it threatens the peace and development of the region.

Beijing must push the government in Kabul to eliminate terrorist sanctuaries on its soil. This is necessary for CPEC's security and the successful integration of Afghanistan into the Belt and Road Initiative (BRI). In addition to this, China can also contribute economic investments in Pak-Afghan border areas, thereby, providing incentives for people to shun violence and extremism for growth, development and prosperity. Beijing itself can benefit from Afghanistan's large reservoir of mineral resources.

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According to some estimates, Afghanistan's mineral resources are worth \$1 trillion. As China continues on the path of economic development, its industries could draw on mineral imports from Afghanistan. The resulting benefit from exports to China will also be a major boost for Afghanistan's shattered economy and its impoverished people, while Pakistan can provide additional dividends by linking Afghan exports to the Middle East and European markets. Nonetheless, any such endeavors along with the possibility of Afghanistan serving as a transit route to Central Asia remain hostage not only to the security situation in the country but also to the American agenda in Afghanistan.

However, when peace in Afghanistan becomes a reality, the territory of Afghanistan can serve as an important economic and cultural bridge between South and Central Asia, linking Pakistan to Turkmenistan, Uzbekistan and Tajikistan and attracting even heavier investments from China. Such anticipated benefits of China-induced economic growth coupled with Beijing's perceived political neutrality can also help rekindle the stalled Afghan peace process.

China has already participated in earlier efforts at an Afghan reconciliation including the Quadrilateral Coordination Group involving Pakistan, China, Afghanistan and the United States. However, considering the Taliban's aversion to a US-brokered agreement, the trilateral forum initiated by Beijing includes only China, Pakistan and Afghanistan which may prove to be more effective. Beijing and Islamabad must strive for an Afghan-led and Afghan-owned peace process that satisfies the aspirations of all stakeholders inside the country. While the details are for the Afghans to work out, tribal autonomy as well as economic interdependence between the tribes will be imperative for sustainable peace in the country.

In this regard, any economic scheme offered by China should advisably be pan-tribal, involving widely distributed benefits for most of the tribes if not all. This requires an understanding of Afghanistan's cultural sensitivities, something that

most countries have overlooked thus far. China, Pakistan and Afghanistan should nurture cultural harmony through direct contact between their people.

Cultural exchanges not only play an important role in fostering a better understanding of each other but also provide an environment for shared learning. People-to-People linkages will also help inculcate a regional mindset based on a shared vision of the future. Therefore, governments of Pakistan, China and Afghanistan should encourage the establishment of trilateral think tanks, student exchange programs, industrial linkages, and tourism programs. A strong network of civil societies among these countries will also pave the way for political reconciliation between Afghanistan and Pakistan.

Nonetheless, China's influence in bridging the trust deficit between Afghanistan and Pakistan goes only so far. The primary responsibility for overcoming their differences lies with Islamabad and Kabul. Hopefully, the two neighbours will find ways to mend their troubled relationship.

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Crucial Pak-US Engagements | Editorial

SEVEN decades of Pak-US ties have been marked both by cordiality and mistrust. Since assumption of power by Donald Trump, relationship between the two countries continue to be on the downward slide yet recent engagements between the two sides appeared to be positive as there was no demand of do more from the other side when Foreign Minister Shah Mehmood Qureshi met his American counterpart for the second time in Washington.

Now the US special Envoy Zalmay Khalilzad held talks with Pakistani leadership on the Afghan reconciliation at the Foreign Office on Tuesday. During talks the two sides agreed to continue cooperation on Afghan reconciliation process. Undoubtedly, this is the way forward to find politically negotiated solution of the decades' long conflict in the war-torn country in which both Pakistan and the US have to play an important role and they only can do so if they engage more frequently and deeply on the issue. Currently there are irritants in relationship and these are marred by mistrust due to issues in Kabul yet we understand that time has come that the US stop seeing Pakistan only in the perspective of its role in Afghanistan.

On Pakistan-US relations, Islamabad Policy Research Institute organised a special seminar in the Capital on Tuesday in which former foreign secretaries and ambassadors rightly emphasised the need of building Pak-US relationships that transcends security centric approach to economic cooperation. Such a multidimensional level cooperation indeed will not only help reduce trust deficit but also enable the two countries to build a strong partnership for the cause of greater regional peace and security. Besides discussing and making forward movement on Afghan reconciliation, we will urge both sides to discuss cooperation in various sectors. The US is a major trading partner of Pakistan with trade between the two countries hovering around \$6b. Both the countries should work towards reactivating the working groups established under strategic framework and explore avenues of cooperation in different fields.

Source: <https://pakobserver.net/crucial-pak-us-engagements/>

Pakistan's Membership in the IAEA Board of Governors, A Major Diplomatic Achievement? By Sonia Naz

Pakistan was once again elected as a member of the IAEA Board of Governors (BoG) for the next two years on September 20, 2018. The Board of Governors of the IAEA is one of its policy making organs. The BoG not only examines the financial statements, it also makes recommendations for the IAEA budget. It finalizes the membership applications, accepts safeguard agreements and contributes to the safety standard publications. The approval of the Director General of the IAEA with the approval of General Conference is also the responsibility of the Board. Pakistan has been chosen 19 times to be on the Board in the past and has played an important role in the formulation of the agency's policies and programmes. It also has the honour of chairing the Board thrice in 1962, 1986 and 2010.

A prominent Pakistani nuclear expert Dr. Naeem Salik in his book 'Nuclear Pakistan Seeking Security and Stability' wrote that Pakistan's cooperation with the agency has been reciprocal. In other words, it not only benefited from the agency but also Pakistan's nuclear expertise and its human resources proved to be an invaluable contribution to the agency. Pakistani scientists and engineers have contributed to the IAEA's work in numerous fields including in the area of nuclear safety and security. It also hosted nuclear safety and security workshops with the cooperation of IAEA, on the regional level. Pakistan is a beneficiary of the IAEA assistance and its nuclear establishment is fully committed to increasing this cooperation in various fields ranging from nuclear power development to that of agriculture, medicine and livestock. Pakistan's Country Program Framework (CPF) 2014-2019, provides assistance in a wide range of areas as nuclear safety and security, nuclear power development, industrial application, human health under the technical cooperation program of the IAEA.

Since the inception of Pakistan's nuclear weapons, it has faced allegations and hostilities which have not been faced by any other nuclear state in the world. Although, the formation of the NSG in 1974, was the result of Indian violation of the peaceful use of nuclear material for military purposes but the irony is that now the founders of NSG are advocating for India for a membership of the NSG. China is the only state which understands that India is not the only country and that Pakistan is also capable of producing highly enriched uranium and plutonium

for civil and military purposes and it can easily assist developing states in advancing their nuclear infrastructures and technology. All nuclear power plants of Pakistan are under the IAEA safeguards while the US is showing a bias towards India by letting it keep its eight reactors out of IAEA safeguards that are producing fissile material in large quantities, and intentionally ignoring this.

Since the inception of Pakistan's nuclear weapons, it has faced allegations and hostilities which have not been faced by any other nuclear state in the world. Although, the formation of the NSG in 1974, was the result of Indian violation of the peaceful use of nuclear material for military purposes but the irony is that now the founders of NSG are advocating for India for a membership of the NSG

In this regard, Pakistan advocates a non-discriminatory approach towards the non-NPT nuclear weapons states for their entry into the NSG. Nevertheless, it is the time for Pakistan to fight its case through the IAEA as it is going to formulate policies for IAEA's future. It should also try to introduce policies which treat all nuclear states equally because discriminatory behaviours and policies undermine the credibility of the non-proliferation regimes.

In a nutshell, Pakistan has been dealing with propaganda regarding its nuclear safety and security and the amount of literature projecting Pakistan's perspective is inadequate and small. Therefore, it's imperative that Pakistan projects its perspective concerning its nuclear safety and security. Pakistan has been in full compliance with the regime for over fifty years now. Pakistan's cooperative and positive behaviour towards the promotion of peaceful uses of nuclear technology and non-proliferation regimes requires equal treatment. Keeping in view, the stringent nuclear safety and security record of Pakistan and its advanced nuclear fuel cycle capability, it should be considered eligible to be provided with the nuclear fuel cycle services under the IAEA safeguard. Pakistan can make its membership in BOG a major diplomatic achievement by advocating its perspective with full determination.

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Pakistan: The Impact of Urbanisation on Society By M Zafar Khan Safdar

Pakistan is one of the fastest urbanising countries in South Asia and the share of urban population has risen from 17% in 1951 to 37% in 2010 and to 39.7% in 2017 with annual rate of urban change at 2.77%. Projections show that in next 10 to 15 years half of the population will be living in urban areas. Population growth and net migration are the major forces behind urban growth. About one-fifth of the annual rise in urban population can be attributed to net migration. Large cities with population of one million and above had a share in the total population of 50% in 1998 which by now have risen to at least 66% or more. Urban areas contribute 80% of GDP, which accounts for 60% of the employed labour force of the country. Urban poverty rate is almost one half of that the rural poverty rate. Per capita income levels and growth rates have also been relatively higher in the urban areas.

With mix positive outcomes, public policy towards urbanisation in Pakistan is like sporadic spurts of enlightened political leaders who assume power but lack foundational stability or consistent planning and execution. A cursory look at the large urban conglomerates in Pakistan does not provide a satisfactory picture. Master plans are prepared with great effort and at considerable costs only to be breached in their practical applications or execution. Around 35 to 50 percent of the urban population still live in Katchi Abadis. In Karachi, there are 500 such informal settlements, with more than 300 in Lahore. Islamabad has been spared the agony because the master plan formulated 55 years ago is still the main guiding instrument and the deviations are far and few. Lahore has benefitted by the personal interest taken in its growth by successive Chief Ministers over last 10 years. Sialkot is atypical because the local citizens and the business community have taken matters in their own hands and created productive infrastructure and connectivity without the involvement of the government. Karachi saw some semblance of better governance when it had its own City District Government structure in place between 2002-2008. Since 2008, Karachi has suffered from benign neglect as the institutional structure of the City District Government and Town Councils was abolished without any alternative system. Land, water, transport mafias and criminal gangs have assumed ascendancy to the larger detriment of the citizens of Karachi. Negative externalities have turned

Karachi into a highly polarized, deeply contested and an almost unliveable metropolis.

Peshawar, Quetta, Faisalabad, Rawalpindi have witnessed some mixed outcomes at different time periods but overall do not present a wholesome picture. Gujranwala, Hyderabad and Sukkur are typically the worst examples of unplanned urban sprawl. Multan has made some modest progress in infrastructure development over the last 10 years. All these indicators and estimations pose a very alarming situation for the country where the business sector is small, jobs scarcity is high and economic opportunities are little. Urbanisation has both positive and negative sides but the analysis has shown as if the negativities of urbanisation are not addressed, it will result in far more dangerous implications that overcome all its positive tendencies. By 2025, Lahore's population, currently about 11.12 million, will reach to 12.13 million. Karachi's will be 17.12 million where it is 14.91 million today. Strikingly, "What these numbers show", according to renowned economist Shahid Javed Burki, "is that Pakistan is at the threshold of a major demographic transition". It is also a fact that in Pakistan, the urban development has shifted from public land to centring a few privileged classes. Hence land in Pakistan has become an important mean for earning money. This unwanted and unjustified process has left serious implications by setting inequalities in urban centres. There is no role of low-income communities in deciding the fate of urban cities.

Movement or shifting of people from rural to urban has a direct link with the shifting of economy from rural to urban. Agriculture sector is the major contributor in Pakistan's economy. This sector accounted for about half of GDP in the years of 1949-50, but with the growth in cities, this fact decreased to 27% of GDP for the year 2015-16. Whereas during the same period the share of manufacturing sector has increased to 29% from 8% to the GDP while the share of services sector has reached from 25% to 55%. Likewise agriculture sector accounts almost 65% to the labour force but it declined to 38% in 2016. Rise of population in cities increases the low-demand for employment in urban areas. Currently, Pakistan's major cities are facing the challenge of housing deficit for about 3 million units (while nearly 50% of Pakistani urbanites live in slums). One of the major indicator of urban decay is infrastructure deficit. According to World Economic Forum survey (2012-13), out of 125 countries of the world, Pakistan ranked 67th in lacking basic infrastructure. Poor infrastructure services results in

constrained economic activities and reduce the potentials of growth. Balance between demand and supply of infrastructure facilities has faced a chronic imbalance. It is now imperative that we should have an urban development policy addressing infrastructure, improvised basic facilities and community based services.

There are certain inherent flaws for urban decay in Pakistan, such as, low employment rate, unstable economic growth, incapable entrepreneurship and weakening of civilian institutions. It is validated that the fastest growth rate in Pakistan is of the ages between 15 and 25. Although education ratio in urban areas is almost high, finding employment is difficult. Due to incapable entrepreneurship and dearth of employment for youth, emotional distress and disappointment emerges, which results in eruption of street violence and aggression. A study reports the increase in violent crime during the last 15-20 years in Pakistan that is yet a reason of unemployment and lack of opportunities for the youth. Another challenge in urban Pakistan is the intolerance towards the diversity of views and virtues for the future of Pakistan. On one hand are the conservatives who would like to see the economic growth of cities divorced from the cultural evolution and diversity. On the other hand are the pragmatists who see cultural evolution a natural outcome of the urbanization process. The lack of tolerance towards divergent views continues to pull urban Pakistan in different directions, which is not conducive for growth and development.

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S Arabia comes to Pakistan's rescue |

Editorial

RIYADH/ISLAMABAD: In a major relief for the cash-strapped Pakistan Tehreek-e-Insaf (PTI) government, Saudi Arabia on Tuesday agreed to provide Pakistan an amount of \$3 billion to tackle its balance of payment crisis, besides agreeing to one-year deferred payment facility for import of oil worth up to \$3 billion from the kingdom.

“An MoU was signed between Finance Minister Asad Umar and Saudi Finance Minister Muhammad Abdullah Al-Jadaan. It was agreed that Saudi Arabia will place a deposit of USD 3 billion for a period of one year as balance of payment support,” a statement issued by the PM Office said. “It was also agreed that a one-year deferred payment facility for import of oil, up to USD 3 billion, will be provided by Saudi Arabia. This arrangement will be in place for three years and will be reviewed thereafter,” it added.

“The earlier visit of a Saudi delegation had evaluated the possibility of investing in a petroleum refinery in Pakistan. Saudi Arabia confirmed its interest in this project and an MoU will be signed after obtaining cabinet approval,” the statement said. “Saudi Arabia expressed interest in development of mineral resources in Pakistan. For this purpose, the federal government and the government of Balochistan will hold consultations, following which a delegation from the Kingdom will be invited to visit Pakistan,” it added.

Prime Minister Imran Khan and Custodian of the Two Holy Mosques King Salman bin Abdulaziz discussed bilateral relations and regional and international situation at a meeting in Riyadh. Both the leaders expressed their desire to further strengthen the bilateral cooperation. They also discussed issues of mutual interest, trade, investment and economic ties, the PM Office said in a separate statement.

Issues of Pakistani workforce and labourers were also discussed and the Saudi king directed the ministry concerned to immediately resolve those issues.

The prime minister also had a detailed discussion with Crown Prince Muhammad bin Salman. The crown prince agreed to the prime minister's suggestion to reduce visa fee for Pakistani workers, a significant step towards enhancing Pakistani workforce in Saudi Arabia as well as facilitating travel of people from both the countries.

Saudi Minister for Finance Mohammed al-Jadaan, Minister of Commerce and Investment Dr Majed Al-Qasabi and Minister for Energy, Industry and Mineral Resources Engineer Khalid Al Falih also called on Prime Minister Imran Khan.

During the meeting, the prime minister highlighted the investment opportunities in energy and different sectors of Pakistan. Saudi Development Fund Chairman Ahmad Al-Khateeb and head of Public Investment Fund Yasir Al-Rumayyan were also present during the meeting.

The prime minister informed the Saudi ministers about the functioning of one-window operation in Pakistan for the enhancement of foreign and local investment and facilitation of the business community. A special cell to extend facilities to the business community had also been established, he added.

The Saudi ministers expressed their interest in the economy of Pakistan and discussed projects under the bilateral investment. During the meeting, the progress on matters discussed during Saudi delegation's visit to Pakistan was also reviewed. The Saudi energy minister would soon visit Pakistan to give final shape to the agreed projects.

Earlier in his address to a session on Pakistan at the Future Investment Initiative Conference, Prime Minister Imran Khan said Pakistan was creating an enabling environment, undertaking tax reforms and setting up a one-window operation to attract foreign investors in diverse areas. "This is the best time to invest in Pakistan," he said, adding that his 60-day old government has undertaken a gigantic task of structural reforms to address the issues of mismanagement and corruption with the sole objective to significantly move the country up on the index of ease of doing business.

The prime minister mentioned the restructuring and re-evaluation of changes in customs duties on different items and provision of better tax incentives so as to

make Pakistan a more attractive place for investment. “With its excellent geo-strategic location, Pakistan lies at the confluence of the Middle East, the Gulf and the Central Asian Republics,” he said.

He mentioned the large 100 million population under the age of 35 who could serve as a strong workforce for investors in any area. He attributed the little foreign investment in the past 10 to 15 years to mismanagement of the previous governments, corruption and also to country’s involvement in the war against terror. He said the government was ensuring that things improve and all facilities are available to the foreign investors.

Imran Khan said Gwadar was the second deepest port in the region and offered easy access to China and, with improvement in peace situation in Afghanistan, to the Central Asian Republics. He said the China-Pakistan Economic Corridor (CPEC) would serve as a huge incentive for foreign investors who could invest in many areas and benefit from the access to several regional markets from Pakistan. He mentioned energy, minerals, infrastructure, housing and tourism sectors which offered great incentives for investment. He said his initiative of building five million houses in the next five years would generate a lot of economic activity, create employment opportunities and help the country provide shelter to the poorest of its poor.

Imran said Pakistan also had rich reserves of oil and gas, gold and copper that needed to be exploited and could help turn around the country’s economy. A strong proponent of tourism, the prime minister said with 12 climatic zones and a range of geographical wonders like the highest peaks in the world to the deep blue waters in Gwadar, there was a great scope for investment in the tourism sector.

Imran Khan said in his talks with Crown Prince Mohammad bin Salman bin Abdul Aziz, he was informed that a large delegation of Saudi investors would soon visit Pakistan, adding that the delegation would be comprehensively briefed about the incentives and opportunities available. He also acknowledged the high-level talks between the two countries for setting up an oil refinery in the country and said Pakistan currently requires two large refineries to cope with its growing oil requirements.

The prime minister said owing to the great sacrifices by the security forces, Pakistan was today a safe and secure country. He said the incidents of terrorism happening now in the country were negligible, and said the few terror incidents had links to Afghanistan. He hoped that with success in ongoing peace talks with the Taliban and the Afghan government and the United States, the situation would improve further.

The prime minister said Pakistan currently faced two serious problems: the current account deficit and the fiscal deficit, adding that Islamabad was currently in negotiations with the International Monetary Fund (IMF) for a bailout package. He said his government was also in contact with friendly countries to get funds to help it repay the huge loans borrowed by the previous governments. "We have a tough period ahead, but with our structural reforms in place and the funding, we will be able to improve the situation in three to six months," he said.

When asked about his forthcoming visit to China, Imran said he looked forward to learning from their experience as how they tackled the poverty as well as measures they took to end corruption. Imran Khan said peace between Pakistan and India was important to ensure that resources of the two countries be diverted towards human development rather than wasted in non-productive arms race. "Peace with India is not just important for Pakistan, but for India as well. The money that should be diverted to human resources ends up in non-productive arms race," he said.

Source : <https://dailytimes.com.pk/313811/s-arabia-comes-to-pakistans-rescue/?fbclid=IwAR1d4cDyT-TrtaFljA688x9HH1ta-sisJWGPI833ryOs7018Xji1julea7w>

Pakistan's Energy Strategy By Prof. Atta-ur-Rahman

The world energy scenario is in a flux. The oil prices have seen major changes during the last two decades, forcing economies around the world to adopt to these up and down movements. However there are significant developments taking place in solar cell technologies, and the prices of solar based installations have dropped to about half of what they were about 3 years ago. Moreover there have been exciting developments in alternative sources of energy which promise to change the way our world will be generating energy 30 years from now. These include the development of more efficient wind turbines, use of biofuels, the generation of hydrogen as a fuel from water by catalytic cleavage of the hydrogen-oxygen bonds and the possibility of nuclear fusion finally becoming possible after decades of frustrating research.

Pakistan is blessed with the 5th largest river system in the world, and the hydropower potential of Pakistan is estimated to be 46,000 MW, although we have been able to exploit only about 14% of this potential. About 4500 MW of power can be generated by the installation of low cost hydel plants on the riverheads in Punjab. These can produce electricity at very low rates of US \$ 0.02 / kWh. The energy sector presents a sad state of massive and rampant corruption by those in power for the last 30 years. In 1984 about 59.3% of Pakistan's electricity was produced by hydroelectric power plants. This should have been expanded as it is the cheapest source of electricity. However corrupt leaders with vested interests came in the way and decided to import expensive oil-based plants. By 1990, the share of electricity generated from hydroelectric power dropped to 45%, and the continued corruption subsequently has further reduced it so that it now stands at only about 29.3% of the total energy mix. In contrast oil has grown to 37.8% and gas stands at about 30%.

The massive construction of dams and reservoirs was deferred repeatedly and expensive oil based power plants, often obsolete, were imported, thereby bringing the industrial sector to its knees because of the high cost of power generation. In spite of having one of the largest coal reserves in the world, we ignored the use of coal for electricity production, although in India, 55% of the energy requirements are met by coal, while in China this stands at 67%. We were

nudged in this wrong direction by certain world financial agencies including the World Bank and the Asian Development Bank, that made loans readily available for oil based power plants but discouraged governments from investing in coal as a source of energy.

Under a highly biased power policy that was steeped in corruption, a major crime against the nation was committed in 1994 when independent power producers (IPPs) were allowed to set up operations in Pakistan. The policy was promoted by the World Bank,. Low efficiency and obsolete single cycle generation plants were established by IPPs as they were guaranteed costs plus 15% profit. It was shocking that the IPPs were guaranteed a return on costs, however high they may be. The Rental Power Plants present an even more shameful story of corruption.

The World Bank played a very negative role in leading Pakistan in a wrong direction in the energy generation sector and many have accused this organization of being a criminal partner with corrupt governments, eventually bringing Pakistan to its knees economically. In an article by Fahd Ali and Fatima Beg it is stated, and I quote: “Declaring itself one of the Government’s main advisors in power policy matters ((World Bank. May 11, 2001. Implementation Completion Report – On a Loan in the Amount of US \$150 million to the Islamic Republic of Pakistan for a Private Sector Energy Development Project (staff assessment report)), the World Bank is also partly responsible for the IPP debacle. For example, it should have strongly advised the Government to lower the offered tariff as soon as it became clear that too many IPPs were being accepted. The World Bank also admits to some of these errors (World bank 2011, above full reference). It criticizes its own preparation of PSEDP 1 and 2 and states that the long-term credit fund (LTFC) and its future were not given adequate thought. It goes on to say that the Bank should have ensured the NDFC was able to manage this fund (Dawn. July 9, 2001. NDFC insolvent, says WB report). The Bank’s Implementation Completion Report (2001) states: “Insufficient attention was devoted during appraisal of PSEDP 2 to the affordability of private power in Pakistan”. (<https://www.sdpi.org/publications/files/A106-A.pdf>). Unquote. A judicial investigation into this national disaster is warranted, and if the World Bank is found to be guilty in this debacle, then the organization should be banned from ever operating in Pakistan again.

It is notable that hydel power has a relatively low production cost which varies between Rs. 1.18 to Rs. 4.00 per unit. The cost of electricity production from coal is also quite low, about Rs.6 to Rs. 7 per unit. However with thermal power plants, the cost can vary and it can be as high as Rs. 25 per unit and since these have been running well below their capacity, the cost can often exceed Rs. 50 per unit. The agreements with the IPPs force the government to pay a certain amount irrespective of production! WAPDA was officially forbidden from building thermal power plants so that our leaders could get huge kick-backs by opening the doors to foreign imports of obsolete and inefficient power plants — a criminal act that has doomed the nation for decades to come.

Pakistan has coal reserves that are estimated to be about 186 billion tons. The proven reserves are about 579 million tons, which should last for 180 years. The Thar coal fields can produce about 50,000 MW of electricity and 100 million barrels of oil each year for the next 500 years! However instead of properly using this huge wealth, our corrupt leaders, obtained huge kick-backs and piled up billions of dollars abroad by opting for expensive imported power plants based on oil. Today coal contributes only 0.1% for electricity production in Pakistan. There are also large unused gas reserves in Pakistan. The Tal Block near Kohathas estimated gas reserves that are comparable to those in Sui which need to be exploited immediately. There is also huge scope for renewable sources of energy — wind, solar, biomass, algae — that need to be exploited. When I was the Federal Minister of Science and Technology in 2001, I had funded a project for the wind mapping of Pakistan. The data collected at different heights across the country over a two year period by the Pakistan Meteorological Department revealed an extraordinary fact: there was a potential of up to 50,000 Megawatts of electricity generation from wind power alone in the area in the coastal areas of Sind and Baluchistan, particularly in the region between KatiBandar, Gharo and Hyderabad. We should establish plants to make wind turbines within the country, as is being done in India and China, and manufacture our own wind mills in order to utilize this huge potential. Nuclear power plants, are also an excellent option, though their installation has been opposed by certain foreign agents and vested interests in Pakistan.

The writer is President of the Network of Academies of Science of OIC Countries (NASIC)

Source: <https://pakobserver.net/pakistans-energy-strategy/>

Population Growth And Poverty | Editorial

The two are closely inter-linked

Pakistan's exploding population, like its sharply declining water resources, are red flags that can turn into existential threats in the future, but the approach of successive governments, political parties, and myriad concerned departments has been, and still remains one of, 'seeing but not perceiving', and 'hearing but not heeding', resulting in the present severe gravity of the situation. The CJP has already highlighted the water scarcity issue, which has raised public awareness, if not so far redoubled government efforts for building dams and reservoirs for storage of the precious life-bestowing liquid. Now the same crusading spirit has been carried over to the country's population boom, or rather 'bust', in a suo moto case taken up by a three-member Supreme Court Bench, in which major stakeholders duly participate, to reduce the galloping birth rate which practically wipes out the positive impact of any economic gains, and adversely affects human development indicators, particularly in the educational, employment and health sectors.

The apex court's primary concerns are government's formulation of a uniform and effective population control policy encompassing the entire country, tackling the uphill task on a war-footing, and so on Tuesday's hearing, a list of recommendations for Council of Common Interests approval within 10 days was presented, which included establishment of provincial/federal task force, family planning initiatives, apart from holding a public awareness seminar soon. Muslim countries like Indonesia, Bangladesh and Iran have successfully curbed their populations by emphasising the economic and social benefits of a small family from mosque pulpits. Pakistan too needs to invest in educating the parent's, starting right down from the welfare and health centres. Pakistan's present population of 207.8 million and annual growth rate of 2.4 percent will turn it into the world's fourth populous country by 2030, a dubious distinction considering its lack of resources, its 147th ranking in Human Development Index, abysmal literacy rate of 58 percent and fear of mass unemployment among youth, which now constitutes 60 percent of the population. An interesting aspect of the equation is that economic prosperity often tends to bring about a corresponding decline in fertility rates, while China's extreme one-child policy (from 1980-2016) has played a not inconsiderable role in its rapid economic rise. Source: <https://www.pakistantoday.com.pk/2018/10/30/population-growth-and-poverty/>

Pakistan's Response to US Sanctions Against Iran By Asif Durrani

November 5, is the US deadline for the world to cease business with Iran following which strict penalties will be imposed on individuals and companies.

These US sanctions are not new. Under the D'Amato Law the US had imposed sanctions against Iran in 1996, against companies investing more than \$10 million in the energy sector. However, the difference between the two sanctions is that while from 1996 till 2010, the world by and large continued business with Iran, after the disclosure of Iran's clandestine nuclear programme in 2003, the US vigorously followed on much wider sanctions. This time the US succeeded in obtaining the consent of the UN Security Council, including Russia and China. A protracted dialogue that followed culminated into UNSC resolution 2231 in 2015 in which Iran committed itself not to follow the nuclear path and, in return, the UN sanctions against Iran would be lifted.

However, the US sanctions were not lifted even during the Obama administration. Consequently, there was a level of reluctance in the international business community to do business with Iran although French giant Total announced its intention of heavy investment in Iran's energy sector. China, Japan and South Korea also announced big plans of investment in Iran. India was in advance stages of striking a \$10 billion deal on Farzad B gas, fields but it fell through due to disagreement on prices. Russia and China looked for defence and infrastructure sectors for their investments. The US while forbade its citizens and entities in doing business announced in October 2017, that Non-US citizens or entities could have normal business with Iran.

Even during UN sanctions against Iran, countries could get a waiver because of their energy needs; China, Japan, India and South Korea were the major importers of oil from Iran. In order to escape American dragnet these countries concluded currency swap agreements with Iran to conduct their businesses without attracting American wrath.

Have these sanctions worked against Iran? The overall picture is grey as in some sectors such as energy, which requires investments to the tune of \$200 billion

have suffered badly. Iranian oil exploration techniques require modern technology which American technology can fulfill, although other international companies are equally capable of meeting the Iranian requirements.

Second, the world financial system is predominantly dollar based which gives the US an edge as a clearinghouse, for the business transactions between Iran and rest of the world. This is leverage in the American hands which they are now using ruthlessly.

The US may have its plans to pressurise Iran, but the latter has developed substantive resilience to withstand such pressures although the country may still face economic difficulties. There are host of factors that favour the present dispensation in Iran to face the American sanctions

Third, this time the US has directly approached the oil importing countries, not to do business with Iran or drastically cut down on their imports. Iran's OPEC quota is 4 million barrels per day (mbd) but its present capacity to extract oil is estimated at 2.7 mbd. If half of 2.7 mbd were out of Iran's exports it would mean loss of \$32 billion at \$ 60 per barrel prices.

Fourth, the US is endeavouring to cause unrest in Iran and disturb the present order in the country. The resulting chaos in the country is what the neocons in the US want to capitalize on which National Security Advisor John Bolton describes as "regime change".

The US may have its plans to pressurise Iran, but the latter has developed substantive resilience to withstand such pressures although the country may still face economic difficulties. There are host of factors that favour the present dispensation in Iran to face the American sanctions: (a) geo-strategically, Iran has forged close alliances with Russia, China and Turkey to overcome the difficulties in bilateral trade, especially the export of Iranian oil; in the defence field Russia and China would be ready to meet Iran's requirements; (b) Iran has already indicated that it would be ready to enter into currency swap agreement with countries doing business with Iran; this may be a big incentive to the countries which have traditionally maintained good business relations with Iran; (c) even European Union has declared its readiness in doing business with Iran despite US sanctions and to use Euro as a business currency, bypassing the US

dollar; and, (d) Iran has approximately \$60 billion or equivalent of this amount staked in international banks as proceeds of oil and gas which can support the country's import bills.

Parallel to the above factors, the Supreme Leader has encouraged the country's economic managers to promote "resistance economy" which basically relies on domestic manufacturing to attain autarky. However, this quasi-Soviet model is doubtful to succeed given tough competition in research and development and economies of scale. Nevertheless, together with Russia, China and Turkey, Iran can weather the American bullying in a region which is volatile and can become another source of embarrassment for the Americans. Iran and Russia stood by Syria to defeat anti-Assad forces and retrieved the situation from the brink. Iraq is much better now and Iran can rightly claim about its contribution in stabilising the situation in the country.

Being a neighbour and the country which stood by Pakistan at every crucial moment, doing business with Iran should have been a normal affair. Turkey is also a neighbour of Iran and has an annual trade of \$10 billion, of which import of natural gas constitutes \$7 billion. Turkey has announced to continue its business with Iran uninterrupted. Similarly, Iran-Pakistan Gas Pipeline agreement signed in March 2013, can meet energy shortages to the extent that Iranian gas can add 5500 megawatt for which we have the production capacity. Apart from gas, Iran is ready to supply up to 3500-megawatt electricity which can address our immediate power shortages. Both countries have 912 km long border with tremendous scope for border trade which can also address the problem of unemployment in the Balochistan province.

American pressure would be obvious to discourage Pakistan-Iran trade as was the case when Presidents Zardari and Ahmedinejad in Chabahar signed IP gas pipeline agreement in March 2013. The American Ambassador would come to the Presidency every second day to persuade President Zardari not to sign the agreement with Iran. However, when asked to help address the problem of energy shortages in Pakistan, the ambassador had no answer and justification to discourage Pakistan from signing the IP gas pipeline agreement. Not only energy trade both Pakistan and Iran have tremendous scope to be successful trading partners in many commodities and can also serve as transit hub for Russia, Central and South Asia and Europe.

Finally, we must realise that both Iran and Pakistan have had differences in perception on regional issues but being neighbours they always stood by each other. We also stood by China despite the fact that we were in the American camp during the thick of Cold War. We have withstood such pressures in the past; we can do it now President Trump's November 5 deadline notwithstanding.

The writer is a former ambassador

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Indo-Russia S-400 deal: Implications for Pakistan By Tariq Khalil

PUTIN-Modi signed a US\$5b deal under which Russia will supply India S-400 missile system and that is major game changer in South Asian strategic environment. More so it is part of around multi billion dollar deal with Russia comprising scores of other defence equipment. This is beside what India is seeking from USA. For Russia being cash starved is a big deal from any standard. They are offering this weapon system to China as well thus it can not be said undue tilt towards India though it is a message to US, not with standing their threats. For Pakistan it needs to studied in-depth to assess the strategic threat it will pose to Pakistan in coming days and deep Strategic implications. Is it India's answer to Pakistan's Nuclear Tactical Weapons.

Even equipped with S400 system they do not pose any deterrence with a range of 400 km, in case Pakistan deploys its assets with tactical cunning and surprise. Any anti missile activity in a spectrum of 400 km will have nuclear fall out in areas down below, including posing a threat to their armour and combat troops. It is to be seen what will be US reaction. With multi billion dollars weapon deals, over 1.4 billion commercial market, and strategic ally, will USA impose sanctions on newly acquired friendship, strategic partnership and new darling. No- they will find a way out. Americans are past master to ignore where they feel their interests are / can be jeopardised. See their response after Journalist Jamal Khoosgi's murder in Turkey. A superb hot and cold drama is being played by USA.

The new weapon in the first place is going to be deployed against western borders, as its deployment against China is questionable. Most important, what other activities are associated with it . Quietly India making all diplomatic efforts to Join Nuclear Suppliers Group in Second Plenary session going to be held in December. That have US blessing and South Africa has supported India's entry. India is working with Argentina and Brazil. By joining Austria Group India displayed it is ready to accept strict control on Nuclear supplies. But in 2016 sessions China opposed India's entry and its all efforts were of no use. Now after Wuhan meeting and Xi visit will situation change? But international arena saw some fast moving changes. USAs opposition to CEPC, squeezing Pakistan on

the issue, and now S 400 deal , the chances are situation will not change. After Hydro, nuclear energy is the cleanest and cheapest . There is therefore immense commercial opportunity in nuclear supplies. India is very keen to harness this business as stronger cash flows will strengthen its ambitions to procure high tech weaponry. Further it's formal recognition as nuclear state. It here Pakistan must play its cards well to ensure if India is accommodated Pakistan must be included not only to ensure regional balance but also for commercial benefits.

India is very conscious of its air power and naval balance with Pakistan. As for airforce is concerned Russian Sakhui high altitude fighter is the priority one. Deal with Mirages on the anvil but mired in controversy. But most important are S400 is the system useful against China. The limitation is 400 Km and in spite of the mobility , keeping in view barriers of High mountains tactical and technical surprise can be achieved by China. In nuclear threshold , the scenario could be to dangerous with nuclear fallout from the air even if incoming missiles are destroyed mid air. In the Indian Ocean , to have supremacy, Indian vision 2050 is to attain mastery of sea to replace USA in Indian Ocean.

Though it is portrayed for the containment of China but its implications for Pakistan are grave. CPEC is considered as threat to US and Indian interests and diminish Indian hegemony in Indian Ocean and Strait of Melaka. There, Pakistan figures out. A grave threat is emerging for the Pakistan's coastal belt. Karachi Gwader highway. Port of Gwader itself will need resources to protect it. In the east Keti Bander is very vulnerable and allow Indians to manoeuvre from rear (Sir Creek)and sea flank posing serious threat to Karachi . With present fiscal situation Nation as whole is required to wake up. This means, USA will employ all its efforts to capitalise on the present fiscal needs of Pakistan and squeeze it for non commercial objectives. As General Max Rtd asserted and put all the blame of US defeat in Afghanistan on Pakistan this boogie will also be continued to be raised . To avert default on debt payments stabilise the economy left by previous regime knee deep in debt. Pakistan need of IMF was evident from day one unless alternative are made available. And , thus maximum squeeze will be employed by IMF to achieve non commercial ends. To counter India, Pakistan lack resources to plan a deterrence in sea and in air, whereas it can manage on ground. Weak economy will not allow any room. Defence of the country is directly linked to strong economy and economic policy, Sound internal policy with zero

tolerance for crime and corruption. But in the present scenario it is an up hill task. Coupled with above a strong vibrant pro active foreign policy be pursued

Unfortunately Pakistan's political elite is fighting for crumbs, unaware or with who care attitude. Last ten years virtually our policy wavered day to day and has been reactive. Vested personal interests of leaders compromised a strong foreign policy and national interests .Drastic measures are required to control fiscal problem where as Pakistan needs quick realignment in its strategic posture. In Indian ocean Chinese and Russian help be probed in case of any eventuality. Pakistan should move towards manufacturing of enhanced flotilla of submarines and fast moving combat attack boats to protect coastal belt. This is cheaper option in the present circumstances. But- all this need economic revival . Similarly there is requirement to make people of aware of dangers they are likely to face. In some of Indian states bordering Pakistan movements have been launched to educate masses in civil defence in case of war. We must learn a lesson what is happening in ME. Nations who do not rise are destined to dust bin of history.

—The writer, a retired Brigadier, is decorated veteran of 65 & 71 wars and a defence analyst based in Lahore.

Source: <https://pakobserver.net/indo-russia-s-400-deal-implications-for-pakistan/>

US-China Relations: A Dilemma For Islamabad By Shahid Javed Burki

Navigating the rough waters created by the growing American hostility towards China is a challenge for the regime headed by Imran Khan, Pakistan's new prime minister. The deepening US-China conflict has come at a time when the Khan administration was still in the process of finding its diplomatic feet. One part of the effort Islamabad has launched is to feel the pulse of the important Pakistani diaspora in the United States. With that in mind, Foreign Minister Shah Mehmood Qureshi visited Washington and addressed a gathering of about 150 Pakistani-Americans who travelled from all over the United States to hear the Foreign Minister speak about foreign affairs and engage himself in what was billed as an "interactive dialogue."

In his opening address, Minister Qureshi emphasised that Islamabad wished to maintain good relations with the United States. The fact that the United States' president had spoken harsh words about Pakistan would not be allowed to affect relations between the two countries. He recognised that the United States-China relations were passing through some tense moments; these would not be factored into Pakistan's dealings with the two countries. Since these words were spoken, the verbal duel between Washington and Beijing has heated up. Would Islamabad not be affected by the sharpening of the conflict between the two nations that have played supportive roles for Pakistan.

In his two speeches at the United Nations in the week of September 24 — one at the General Assembly and the other at the Security Council — President Donald Trump came out openly against what he termed Beijing's meddling in his country's internal affairs. He complained that in response to the imposition of tariffs by his administration on Chinese imports, Beijing had retaliated by imposing tariffs of its own aimed at American farmers and other politically-sensitive constituencies in the states that support him. "They do not want me or us to win because I am the first president ever to challenge China on trade, and we are winning on trade — we are winning on every level," he told the press after his two speeches.

China stiffly denied the president's accusation. "We do not, and will not, interfere in any country's domestic affairs," said Wang Yi, the Chinese foreign minister. "We refuse to accept any unwarranted accusations." But Trump did not back down. He wrote in a tweet that the Chinese had placed a four-page supplement in a mid-west newspaper, The Des Moines Register, and some other newspapers that highlighted the economic costs of Trump's trade battle with China. The latest tit-for-tat brought a formal rejoinder from the Chinese side. "I believe the international community knows very well who is most used to meddling in the internal affairs of others," Geng Shuang, a spokesman for the Chinese Foreign Ministry, told reporters in Beijing. Asked about The Des Moines Register's placement of the ad, Geng said that the assertion that it amounted to election interference was "totally far-fetched and fictional." But as suggested by Anna Field in The Washington Post, by selecting Des Moines, Iowa as the area of focus, the Chinese were reflecting their knowledge of the American political system. The fact that Iowa is the first to vote during presidential primary season gives it outsize influence over the US electoral process. "Second, it has special status in the bilateral relationship. Long before he became China's president Xi traveled to Muscatine, Iowa to learn about agriculture."

Mark Landler, a seasoned diplomatic correspondent working for The New York Times, wrote a long story for his newspaper based on what happened at the United Nations' meetings. He cited his interview with a senior administration official who "cited an array of other Chinese propaganda efforts, including pressure on think tanks and film studios that distribute material critical of China, intimidation of Chinese-language media organisations in the United States and influence campaigns on college campuses with students and teachers." But "China would not be the first country to use trade to achieve political ends in the United States," he wrote in his coverage. In the 1980s, the Japanese strategically placed auto plants and their suppliers in critical congressional districts, hoping to head off any action against its auto industry.

Other American leaders joined the American president to be openly critical of China. In a speech delivered on October 4 at Hudson Institute, a conservative Washington-based think tank, Vice President Mike Pence warned of a tougher approach towards Beijing. The Chinese seemed to be getting exhausted by the constant attacks on their country by the senior leaders in the Trump administration. They gave cold treatment to US Secretary of State Mike

Pompeo's five-hour visit to Beijing on his way back from Pyongyang. Three meetings had been slotted for him, with the Chinese Foreign Minister, Yang Jiechi, a Politburo member who has dealt with bilateral relations and finally with President Xi Jinping. The Xi meeting did not take place. The snub was felt by Trump. That China was redoubling its efforts to protect its slowing economy from the effects of the trade war, provided fresh evidence for President Trump's claim that Washington enjoyed the upper hand in the deepening commercial conflict. In October China's central bank, clearly nervous about a slowdown, pumped \$175 billion into the economy by lowering the amount of money that some lenders are required to hold in reserve.

But China has choices where it could weaponise the US debt. This is often called the nuclear option. The Chinese are the biggest holder of the United States' foreign debt with more than \$1 trillion. Beijing could take a step back from buying the United States Treasuries — or worse dumping what they own on the open market. As an analyst speculated, "China has lately reduced its holdings of United States government debt, and a growing number of financiers, economists and geopolitical analysts are quietly raising the prospect that China may look at its ability to influence interest rates as its ultimate trump card."

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PAKISTAN & WORLD RELATIONS

A New Trajectory of Pak-Saudi Relations?

By Khurram Abbas Minhas

On September 19, Saudi King Salman hosted Prime Minister Imran Khan on his maiden foreign visit since coming to the power. During the visit, Pakistani premier also met Crown Prince Muhammed bin Salman (MBS) and Energy Minister Khalid al-Falih. This visit has proved to be a breath of fresh air in the bilateral relationship which was going through a cold period since 2015, when Pakistan opted to take a neutral stance on the Yemen war.

This is the first time that the government of Pakistan has constructively engaged Saudi Arabia in a long-term commercial activity. The visit has opened a series of high-level bilateral exchanges. Saudi finance minister and energy minister are soon to be expected in Pakistan to finalize the details of Saudi investments. The country has also institutionalized the strategic partnership with Saudi Arabia. In this regard, a high-level consultative committee has been set up between Pakistan and Saudi Arabia, which will usher in a new era of bilateral strategic partnership in diverse fields.

According to Federal Minister for Information Fawad Chaudhry, Saudi Arabia is the only country that has been invited by Pakistan to invest in the China-Pakistan Economic Corridor (CPEC). There are reports that Pakistan has desired to acquire a US\$15 billion agreement of Saudi investments in various sectors related to the CPEC. However, Saudi Arabia agreed on a US\$10 billion long-term investment. Under this agreement, Saudi Arabia will build an oil city in Gwadar. The 80,000-acres mega oil city in Gwadar will be used to transport oil from the Gulf region to China through the Gwadar Port. Moreover, Saudi Arabia will also invest in the energy sector in Pakistan.

India's wide-ranging cooperation with Saudi Arabia in various fields and Modi's proactive diplomacy in the backdrop of Pakistan's rejection to the Saudi offer to

join the Yemen War, proved to be detrimental to the bilateral relationship between the two Muslim majority states

During the PML-N government, the bilateral relationship was at its lowest ebb due to various reasons. Since 2015, Pakistan has tried to develop its image as a mediator in the Middle East conflicts, which was unacceptable to Saudi Arabia. Pakistan has not only remained neutral in Yemen War but also adopted nonaligned approach in Qatar's diplomatic crisis of 2017. The country's support to Iran's nuclear deal with P5+1 further added irritants to Pakistan-Saudi Arabia relations. Additionally, India's wide-ranging cooperation with Saudi Arabia in various fields and Modi's proactive diplomacy in the backdrop of Pakistan's rejection to Saudi offer to join Yemen War proved to be detrimental to bilateral relationship. Indeed, this was the reason that Saudi government didn't say single word in favour of Nawaz Sharif amid his disqualification and subsequent arrest.

These all irritants in the bilateral relationship severely dented Pakistan politically and economically during the last three years.

According to Ambassador of Saudi Arabia to Pakistan, the visit has given an impression that Pakistan considers Saudi Arabia as its preferred country and ally. It has laid a solid foundation of long term Saudi investments in Pakistan. Saudi Arabia's acceptance to become a strategic partner on CPEC, on Pakistan's invitation, has changed the conventional bilateral relationship, which was based on security, aid and limited investments in agriculture sectors

Firstly, Pakistan lost Saudi Arabia's active political support at international forums such as the Financial Action Task Force (FATF), where it abstained in a crucial voting over Pakistan's inclusion in the FATF grey list. Secondly, for the last few years Saudi Arabia's foreign direct investment (FDI) has decreased up to 20 percent in the country. Thirdly, Pakistan's number of manpower has become stagnant in Saudi Arabia, while numbers of labour from other countries mainly India and Bangladesh are increasing rapidly. Fourthly, Saudi Arabia has not actively supported Pakistan on Kashmir dispute since 2015, rather it has confined its support to a periodic and naïve statement issued under the Contact Group of the Organization of Islamic Cooperation (OIC).

PM Imran Khan's visit has addressed multiple concerns of both the countries related to each other, particularly concerns of the royal family about Pakistan's determination to protect the Saudi Arabia's territorial integrity. According to ambassador of Saudi Arabia to Pakistan, the visit has given impression that Pakistan considers Saudi Arabia as its preferred country and an ally. It has also laid a solid foundation of long-term investments by Saudi Arabia in Pakistan. It is hoped that the current government would continue to work on strengthening and broadening this bilateral strategic cooperation.

The writer is PhD Scholar and Researcher at IPRI

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Pak-Iran Ties: The Need of the Hour By

Muhammad Usman Ghani

Located in the Middle East, Iran is the strategic and transactional neighbour of Pakistan. Having a deeply religious and cultural ties, Iran shares 900 Kms border with Pakistan.

Pakistan and Iran are both Islamic countries, sharing a common ground on many fronts, such as religion, school of thought, language, and culture. Iran was the first country to recognize Pakistan as the sovereign state.

Pakistan has always been in the quest to foster an even handed relationship with Iran and has even favoured it on International ground. In February 1979, the Islamic revolution of Iran under the tutelage of the Supreme Leader Ayatollah Khomeini overthrew the government of Shah Iran (Mohammad Reza Pahlavi), who was an Iranian monarch.

In the aftermath of the Iranian revolution, an Islamic Republic of Iran was established, which Pakistan recognized first. When Iraq invaded Iran in September 1980, many western countries stood behind Saddam Hussein, yet again Pakistan displayed pro-Iran sentiments. When Iran was spooling under stringent economic sanctions levied by the US, Pakistan endorsed the demand of JCPOA (joint comprehensive plan of action) for Iran. In May 2018, when the US scrapped JCPOA, Pakistan condemned the action taken by the US.

The relationship between Iran and Pakistan was stifled when the latter backed the Taliban government in Afghanistan which Iran didn't fancy. Likewise, the inclination of India towards Iran annoyed Pakistan; and India with the help of Iran initiated an economic project at Chabahar port aimed to counter CPEC.

But both the states didn't let these discords last long. On May 2014, the former Prime Minister of Pakistan Nawaz Sharif visited Iran, which resulted in Iran-Pak ties.

The recent visit of Iran's Foreign Minister to Pakistan in August 2018, is likely to lessen further tensions between both countries. Prior to the visit of Iran's Foreign

Minister Javad Zarif to Pakistan, in an unprecedented move, Iran celebrated Pakistan's Independence Day.

Prime Minister of Pakistan Imran Khan hailed this as a goodwill gesture. In his visit to Pakistan, Javad Zarif held meetings with his counterpart Shah Mehmood Qureshi, COAS General Qamar Bajwa, and Prime Minister Imran Khan. Both sides agreed to work mutually for the prosperity of the region. The Prime Minister acknowledged the Iranian Supreme Leader's support for the Kashmiris struggle for self-determination.

Pak-Iran ties are mutually beneficial for both states, as they have suffered many ups and downs in the economic and political course of history, along with the menace of terrorism.

From Iran's perspective, its robust ties with Pakistan are the need of the hour. Most western countries tend to see Iran as a rogue state. The US imposed sanctions on Iran further propelled it into the quagmire of an economic recession. Iran is the only country in the world who joins North-Korea in FATF's blacklist.

Pak-Iran ties are mutually beneficial for both states, as they have suffered many ups and downs in the economic and political course of history, along with the menace of terrorism

Iran's economy stumbles at times due to stagnant exports. Its relations with the Kingdom of Saudi Arabia (KSA) is racked up to the greatest extent. Amidst these circumstances, Pakistan is analogous to a carte-blanche for Iran. Pakistan has always shared friendly ties with KSA, so Pakistan is capable of brokering peace between Iran and KSA.

Pakistan in 1971, played a defining role in fostering bilateral relations between China and the United States, so Pakistan is capable of fostering good ties between the KSA and Iran. The rise of the Islamic State in Iraq can pose a threat to Iran as well, Pakistan with its veteran Army and with experience to combat terrorism can assist Iran in this domain. Moreover, CPEC which is endorsed by the economic giant China incorporates Pakistan, can turn out to be a boon for Iran if it takes part in it. Iran and Pakistan have already agreed to enhance the bilateral trade volume to \$5 billion in the coming years. Peaceful Pakistan-Iran

ties can curtail the border tensions and purge terrorism for territorial peace and stability.

On the other hand, the energy-starved Pakistan is in desperate need to find a partner who could relieve its energy needs. And Iran seems to be an ideal partner for Pakistan, since it has the potential to generate energy for the industrial zone of Pakistan. Iran and Pakistan already share a partnership on Iran-Pakistan gas pipeline project. This project is suitable and economical for Pakistan in many aspects, as it provides cheaper gas than the gas coming from the TAPI gas pipeline. The Iranian gas would cost Pakistan \$11 per million British thermal unit (MMBTU), whereas TAPI gas would cost \$13 per MMBTU.

Iran with its border access to Turkey and the Caspian Sea can be vital for Pakistan. The Caspian Sea is the world's largest landlocked water and is situated on the borders of Asia and Europe. Pakistan, on good terms with Iran, can have easy access to Turkey and the Caspian Sea. India's inclination towards Iran to counter Pak-Sino economic corridor by the way of Chabahar port is a matter of concern for Pakistan. India is investing heavily in Chabahar to counter the influence of the China-invested Gwadar port.

These days, due to the US' withdrawal from the nuclear deal, Iran is again facing an economic turmoil, therefore Iran and Pakistan possibly might not take advantage of the imposed US sanctions. However, both the states share intermingled historic, cultural and religious bonds and their ties are crucial for economic and regional prosperity. Along with it, the nascent government of Pakistan is also keen on fostering robust relations with neighbour countries as an inevitable element of its foreign policy

The writer is freelance columnist

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Revival of Pak-US Relationship By

Muhammad Khan

DURING the Cold War era, bilateralism has been the dominant factor in the relationship between Pakistan and United States. Within bilateralism, US had its own strategic objectives to attain through Pakistani geopolitics and Pakistan found a supporting super power to address its security concerns, mainly emanating from its eastern hostile neighbour. In the post-cold war era, there have been new realignments at international level. US became the sole super power and promulgated a new World Order, which suited its global supremacy. While at the global and regional level, new adjustments and readjustments were still facing reluctance, the world was shaken by the unfortunate incident of 9/11. Being in the neighbourhood of Afghanistan, this ill-timed and disastrous incident affected Pakistan more than any other country.

From 2001 onwards, Pak-US relationships were mainly driven by Afghan factor. While being in Afghanistan as invading power, US strategic objectives never coincided with Pakistan. Despite taking advantage of Pakistani geopolitics, Washington always preferred and promoted Indian role in Afghanistan while relegating Pakistani role. This discriminatory policy of Washington remained a major irritant in the Pak-US bilateral relationship ever since 2001. There has been deadlock in Pak-US relationship since last two years. After having an exhaustive ten days US tour, Pakistani Foreign Minister, Shah Mehmood Qureshi highlighted this US focus and said that, "it will not be appropriate to view our relations going as far back as seven decades from the Afghan perspective or the Indian lens." Truly, Pak-US relations should not be viewed and judged only through the perspective of India or Afghanistan.

Indeed, there is more to this relationship both at bilateral as well as multilateral level. Viewing from the Afghan lens, Pakistan is enthusiastic to work for peace and stability in Afghanistan, since its own stability and peace is somehow linked with Afghanistan. Had US been serious to bringing peace in Afghanistan, there would have been conjunctions in the interests of Pakistan and United States. Pakistan is facing a similar situation on its eastern border. India has repeatedly refused to talk with Pakistan on the core issues like Jammu and Kashmir, water and widespread terrorism, it is promoting in Pakistan. Had US been serious to

take its relationship forward with Pakistan through an optimistic approach, it could have used its influence on India, being the super power and its strategic partner.

Unfortunately, United States wants everything from Pakistan without giving anything in return. This has been a routine in the period of Cold war, but now, there is a changed situation and Pakistan would like to pursue its own national interests through an independent foreign policy. During his meeting with US Secretary of State Michael Pompeo and National Security Adviser John Bolton in Washington, Foreign Minister Qureshi put up the Pakistani perspective in a clear and concise manner. US will have to understand, recognize and respect the Pakistani contributions during the prolonged war against terrorism. While U.S and NATO could not attain the laid down objectives in Afghanistan during their extended deployment (2001-2015), Pakistani armed forces achieved what it was difficult to be attained on several occasions. Besides, Pak Army sheltered the drawdown of US and NATO forces, which could have been made difficult owing to dominant Taliban factor in Afghanistan. It is worth mentioning that, Taliban still maintains hold on over 45% area of Afghanistan.

Fading away of the misunderstandings between Pakistan and US would take time, since it requires lot of efforts, sincerity and dedication. A formal start has already been taken by both countries through meetings and discussions. Nevertheless, in order to positively move forward, these meetings and debates should prove as catalyst rather a dictation from any particular side. By not taking dictation from Washington since last few years, Islamabad though lost economic assistance, yet upheld its national integrity, sovereignty and an independent foreign policy pursuits. Its fight against terrorism is continuing without US and any international financial assistance. U.S has suspended even the Coalition Support Fund (CSF), which was agreed upon as fund not aid between both countries in the heat of war against terror. Its reimbursement since last two years has been conditioned by Washington on unfounded demands, indeed nothing to do with Pakistan.

While efforts are underway to revive Pak-US relationship, Washington needs to pursue a balance foreign policy towards India and Pakistan in the regional context of South Asia. As a sole super power, US has certain international and regional obligations towards resolution of outstanding issues between Pakistan

and India. Peace in South Asia is linked with resolution of core issue between India and Pakistan and return of peace and stability in Afghanistan. Pakistan is more than willing to cooperate with US on equal grounds. A balanced approach by United States without biases will act as catalyst towards regionalism of South Asia and revival of its relationship with Pakistan. With a policy of alienation and discrimination, US may find itself as a misplaced partner in the realm of new strategic realignment with the multipolar world having multiple power centres.

— The writer is Professor of Politics and International Relations at International Islamic University, Islamabad.

Source: <https://pakobserver.net/revival-of-pak-us-relationship/>

Pak-Russia Relations By Dr Khalil-ur-Rahman

The bilateral relations between Pakistan and Russia have experienced improvement particularly in post CPEC period. The re-alignment in the region of South Asia and around gets peculiar shape. Emerging scenario may pay to each country including Pakistan and Russia.

Russian Federation, a successor of the former communist super power, the Soviet Union, has never surrendered before the might of the US. It enjoys the seat of permanent member in the United Nations Security Council. It is still symbol of resistance, though weak, against the US. This cause brought Russia and China closer to each other. Among other objectives, one objective of bilateral relations between China and Russia is to contain expanding U.S sphere of influence in nook and corner of the world.

It also provides common platform to the relations between Pakistan and Russia as currently former is not on friendly terms with the US Though some efforts have been made to improve relations between the two countries but it will take long time to maintain bilateral relations at the level of 1970s and 1980s.

The US has always placed its interest on priority in its relations with Pakistan. The Soviet Union maintained its relations with Pakistan adversely. Contrary to it, China, after border agreement in 1963, has helped Pakistan in its difficult times. Changed global geo-politico-economic and strategic order has paved the way for Pakistan, China and Russia to come closer to each other

The US has always placed its interest on priority in its relations with Pakistan. The Soviet Union maintained its relations with Pakistan adversely. Contrary to it, China, after border agreement in 1963, has helped Pakistan in its difficult times. Changed global geo-politico-economic and strategic order has paved the way for Pakistan, China and Russia to come closer to each other.

First Joint Military Exercises took place between Pakistan and Russia from 24th September to 10th October 2018. It was height of strategic relations between the

two countries. Two weeks long exercises held in Pakistan sensitized the countries of South Asia that environment has taken new shape in the region.

These are first bilateral military exercises between Pakistan and Russia. However, both countries participated in multilateral naval exercises "AMAN 2017" held by Pakistan. China and Japan also participated in the exercises. Such military closeness may prove alert for India.

India and the Soviet Union enjoyed close cordial relations during the cold war period. Both countries signed Treaty in 1971 which set flow of arms to India. Russia also supported India in its designs to cede eastern wing of Pakistan. The relations continued in the post cold war and 9/11 period. New changes in Asian continent and on international level convinced Russia to come closer to Pakistan. It happened due to various reasons.

Firstly, the US presence in Afghanistan is threat to the interests of Russia and Pakistan. Secondly, Central Asian Republics were part of the Soviet Union. Pakistan has special attachment with the region due to Muslim legacy. Thirdly, the region of Central Asia is plenty of natural resources including oil, gas and uranium etc. Uranium is also important for Japan. The exploitation of natural resources of the region needs safe passage for transportation to rest of the world. Pakistan and Russia may not take benefit of the natural resources until the US presence and restoration of peace in Afghanistan. Thus, both have common cause to make efforts for the solution of Afghanistan imbroglio.

Fourthly, closeness between Russia and China has also brought Pakistan closer to Russia. Fifthly, CPEC initiative launched by China has convinced Russia that it may not afford to remain alien to it. Pakistan is nucleus of CPEC, thus, cordial relations with Pakistan will be in the interest of Russia. Sixthly, Pakistan is in search of new friends. Russia also needs friends to extend its reach to different areas of the globe.

Seventhly, both countries are situated in Asia continent which carries important maritime locations of Strait of Hormuz and Strait of Malacca. The oil travels to the Western countries from the Middle East through the straits and maritime links located in Asia. In order to protect the collective interests of the continent, Pakistan and Russia have important role to play. Lastly, the Soviet Union desired

to have access to warm waters through the Gwadar seaport. It is main source of transportation of CPEC. Russia has found opportunity to respond the Corridor positively to serve its interests.

Cordial relations between the two countries may not change nature of bilateral relations between Russia and India. However, as done in the cold war period, Russia may not blindly support India against Pakistan.

Source : <https://dailytimes.com.pk/312928/pak-russia-relations/>?

Necessity of Pakistan-Indonesia Ties By

Muhammad Usman Ghani

In this multipolar and globalized planet, the transaction of imports and exports of any country on the base of a few countries seems inevitable. To set sail any country on the cruise of progress, it is a requisite that the country must enjoy transactional ties with as many states as the country can do best at its disposal. Thus, the constitution of Pakistan has always aspired to cultivate ample bonds with other states, particularly when it comes to Islamic countries. The father of the nation, Muhammad Ali Jinnah endorsed the idea of establishing the bloc comprising of all Muslim States of the world, and coveted that Pakistan must build robust bonds with Islamic countries.

Indonesia, the largest populated country in the Islamic world, is a friend of Pakistan. Their friendship history dates back to the colonial era when Pakistan stood by Indonesia, when the latter was reeling under the colonial rule of the Dutch. Both countries have Islamic brotherhood which is striving for worldwide peace, promoting tolerance, fighting to get rid of terrorism, extremism and endeavouring to settle problems and differences by peaceful means and dialogues. The founder of Pakistan extended support to Indonesia amidst those harsh times and backed the latter in its struggle for independence. The father of the Nation encouraged Muslim soldiers to assist their Muslim brothers against Dutch rule, consequently, about 600 Muslim soldiers from British Indian Army battled to defend their Indonesian brothers. Amongst them, 500 soldiers were martyred, while survivors returned to Pakistan and others settled in Indonesia. To pay homage to the services of brave soldiers, the Indonesian government gave Independence War Awards to the living ex-Pakistani soldiers and accorded Muhammad Ali Jinnah with the highest honour of 'Adipura'.

During General Ayub's regime Pakistan's ties with Indonesia further warmed-up, when Indonesia extended support to Pakistan by offering to provide military assistance in the war against India in 1965. In addition to this, Indonesia has always sided with Pakistan, when it comes to Kashmir issue; as Indonesia endorses the idea of self-determination for the oppressed masses of Kashmir. With the membership of both the countries in the Organization of Islamic

Countries (OIC) and in the United Nations (UN), Pakistan and Indonesia have raised their concerns against Western designs aimed at Muslim Ummah.

Located in the Southeast-Asia, Indonesia is the world's largest island country with more than 70,000 Islands, with the world's fourth populated nation having 34 provinces. Albeit, Indonesia fairly spreads out, its geography considerably works-out to its advantage. Indonesia is a major trading hub since it has access to more coastline than any other country in the world and its beaches draw the influx of tourist all around the world. In Southeast Asia, Indonesia has the strongest powerful economy and 16th largest in the world with GDP of nearly \$900 billion, plus it is the member of ASEAN (Association of Southeast Asian Nations) countries. Bearing in mind such factors friendly relations with Indonesia are akin to the sigh of relief for economically disturbed Pakistan.

Trade volume between Pakistan and Indonesia stands at \$2.5 billion; according to Indonesian Ambassador Iwan Suyhdhie Amri, this volume might swell up to \$ 9 billion. Indonesia has always been the comfortable market for Pakistan to export its product to Indonesia, as Pakistan exports its textile products, vegetables, and fruits particularly Mangoes and Kino's to Indonesia. Holding a membership of ASEAN countries, Indonesia can procure Pakistan access to ASEAN markets, which can assist Pakistan to earn a lot of revenue. Pakistan and Indonesia have inked Preferential Trade Agreement (PTA) on February 2012; the purpose of PTA is to reduce tariffs on imports and empower companies to expand to other countries. Under PTA Indonesia offers Pakistan market access for 223 tariff lines and among these 103 are zero-rated, reciprocally Pakistan extends Indonesia 313 tariff lines on items like edible oil, kitchenware, chemicals, wood, glassware, and electronic items. At times, Pakistan gets 80 percent of its palm oil from Indonesia.

Their friendship history dates back to the colonial era when Pakistan stood by Indonesia, when the latter was reeling under the colonial rule of the Dutch. Both countries have Islamic brotherhood which is striving for worldwide peace, promoting tolerance, fighting to get rid of terrorism

Located at the rim of South-Asia, Pakistan, which is renowned for its unique geographical location, the only nuclear power among the Islamic countries is very

significant for Indonesia. Pakistan can provide Indonesia access to energy and resource rich central Asian countries.

Indonesia has the highest rising rates of health's inequality in Southeast Asia, and two third of the population survives on less than \$ 2 a day. Amidst such conditions, trade ties of Indonesia with Pakistan can help the latter ameliorate its economy. Indonesia is also vulnerable when it comes to the defence spectre, as it contributes less than one percent on defence and military expenses. This budget is below than the recommended budget for defence. The nuclear power Pakistan with its huge army might, is likely to neutralise terrorist activities and threats to Indonesia as the former did in the past.

This year in January, president of Indonesia Joko Widodo visited Pakistan and held meetings with Ex-president Mamnoon Hussain and then Prime Minister Shahid Khaqan Abbasi. Both sides agreed to maintain close high-level exchanges, which would provide guidance to the sustainable development of our bilateral relationship. Both leaders agreed to intensify counter-terrorism assistance and pledged to support each other in anti-terrorism activities. PM Shahid Abbasi also hailed Indonesia's desire to assist Afghanistan in fostering peace, and briefed Joko Widodo about Pakistan's counter-terrorism efforts to establish peace in the area.

In a nutshell, Pakistan's better ties with Indonesia would help both the countries in their economic upkeep, territorial stability. In addition to this, their strong partnership will serve as the bulwark against western intentions aimed against Islam. The government of PTI ought to establish deep ties with Indonesia in earnest to promote unity and stability in the Islamic world.

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Consolidating Ties | Editorial

The government of Pakistan Tehreek-e-Insaf (PTI) is successfully trying to revive Pakistan's relations with countries in the world in general, and in Muslim World in particular. Political cynics may say that our financial difficulties force us to do so. It may be true but only partly. However, what they forget is that in international politics, relations among countries do not remain the same. The present government knows it well.

Lately, the incumbent government is exchanging high-level delegations with the United Arab Emirates (UAE). The purpose behind all these exchanges is to explore areas that can benefit both nations. This is evident from the meetings between UAE Land Forces commander Major General Saleh Mohammad Sale Megren Al-Ameri and Chief of Army Staff General Qamar Javed Bajwa where both officials exchanged their views on regional security and possibility of security and military training between both armies. Likewise, the meeting of the Prime Minister (PM), Imran Khan with the UAE's Minister for State, Sultan Ahmed Al-Jaber confirms that the government wants to establish ties with UAE that can benefit both sides.

What is pleasing is to witness that, unlike before, PTI government is trying to develop and strengthen its ties with other nations without taking any dictation from any global power. Pervaiz Khattak, the defence minister, while talking to the Turkish Ambassador Ihasn Mustafa Yrudakul stressed the need for further consolidation of ties between the two nations.

The government needs to realise that all these countries stood by Pakistan in its difficult times. Pakistan needs not to forget the support these countries lend to it. However, in case of any conflict between any two Muslim states, Pakistan needs to adhere to the principle of non-alignment. Instead of choosing sides, Pakistan should try to play the role of a mediator. At the moment, the many Muslim states divided along ideological and political lines are in dire need of a mediator. Pakistan, as Imran Khan said some days ago, can do so.

Source: <https://nation.com.pk/31-Oct-2018/consolidating-ties>

Pak-India Challenge | Editorial

AFTER the abrupt and bewildering cancellation of a meeting between the Pakistani and Indian foreign ministers by the Indian government, the speeches by the two foreign ministers at the United Nations General Assembly took on added importance.

Would Shah Mehmood Qureshi and Sushma Swaraj try and rein in emotion and avoid further escalating tensions or would a fresh crisis in Pakistan-India relations erupt?

For now, it appears that India and Pakistan have stuck to their respective lines: India petulantly and counter-factually blaming Pakistan for the absence of dialogue, Pakistan calling for dialogue while emphasising that such a call should not be interpreted by India as a sign of weakness.

Given the unfortunate build-up to the UNGA, two relatively low-key speeches by the Indian and Pakistanis foreign ministers were perhaps the best that could be expected in the circumstances. What is far from clear is how and when the distance between the Indian and Pakistani positions on dialogue can be bridged.

For Pakistan, the challenge remains the same as it has been for at least two years now: drawing the world's attention to the state of repression and violence in India-held Kashmir while also being able to discuss a range of other issues with India.

The Pakistani state has rightly insisted that a solution to the Kashmir dispute lies at the heart of long-term peace and stability in the region, but has also acknowledged that several other issues can be addressed in the meantime.

Indeed, Prime Minister Imran Khan's letter to his Indian counterpart, Narendra Modi, was sensibly crafted and demonstrated a willingness on Pakistan's part to not impose unrealistic expectations or demands on dialogue with India.

Yet, even though India has seemingly conclusively spurned talks with Pakistan for the foreseeable future — though in the context of South Asia, the foreseeable

future can quickly change — Pakistan should continue with its balanced approach.

Arguably, the best possibility for Pakistan drawing the outside world's attention to the harrowing circumstances that the people of IHK are living in is to maintain a reasonable approach to India in the context of the overall relationship.

For India, between now and the general election scheduled for next year, there will need to be a reckoning with the BJP's perplexing attitude towards Pakistan's government.

A reluctance to engage Pakistan in dialogue has been complemented by bellicose statements and a hawkish military approach — but it surely cannot be argued that India is any closer to achieving its goals. All that the hawks in India have achieved is another wasted few years of opportunity and a region that is more tense than it was before the BJP returned to power.

If war is not a possibility — and it is categorically not in a nuclear South Asia — then dialogue is the only option.

When will India realise this?

Published in Dawn, October 1st, 2018

Source: <https://www.dawn.com/news/1436087/pak-india-challenge>

ECONOMY

8th NFC and Myth of Fiscal Devolution By Zamir Ghumro

Fiscal policies of the federation have been at the root of economic crisis in Pakistan and there has been simmering conflict between the federal government and provinces over the distribution of tax revenue. As 8th NFC is being constituted, it's important to analyse the fiscal resources of the federal government and provinces.

Although the 18th amendment did not touch the issue of fiscal devolution at all, an impression has been created that after the 18th amendment provinces received more resources and the federal government has been left with a meager share.

Rs212b cut proposed in provincial share

No doubt, the seventh NFC award was given in view of the 18th amendment but Article 160 was amended only to the extent that the shares of provinces shall not be less than the previous NFC award. This was the only amendment to the Constitution on the fiscal level.

The 18th amendment was brought in view of the Charter of Democracy signed by two major parties in May 2006 and its various provisions were not adhered to which haunts both the political parties today such as establishment of the National Accountability Commission in place of the National Accountability Bureau and creating the Federal Constitutional Court with equal representation of the four provinces.

The 18th amendment transferred presidential powers to prime minister and abolished much sought after concurrent list in the Constitution. It enhanced the executive and legislative domain of the provinces but the federal government's power to collect all four major taxes, income tax, sale tax on goods, customs and excise duty, remained the same.

Collection of sales tax on goods almost equivalent to income tax was not devolved to the provinces. In fact, in the seventh NFC award, a slight change was brought in NFC distribution to include factors of poverty, area and revenue generation. Population is still more than 82% criterion to distribute tax revenue among the provinces.

General Musharraf government's NFC conceded around 43% tax revenue to provinces and retained 57% for the federal government. However, it undertook to provide provinces around 3% to 4% tax revenue in lieu of abolition of octroi tax in provinces and 2% to 3% grants to provinces under Article 160(2)(b) of the Constitution. In effect, Musharraf's fiscal arrangement was almost 50:50 between the federation and the provinces. Same is the case in the seventh NFC award.

If we look at the terms of the seventh NFC, it fails to give provinces a penny in lieu of octroi tax and zero grants so in effect there was no major change in the seventh NFC or the sixth NFC of Musharraf. The federal bureaucracy cleverly exploited the percentage of the provinces which in fact didn't change. The federation did not surrender any fiscal space to the provinces in the seventh NFC though their responsibilities grew manifold.

PTI govt unveil Rs5.3tr revised 'status quo' budget

Leaving apart the interpretation of Article 160, which says the distribution of tax revenue has to be between the federal government and each province, fiscal space and the tax revenue between the federal government and provinces have to be shared on logical principles.

Firstly, the overriding principle is to share the tax revenue on the basis of respective responsibilities of the federal government and provinces under the Constitution, and secondly to devolve one of the major taxes to the provinces such as sales tax on goods.

We would see that major responsibilities of social, industrial and development sectors belong to the provinces under the Constitution, including education, health, population growth, law and order, justice, industries, water and irrigation, lands, local government, transport, environment, infrastructure (except strategic

roads), etc. The federal government under the Constitution is essentially left with strategic tasks of defence, foreign policy, communications and finance (tax collection).

Had there not been regional conflict and hot borders and heavy debt trap, tax revenue could have been divided by 20-80% ratio between the federation and provinces as the federal government also has the non-tax revenue of more than Rs800 billion. This would boost development manifold but defence and debt retirement eat up more than Rs3,000 billion. The FBR is financed by at-source deduction of one per cent from the NFC. The remaining federal ministries and institutions could not require more than Rs200 billion.

Presently, when the responsibilities of the federal government stand drastically curtailed, 40-60 ratio between the federal government and provinces, respectively, would be ideal and sustainable to boost human, social and industrial development agenda in the provinces. The second alternative is to hand over sales tax on goods to provinces so that the NFC is left with one major tax of income tax and excise and customs duty. This could be done through a constitutional amendment. However, the NFC arrangement could also envisage that sales tax collected from the provinces by the FBR shall be paid back to them.

After the successful experience of provinces to collect sales tax on services (Sindh collecting now more than Rs100 billion), collection of sales tax on goods could be handed over to them in order to give them fiscal space. In this way, the federation and provinces would each have one major tax. They can redouble their efforts to enhance its collection.

Even otherwise, in federations worldwide sales tax on goods is vested in provinces. In the Government of India Act of 1935 the sales tax wholly belonged to provinces, which was taken over by the centre in 1948 and subsequently retained by it. The federal government of Pakistan could easily enhance the income tax being the direct tax by improving the enforcement mechanism under the Income tax Ordinance, 2001. It can double it within no time. The FBR has the capacity to substantially increase the present annual income tax target of Rs1,735 billion. This will give fiscal space to the provinces and would pave the way for harmonious fiscal relations between the federal government and the

provinces. Furthermore, both having one major tax, the provinces will be less dependent on handouts of the federal government in order to frame their development agenda.

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CPEC and the Saudis | Editorial

Pakistan will be developing a trilateral investment framework within the ambit of the China-Pakistan Economic Corridor (CPEC) to allow other countries to invest in the country. This development was revealed by the information and planning ministers in a press conference on Tuesday. The ministers quelled the speculation that had been afloat that Saudi Arabia would be made part of the CPEC framework. They have instead clarified that any Saudi investments would be worked in through bilateral or trilateral agreements. The position that any Saudi investment should be covered by a bilateral treaty is logical, but the talk about trilateral treaties should raise more concerns. Third countries are not allowed a say in investments in sovereign states, so why should China have one over the nature of Saudi investment in Pakistan? There is a case for all foreign countries that are investing in a country to coordinate, but this is only relevant to joint projects. If China and Saudi Arabia are not proposing joint projects, then why must any Saudi investment come through a trilateral agreement within the CPEC framework?

Is the CPEC framework going to become an overarching grundnorm for investment in Pakistan? That sounds uncomfortably like the time when colonial powers would get a say over which other countries can trade within a colony. Perhaps those in charge at the moment have little experience with governance and are throwing up all the possibilities they can come up with. In the last two weeks, we have heard all kinds of concoctions from those in government: Saudi investment as part of CPEC, as a bilateral agreement, or as a trilateral agreement.

The first and third of these options are not ideal and it would be good if they can be ruled out – unless there is a serious concurrence of interests. For example, Saudi Arabia and China could come to an agreement that Pakistan will be the transit zone for Saudi oil to flow into China. But if Saudi Arabia is to set up an oil refinery in Gwadar, there is little sense in China being involved in any agreement – unless China has been offered some kind of first refusal clause on any other investments in Pakistan. The news that Railways Minister Shaikh Rashid is trying to bring down the cost of the Main Railway Line project under CPEC is one to watch. If successful, it would suggest that the PTI government will be able to

assert Pakistan's interests more boldly viz-a-viz China as CPEC progresses. It is important for Pakistan to be able to make decisions on its international agreements in a sovereign way. There will definitely be more developments on this soon.

Source: <https://www.thenews.com.pk/print/376312-cpec-and-the-saudis>

Talks With IMF Team | Editorial

Though Pakistan has not “officially” approached the International Monetary Fund (IMF), the process for negotiating a bailout has begun for all intents and purposes. The recent visit of IMF’s delegation led by Harald Finger, the organisation’s mission chief for Pakistan, has already indicated what would be required of Pakistan, as well as its estimation of the new government’s economic policy to meet the financing requirement of \$75 billion over next three years.

According to the delegation, while beneficial and necessary on their own, increasing exports will not solve the balance of payments issue in a challenging and changing foreign market environment, and a reliance on “friends” to shore up the deficit is not a sustainable method either. Pakistan unfortunately, has always relied on ad hoc methods to find a cure for its economic problems, and reliance on ad-hocism has never proved a long lasting solution.

IMF’s advise to the government to keep the rising oil process in the international market into consideration should not be ignored. It will further worsen the already protracted economic situation of the country. The crux of the problem, according to IMF, is the inability to collect tax revenue, bills for utilities and services, and the many loss-making public enterprises.

Moreover, IMF is not alone in making such a suggestion. Many local experts believe it too that more focus on these issues will help Pakistan significantly in overcoming the problem of fiscal deficit. Robust internal reforms are needed if Pakistan wants its economy capable of absorbing the shocks in the international market.

Perhaps, the government will not have to go for a bailout, but the government should already be looking to deal with these issues on a priority basis. PTI’s budget proposal was disappointing in the sense that it reversed some of the necessary steps taken by the previous government; concessions offered to non-filers. The government is yet to take a firm stance on the extremely challenging task of divesting bodies like Pakistan International Airlines (PIA) and Pakistan Steel Mills to name a few.

However, this is not the first time that Pakistan has entered into talks with IMF. Every time Pakistan seeks help from the international body, the organisation stresses Pakistan to act upon what has been said to it in the recent meeting. Despite showing compliance and making improvements in revenue collections, Pakistan's economy has never recovered fully.

The government needs to go beyond the suggestions of the body. It is high time that the government starts formulating a firm policy on these issues. Avoiding or running away from taking hard decisions will not divert the looming full-blown fiscal crisis.

Source : <https://nation.com.pk/03-Oct-2018/talks-with-imf-team>

The US – China Trade War By Dr. Ahmad Rashid Malik

The U.S. China trade war would not be benefiting the former. For the United States, price has been heavier. China has the “martial art” to take of this war. Unfortunately, the unhappy state of trade war between the United States and China goes on.

The United States imposed a tariff of over US\$ 200 billion on Chinese goods and Beijing prompted by imposing a tariff of over 60 billion on the U.S. goods. Last year, China exported more than US\$ 500 billion worth of goods to the U.S. In contrast, the U.S. sold just US\$ 130 billion worth of goods to China. The Chinese exports around 19 percent of goods to the United States and receives around 8 percent of the goods from the United States.

Under the 1974 act, the United States could impose measures against a trading partner if it is deemed to be unfairly harming the U.S. business interests. The trading disputes between the two trading nations could last for over 20 years. The Trump Administration said the tariffs were necessary to protect intellectual property of U.S. businesses, and to help reduce the U.S. trade deficit with China.

This gap is keep widening. The gap is alarming but inevitable and hardly it could be bridged until heaven falls. The US President Donald Trump might see the things falling behind that repairing it with courage. Containment of China’s trade is the hallmark of Trump’s decision and his international diplomacy. America has been spreading uncertainty to world trade by securing his own. He wants to damage China’s trade and build his own, which is not seen. He must be peddling carefully than falling in the river. The Trump Administration scrapped the Trans Pacific Partnership (TPP) and burred the American hopes. Now has been trying to bury the Chinese dream, which is not happening.

The global chain system also favours China than the United States. Vietnam, Malaysia, Indonesia and Mexico, for example, locks to be better countries to shift Chinese exports. By the same token, the Chinese firms might move to other countries to avoid high tech imports from the United States. In retaliatory

measures, American wants to avoid investment and investment exchanges with China to punish it for its exports.

This move seems to be illogical. This will be great step to teach a lesson to the United States. The relations between the two countries will not be the same. Some fundamental changes will take place. In the new move, American is turning up with new tariffs. The on-going smooth relationship between the two partner has gone away. These things have been reflecting a change of mood between the two partners.

American think that the rise of China mainly owns to excessive Chinese goods into the U.S. market. But this notion is too simplistic and it ignores the Chinese brilliant policy of export to the world over. Simple to react to this situation through tariffs strict policy would not do and change the desire level as expected by the United States.

However, trade war could only damage the trading relations between the two countries and once trading relations were damaged, it could be proving immense losses to both sides. Trade is not a one-point agenda. It is the two ways. Alternatives would not work for every good being exported to the United States. A retaliatory step in trade matters proves wrong and immature. The most important consequence of U.S. retaliatory measures would be re-globalizing China's trade with the US but it would be end of China's trade and China would be emerging as the most viable economy by 2030, while the U.S. might see a slump as predicted by many economists.

The United States may see a world dominated by the rise of China and see its own doom rather than its own rise on the horizon. The rise of China and the demise of the United States would not restructured the world economy. The free market approach along with a number of protectionist measures would continue and affecting the globule at a massive level. May be the United States has been adopting a pretension measures to defend its economic ends and probably would react so strongly if the measures were developed by other countries.

They might brings in a new war between the United States, China, and other countries. The coming war would be between a high-tech America and the Communist-led China and it is unlikely that the Communist joint will be the

looser. The G.7 (Canada, France, Germany, Italy, Japan, and Britain) as well as South Korea and Japan have been dismayed by Trump. A Government is direly needed in the United States, which should shun its anti-China propaganda and build strong bonds with the rising country.

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Source: <https://nation.com.pk/08-Oct-2018/the-us-china-trade-war>

Foreign Direct Investment Needs a Plan By

Muhammad Shakeel

Economic situation of Pakistan has been improving after the completion of the first phase of the China-Pakistan Economic Corridor (CPEC). Consolidation phase will be started with the completion of the special economic zones. It would be the first step to implement a long term plan for CPEC. A long term plan provides an opportunity for the inclusion of third parties or business communities across the world to be a part of it. Pakistan and China specifically brought in the concept of joint efforts to attract international funding for the successful implementation of the different segments of CPEC in the long run. It is an encouraging sign that many international agencies, business communities and countries are expressing an interest to be a part of it. Inclusion of third parties will lead to an inflow of FDI, which is direly needed.

All Pakistani governments have always been keen to attract FDI and have tried to introduce reforms for improving the investment environment. Focus remained on how to improve the business situation in Pakistan. Despite the tall claims, the government's situation is still very bad and the business community especially international investors are hesitant to invest in the country. Doing business in Pakistan is one of the most difficult tasks, there are several gaps on account of transparency, policy etc, and ranking of key indicators for doing business is very low. Pakistan is ranked 97 on the transparency and policy indicator. It falls on 102 in bribe and regulatory index. Property rights index is even worse at 115 position. Wasting of public resources is another concern for the country and it is ranked on 58 on the competitive index. Legal in-efficiency is also hindering the FDI in a country like Pakistan and is ranked at 83 on this front.

In 1980, we entered with a brand new model. Pakistan started to introduce a mix of national state owned businesses and private businesses. Private businesses were given opportunities and incentives to grow in the country. It was followed by the privatisation and liberalism of trade and economy in 1990, and 2000. From 1970 till today, Pakistan's economy has been struggling. Experimentation has been a prominent characteristic without any solid plan in place to achieve the goals. IMF and international financial institutions have also played a role in Pakistan's economy. Trade liberalization without preparation, structural

adjustment programs, privatisation and other so called reforms were introduced due to pressure from these institutes. It was envisioned that these interventions will expand the economic base and enhance the welfare of the country. Unfortunately, all these interventions resulted in further deterioration of the economy, increasing poverty in Pakistan.

Pakistan has to take serious steps to attract investment and FDI. First and foremost should be the business and people friendly investment regime. It is required to improve conditions for doing business

Now again Pakistan has an excellent opportunity in the form of China-Pakistan Economic Corridor. Positive impact is already visible, as we witness that CPEC gave an impetus to the economy and Pakistan's GDP exhibited a steady growth during the last 4 years. The GDP growth rate achieved the benchmark of 5.8 percent during 2018, mainly because of CPEC related activities and the inflow of financial resources.

Enrichment and expansion is the second phase of CPEC. This is the most critical stage of CPEC, it will determine the future and effectiveness of CPEC and the economic status of the country. It's major elements are Special Economic Zones (SEZs), investment in agriculture, education, livelihoods, skill development and eco-tourism etc.

These interventions will create jobs, economic growth, expand trade and improve livelihoods of the people. These are the prerequisites to pave the way for sustainable peace and prosperity in the country.

Pakistan has to take serious steps to attract investment and FDI. First and foremost should be the business and people friendly investment regime. It is required to improve the condition for doing business. As we discussed above indicators regarding business are very poor, which is a major hindrance to attracting FDI.

Pakistan has to apply a mixture of initiatives for improving, it is extremely difficult to register a business in Pakistan. The investor has to deal with a number of departments and agencies.

It must be reformed. One solution can be to bring all relevant departments under one roof. Second there must be a time limit to decide on registration, like one month or two or six months. Whatever the timeframe it must be implemented so that everyone can have clarity about the timeline. Moreover, the language of the policy frame must be easy and clear and understandable for investors. Third, in the context of SEZs the facility of registration should be established within or near the SEZs or at the relevant district's head quarter to avoid hassle. China adopted this strategy to attract FDI and it paid in terms of rapid economic growth and development of China.

Second stage would be to introduce an online registration process. The government is already focusing on e-governance. It would be a good starting point. Foreign investors can directly access the process by sitting in their room. All submitted documents could be verified online and there would no interface between the investor and the government officials. Limited interaction will curb corruption in the registration process. Moreover, it would be available to all the relevant stakeholders and there would be no confusion of action.

The third, measure is to introduce new window of opportunities for local investors. Investment model of China also shows us that they encouraged the local industry and businesses with the same vigour as they did the FDI. Local investors and the business community was given support to flourish and play a role in an export led growth.

Failure to reform the investment policy and skill management, will lead us towards missing the opportunity again. However, we can expect good interventions from BOI, Education Ministry and Planning commission with the induction of a new team in BOI, Education Ministry and Planning, Development and Reforms. Although previous governments have also tried to introduce reforms but they could not get the required results. However, we can expect the new government to introduce new reforms with tangible outputs and devise a strategy to ensure the success of future ventures.

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Source: <https://dailytimes.com.pk/307893/foreign-direct-investment-needs-a-plan/>

FATF Follow-Up | Editorial

As a follow-up to their August meeting, a team from the Financial Action Task Force (FATF) began talks with Pakistani officials on October 8, including members from the State Bank, interior and finance ministries, and the financial monitoring unit among others.

For citizens who have been affected by terrorism, this step towards accountability comes with relief. Terrorist groups have continued to operate on this land and it is time for the government to keep a strict check on how they receive the funding to do so, having had a history of banned outfits linked to high-profile figures and organisations.

Removed from the gray list in 2015 after a three-year stint since 2012, Pakistan has made its way back to the list. This was predictable because since then, many of our politicians, including the former prime minister, have been charged with embezzlement and money laundering. In fact, that Pakistan was removed from the list in 2015 seems unbecoming since the Panama Papers were also released that same year with several Pakistanis named. Nonetheless, it is critical for Islamabad to review its administrative and legal procedures to tackle terror financing so that extremists are cut off at their source. Another eventual risk in being on the list for possible terror financing is sanctions from other countries and more difficulties for ordinary Pakistani citizens visiting abroad.

In a sensible move, the Securities and Exchange Commission of Pakistan immediately adopted the Anti-Money Laundering and Countering Financing of Terrorism Regulations, 2018 in June, wasting no time. This demonstrates to the FATF team that Islamabad is taking a stronger stance than before, as the SECP's press release stated that the regulations will replace any preceding ones with regard to anti-money laundering and terror financing. Thus, there is a chance that FATF experts from the US Department of Treasury, the Scotland Yard and others will be satisfied with Pakistan's measures but it remains to be seen whether Pakistan eradicates the problem rapidly enough to be removed from the list by September 2019.

Published in The Express Tribune, October 9th, 2018.

Source: <https://tribune.com.pk/story/1821117/6-fatf-follow-up/>

IMF Decision | Editorial

IT took a crisis to get the government to focus on reality, but it finally happened.

The government's announcement of seeking support from the IMF to help shore up the deteriorating balance of payments has triggered a frenzied debate in the country about the merits, and the underlying necessity, of the move, as well as unleashing feverish market sentiments.

Monday saw a rout on the trade floor, and on Tuesday, the panic spread to the currency markets as the exchange rate plunged by more than anyone can remember in recent years.

A Rs10 devaluation in one day is intense, even by Pakistani standards, and sentiments are set to be stirred further once the price effects of this adjustment work their way through the economy.

Read more: Devaluation pushes up total debt by Rs900bn

On top of this, further pressures have built up in the power sector and the public-sector enterprises and their finances.

The turmoil can now spread beyond the financial markets to the real sector if urgent action is not undertaken.

Almost two months after Prime Minister Imran Khan was sworn in, reality is now knocking hard on the doors of the government, and the country as well.

The markets are impervious to emotional appeals, and they cannot be inspired or otherwise persuaded, other than through the cold inducements of gain and loss.

This is a reality every government faces, and the PTI cannot expect to be the exception.

The minister of state for revenue hit the right note when he said that the challenge for his government is to "use the space offered by the bailout to

undertake much delayed structural reforms”, which is how such bailouts are meant to be used.

The minister is right to identify the space as an opportunity to undertake the right reforms, but all governments have made this claim before him and the real challenge will be to keep to this goal.

The biggest enemy now is optics. What needs to be done is comparatively straightforward, and the best path forward can be mapped out quickly as well since the PTI leadership has no shortage of competent people to turn to for advice.

Perceptions, or optics, can derail the whole enterprise in a number of ways. One is if optics becomes the only priority of the government at the top.

A hint of this appeared on Tuesday night when news arrived of the appointment of a new spokesperson for economic affairs, who is known for his focus on optics than the facts.

A further hint was provided when the prime minister summoned his media team for a meeting on how to manage the perceptual fallout from the turmoil gripping the financial markets.

What need to be managed urgently right now are the fundamentals, not the perceptions. That is where the prime minister’s focus is immediately required.

Published in Dawn, October 10th, 2018

Source: <https://www.dawn.com/news/1438031/imf-decision>

Options For Fixing Economic Woes By Malik Muhammad Ashraf

To say that Pakistan is facing an economic crisis would be an understatement in view of the permeating situation. In fact the country is fast drifting towards an economic precipice if the trend is not arrested through prudent and necessity-driven solutions. Chief economist of IMF Maurice Obstfeld in a presser at Bali referring to the economic melt-down in Pakistan said “Pakistan is facing financing gaps as it has been hit by a large fiscal and current account deficit, a low level of reserves and a currency which is too rigid and overvalued” Reportedly he also cautioned that increased Chinese involvement in Pakistan’s economy could bring both benefits and risks.

One can hardly take an issue with the depiction of the state of economy by the chief economist of IMF. The PTI government also has a similar take on the severity of the economic challenges and their debilitating impact on the economic health of the country. However there are different views about how the country slid into the economic abyss and the unmanageable debt liabilities.

The government believes that the situation was a sequel to the wrong and reckless economic policies pursued by the PML (N) government and its inability to prevent money laundering. For quite some time there is a persistent propaganda at the global level to attribute the debt situation to the Chinese loans, which also has been hinted in the statement of the IMF chief economist. This impression was precipitated by US Secretary of state Mike Pompeo’s statement in July this year warning against any bailout package doled out by the IMF for Pakistan’s troubled economy saying that the international lender should not provide Pakistan with money to repay Chinese lenders.

The Chinese foreign minister Wang Yi in a joint press conference with Shah Mahmood Qureshi in Islamabad during his recent visit quashed the notion about China being responsible for the increased debt liabilities of Pakistan saying “CPEC will usher in an era of unprecedented prosperity without saddling Pakistan’s economy with expensive debt, CPEC has not inflicted debt burden on Pakistan. When these projects are completed and enter into operation they will

unleash huge economic benefits, creating considerable returns for Pakistan's economy" Both countries agree that the Chinese loans were sustainable.

It is perhaps pertinent to point out that out of the \$57 billion CPEC package \$ 34 billion pertain to direct investment in energy project. The loans given for the rest of projects also have the lowest interest rate as compared to the rates charged by the international lending agencies. Mr. Wang made a credible and verifiable observation that 47% of the debt liabilities of Pakistan were related to IMF and Asian Development Bank.

The Chinese foreign minister was right on money while pointing out the benefits of CPEC to Pakistan in terms of 2% raise in the GDP growth, a view subscribed by many economists. Some CPEC projects have already been completed and the programme is set to enter its second phase. He also indicated China's willingness to re-prioritise CPEC projects in view of the preferences of the PTI government; a truly friendly gesture which proves China's credentials as an all-time friend of Pakistan. The CPEC will now be a demand-driven venture rather than the supply-driven undertaking with greater focus on socio-economic development. China has also welcomed the prospective Saudi investment in CPEC related projects.

It is an admitted reality that USA and India, certain lobbies at the international level and some elements within Pakistan are incessantly trying to belittle the significance of CPEC by creating all sorts of misgivings about it particularly Pakistan falling into Chinese debt-trap, in complete disregard to the economic activity that the project under CPEC were likely to generate after their completion.

However the Pakistani leadership both political and military have an abiding commitment to complete the CPEC projects, being aware and convinced of the perennial benefits that this mega-economic venture is likely to confer on Pakistan and the entire region.

Now coming to fixing the responsibility for the prevailing gloomy economic scenario, the PTI government to a greater extent seems right in apportioning the blame to the out-going PML (N) government. The unsustainable rise in the current account deficit is attributable to PML (N) government's failure to make

unavoidable adjustments in the value of rupee in 2016. Mifta Ismail who managed the economy at the fag-end of PML (N) government's tenure in an article published in a national daily admitted that this inaction on the part of the government was a big mistake. He wrote "Nawaz Sharif was always a believer in strong currency that allowed people with fixed and low incomes to enjoy a higher standard of living. To me that meant keeping inflation low and alleviating the need to devalue. But because our inflation rate was still higher than that of our trading partners and some of our competing countries were devaluing, keeping the rupee fixed at a nominal exchange rate meant that our exports were losing competitiveness and our central bank was subsidising imports. This policy resulted in high current account deficits in the last two years and depletion of foreign exchange reserves" It is evident that the political decision to keep the value of rupee static harmed the economic interest of the country. Managing an economy demands rational and prudent decision-making premised on purely economic considerations, which unfortunately did not happen.

Pakistan currently has a current account deficit in the vicinity of \$ 13 billion which is unsustainable as its affordability threshold is between \$3 billion to \$4 billion. The unprecedented fall in the value of rupee against dollar is the result of ever mounting current account deficit which has hit hard the low income groups. The situation demands some tough decisions and the government does not have a choice other than raising prices of gas and electricity, curtailing subsidies and making structural macro-economic reforms that ensure export-led growth and broaden the tax-base to curtail the budgetary deficit. The Prime Minister has rightly and honestly admitted that the people would have to go through some tough time because of the inherited economic aberrations which require some time to be fixed.

The government is trying to seek cooperation of the friendly countries like Saudi Arabia, UAE and China to tide over the situation and indications are very positive and some direct foreign investment would soon be coming into the country. However its decision to go back to the IMF for wriggling out of the immediate crisis, though necessity-driven, is the most pragmatic move, notwithstanding criticism by the opposition and some detractors of the government. As a result of the IMF programme, if it materialises as anticipated, the country will have to take more belt-tightening measures in the short run which are likely to hurt certain sections of the society. But that is inevitable. People will have to make sacrifices

for a better future and trust the government which they have mandated to run the affairs of the state.

The writer is a freelance columnist.

As a result of the IMF programme, if it materialises as anticipated, the country will have to take more belt-tightening measures in the short run which are likely to hurt certain sections of the society. But that is inevitable.

Source: <https://nation.com.pk/12-Oct-2018/options-for-fixing-economic-woes>

Tax Litigation | Editorial

The task to improve tax collection in Pakistan faces numerous challenges. One of the key challenges that is not spoken about is how successful the existing efforts to target tax evasion have been. Some recently revealed documents confirm a rather disturbing fact: Rs1.276 trillion in tax is stuck at different stages of litigation in 31,098 cases. This should be an indication of the scale of the challenge that any concerted effort to reform the tax system in the country faces. It is said that the FBR is looking to put in place mechanisms of dispute resolution to avoid litigation. While it seems that the only thing necessary is for tax authorities to knock on someone's door to collect tax, the real challenge is much more difficult. In many cases, when the FBR does conduct an audit or is able to identify some form of tax evasion, it must often face the challenge of going through the court system to collect the said amounts. In other cases, some taxpayers feel genuinely aggrieved over what they consider to be unreasonable tax claims from the tax collector. It would be good to see a breakdown of how many of these cases could have been avoided had the FBR collected its numbers right in the first place.

FBR officials have responded by saying that the real figure is much lower due to multiple accounting, but the FBR has done little to explain what this implies. It will be important for them to explain what can be done to mitigate the impact of litigation on tax collection targets. Does it charge existing taxpayers too much to meet targets? Or are most tax cases related to non-filers or tax evaders? Depending on what the distribution of such cases is, mechanisms will need to be made to address these issues before any tax collection campaign. Many of these cases remain stuck with stay orders lasting more than six months. Tax experts have suggested a litigation audit of the FBR. It is important to understand the reasons for so much litigation against the FBR before moving forward with a major tax collection campaign. Dispute resolution mechanisms will offer a way of reducing the workload that goes to the courts, and litigation should be the last resort in tax cases. While unavoidable in many cases, there is a need to see how this matter can be improved as a part of efforts at tax reform.

Source: <https://www.thenews.com.pk/print/379772-tax-litigation>

Complicated Economic Scenario | Editorial

DESPITE efforts and claims by government leaders about steps being taken to address financial and economic problems besetting Pakistan, there are no indications yet that situation would improve for common man in the days to come. The measures that government has so far initiated or implemented have apparently led to more price-hike and inflation would go further high as full impact of these steps unfolds.

Government is mostly banking upon IMF help and assistance from friendly countries especially China, Saudi Arabia and UAE and things would become clear during the next few weeks. IMF Managing Director Christine Lagarde on Thursday confirmed that Pakistan has formally requested financial assistance from the Fund to address its economic challenges. Lagarde said in a statement that the request came during her meeting with Finance Minister Asad Umar and State Bank Governor Tariq Bajwa on sidelines of the IMF and World Bank annual meetings in Bali. Now an IMF delegation would visit Islamabad for holding talks and sorting out details of the package that the country would sign with the Board. It is, however, clear that the package would prove to be yet another bitter pill for the inflation-ridden and resource-starved people. This is because rupee has already been devalued massively in one go and there are reports that it would lose its value further as part of understanding with IMF.

It is understandable that government had to knock at doors of the Fund due to financial crunch and pressure on balance of payment yet the decision runs contrary to the claims repeatedly made by PTI leaders that they would not go for foreign loans and instead raise local resources. Government is lashing at the past two governments for raising the debt burden from 6000 billion rupees to 28000 billion rupees (a figure that has been increased to 30,000 billion just in two days, may be because of devaluation done by the incumbent government). However, they ignore the point that they are going to increase the debt burden more after coming into power and no one knows where we would end up in future. Now it would also be seen how the government spends the loans and in which direction the country would go after implementing strict conditions of the IMF, which never help the economy but made life of the people miserable.

Source: <https://pakobserver.net/complicated-economic-scenario/>

Foreign Remittances | Editorial

The new government is heavily relying on foreign remittances to bridge the gap in the ailing economy. It is great to see the government wanting to regulate the mechanism of remittances to ensure that the money is accounted for and has a proper channel established for accountability and keeping a record of these transactions. It has recently been established by the FATF investigation team that the financial channels in the country need to be more secured and tied up to several institutions which crosscheck each other's work, allow a steady flow of cash, and also keep a track on any illegal activity.

These financial regulations will be greatly beneficial for the society as a whole and not just for the remittance network. Banking channels need to be empowered to manage such a cash flow and the incentives offered to the foreign Pakistanis will encourage them to send money back home. Since the last two elections, foreign Pakistanis have missed out on the opportunity of voting in the general elections but this way, they will be able to contribute to their economy and that is a start good enough for them at this point.

While the government is focusing on finding official means to regulate the money flowing into the economy, another area of focus is also the unofficial means of cash transfer. The biggest problem that successive governments have faced is not the introduction of official policies, rather getting people to give up their traditional unofficial and informal ways. This will require rigorous campaigning and trust building measures to ensure that the money coming in will be safe via the channels it moves into the economy. The legal reforms in civil and criminal laws is a good start for the government and this will also boost up their confidence as the policies will materialise into concrete evidence of improvement.

Source: <https://nation.com.pk/14-Oct-2018/foreign-remittances>

Importance of SCO for Pakistan By Malik Ashraf

FOREIGN Minister of Pakistan Shah Mahmood Qureshi who represented the Prime Minister at the Shanghai Cooperation Organisation (SCO) meeting in Dushanbe while addressing the assemblage rightly pointed out that Pakistan had played an important role in combating terrorism and religious extremism and the organisation could benefit from its experience in combating terrorism. In the context of SCO's Regional Anti-Terrorist Structure he also reiterated Pakistan's commitment to combat terrorism in all its manifestations, support for peace and stability in Afghanistan, adherence to the charter of the organization, SCO initiatives regarding promotion of trade among member countries and regional connectivity. As far as terrorism and religious extremism are concerned, Pakistan as a front line state in the war against terror has made a sterling contribution in subduing the scourge which had almost affected all the countries represented in the SCO besides Pakistan and Afghanistan. The country's armed forces through their campaign have crushed and eliminated terrorist groups from its territory. In doing so Pakistan has paid a heavy price as tens of thousands of civilians and soldiers had embraced martyrdom besides injuries to others. The fight is still on in the form operation Raddul Fasad under which the remnants of the terrorists and their sympathizers are being targeted. The fight against terrorism and religious extremism has been a very painful undertaking and has surely equipped the armed forces and other law enforcing agencies with loads of expertise and knowledge regarding tackling the phenomenon. As pointed out by the foreign minister the member countries can surely benefit from Pakistan's experience to deal with similar situations individually as well as collectively from the platform of SCO.

Pakistan has rightly recalibrated its foreign policy with increasing focus on relations with the countries of the regions as well as commitment to the cause of regional connectivity. Pakistan belongs to this region and its economic prosperity and security are inextricably linked to its own region. In that context Pakistan's quest for becoming full member of the SCO was a right move and its addition to the organization is a positive outcome of those efforts in terms of mutual benefits. SCO is unique in the sense that it is based on a new model of state-to-state relationship that derives its strength from cooperative configuration rather than

binding them into a formal alliance like NATO. The resolve of SCO to fight the menace of terrorism, promoting regional peace and security and working for shared economic prosperity are very much in harmony with what Pakistan is looking for and needs desperately. Pakistan's resolve to look to the region where it belongs, for finding solutions to its economic woes and other debilitating challenges represents a visionary paradigm shift in the conduct of its foreign relations.

The Presence of the giants like Russia and China in the SCO along with Central Asian states, rich in natural resources promise infinitesimal opportunities for peace and economic prosperity of the region. Granting of observer status to Afghanistan and associating Turkey with SCO have further strengthened the Organization. The economic linkages evolved through the SCO forum will also strengthen prospects of regional security. Pakistan presently faces an existentialist threat from terrorism and religious extremism and the member states of the SCO are also victims of this menace in varying degrees. Making a common cause and fighting collectively to stop it in its tracks stands a better chance of success and Pakistan can contribute to this effort as well as benefit from it tremendously. Pakistan is also confronted with a severe energy crisis and the materialization of TAPI and other trans-regional power and gas projects—for which Russia has already expressed its support in material terms— could help her to tide over the problem and nudge the process of economic revival.

Pakistan presently is also engaged in diversifying its exports and finding new and easily accessible markets for its products. The SCO states with almost one fourth of the world population having geographical proximity with Pakistan and easy accessibility constitute a very lucrative market for its exports. Similarly it can attract the required investments in the energy and infrastructure sector in which some of the SCO countries have a comparative advantage. The strategic location of Pakistan in the region and its economic potential can also help the SCO members to exploit their economic potential to the maximum. With the prospects of Afghanistan and Iran and possibly Turkey also joining the Organization in the near future, SCO is likely to emerge as a very strong regional Organisation. The SCO also has an international dimension. One of its purposes is to work together to promote and create a new political and economic world order. In the prevailing global environment wherein a sole superpower supported by its western allies is feverishly engaged in fashioning a new world order

chiseled to its own perceptions which in certain cases has created more threats for the world peace and security, the role of SCO in firming up the new world order and eliminating the vulnerabilities of this region to foreign intervention, assumes greater significance. Regional organizations like SCO are perhaps the best forums to strengthen regional security and preserving world peace. These considerations made a very strong case for Pakistan to seek membership of SCO and present it with an historic opportunity to make amends for its past follies in the arena of foreign relations. The foreign policy of Pakistan has finally found the right direction that promises to serve its national interests,

— The writer is freelance columnist based in Islamabad.

Source: <https://pakobserver.net/importance-of-sco-for-pakistan/>

Digital Payment Policy Review | Editorial

Electronic commerce has reached new heights this year with tech giants reaching a market capitalisation of \$1 billion, marking a historical record. Also within the span of a year, Chinese giant Alibaba reached an all-time high trading price, critically larger than its initial public offering in 2014. Recognising the need for a strong information technology sector as the basis for boosting e-commerce and thereby supporting an economic boom, Finance Minister Asad Umar appears to be broaching appropriate channels by imploring the State Bank of Pakistan to review its digital payment policies.

The banking and e-commerce sectors, although having improved over the last few years, require an overhaul. Whereas developed nations have reduced dependence on human interaction, such as providing check deposit via photograph, our banks have faulty machines unable to accept checks, forcing person-to-person interaction where there is vast room for error. The progress our sectors have achieved in years some have accomplished in months. Foreign government rules and regulations are adapted as and when the need arises with rapid action, which needs to be the case in Pakistan. The central bank needs to respond quickly with updated measures. Expanding the electronic payment platform and accommodating foreign digital payment operators such as Paypal will provide benefits to the SBP itself by providing access to real-time records of trades and transactions across the country. To the FBR's relief, accurate tax collection can be facilitated, discouraging dishonesty.

Plausibly, rather than blindly jumping into costly projects, our finance minister is taking a step back to direct the SBP to first review policies and regulations to see where the economy can be facilitated. Amid talks of an IMF bailout and a downward spiralling economy, we commend this directive in hopes that our economy can expand and move with the times, attract foreign business, and keep pace with the world.

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Source: <https://tribune.com.pk/story/1831081/6-digital-payment-policy-review/>

Hard Choices: Saudi Arabia or IMF By

Kamran Yousaf

Prime Minister Imran Khan will undertake a second visit to Saudi Arabia in five weeks on Tuesday. He will attend the “Future Investment Initiative” conference in Riyadh. Dubbed ‘Davos in the desert’, the conference brings together businesspersons, investors, corporate giants, representatives of hi-tech industry and major media outlets at one platform. However, many renowned multinational companies as well as Western countries have decided to boycott the event over the murder of Saudi dissident journalist Jamal Khashoggi.

Nevertheless, Imran sees this as an opportunity to project Pakistan’s economic and investment potential and his vision of the country in the five years to come, according to the Foreign Office statement. The devil, however, lies in the details. On the sidelines, the prime minister is scheduled to meet Saudi Crown Prince Salman Bin Abdulaziz and Crown Prince Muhammad Bin Salman. Although, the government has not said it publicly, the main purpose of Imran’s visit to Riyadh is to seek an economic bailout package. There are reports that Saudi Arabia may provide \$8 billion economic package, including oil on deferred payment. It was because of this reason the prime minister during his recent interaction with editors and owners of media outlets indicated that Pakistan might not opt for the IMF option.

Unlike his finance minister, Imran has always been reluctant to approach the international lender. The reason is that the IMF programme will always come with tough economic conditions. The government, if it avails the facility, would be compelled to take unpopular and tough decisions. Also, it is an issue of prestige for Imran, who in the past had spoken against going to the IMF.

What worries the government is that the IMF now is seeking greater scrutiny of the China-Pakistan Economic Corridor (CPEC) project. Even the United States voiced its concerns, insisting that CPEC is to be blamed for Pakistan’s current economic woes. This clearly indicates that Pakistan will have a tough task ahead in negotiating with the IMF team. Imran has made it clear that his government would resist tough IMF conditions. But he needs to understand Pakistan, not the

IMF, needs assistance. Therefore, one likes it or not, the government will have to accept the conditions no matter how tough those would be.

It is, perhaps, due to these complexities, the government is still exploring options other than the IMF. The equation is simple: if Pakistan is to avoid the IMF then only three countries can provide the way out. Those three countries are Saudi Arabia, China and the United Arab Emirates (UAE). If Saudi Arabia agrees it is safe to assume that the UAE would follow suit.

The question, however, is: what Pakistan is going to offer in return to Saudi Arabia if Riyadh indeed approves the bailout package? Would the government commit troops for Yemen, a longstanding standing demand of Saudi Arabia? At this stage it is not clear if the Prime Minister agrees to such a condition given Pakistan's principled stance that it would stay out of Arab-Iran rivalry. Till now, Pakistan has successfully managed to ensure that delicate balance. But Saudi Arabia knows that Pakistan is facing serious economic challenges and that it needs external assistance, which means that Saudi assistance would not be without any strings attached to it. Therefore, the Saudi option may entail serious strategic implications for Pakistan. On the other hand, the IMF conditions would mostly be about taking certain corrective economic measures. It is true that those decisions may make it difficult for the government to provide relief to the masses at least for a couple of years.

The choices are not easy. Imran has to decide whether it wants to meet hard IMF conditions or accepts the Saudi offer in return for compromising on certain strategic interests.

Published in The Express Tribune, October 22nd, 2018.

Source: <https://tribune.com.pk/story/1831106/6-hard-choices-saudi-arabia-imf/>

Restructuring The Export Sector By M Ziauddin

It becomes a real challenge to craft an export-led economy for a country suffering from limited exportable surpluses, that too mostly raw materials, like cotton and leather and very low value-addition products such as yarn and at best towels and bedwear.

Pakistan is an agriculture-based country so there should be no doubt that majority of the exports made by the country would be agriculture based: Fruits, cotton fibre, raw cotton, yarn, thread, knitwear, bedwear textiles, clothing, carpets, sports goods, leather goods including belts and shoes, carpets, rugs, white and red meat, chicken, milk, wheat, seafood, vegetables, processed food items and, rice and maize.

All the incentives both monetary and financial that the government periodically allows to the export industries, especially to the textile sector, have so far ended up making no difference to export promotion but have enriched a handful of exporters without having had any positive impact on export – volume-wise as well as in value terms.

After surrendering a significantly big part of international textile clothing market to its regional rivals, especially Bangladesh, since the abolition of quotas, Pakistan is now fast losing its cotton spun yarn markets to the much cheaper products from Vietnam.

Vietnam's net yarn export of over 40pc in recent years is paralleled by the large rise in China's investment in spinning in Vietnam alongside wholesale relocations of some firms.

Cotton consumption for Vietnam's domestic yarn utilisation has also shown impressive growth, more than doubling. Thus, more yarn is being exported to China by Vietnam, eating into Pakistan's share of yarn export to our big northern neighbour. The International Cotton Advisory Committee estimated that Vietnam's cotton consumption had surged by 22pc to 1.1m tonnes in 2015/2016

and Bangladesh's by 13pc to 1.1m tonnes compared with the 12pc decline to 2.2m tonnes in cotton use by Pakistani factories.

The increasing cotton consumption in Vietnam and Bangladesh — both the countries grow very little cotton, and heavily rely on imports to meet their industry's demand — is attributed to the lower cost of production due to cheaper energy and labour in the two countries.

Pakistan needs to diversify its exports not only in terms of commodities but also in terms of markets. Heavy concentration of exports in few commodities and few markets has led to export instability. Other issues which need to be addressed include low value added and poor quality, obsolete use of machinery and technology, higher wastage of inputs adding to the cost of production, low labour productivity, little spending on research and development, export houses lacking in capacity to meet bulk orders, inability to meet requirements of consumers in terms of fashion and design, non-adherence to contracted quality and delivery schedule and lack of marketing techniques.

Pakistan also needs to do some original thinking on the issue of exports by studying the needs of land-locked western part of China linking Pakistan and the western neighbour through border regions of Xinjiang and Gilgit- Baltistan.

China's western region contains 71.4% of mainland China's area, but only 28.8% of its population. The main components of the strategy chalked out to develop the region include the development of infrastructure (transport, hydropower plants, energy, and telecommunications), enticement of foreign investment and increased efforts on ecological protection. Pakistan needs to explore this market rather closely for improving our exports to the region as well as for relocating low-tech textile units from western China to Pakistan.

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Source: <https://tribune.com.pk/story/1834705/6-restructuring-export-sector/>

EDUCATION

Austerity Against Education | Editorial

The government's decision to cut the development budget of the Higher Education Commission (HEC) for the 2018-19 fiscal year by 14 % is shocking and grotesque. How can the government decide on implementing and adopting austerity measure against HEC that will directly impact projects like construction of new hostels and academic research institutes in several universities?

READ MORE: Merkel, Netanyahu seek to brush past differences for Israel talks
Imran's government was hailed for it decided to take austerity measures and considered the ever-increasing budget deficit; however, no one could have predicted that the government would go after education as well. The cut to education goes against the explicit promises that Imran had made throughout his political career regarding improving public sector higher education. The cut is illogical. The decrease in funding to HEC cannot support the dwindling state of our economy. However, the reduction will for sure further worsen the situation in the higher education sector.

The state of higher education in the country is already poor. We are one of the most backward nations in the world when it comes to investing in higher education, research and providing such facilities to the students. The decrease in funding means that the universities will lack facilities to cater to a large number of students; thus intake will be less. Considering the enormous youth bulge that is two third of the country's population – which can either be a resource for the nation or is a time bomb – Mr Khan needs some retrospection on his government's decision.

Every party that governs a country aims to never compromise on its core issues. Education was Imran's essential electoral point all these years. Now that he has come to power, it seems that the issue has been shunted to the backburner. The proposal has exposed Pakistan Tehreek-e-Insaf's (PTI) priorities and is a contradiction of many claims made after coming into power. For example, how can the government claim that it will convert buildings like the Prime Minister

House into a reputed university from scratch if it cannot sustain the already existing higher education institutions?

The people were expecting greater spending on education. With the cut people's hopes have been shattered. Other areas need no mention where cuts should be made. However, Mr Khan will not take the risk of proposing cuts there. It is to remind Mr Khan and his government that higher education plays a crucial role in blending the human resource development with the country's socio-economic growth.

The cut will severely hamper HEC's aims and objectives. For instance, increasing equitable access, research and innovation, an increase in faculty with the highest academic qualifications will be negatively impacted. Above all, some of the unapproved projects that should have been implemented long ago will undergo a further delay.

Source : <https://nation.com.pk/02-Oct-2018/austerity-against-education>

THE World University Ranking 2019 By

Irfan Khan

The Times Higher Education (THE) World University Ranking 2019 includes more than 1,250 universities. It is the global university performance chart to measure research environment, teaching standards, knowledge transfer and international outlook. The COMSATS Institute of Information Technology of Pakistan has secured a rank of 601-800 in world and ranked top among Pakistani Universities in officially released rankings on Tuesday, September 26, 2019. While Last year, Quaid-i-Azam university (QAU) Islamabad was ranked top in Pakistan and 401-500 in THE ranking 2018, mysteriously, QAU appears out of the ranking this year.

There are many known reasons behind this, such as the current position of QAU. The educational and research environment was largely interrupted by student unions in the university. The chief persona of the QAU valley, the student councils denominated as Quaidian Student Federation (QSF), patently delineate a mini-Pakistan. The QSF comprise Baloch, Punjabi, Sindhi, Pashtun, Gilgit councils making an attractive simple pentagon made up of many different people, concerning ethnic, racial and linguistic basis. The groups fight with one another as well, and the authorities had to step in so that they could expel the bully students from the institute. After this fracas, during the fall semester of 2017, the student's groups allied with one another, and proceeded to strike against the administration, with a charter of demands, claiming that they were raising their voice for the needs of the rest of the students by highlighting issues like high fees and low number of buses etc. But their sole purpose was the restoration of expelled students; other points were just to create a room for protest. Briefly, they were restored. During this episode, the working days of the impacted semesters were ribbing.

The Higher Education Commission (HEC) Pakistan is indirectly responsible for such a scenario. HEC wants to sweeten the research field, such that the promotions, payments and other perks are dependent on the number of publications. This is why many professors prefer to focus on research. Spending time more in poorly installed labs, research room with crude setting and with old aged damaged computers, what teacher job is now, enrol students for PhD, just

busy himself in earning their degrees. MPhil scholars are left on the clemency of PhD students. In the classroom setting, teachers show less interest, just vomiting a selected text from a book, leaving the students confused at the end of the day.

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The continual episodes of strike has not been ended, but has evolved over time. This became evident when many teaching faculty members, during the winter vacations and before the beginning of the spring semester of 2018, demanded the removal of the Vice Chancellor. The VC was deemed incompetent and was accused of lacking financial integrity and leadership acumen, as per the Academic Staff Association (ASA). The matter prolongs and abeyant the new semester. Amazingly, the QSF had nothing to add to these protests but did endorse the ASA.

The fall semester of 2018 is set to begin soon, and yet no VC has been nominated for the university. The solution for this situation is that the government must enforce rule of law rigorously, whether they are professors or students, or those who use vehemence to disrupt the academic activities should have no place on the campus. The Government must take a notice of current ranking of the university and order strict instructions to the administration to stable a healthy research and knowledge transfer environment in the campus. Hopefully QAU can make a return to the THE rankings soon.

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The Crisis of Higher Education | Editorial

It has been four decades now since the ban on students unions, and we're in the second decade of the full-blown privatisation of the higher education sector. It has been a downhill journey ever since.

In a handful of cases where they're delivering quality education, in public as well as in private sectors, higher education institutes act little better than mass-production units insofar as they merely produce technicians for the market. The vast majority of the institutes aren't even capable of that, leaving graduates who pay hefty sums in tuition fee either underemployed or unemployed.

A related issue is that of the (lack of) affiliation and certification of many of these private institutions with higher education departments in provinces. In recent weeks, there have been several instances of students from such private institutions resorting to protests to highlight their plight.

It's ironic that the issue emerges only when an institution has awarded degrees. Why is such an institution allowed to enroll students in the first place is a question needing an urgent response from the higher education authorities. The higher education officials and the businesses that profit from such shady ventures must realise that they are involved in the worst kind of criminal activity. And the government must take swift action against them, meaning an independent audit must immediately be conducted to evaluate all private sector institutions. Those failing the audit should immediately be closed so that they cannot embezzle any student of their precious time as well as these families' earnings.

While this may be a quick-fix solution, for the long-run, we ought to urgently reconsider our approach towards higher education.

Firstly, it is absolutely necessary that access is made easier for students from marginalised regions, and lower-income households. While affirmative action has been taken in the past, it must continue to be a policy priority for equitable distribution of higher education dividends.

Secondly, the bureaucratisation of our colleges and universities must end. Higher education institutes ought to be islands where critical inquiry is promoted, and this is simply not possible if an administrator with no background in academia is set to call the shots. It is precisely because of such administrative handling that our colleges and universities have been reduced to policing zones, rather than spaces for higher learning. A greater role for faculty and students in campus governance is needed.

Finally, a national debate is urgently needed on the purpose of higher education. If we want to transform our colleges and universities from mass-production units to places that produces critical thinkers, we have to revive our humanities and social sciences departments. There is no shortage of qualified personnel who'd be willing to volunteer their services for this noble task. The authorities must engage these voices, and begin the process of transformation of our higher education institutions. *

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Educating Pakistan By Sophiya Rafi

Real education is not tangible and results from investment and work done now can only be accurately measured twenty years after reforms are made. While certain improvements — in infrastructure and management — are accessible immediately, the essence of education is not: improving teaching and therefore student outcomes. While in the short run we can measure the change in children's test scores, the true impact is what the students achieve later in life.

In Imran Khan's "Naya Pakistan" education is held in higher regard than ever before. Still, with a literacy rate below 58 percent, addressing the challenges in education is vital if we are to see any economic growth and improvements in standard of living in the future. Accepting there is a problem and working towards fixing it is key; what is equally important is the route taken. We must move forward on all fronts simultaneously, otherwise we risk cancelling out progress made in other areas.

There are two related principal issues when you consider the problem of education in Pakistan. The first is a lack of teachers and the second is the lack of qualified teachers. In most government schools many teachers do not even show up, and even in adopted schools, teachers are not trained enough or educated enough to pass on information to their students. Taken together, they underscore the necessity for technology-based learning or at least blended learning.

These issues led me to EDeQUAL, which offers high quality instructional content, organized according to the Pakistan National Curriculum. This product eliminates both of the major problems identified above. Firstly, it does not need skilled teachers to operate or even to provide teaching aid. Being easy to use, once the children are familiar they no longer require a skilled teacher. Secondly, EDeQUAL works through three stages — student learning through instructional videos, consolidating concepts through guided practice and then mastery through a final assessment. As such, this could counter the problem of teachers not coming to school. However, to maintain employment, another challenge Pakistan faces, EDeQUAL could and should be used as a blended learning tool.

To make use of EDeQUAL's highly scalable technology platform, only the delivery method must be implemented into schools. And although EDeQUAL needs a computer lab to run its software, this is the only real cost associated with the product. Some schools already have computer labs and hence implementation requires little additional expenditure. The process then is simply teacher training workshops conducted by the EDeQUAL team along with monitoring of the implementation and regular troubleshooting.

While the children's scores tell us a success story, looking towards the future, the work they will do for their country will be the true outcome. This is an investment we as a country must make towards the future of our children and country even if we do not see the fruits of our labour straight away

EDeQUAL's success has been proven in various schools including Khatoon-e-Pakistan where student's scores went from 24 percent to 73 percent within four months. It is notable the product is three times more efficient than regular teaching methods. What children learn with EDeQUAL in four months is equivalent to what they would normally learn in school in an entire year.

Knowing I could make a difference I decided to take up the opportunity to head their implementation in Kiran Foundation's school in Lyari. I spent months studying the product inside and out at their offices to ensure I would be able to answer any questions and resolve any problems that may arise during the implementation.

While the Kiran school is an oasis for the children who study there the education currently simply did not meet the requirements for what they deserve. Children need a strong foundation in core subjects, specially Mathematics, without which they simply cannot live an "educated" life. At the start of the project, I conducted a base line test with my team of all students from grade 3 to grade 6. Everyone was given a grade 3 equivalency test. A majority of students failed confirming their lack of skill.

During initial implementation numerous problems were encountered, the main one being students and teachers were using the product ineffectively. The software has three phases: guided practice, independent practice and mastery assessment. The first is the only one in which teachers should help students and

the other two are supposed to be taken as a test or exam to build the child's individual learning. Teachers felt the need to help students whenever they got stuck in these and hence led to false results on their progress sheets.

We knew this problem had to be addressed with urgency, as it would otherwise render the product ineffective. Teachers needed to be taught they were hindering their students' progress. After explaining this to them in great detail, within two weeks we began to see a marked improvement in the children's usage of the product. While on the surface their scores fell during this period, this was a far better and more accurate representation-knowing where they were struggling allowed them to go back and work on what they had missed out on.

Our team, which included two other high school girls, Maya and Sana, visited regularly on Saturdays. As the teachers became more comfortable with their usage of the product, our sessions become more useful as the focus shifted to addressing issues they faced during the week such as a temporary inability to access students' scores.

In the next phase, the product was tailored to the needs of each student, permitting teachers to focus on the students who needed the most help without holding the entire class back. Teachers, seeing students' progress, began using the products on their own to improve their own learning so they could help students understand the topic even better. Eventually, EDeQUAL became the sole Mathematics instruction for grades 3 to 6 at the Kiran Foundation's school.

My most recent visit made me realize the full impact of this product on student's lives. While taking interviews, I was happy to see that compared to before not only do students understand Mathematics better, but they are enjoying it as well. This confirmed for me the conclusion that for a country like Pakistan, a technology-based solution is the best way to improve literacy. Both cost effective and proven to work, this solution is what we need to ensure underprivileged children get the same chance at a brighter future as anyone else.

While the children's scores tell us a success story, looking towards the future, the work they will do for their country will be the true outcome. This is an investment we as a country must make towards the future of our children and country even if we do not see the fruits of our labour straight away.

Incredibly motivated by the success so far, my team and I have decided we will champion this educational change in other schools as well. We have already set our sights on a school in the rural area of southern Punjab. That implementation will no doubt have its own particular set of problems and adventures but we are certain we can impact the lives of more children and improve the future of Pakistan.

We are looking towards long-term measures of success, but these small improvements in their scores and understanding are enough motivation for us. We hope that our work acts as a precedent for other students to also take charge.

Recognize your privilege and reach out and help your fellow citizens.

Sophiya Shams Rafi is currently studying at Karachi Grammar School and is in her final year of A-Levels. Sophiya while excelling academically has done various things outside that realm as well. Sophiya is a part of her school's Model United Nations team and has won accolades at a Karachi competition such as MUN IBA and BAYMUN and has also secured the best delegate award at LUMUN in the first year of her A-Levels. Sophiya has also volunteered at The Kidney Center and has raised money for AAS trust through a charity play in which she acted in as well. Sophiya strongly believes in the power of education in transforming the lives of future generations and therefore has started her project NayaSabaq

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Overhauling Higher Education | Editorial

The meeting of an 18-member commission of Higher Education Commission (HEC) on Friday after a gap of 32 months shows only one thing: lack of commitment on the part of the HEC to ensure high standards in higher education. The delay is lamentable. However, it's better late than never. Of all the problems and malpractices that are prevalent in the universities of the country, the practices of plagiarism are the most alarming. HEC cannot be exonerated. HEC needs to accept the responsibility for the abysmal state of research in our country as it continuously acknowledges substandard, fake, and plagiarised papers as legitimate. As if that is not enough, nepotism rules supreme. And the favourite and well-connected but incompetent researchers are awarded high positions in academia. It is natural that the quality of research goes down if the only criterion the HEC believes in is how well connected a researcher is.

Among other problems that the commission should look into and find a solution for include lack of policies and inability of varsities to implement the recommendations of the HEC for enhancing the quality of research, the financial issues that create hurdles in conducting high-quality research. Also, there is a need to ensure if the pedagogical approaches that faculty in these institutions support critical thinking or not. Furthermore, there is a gap between the administration and student bodies in the academic institutions of the country. Before the implementation of any policy, students are not consulted even though they are the major stakeholders in the higher education sector. Recently, reports have surfaced where some unknown forces have threatened university administrations for encouraging academic freedom on campuses. And the administrations have knelt to the pressure and threats. It is high time for the commission to take corrective measures to ensure provision of an effective and rigorous higher education system that can empower and develop the youth to battle the socio and economic challenges that the country is facing.

Source: <https://nation.com.pk/19-Oct-2018/overhauling-higher-education>

WORLD

Deterrence And Stability in South Asia By **Adeela Ahmad**

Herman Kahn is a renowned theorist of Deterrence. Other strategic scholars such as Andre Beaufre, Phil Williams, Kenneth Waltz, Bernard Brodie, J.M. Collins, and Thomas Schelling have also contributed to the discourse surrounding deterrence.

According to them peace and security can be promoted by adopting a deterrence strategy and what is significant about the usage of nuclear weapons is not “overkill” but “mutual kill.” Deterrence has a crucial role in the maintenance of international order. Phil Williams defined it, as an attempt to frighten the adversary into inaction. The power of nuclear weapons is not to wage war but to create alternatives less catastrophic than the nuclear holocaust. Deterrence exists in mind and is a pre-war situation. The balance exists as such so war will not occur and stability will be preserved.

In the South Asian context, there are longstanding territorial disputes, cultural and religious clashes between India and Pakistan. This relation suffers from deep mistrust and long hostility. After the 1965 war, there was some fragmented thought in Pakistan about developing a nuclear capability to redress the conventional imbalance, but no serious attention was given to ‘going nuclear’. It was the 1974 “peaceful nuclear explosion” by India that motivated Pakistan to undertake the creation of a nuclear deterrence. The decision to develop a nuclear capability was to respond to a looming nuclear threat from India. The nuclear program was created through a philosophy of ‘beg, borrow, or steal’ and propelled by the resolve to defend the nation of Pakistan from a serious external threat. While Pakistan’s nuclear program was progressing through the various phases of development, no thought was given to the operational management of this new capability, nor was a nuclear doctrine considered seriously.

In the 1980's, the concept of deterrence was developed by South Asian strategic elites when they were facing the escalation in their relations under Brasstacks Crises-1986-87. This time the tools of deterrence were also used under the ambiguous nuclear policy of Pakistan to deter Indian aggression against them. Indian nuclear capability was known as they did their first nuclear device test in 1974, but Pakistan's nuclear capability was still not known. Mr. Mushahid Hussain Syed through an interview of Dr. A. Q. Khan revealed ambiguity of nuclear presence, which twisted the situation in favour of Pakistan at that time.

To restore strategic balance in South Asia Pakistan was obliged to respond to Indian blasts. Pakistan nuclear tests were taken as self-defence. By establishing mutual deterrence, they have served the interests of peace and security in South Asia. The nuclear ambiguity was swept away by the nuclearisation of India and Pakistan. Since May 1998, the South Asian strategic and security environment is completely visible in terms of nuclear threats from both sides. Subsequently serious attention was focused on the conflict-prone region. Definitely the proponents of nuclear deterrence are mindful of the catastrophic effects of nuclear weapons, if used in the Indo-Pak scenario. The leadership of both nuclear states realised the implications of going nuclear. The intellectual and scholarly exertion began with the objective of bringing stability in the perpetually unstable political-military environment of South Asia. Will nuclearisation and deterrence in South Asia contributed to peace and stability?

The growing Indo-US ties and induction of Indian missile defence is being viewed as alarming in Pakistan that could affect Indo-Pak Strategic Stability. Islamabad is apprehensive about the label 'strategic' being attached to Washington's dialogue with New Delhi

The Lahore Summit between the Prime Ministers of India and Pakistan in February 1999, raised new hopes of good relations but it turned to be short-lived affair due to Kargil crisis. Following the terrorist attack on the United States on September 11, 2001, the US sent troops to Afghanistan to engage the perpetrators of the attack. Pakistan supported the US fight against terrorism and the allied operations in Afghanistan. Pakistan, because of its geographic location, became central to operations in Afghanistan. Unfortunately, the negative bilateral agenda between India and Pakistan overshadowed their alliance with the US

India blamed Pakistan for sponsoring a terrorist attack on its Parliament in December 2001-02, a charge Pakistan strongly denied.

The induction of nuclear weapons into the national defense structures of Pakistan and India in 1998, has brought an era of dynamics of nuclear politics. A full-scale war was only narrowly avoided in 1999 and 2001-02. To control the escalation in any war scenario, the future is always unpredictable when nuclear deterrence is serving as a final card of war strategy. Now the question arises whether the deterrence worked during the aforesaid crisis, stabilised the situation and prevents the use of nuclear weapons into the fields? Many scholars opined that the Kargil Crisis did not escalate into full-scale war because of the effectiveness of the nuclear deterrence. There is the possibility of a nuclear war between rivalries by miscalculation or by misperception. But the stability of deterrence controls the conflict escalated towards war.

On the other hand, the growing Indo-US ties and induction of Indian missile defence is being viewed as alarming in Pakistan that could affect Indo-Pak Strategic Stability. Islamabad is apprehensive about the label 'strategic' being attached to Washington's dialogue with New Delhi. Pakistan has always remained a trusted 'ally' of the US and always hoped that the latter would help Pakistan in retaining strategic relevance vis-à-vis India in the region. Pakistan is apprehensive that the US has undermined Pakistani security concerns by allowing India to be the policeman in South Asia. It is likely to generate fears in Pakistan about American abandonment. Pakistan's ties with China and Russia have proved to be enduring and if Indo-US relations move forward, Pakistan and Beijing may move even closer.

The best way to ensure peace, security and stability is to resolve the causes of conflict between nuclear arms states. The factors which could possibly challenge the deterrence stability are in need to be explored. Some measures if adhered to, would provide more chances for deterrence stability to prevail. These are risk reduction measures, strategic restraint regime and arms control measures. Decision makers in Islamabad and New Delhi should work out on a 'restraint regime' wherein nuclear weapons are used as tools of war prevention and war deterrence. Should we add more nuclear CBMs to strengthen the deterrence stability? Bilateral action by India and Pakistan must be adopted to improve the nuclear environment in South Asia.

Source: <https://dailytimes.com.pk/304658/deterrence-and-stability-in-south-asia/>

India's Policy on Afghanistan By Talha Ahmad

The strategic location of Afghanistan has pushed many South-Asian countries to increase their influence in Afghanistan, it serves as a gateway to central Asia from South-Asia. The strategic and geopolitical dynamics have attracted many regional as well as extra regional powers to invest in Afghanistan. Just like many other countries, India has also been investing in Afghanistan for the last few decades. Throughout the course of history, India's approach in Afghanistan has remained dependent on left wing political forces, leaving many policy loopholes.

During the era of cold war India invested in the Union of Soviet Socialist Republics (USSR) backed Kabul regime. The policy at that time was considerably better but lacked long-term vision for the region. This lack of engagement with other parties in the war was due to Pakistan's influence on right wing politics, who India considered as proxies of Pakistan, moreover, it was aligned with USSR's geopolitical alignment. The whole policy on Afghanistan collapsed just after Kabul fell into the hands of Mujahideen in the late nineties.

After the United States (US) and the North Atlantic Treaty Organization (NATO) intervention in Afghanistan, India again expanded its influence in Afghanistan; but the move was facilitated by NATO and the US as they considered India a major regional partner. India emerged as one of the largest donor for the central government in Kabul, investing in health, education, Infrastructure and defense sectors. This investment helped a lot in a powerful projection of India as a close ally of Afghanistan but the whole policy was centred on the central government of Kabul.

On many occasions, the policy in place did not take into account the US' role in Afghanistan. Moreover, it also totally neglects engagement with other stakeholders in Afghanistan. Since 2014, the US and NATO have been trying to empower the central coalition government but due to incapability and bad governance it failed to fulfil the expectations of the Afghan nation. The role of different conservative right wing political parties can never be ruled out of the equation, because of the major support they enjoy throughout the country. Hizbi Islami has been officially recognised by US as a major political force and is now

part of the coalition government, in addition to this the US' call for direct talks with the Taliban puts serious questions on the capability and future of the dysfunctional Afghan government.

The US sanctions on Iran will indirectly push India to minimise its engagement with Iran as well. In retaliation Iran along with Russia and China can use their influence in Afghanistan to shuffle things around

On the other hand, the situation in Afghanistan is changing on a daily basis due to political instability, fragmented economy and poor security situation in the country. With no set objective, the stakeholders want to minimise the role of extra regional powers in Afghanistan. These powers are already engaging with different political parties, warlords and stakeholders including the Taliban. Interestingly enough, a number of attempts have been made for a peace-negotiation, everyone excluding India.

The US has already accused Russia, Iran and Pakistan of backing different insurgent groups in the war-torn country. Russian, Iranian and Chinese influence and engagement is interconnected with the overall global geopolitical dynamics. These countries have already had joint ventures in Syria, largely opposing the US influence in the Middle-East. The years long civil war in Syria is coming to an end. Now these powers are focusing on Afghanistan, putting them on the same level with the US in the region. The US sanctions on Iran will indirectly push India to minimise its engagement with Iran as well. In retaliation Iran along with Russia and China can use their influence in Afghanistan to shuffle things around. However, we look at this, India's future in Afghanistan is on stake, especially under this policy.

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Peace in Afghanistan By Malik Muhammad Ashraf

Foreign minister Shah Mehmood Qureshi had productive meetings with US Secretary of state Mike Pompeo and National Security Advisor John Bolton in which whole range of issues pertaining to bilateral relations, peace in Afghanistan and matters pertaining to regional security in the context of Indo-Pak relations came under discussion. The foreign minister in his meeting with Washington's security advisor briefed his host about the rising aggressive posturing of India in the South Asian region underscoring that Islamabad remained committed to engaging New Delhi in a comprehensive peace dialogue to resolve all outstanding issues, including the Kashmir dispute. It was agreed that continued cooperation between Pakistan and the United States was in the interest of regional peace and security in South Asia.

The meetings in themselves represented realization on both sides to make a new beginning in the bilateral relations and remain engaged in finding a solution to the Afghan conundrum. Qureshi made a forceful reiteration of Pakistan's long-held view that there was no military solution to the conflict in Afghanistan and it could only be resolved through negotiations. He maintained that Pakistan wanted to work with the US to bring peace and prosperity in Afghanistan, while the US President Donald Trump's administration sought Islamabad's help in negotiating talks with the Taliban.

The outcome of these interactions suggests that US is cognizant of Pakistan's importance and the role that it can play in bringing peace in Afghanistan as well as agrees to her stance for a negotiated settlement. While welcoming Trump administration's new initiative the foreign minister rightly stressed that Pakistan would continue to support the efforts for an Afghan-led and Afghan owned peace and reconciliation process in Afghanistan as Pakistan considered peace in Afghanistan vital for her own long term stability.

The foreign minister was also right on money to point out that in the context of peace in Afghanistan the Afghanistan-Pakistan Action Plan for Peace and Solidarity (APAPPS) offered the most effective mechanism to promote mutually beneficial cooperation between the two neighbouring states. Unfortunately the

relations between the two countries have been marred by mutual mistrust. The ice however began melting with the visit of the former Prime Minister to Afghanistan in April on the invitation of the Afghan President. Both the leaders discussed whole range of bilateral relations including peace and reconciliation in Afghanistan, counter-terrorism, return of Afghan refugees, regional connectivity and bilateral trade. It was agreed between the two sides that peace, prosperity and stability of the two countries were interlinked and they also reaffirmed their commitment to regional connectivity as they had done in Herat on 23rd February 2018 while jointly inaugurating the entry of TAPI Gas Pipeline from Turkmenistan into Afghanistan.

Consequently the two countries concluded Afghanistan Pakistan Action Plan for Peace and Solidarity (APAPPS) on 14 May in the fourth meeting held at the Ministry of Foreign Affairs Islamabad, envisaging formation of six working groups. It was a welcome development because dialogue and continued engagement are the essential ingredients in regards to resolving conflicts and removing kinks in relations between the states.

This was followed by a visit to Pakistan by a multi-agency Afghan delegation led by National Security Advisor of Afghanistan Mohammad Hanif Atmar visited Pakistan in the last week of May and held talks with the COAS General Qamar Javed Bajwa. The talks focused on implementation of APAPPS. The Afghan side was appreciative of Pakistan's initiative to prepare the framework document for improving cooperation and coordination between the two countries on a host of confidence building and substantive measures. The two sides agreed to fast track the formulation of working groups, especially on bilateral security cooperation and to undertake measures that would assist both sides in tackling of violence by the terrorist entities.

At the invitation of the Afghan President Ashraf Ghani the COAS General Bajwa also visited Afghanistan where he held one-on-one meeting with the Afghan President held parleys with Chief Executive Abdullah Abdullah and the commander Resolute Support Mission General John Nicholson. The talks focused on the process of reconciliation in Afghanistan, measures needed to check rise of Daesh and protecting the borders between Pakistan and Afghanistan. The redeeming factor of the visit was that the US General

acknowledged the fact that Pakistan desired success of US-NATO forces and peace and stability in Afghanistan.

The reality is that terrorist groups present a threat to both the countries. Peace in the two countries can only be guaranteed if Pakistan and Afghanistan work together to root out terrorism. Both countries also need to be on guard against retaliatory attacks from the TTP. Even though it has become a relative non-entity, the terror organization still holds some influence, and according to reports it allies itself with other groups active in Pakistan including the Daesh and the Lashkar-e-Jhangvi. For the success of APAPPS it is imperative for the Afghan government to exhibit its unruffled commitment in that regard and also for US to support it sincerely if it really wants peace in that war torn country, elimination of the menace of terrorism and an honourable exit from Afghanistan.

Pakistan's credential as a faithful and sincere partner in taking the war on terror to its logical end and promotion of Afghan-led and Afghan-owned reconciliation are beyond reproach. It has made relentless efforts at the bilateral and multilateral forums in that regard. It is regrettable to note that the US in spite of acknowledging the sacrifices made by Pakistan in the fight against terrorism has continued to doubt the indiscriminate action taken by her against all the terrorist outfits blaming her of allowing terrorist sanctuaries on its soil. The US will have to trust Pakistan and abandon her attempts to blame her for its own failures in Afghanistan. Both the USA and Afghanistan need to encourage and support the efforts by Pakistan to fight terrorism and restoration of peace in the region.

The regional security is threatened by volatile situation in Afghanistan and what India is doing in IJK. The resolution of the Afghan conflict only will not ensure peace in the region. Efforts also are required by the UN and countries like US and its allies to nudge the process of amity between Pakistan and India and the ultimate resolution of the disputes between the two, including the core issue of Kashmir. India will have to be stopped from state terrorism in IJK as well as in Pakistan. Terrorism is terrorism wherever it occurs and whoever commits it. Discriminatory attitudes and actions in that regard by US are not going to help the cause of peace and security in the region.

n The writer is a freelance columnist.

Source: <https://nation.com.pk/05-Oct-2018/peace-in-afghanistan>

Putin in India | Editorial

Vladimir Putin is in New Delhi. Today sees the annual Russia-India summit; a tradition dating back to 2000. Topping the agenda is the inking of a \$5 billion-arms deal. For the Modi government is all set to buy the much-coveted S-400 anti-craft missile weapons system. Also on the cards is a formal plan of action on nuclear cooperation.

All of which underscores Moscow's regional designs that thus far India is happy to embrace. Indeed, this sits well with New Delhi's active tilt towards diversification on defence and energy. And while the US will not be pleased with this ongoing penchant for Russian weapons of mass destruction, it will likely not protest too much. After all, India is not buying exclusively from Moscow. American arms sales to its strategic partner for the twenty-first century skyrocketed from zero to \$15bn in the last decade alone.

Thus Trump Town looks ready to issue a waiver on the S-400 deal under CAATSA (Countering America's Adversaries Through Sanctions Act). This legislation effectively penalises any country from doing significant business with Moscow and has been in place since the latter's annexation of Crimea back in 2014. Though it remains to be seen if the US will take punitive measures against the proposed \$4.2bn Russian loan earmarked to cover the cost of India's new nuclear park. What will likely irk Washington more is how Putin is now firmly back in the driving seat; selling arms to those whom the US views as sitting on the wrong side of the Middle Eastern fence. Such as Qatar. Or Syria.

Of course, the foremost American concern in this region remains China. In terms of the Belt and Road Initiative (BRI) as well as the Beijing-Moscow strategic partnership; both of which are regarded as directly challenging US hegemony in this neck of the woods and beyond. This is to say nothing of Chinese and Russian intermittent attempts to mediate in the Taliban peace process. And then there is the matter increased bilateral trade between the two sides; which is scheduled to reach the \$100 bn-mark this year.

It is rather ironic that the US is far warier of Russia-India ties than is Pakistan. This is because Islamabad is adopting a pragmatic approach to regional shifts.

Indeed, it now enjoys close ties with all the big players: China, Russia and Iran. Not forgetting Saudi Arabia and Turkey. Then there are traditional relations with the US that it is endeavouring to reset. In fact, Pakistan has positioned itself as a force to be reckoned with. Which is another way of saying that it has finally harnessed its significant geo-strategic location. India, for its part, is doing the same as it continues to court the Russian bear.

Washington would do well to recognise these realities. After all, nothing stays the same for too long. At least not when it comes to the ebbs and flows of nations on the rise and those in retreat. *

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Source: <https://dailytimes.com.pk/306346/putin-in-india/>

The Committee to Save the World Order By **Ivo H. Daalder and James M. Lindsay**

The order that has structured international politics since the end of World War II is fracturing. Many of the culprits are obvious. Revisionist powers, such as China and Russia, want to reshape global rules to their own advantage. Emerging powers, such as Brazil and India, embrace the perks of great-power status but shun the responsibilities that come with it. Rejectionist powers, such as Iran and North Korea, defy rules set by others. Meanwhile, international institutions, such as the UN, struggle to address problems that multiply faster than they can be resolved.

The newest culprit, however, is a surprise: the United States, the very country that championed the order's creation. Seventy years after U.S. President Harry Truman sketched the blueprint for a rules-based international order to prevent the dog-eat-dog geopolitical competition that triggered World War II, U.S. President Donald Trump has upended it. He has raised doubts about Washington's security commitments to its allies, challenged the fundamentals of the global trading regime, abandoned the promotion of freedom and democracy as defining features of U.S. foreign policy, and abdicated global leadership.

Trump's hostility toward the United States' own geopolitical invention has shocked many of Washington's friends and allies. Their early hopes that he might abandon his campaign rhetoric once in office and embrace a more traditional foreign policy have been dashed. As Trump has jettisoned old ways of doing business, allies have worked their way through the initial stages of grief: denial, anger, bargaining, and depression. In the typical progression, acceptance should come next.

But the story does not have to end that way. The major allies of the United States can leverage their collective economic and military might to save the liberal world order. France, Germany, Italy, the United Kingdom, and the EU in Europe; Australia, Japan, and South Korea in Asia; and Canada in North America are the obvious candidates to supply the leadership that the Trump administration will not. Together, they represent the largest economic power in the world, and their collective military capabilities are surpassed only by those of the United States.

This “G-9” should have two imperatives: maintain the rules-based order in the hope that Trump’s successor will reclaim Washington’s global leadership role and lay the groundwork to make it politically possible for that to happen. This holding action will require every member of the G-9 to take on greater global responsibilities. They all are capable of doing so; they need only summon the will.

Economic cooperation is a good place to start, and G-9 members are already creating alternatives to the trade deals Trump is abandoning. But they will have to go further, increasing military cooperation and defense spending and using a variety of tools at their disposal to take over the U.S. role as the defender and promoter of democracy, freedom, and human rights across the globe. If they seize this opportunity, the G-9 countries will not just slow the erosion of an order that has served them and the world well for decades; they will also set the stage for the return of the kind of American leadership they want and that the long-term survival of the order demands. Indeed, by acting now, the G-9 will lay the basis for a more stable and enduring world order—one that is better suited to the power relations of today and tomorrow than to those of yesterday, when the United States was the undisputed global power.

THE WORLD AMERICA MADE

The emergence of a rules-based order was not an inevitability but the result of deliberate choices. Looking to avoid the mistakes the United States made after World War I, Truman and his successors built an order based on collective security, open markets, and democracy. It was a radical strategy that valued cooperation over competition: countries willing to follow the lead of the United States would flourish, and as they did, so, too, would the United States.

“The world America made,” as the historian Robert Kagan has put it, was never perfect. During the Cold War, the reach of American influence was small. The United States at times ignored its own lofty rhetoric to pursue narrow interests or misguided policies. But for all its shortcomings, the postwar order was a historic success. Europe and Japan were rebuilt. The reach of freedom and democracy was extended. And with the collapse of the Soviet Union, the U.S.-led postwar order was suddenly open to all.

But that success also created new stresses. The rapid growth in the movement of goods, money, people, and ideas across borders as more countries joined the rules-based order produced new problems, such as climate change and mass migration, that national governments have struggled to handle. Economic and political power dispersed as countries such as Brazil, China, and India embraced open markets, complicating efforts to find common ground on trade, terrorism, and a host of other issues. Iran and Russia recoiled as the U.S.-led order encroached on their traditional spheres of interest. And the U.S. invasion of Iraq in 2003 and the global financial crisis of 2007–8 raised doubts about the quality and direction of U.S. leadership.

Upon leaving office in 2017, U.S. President Barack Obama urged his successor to embrace the indispensability of U.S. leadership. “It’s up to us, through action and example, to sustain the international order that’s expanded steadily since the end of the Cold War, and upon which our own wealth and safety depend,” he wrote in a note he left in the Oval Office. Trump took the opposite approach. He campaigned on a platform that global leadership was the source of the United States’ problems, not a solution to them. He argued that friends and allies had played Washington for a sucker, free-riding on its military might while using multilateral trade deals to steal American jobs.

For all its shortcomings, the postwar order was a historic success.

At the start of Trump’s tenure, his selection of proponents of mainstream foreign policy, such as James Mattis as secretary of defense and Rex Tillerson as secretary of state, for top national security jobs spurred hopes at home and abroad that he would temper his “America first” vision. But by withdrawing from the Trans-Pacific Partnership (TPP), the Paris agreement on climate change, and the Iran nuclear deal; embracing mercantilist trade policies; and continuing to question the value of NATO, Trump has shown that he said what he meant and meant what he said. He is not looking to reinvigorate the rules-based order by leading friends and allies in a common cause. They are the foes he wants to beat.

Trump’s preference for competition over cooperation reflects his belief that the United States will fare better than other countries in a world in which the strong are free to do as they will. But he fails to understand that doing better than others is not the same as doing well. In fact, he is forfeiting the many advantages the

United States has derived from the world it created: the support of strong and capable allies that follow its lead, the ability to shape global rules to its advantage, and the admiration and trust that come from standing up for freedom, democracy, and human rights.

Worse, by alienating allies and embracing adversaries, Trump is providing an opening for China to rewrite the rules of the global order in its favor. “As the U.S. retreats globally, China shows up,” Jin Yanan, a top Chinese military official, gloated last year. Beijing has positioned itself as a defender of the global trading system, the environment, and international law even as it exploits trade rules, builds more coal-burning power stations, and expands its control in the South China Sea. This bid to supplant the United States as the global leader is hardly destined to succeed. China has few friends and a lengthy list of internal challenges, including an aging work force, deep regional and economic inequalities, and a potentially brittle political system. But a world with no leader and multiple competing powers poses its own dangers, as Europe’s tragic history has demonstrated. The United States will not be the only country to pay the price for a return to such a world.

THE NEW GUARD

The consequences of the United States’ abdication of global leadership have not been overlooked abroad. If anything, Trump’s policies have highlighted how much other countries have invested in the rules-based order and what they stand to lose with its collapse. “The fact that our friend and ally has come to question the very worth of its mantle of global leadership puts in sharper focus the need for the rest of us to set our own clear and sovereign course,” said Chrystia Freeland, Canada’s foreign minister, early in Trump’s presidency.

That recognition has driven repeated efforts by U.S. allies to placate Trump. They have looked for common ground despite deep substantive disagreements—not to mention Trump’s ham-handed tactics, petty insults, and unpopularity among their own citizens. But so far, these efforts to compromise haven’t worked, and they aren’t likely to for one simple reason: what U.S. allies want to save, Trump wants to upend.

The United States’ friends and allies—with the G-9 countries in the lead—need to act more ambitiously. They must focus less on how to work with Washington and

more on how to work without it—and, if necessary, around it. As German Foreign Minister Heiko Maas told a Japanese audience in Tokyo last July, “If we pool our strengths . . . we can become something like ‘rule shapers,’ who design and drive an international order that the world urgently needs.”

European Council President Donald Tusk, Japanese Prime Minister Shinzo Abe, and European Commission President Jean-Claude Juncker at the start of a EU-Japan summit in Brussels, Belgium, July 2017

POOL / REUTERS

European Council President Donald Tusk, Japanese Prime Minister Shinzo Abe, and European Commission President Jean-Claude Juncker at the start of a EU-Japan summit in Brussels, Belgium, July 2017

Of the potential areas for G-9 cooperation, trade holds the greatest promise, as the G-9 pulls significant economic weight and has already looked for ways to blunt Trump’s protectionist policies. The G-9 countries clearly have the capacity to push their point. Collectively, they generate one-third of global output, more than double China’s share and nearly 50 percent more than that of the United States. And they account for roughly 30 percent of global imports and exports, more than double both China’s and the United States’ share.

As important as the economic pull of the G-9 countries is the willingness they have already shown to counter Trump’s mercantilist policies. After Trump withdrew the United States from the TPP shortly after taking office, Australia, Canada, and Japan led the effort to salvage the trade deal as a counterweight to China. In early 2018, the 11 remaining members agreed on a revised pact that preserved most of the deal’s market-opening provisions; it will create a free-trade zone of 500 million people that will account for about 15 percent of global trade. Colombia, Indonesia, South Korea, and Thailand are among the nations that have expressed an interest in joining the so-called TPP-11, broadening its potential clout. The EU is also a logical partner for the TPP-11 countries. It has already negotiated separate trade agreements with Canada, Japan, and South Korea and has begun negotiating one with Australia; the EU-Japanese deal created a market of 600 million people, the largest open economic area in the world.

The United States’ friends and allies need to act more ambitiously.

The TPP-11, the EU-Japanese free-trade agreement, and similar deals will intensify competition between the G-9 and the United States. The agreements give G-9 exporters an advantage over their U.S. counterparts in terms of market access and standards. But even with the growing need to work around or without the United States, the G-9 should still explore ways to cooperate with Washington. One example is the need to reform the World Trade Organization. Trump has repeatedly criticized the WTO, at times suggesting he might pull the United States out. That's likely an empty threat, because leaving would decidedly disadvantage U.S. firms. But Washington and the G-9 share legitimate concerns about the global trading regime, particularly when it comes to China's predatory practices. They might, for example, work to limit the sorts of subsidies that give state-owned enterprises in China and elsewhere a competitive advantage, replace the current system of "self-graduation" with objective standards for when developing countries must shoulder their full WTO obligations, and revamp the dispute-settlement process so that decisions are rendered more quickly and adhere more closely to the rules member countries have agreed on.

COOPERATION IS KEY

Security cooperation will be more challenging. European allies have the necessary mechanisms for cooperation through NATO and the EU, but they don't spend sufficiently on defense. Asian allies spend more on defense, but they lack an equivalent to NATO or the EU. Yet if G-9 members can make good on commitments to invest more in their own security, the potential waiting to be tapped is impressive. The G-9 represents a military power second only to the United States. In 2017, G-9 countries together spent more than \$310 billion on defense, at least a third more than what China spends and more than four times what Russia spends. Every G-9 country ranked in the top 15 of the largest military spenders in the world.

When it comes to defense, much of Trump's criticism of U.S. allies is misguided, if not outright wrong. Despite Trump's griping that allies don't pay their fair share, they in fact cover a substantial part of the cost of the United States' military presence in their countries: Germany contributes 20 percent of the cost, South Korea contributes 40 percent, and Japan pays half. What is more, the integrated command structures of U.S. and NATO forces act as a force multiplier to deliver a far bigger punch than would be possible if the United States had to act on its

own. It should also not be forgotten that large numbers of allied troops have fought and died alongside Americans in Afghanistan and elsewhere.

But Trump's complaint about free-riding allies—which several of his predecessors shared but expressed more diplomatically—has some merit with regard to both European and Asian allies. No alliance can survive if its members refuse to carry their own weight, and many U.S. allies, especially in Europe, depend too heavily on Washington for their security. They conceded as much in 2014, when every NATO member pledged to spend at least two percent of GDP on defense by 2024. Although the United States' global security responsibilities require it to spend far more, the two percent target would still represent a significant increase for many countries and allow Europe to carry its fair share of the overall defense burden.

If all of NATO's European members met the two percent target, their combined annual defense spending would jump from about \$270 billion to \$385 billion—an increase nearly twice the size of Russia's total defense budget. An increase of that scale would allow for a major upgrade in military capabilities, especially if new funds were spent with an eye toward enhancing cooperation and connectivity among the armed forces. That is precisely the goal of the EU's Permanent Structured Cooperation, founded earlier this year, which aims to deepen European defense cooperation. The challenge is to make sure that the aggregation of this military potential adds up to more than the sum of its parts by avoiding duplication, consolidating research-and-development expenditures, and procuring complementary military capabilities.

When it comes to military cooperation, U.S. allies in Europe have an edge over those in Asia. Asia has no equivalent to NATO and is unlikely to develop one anytime soon. U.S. allies there are, however, strengthening their defense and security cooperation in the face of China's growing power and concerns over the reliability of the United States as a military partner. In January 2018, Australia and Japan pledged to work together more closely, including by allowing joint exercises of their armed forces. The two countries are also developing ties with India and exploring ways to conduct joint naval exercises. These early steps toward collaboration could evolve into regular planning, training, and cooperation on defense research, development, and procurement.

The lack of deep, multilateral military cooperation among Asian allies is partially offset by their willingness to invest in defense. Australia and South Korea both spend at least two percent of GDP on their militaries. Australia and New Zealand have long sent forces in support of major military operations in Afghanistan, the Middle East, and even Europe, demonstrating their belief that their own regional security is linked to security worldwide. Japan spends just one percent of GDP on defense, in accordance with its unique pacifistic constitution drafted by occupying U.S. forces after World War II. In spite of constitutional constraints, the Japanese military is one of the most capable in Asia, and Prime Minister Shinzo Abe has opened an important national debate about changing the constitution and increasing the country's military capabilities.

For the G-9 to function as a unit when it comes to security, European and Asian countries will need to collaborate more directly. Although the major European military powers are unlikely to take on a large defense role in Asia, they can and should do more. The threat posed by North Korea has long preoccupied European capitals, and European forces continue to be part of the UN command established at the onset of the Korean War. China is a major concern as well. Europe has a critical interest in ensuring freedom of navigation throughout the Asia-Pacific region and sustaining a balance of power there. Strengthening defense ties between Europe and Asia will be key to counterbalancing China's rise. During a May 2018 visit to Sydney, French President Emmanuel Macron had this goal in mind when he called for an alliance among Australia, France, and India, saying, "If we want to be seen and respected by China as an equal partner, we must organize ourselves."

STEPPING UP

Liberal democracy has come under assault after many decades of advancing across the globe. Led by China, authoritarian countries are openly challenging global rules and ideas about freedom and making the case that their sociopolitical systems work better than liberal democracy. The rise of populist movements in many Western countries has led to increased support for illiberalism even within established democracies. A growing refugee and migration crisis is challenging liberal norms regarding tolerance and diversity. But the loss of the United States as a strong global leader is perhaps the biggest change.

For 70 years, Western allies shared a commitment to democracy, freedom, and human rights and a belief that advancing them globally was an essential contribution to international peace and prosperity. The G-9 needs to carry on this work, even if Washington bows out. It can start by taking the lead in international institutions, such as the UN and the World Bank. Washington's voice has fallen silent in these forums. The G-9 countries must speak up loudly, clearly, and in unison in favor of democracy and freedom wherever and whenever these are challenged.

Political exhortation is unlikely to be sufficient on its own. The G-9 needs to flex its economic muscles, too. For example, it could use trade preferences and development assistance as leverage (a strategy China never shies away from). In 2017, the G-9 spent more than \$80 billion on official development assistance, well over twice what the United States spent. Conditioning aid on the protection and promotion of democracy, freedom, and human rights would be a powerful way for G-9 countries to defend and extend these core values.

The G-9 will also have to use military force independent of Washington. France and the United Kingdom have already led military interventions for humanitarian purposes, mainly in northern and western Africa. In June 2018, together with seven other EU allies, the British and the French agreed to establish a joint military force to intervene in times of crisis. This is another small but important step that could serve as a model for similar collaborations.

PROTECTING THE ORDER

To be effective, the G-9 will have to institutionalize in some form. Annual leader summits and regular meetings of foreign, defense, and other ministers will be needed to give the group's efforts weight and significance. The G-9 could also form an informal caucus in international institutions, such as the UN, the WTO, and the G-20. In strengthening formal ties and cooperation, the G-9 should avoid appearing exclusive; it should at all times welcome the participation and support of like-minded countries, including the United States. The goal should be to uphold and rejuvenate the existing order, not to create a new, exclusive club.

The primary obstacle the G-9 will face, however, isn't likely to be institutional; it will be a lack of political will to step up and defend the order. Washington has exhorted its European and Asian allies to carry more weight for years and has

been met mostly with shrugs and excuses. Meanwhile, countries such as Germany and Japan have grown comfortable complaining about U.S. policy but remain unprepared to take on more responsibility. European countries have tended to look inward, and U.S. allies in Asia have preferred to deal with Washington bilaterally rather than work with one another.

U.S. allies are also tempted to avoid taking action by the hope that Trump might not actually do what he threatens or that a new president will take office in January 2021, and the storm will pass. But Trump's first 20 months in office suggest that he believes his nationalist, unilateralist, and mercantilist policies have produced "wins" for the United States. And even if Trump serves only one term, his successor may pay a political price for trying to reclaim a global leadership role for the United States. Although recent polls by the Chicago Council on Global Affairs and others have shown that the American public rejects critical parts of "America first"—support for an active U.S. role in the world, for trade deals, and for defending U.S. allies has increased markedly since Trump took office—the idea that lingering resentment toward ungrateful allies propelled Trump to victory has become conventional wisdom in some circles. Without evidence that the United States' partners are doing their fair share, a new president may choose to remain on the sidelines of international politics and focus on domestic issues.

The G-9 must act now to prepare for such risks. Yet at the same time, it should recognize that without U.S. help, it can sustain the order for only so long. In the long run, the best the G-9 can hope to accomplish is to keep the door open for the eventual return of the United States. The challenges to the postwar order are too broad and the task of collective action too great to expect G-9 members to sustain alliances, maintain open markets, and defy democratic regression indefinitely. Unlike the United States, the G-9 consists of nine different political entities (including one that represents 28 nations), each of which faces distinct political pressures and requirements. Their ability to act in concert and to lead globally will invariably be less effective than that of a single great power.

Fortunately, "America first" need not become America's future. Instead, it could be a productive detour that reminds Washington and its allies why the order was created in the first place. Indeed, by investing more in that order and carrying a greater share of the burdens and responsibilities of global leadership, the G-9

may not only help sustain the order but also place it on a more stable and enduring foundation. The outcome may be one many U.S. leaders have long sought—a more balanced partnership with European and Asian allies in which everyone contributes their fair share and has a say in how the order should evolve to meet the new challenges.

Allied leaders know that they need to take more action. They understand that although the demise of the liberal order will cost the United States dearly, it will cost them even more. Great-power competition will intensify, predatory trade practices will spread, and the democratic reversal already under way will pick up speed. “The times when we could completely count on others, they are over to a certain extent,” German Chancellor Angela Merkel remarked a few months after Trump came to office. “We Europeans really must take our fate into our own hands.” Now is the time for Germany and the other G-9 countries to match deeds to words. If they settle for complaints and laments, they will have more than Trump to blame for the passing of the rules-based order.

Source: <https://www.foreignaffairs.com/articles/2018-09-30/committee-save-world-order?cid=int-lea&pgtype=hpg>

Implications of Indo-Israel Defence Nexus in South Asia By Mahvish Malik

Indo-Israel nexus is not something new when it comes to strategic cooperation between the two. Both states have been jointly investing in different domains; starting from the development of capabilities like conventional missiles and drones, and in domains such as counter-terrorism, cyber and space. This has been done under the ambit of 'Made in India' projects. The common trends in all these developments suggest that these military developments significantly target Pakistan and undermine the regional stability of South Asia.

Pakistan is a country which constantly supports peace and stability in the region which is affected by the aggressive Indo-Israel military developments. Israel remains a significant threat to peace in this region. Israel is the third largest arms suppliers to India and that broadly targets Pakistan. Israel also reportedly backs the so-called Indian 'surgical strikes' against Pakistan. This was evident from Israeli Prime Minister Netanyahu's response to a question during an interview regarding Israel's support of Indian surgical strikes against Pakistan, when he said that, "you fight terrorism by fighting it".

On the political front, different high-level delegation visits between India and Israel have also contributed towards establishing a strong political relationship. In the last two years, this diplomatic relationship has improved further and Israel remains successful in changing Indian diplomatic position on Israel-Palestinian rifts and urging India to abstain from voting against Israel at the UN. This was a historic and a significant diplomatic change that the BJP government took against their so-called neutral foreign policy towards Israel and Palestine.

Since the last few decades, the Israeli military-industrial complexes have intrigued India. India significantly wants to expand their cooperation on various accounts; as it aims to be a regional hegemon and thus exploit its conventional asymmetry against Pakistan.

Moreover, India has shown an interest in Israel's expertise in their missile defence system. It can be a major way out for the Defence Research and Development Organisation (DRDO), which has faced many failures in developing

indigenous missile defence systems. In the past, the US prevented Israel from selling its missile defence system to India as they had jointly developed it. Despite this, Israel exported its two Ballistic Missile Defence (BMD)-based radar systems, named Green Pine, to India in 2002. In the backdrop of the recently deepening Indo-US defence cooperation, there is a possibility that of the US assisting Israel on matters related to India.

Likewise, India is interested in purchasing the Israeli Iron Dome that is a missile interceptor with the range of 4 km-70 km. India has already signed a deal worth USD two billion with Israel to jointly develop the Iron Dome in India. Hence, it implies that the Iron Dome can be deployed along Pakistan's border in case of any future conflict, which is a matter of great concern for Pakistan.

India and Israel have announced the joint development of a Medium-Range Surface-to-Air Missile (MRSAM) system for the Indian Army as well. The specifications of the system are unknown; moreover, India is also interested in Israel's medium to long-range rockets and the David Sling cruise missile defence system, with the range of 40 km -300 km. Another deal for around 320 Spike anti-tank guided missile systems (ATGMs) is also in the pipeline between both the sides.

The Indo-Israel defence nexus offers a boost to the Indian military side and explicitly disturbs the regional peace in South Asia. Such developments are targeted against Pakistan and drag it into an arms race

Besides, India is considering purchasing a 164 laser-designation pods or 'Litening-4' for the Indian Air Force fighters like Sukhoi-30MKIs and Jaguars, as well as 250 advanced Spice precision stand-off bombs capable of taking out fortified enemy command centers underground.

India's stagnant effort to develop its indigenous armed drone, Rustom, will be replaced with Heron TP Unmanned Combat Air Vehicles (UCAVs), under the 'Made in India' program. India has fastened its efforts to develop this drone after Pakistan developed its indigenous UCAV Burraq in 2015. The Indian government reportedly approved the purchase of 10 Heron TP armed drones from Israel. It has been stated that these armed drones will be used against counter-terrorism and counter-insurgency operations.

Furthermore, past interactions between India and Israel on space collaboration suggest that both countries will further deepen their partnership on surveillance and reconnaissance against Pakistan and China as part of intelligence sharing. For instance, Israel's highly developed spy satellite 'Polaris' was installed in space by an Indian space launch vehicle which allowed India to use certain images from this satellite. India is already moving from militarisation to weaponisation of space.

Like space, another area where Israel foresees India as its potential market is the selling of its cyber-related equipment and expertise. Under the counter-terrorism domain, Israel's National Cyber Defence Authority has invited PM Modi to develop a partnership in civil and military cybersecurity, in addition to other areas of land and maritime border surveillance. Such military collaborations can be expanded further into trilateral military surveillance programs including the US, India, and Israel.

Israel provided military equipment and surveillance to India in 1965, and 1971, wars as well, in addition to the 1999 Kargil conflict. In the wake of 2008, Mumbai attacks, both sides established a Joint Working Group on Counter-Terrorism followed by two agreements related to Cooperation in Homeland and Public Security, and the Protection of Classified Material.

Similarly, a collaboration on electronic fencing of the border wall along the Line of Control (LoC) between India and Pakistan to stop the cross-border infiltration by terrorists, is another step towards the provision of military assistance by Israel to India. Therefore, the Indo-Israel defence nexus offers a boost to the Indian military side and explicitly disturbs the regional peace in South Asia. Such developments are targeted against Pakistan and drag it into an arms race. Pakistan is a proponent of peace and regional stability and it discourages actions that undermine the peaceful environment of the region.

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Rapprochement Quest Over Denuclearization By Beenish Altaf

Mike Pompeo, the US Secretary of State, travel to visit Asian countries includes Japan, South Korea, China and North Korea. However, his visit to Pyongyang was with the explicit agenda of discussing denuclearisation talks with Kim Jong-un, the North Korean leader. The plan to visit Pyongyang was made during a meeting with Ri Yong-ho, North Korean Foreign Minister during the UNGA sessions. This trip marked the fourth visit to the country this year, for the same cause.

There are still mixed views regarding the status on nuclear talks from both sides. Although there are limited moves from both sides (the US and North Korean leadership) towards the accomplishment of their goal, but they lag behind on any substantial outcome in this regard. There are critiques that the US is still not realistic about keeping up its promises. By the way, Pompeo's previously scheduled visit in August, for this purpose was called off by President Trump indicating that "Chinese interference was undermining the nuclear talks."

Paradoxically, the Northern side is demanding that the US should join both North and South Korea to halt the long standing Korean War. The US, as of now, should play an effective and an operational role, as an initial 'confidence building concession' in the Korean Peninsula, for the reason that the peace treaty is still not signed between North and South Korea; even though the war was halted after reaching a truce back in 1953.

This collaborative approach would have been effective, but regrettably the United States preferred to hurl threats at North Korea aggravating the situation further. Nevertheless, one must be optimistic with regards to the efforts made by the US Secretary of State to reinvigorate nuclear talks between the two countries

Formerly, the relationship between the US and North Korea remained on edge and grew tense after harsh and threatening statements were exchanged by the two, at the state level. It was followed by several missile tests from the North Korean side, who up till now have conducted six nuclear tests (the latest was in September 2017). North Korea offered a frightening and alarming demonstration

in the preceding months by highlighting their capability to deliver warheads, using missiles that could easily strike South Korea, Japan and the United States territories. It was actually to exasperate the US' plan of installing an anti-missile defence system in South, which resulted in further aggravating North Korea. However, the two sides have been slowly trying to flesh out Kim's (though vague) commitment to denuclearization that was made when he met President Trump in June 2018.

On one hand, the analysts maintain that North Korea has not taken any meaningful step to show it is serious about abandoning its nuclear weapons. Kim has committed to give up his country's nuclear weapons; though his actions have fallen short of Washington's demands for a complete inventory of North Korea's weapon program and the irreversible steps to give up on nuclear arsenal that could be a potential threat to the United States. On the other hand, recently, at a rally in West Virginia, President Trump said, "He and Kim fell in love" during their June summit. Along with that he also spoke quite cordially regarding the "beautiful letters" the North Korean leader sent him. He said "I was really tough and so was he, and we went back and forth and then we fell in love, Okay? No, really, he wrote me beautiful letters, and they're great letters. We fell in love."

Ironically, Pompeo is helping to plan for a second summit between Kim and President Donald Trump. The world will observe a rapid shift in the US-Korea relations if the previously announced denuclearization timeline works. The US Secretary of State told in the aftermath of the inter-Korea summit (September 2018): the process of rapid denuclearisation of North Korea, is to be completed by January 2021, as committed by Chairman Kim, and to construct a lasting and stable peace regime on the Korean Peninsula. Nevertheless, later he felt reluctant and said that "my comment about 2021 was not mine. I repeated it but it was a comment that had been made by the leaders who had their inter-Korean summit in Pyongyang. They talked about 2021 when they were gathered there. So I was reiterating this as a timeline that they were potentially prepared to agree to."

Lastly, it is desired very righteously, that all the countries in the region including North and South Korea, Japan, China and the US, manage the situation diplomatically with utmost responsibility. Evidently, there were plenty of opportunities in the past when North Korean leadership expressed its willingness

to talk to the world about its nuclear program and to lift sanctions and the provision of necessary economic assistance. This collaborative approach would have been effective, but regrettably the United States preferred to hurl threats at North Korea aggravating the situation further. Nevertheless, one must be optimistic with regards to the efforts made by the US Secretary of State to reinvigorate nuclear talks between the two countries.

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US-Taliban Talks | Editorial

A PUBLICLY acknowledged meeting between a US envoy and the Afghan Taliban is perhaps another sign that the US is, at long last, willing to acknowledge the political and military reality in Afghanistan.

Zalmay Khalilzad, a hawkish diplomat appointed as the US special representative for Afghanistan reconciliation last month, has met with six Afghan Taliban leaders in Qatar, raising hopes that a meaningful peace and reconciliation process may be underway in Afghanistan.

While cautious optimism may be called for this time — and it is to be hoped the days and weeks ahead will bring more positive news — the long history of false starts and broken promises in Afghanistan should not be forgotten.

A clear-eyed but purposeful approach is called for by all sides.

Failure at this stage could throw Afghanistan and the region into fresh turmoil at a time when the global order is facing unprecedented stresses.

It is not clear what approach Mr Khalilzad is taking in his attempts to reinvigorate a stalled peace process in Afghanistan.

The US diplomat's reputation as a hawk, particularly his near-incendiary views on Pakistan's role in the region, did not bode well for regional peace efforts when his latest appointment was announced last month.

Yet, if Mr Khalilzad proves to be a hard but pragmatic negotiator, he may be able to help break a negotiating stalemate in Afghanistan.

An Afghan-led, Afghan-owned peace process is desired by all sides, but the reality of the US's military, political and financial role in Afghanistan has long meant that a peace with the Taliban would entail difficult decisions on a future role of the US in the country.

If Mr Khalilzad has the full backing of President Donald Trump, he could thread the needle between the Taliban's demands for a complete withdrawal of US forces and the Afghan government's and, likely, the US's demand for a future political set-up in Afghanistan that is acceptable to them.

It is possible that the Taliban themselves are recognising that a potential window for a peace deal, backed by regional and international powers, may be closing.

The US, China, Russia, Pakistan, India, Iran, Saudi Arabia and Turkey, among other countries with stakes or a role in Afghanistan, are themselves being drawn into complicated bilateral and multilateral struggles that could affect their ability to cooperate and coordinate on Afghanistan.

For Pakistan, the challenge remains the same: helping achieve peace and stability in Afghanistan while better managing strained ties with the US.

A steady approach and common-sense diplomacy are needed.

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UN Role in Kashmir By Muhammad Khan

The principle of self-determination is prominently embodied in Article I of the UN Charter, explaining that, "All peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development." The de-colonisation of Indian Sub-continent was a historical event. Pakistan and India came into being as a result of this decolonisation. The major factor behind this decolonisation was the right of self-determination, granted to everyone through above mentioned provision of UN Charter. Whereas the bulk of the world nations got this right, Kashmiris were denied of their inalienable right in 1947. Failure to get their right, Kashmiri started their struggle against Dogra Rule through announcement of an independent (Azad) Kashmir. On October 24, 1947, Kashmiri formally established the Azad Kashmir whose resolution for accession with Pakistan was already announced on July 19, 1947. On October 27, 1947, Indian forces landed at the Srinagar Airport and then there was a war between Kashmiris and Indian forces. Surprisingly, even being an aggressor, India, referred the Kashmir case to UN.

Indeed, the issue of Jammu and Kashmir is the oldest unresolved issue on the agenda of the United Nations Organisation. From January 1948 to May 1964, United Nations Organisation passed sixteen resolutions and undertook many debates and discussions concerning Jammu and Kashmir. In all of its resolutions, including resolutions of United Nations Commission for India and Pakistan (UNCIP), United Nations Organisation asked for a fair and impartial plebiscite to decide the future status of Jammu and Kashmir as per the wishes of its subjects. In order to implement its resolutions, UN appointed its missions, mediators and even nominated Plebiscite Administrators with various practicable suggestions and proposals to reach a logical solution of the issue. However, owing to inflexible attitude of India, all these efforts proved futile, resultantly, Kashmir issue is still unresolved and Kashmiri masses are suffering the worst form of human rights violations at the hands of Indian occupation forces.

Compared to cold war era, where US and West was supportive to Pakistani stance on Kashmir, there is total different scenario in 2018. At that time, UN representatives and its missions worked selflessly with devotion and dedication

for working out a positive outcome to resolve the dispute. Unfortunately, at that time India and its strategic ally, former Soviet Union blocked all UN efforts for a solution of the dispute. Pakistan, however, has been asking for the right of self-determination of Kashmiris as per UN Charter and its resolutions. Since United Nations accepted the right of self-determination of Kashmiris, thus, all its resolutions, stressed for a free, fair and impartial plebiscite under it. India, however, fearing a defeat, resorted to delaying tactics to avert the plebiscite exercise.

Like always, today in 2018, the oppressed Kashmiri masses are looking towards United Nations to play a constructive role for concluding the dispute on logical grounds as per its Charter and resolutions. As an impartial world body, UN could have seen through the Indian design, which only desire to annex the territory of Jammu and Kashmir as part of Indian Union. India is doing all this while setting aside the facts of geographical contiguity, ethnic homogeneity and above all the wishes of the Kashmiris. It is India which has delayed the conduct of plebiscite in Kashmir against the UN Charter and wishes of the people.

Practically, there cannot be any accession of the state with India, since UN has passed two specific resolutions with a clear verdict regarding the powers and jurisdiction of the State's Legislative Assembly. Through UN resolutions; March 30, 1951, and January 24, 1957, it is categorically stated that, State's Constituent Assembly cannot determine the future status of the state, until there is a UN sponsored plebiscite. Pakistan and Kashmiris are concerned that, despite its clear directive through its resolution, India continued its illegal acts and this world body could not take any action against it.

After seven decades UN still seems to be undecided to take a decisive step for the resolution of this outstanding dispute. This world body did not delay actions in case of East Taimoor, South Sudan and many such like issues, which provides a pretext to Kashmiris to say that, UN is discriminatory and so are the major powers. Had, this world body been free and impartial from international influences, Kashmiris would have given their right of self-determination much earlier. Verbal condemnation of Indian occupation and Indian state terrorism over the people of IOK would not make much of difference. There is a planned genocide going on in IOK, which warrants immediate action by UN and major powers. The humanitarian dimension of the dispute has to be looked into by

international community and United Nations for its final resolution, before the region gets into another conflict.

— The writer is Professor of Politics and International Relations at International Islamic University, Islamabad.

Source: <https://pakobserver.net/un-role-in-kashmir/>

US-Iran Confrontation & Regional Stability

By Tariq Niaz Bhatti

FRESH US sanctions against Iran are due on Nov 04 as part of its withdrawal package from JCPOA or Iran nuclear deal. It clearly indicates Washington's toughening stance towards Iran. US sanctions have created its own sets of political and economic problems but Iran has its own way of responding to the crisis as was done in the past. However, Washington pressure on the regime stands. How Tehran is going to respond or react to this bullying will determine the future regional economic and political stability in the entire ME.

Iran faces three powerful enemies in the ME region i.e. US, Israel and KSA challenging its desires of dominating the region. Iranian support to the Hezbollah in Lebanon, similar organisation in Bahrain, proxies in Syria and Houthis in Yemen are part of its efforts to expand its economic political and military reach in the entire region. Tehran nuclear and missile proliferation is another source of concern for its powerful enemies which prompted Trump Administration to withdraw from the JCPOA this year. Iran's internal problems are no less serious. Its minorities like Sunni Baloch in southeastern Sistan and Balochistan province, Kurds in northwestern provinces of West Azerbaijan and Kurdistan and Ahwazi Arabs in southwestern Khuzestan province have shown their discontent with Tehran by participating in anti govt protests. These areas are witnessing the growing influence of ISIS and other regime resisting groups. Growing number of terror attack in mainland Iran in the past two years vindicates the assertion.

US has created independent and autonomous structures on the eastern banks of Euphrates in Syria in the form of organisation like Kurdish Peoples Protection Units (YPG) and the democratic Union Party (PYD) in its fight against ISIS. Tehran's persecution of Arabs in its Khuzestan province has led to emergence of several political and liberation movements among these prominent are "The Arab National Struggle Movement for the Liberation of Al-Ahwaz" and "The Arab Front for the Liberation of Al-Ahwaz. Recently the Komala Party of Iranian Kurdistan, a rebel outfit recently got registered with the US Justice Department, is trying hard to prove its credentials to the US authorities as the most reliable ally and can prove effective fighters in the mountainous regions of Iran-Iraq border. These developments are taking place in the wake of Trump Administration hard stance

against Iran and any insurgency in Iran's border regions can prove dangerous to its internal stability in near future.

Iranian currency has lost approximately 75% of its value since the beginning of this year. Iranian Supreme leader Ali Khamenei while addressing the Basij Militia on October 4 said his country is facing sensitive time and economic problems because of the pressure from US sanctions. He further said that his country must deliver a slap to Washington by defeating those sanctions. The above response stems from the political culture of Iranian ruling elite which seemingly is based on three non-negotiable premises i.e. religious legitimacy, Shi'ism and military and police state. Iran hosted regional security dialogue in Tehran on September 26 as a mechanism to fight terrorism and improve regional trade with a broader view to confront US pressure and maintain regional balance of power in its favor. National Security Advisors of Afghanistan, China, Iran, India and Russia attended the dialogue. Termed as Iran Look East 2.0 Approach, it reflects Iran's regional multilateralism sans Pakistan which is not a good omen for Pakistan-Iran bilateral trade and counter terrorism efforts. At present Pakistan-Iran bilateral trade is at its lowest ebb and Iran's new approach dashes all hopes of any future improvements in other fields as well. Under the circumstances it seems that Iran is gearing up to confront the US and is likely to continue with its policies in the region.

With a view to undoing negative impact of the US sanctions Iran is likely to embark on hide and seek game in selling its oil. Iranian regime is highly dependent on oil sales as 50% of its budget comes from external oil sales and more than 30% is collected from fee and taxes in which oil plays a major role. Iran need to sell 2.5 million barrels per day of oil which under the forthcoming sanctions will be a very difficult proposition. In anticipation of the fear of reduced oil supplies the prices of crude are already trouncing \$ 80 a barrel. It is feared that it may touch \$140 a barrel as was in 2008 which will surely have global implications. Dwindling oil sales will create serious economic and political problems for Tehran and may reduce its military capacities and weaken it internally. Pakistan faces a serious economic situation due to its own financial problems where it has to seek IMF programme to meet budgetary deficit. US-Iran confrontation will complicate matters as expected price hike in fuel prices will play havoc to its foreign exchange reserve. The evolving situation calls for a fully thought out strategy and contingency planning to meet the crisis in making.

— The writer is freelance columnist based in Islamabad.

Source: <https://pakobserver.net/us-iran-confrontation-regional-stability/>

Nuclear Weapons Don't Matter By John Mueller

The unleashed power of the atom," Albert Einstein wrote in 1946, "has changed everything save our modes of thinking, and we thus drift toward unparalleled catastrophe." Winston Churchill noted in 1955, however, that nuclear deterrence might produce stability instead and predicted that "safety will be the sturdy child of terror, and survival the twin brother of annihilation." Einstein's view became the touchstone of the modern peace movement. Churchill's view evolved into mainstream Western nuclear strategy and doctrine. Both argued that the nuclear revolution had fundamentally transformed international politics. Both were wrong.

Since the 1940s, nuclear weapons have greatly affected defense budgets, political and military posturing, and academic theory. Beyond that, however, their practical significance has been vastly exaggerated by both critics and supporters. Nuclear weapons were not necessary to deter a third world war. They have proved useless militarily; in fact, their primary use has been to stoke the national ego or to posture against real or imagined threats. Few states have or want them, and they seem to be out of reach for terrorists. Their impact on international affairs has been minor compared with the sums and words expended on them.

The costs resulting from the nuclear weapons obsession have been huge. To hold its own in a snarling contest with the Soviet Union during the Cold War, the United States spent \$5–\$10 trillion maintaining a vast nuclear arsenal—resources that could have been used more productively on almost anything else. To head off the imagined dangers that would result from nuclear proliferation, Washington and its allies have imposed devastating economic sanctions on countries such as Iraq and North Korea, and even launched a war of aggression—sorry, "preemption"—that killed more people than did the nuclear bombs dropped on Hiroshima and Nagasaki.

The time has long since come to acknowledge that the thinkers of the early nuclear age were mistaken in believing that the world had been made anew. In retrospect, they overestimated the importance of the nuclear revolution and the delicacy of the balance of terror. This spurred generations of officials to worry

more about nuclear matters than they should have and to distort foreign and security policies in unfortunate ways. Today's policymakers don't have to repeat the same mistakes, and everybody would be better off if they didn't.

THE ATOMIC OBSESSION

Over the decades, the atomic obsession has taken various forms, focusing on an endless array of worst-case scenarios: bolts from the blue, accidental wars, lost arms races, proliferation spirals, nuclear terrorism. The common feature among all these disasters is that none of them has ever materialized. Either we are the luckiest people in history or the risks have been overstated.

The cartoonist and inventor Rube Goldberg received a Pulitzer Prize for a 1947 cartoon showing a huge atomic bomb teetering on a cliff between "world control" and "world destruction." In 1950, the historian John Lewis Gaddis has noted, no U.S. official could imagine "that there would be no World War" or that the superpowers, "soon to have tens of thousands of thermonuclear weapons pointed at one another, would agree tacitly never to use any of them." And in 1951, the great philosopher Bertrand Russell put the matter simply:

Before the end of the present century, unless something quite unforeseeable occurs, one of three possibilities will have been realized. These three are:—

1. The end of human life, perhaps of all life on our planet.
2. A reversion to barbarism after a catastrophic diminution of the population of the globe.
3. A unification of the world under a single government, possessing a monopoly of all the major weapons of war.

The novelist and scientist C. P. Snow proclaimed it a "certainty" in 1960 that several nuclear weapons would go off within ten years, and the strategist Herman Kahn declared it "most unlikely" that the world could live with an uncontrolled arms race for decades. In 1979, the dean of realism, Hans Morgenthau, proclaimed the world to be moving "ineluctably" toward a strategic nuclear war and assured us that nothing could be done to prevent it.

A 1982 essay by the author Jonathan Schell asserted that the stakes were nothing less than the fate of the earth and concluded that soon “we will make our choice.” Schell continued: “Either we will sink into the final coma and end it all or, as I trust and believe, we will awaken to the truth of our peril . . . and rise up to cleanse the earth of nuclear weapons.” In the spirit of the times, the following year, a chart-topping pop song traced the dangers of accidental nuclear war, and the year after, Brown University students passed a referendum demanding that the university health service stockpile suicide pills for immediate dispensation to survivors in the event of a nuclear attack.

Disasters were certainly possible, and a healthy appreciation of the dangers nuclear weapons posed eventually led to the development and spread of best practices in strategy and safety. But prudence in controlling tail-end risks sometimes evolved into near hysteria. Nuclear exchanges were assumed to be easy to start, hard to stop, and certain to end up destroying life on earth.

Nuclear proliferation has been a perennial source of fear. During the 1960 U.S. presidential campaign, John F. Kennedy predicted that there might be “ten, 15, or 20” countries with a nuclear capability by the next election, and similar declarations continue. And since 9/11, nuclear terrorism has been the nightmare of choice.

Ever since the dropping of the bomb, in short, Armageddon and apocalypse have been thought to be looming just over the horizon. Such fears and anxieties were understandable, especially at first. But they haven’t been borne out by the lived record of the nuclear era.

WHAT ABOUT THAT LONG PEACE?

Fine, one might concede. In retrospect, perhaps the risks were exaggerated. But at least there is a retrospect—which there might not have been without nuclear weapons, since they staved off a third world war, right?

Actually, no. Nuclear strategy—a theoretical and nonexperimental enterprise—has been built on a grand counterfactual: the notion that without the prospect of nuclear devastation hanging over its head, the postwar world would have collapsed into a major conflict yet again. But this turns out to be just a story, and less history than fable.

The nuclear-deterrence-saved-the-world theory is predicated on the notion that policymakers after 1945 were so stupid, incompetent, or reckless that, but for visions of mushroom clouds, they would have plunged the great powers back into war. But the catastrophic destruction they experienced in their recent war (one they had tried to avoid) proved more than enough to teach that lesson on its own, and there is little reason to believe that nuclear weapons were needed as reinforcement.

Nuclear weapons have proved useless in conventional or guerrilla warfare, lousy at compellence, and not very good at deterrence.

Moreover, the Soviet Union never seriously considered any sort of direct military aggression against the United States or Western Europe. After examining the documentation extensively, the historian Vojtech Mastny concluded that the strategy of nuclear deterrence was “irrelevant to deterring a major war that the enemy did not wish to launch in the first place.” He added: “All Warsaw Pact scenarios presumed a war started by NATO.” In 1987, George Kennan, the architect of containment himself, had agreed, writing in these pages, “I have never believed that [Soviet leaders] have seen it as in their interests to overrun Western Europe militarily, or that they would have launched an attack on that region generally even if the so-called nuclear deterrent had not existed.”

Moscow’s global game plan stressed revolutionary upheaval and subversion from within, not Hitlerian conquest. Given Russia’s calamitous experience with two world wars, a third was the last thing Soviet policymakers wanted, so nuclear deterrence was largely irrelevant to postwar stability. Nor has anyone ever come up with a compelling or even plausible rationale for using such weapons in conflicts short of total war—because there simply aren’t many targets that can’t be attacked as effectively with conventional weapons.

Nuclear weapons have also proved useless in conventional or guerrilla warfare, lousy at compellence (think Saddam Hussein refusing to leave Kuwait), and not very good at deterrence (think the Yom Kippur War or Argentina’s seizure of the Falklands). There are circumstances in which such weapons would come in handy—say, in dealing with a super-aggressive, risk-acceptant fanatic leading a major country. But that has always been a remote possibility. The actual

contribution of nuclear weapons to postwar stability, therefore, has been purely theoretical—extra insurance against an unlikely calamity.

HOW ABOUT PROLIFERATION AND TERRORISM?

Great powers are one thing, some might say, but rogue states or terrorist groups are another. If they go nuclear, it's game over—which is why any further proliferation must be prevented by all possible measures, up to and including war.

That logic might seem plausible at first, but it breaks down on close examination. Not only has the world already survived the acquisition of nuclear weapons by some of the craziest mass murderers in history (Stalin and Mao), but proliferation has slowed down rather than sped up over time. Dozens of technologically sophisticated countries have considered obtaining nuclear arsenals, but very few have done so. This is because nuclear weapons turn out to be difficult and expensive to acquire and strategically provocative to possess.

They have not even proved to enhance status much, as many expected they would. Pakistan and Russia may garner more attention today than they would without nukes, but would Japan's prestige be increased if it became nuclear? Did China's status improve when it went nuclear—or when its economy grew? And would anybody really care (or even notice) if the current British or French nuclear arsenal was doubled or halved?

Alarmists have misjudged not only the pace of proliferation but also its effects. Proliferation is incredibly dangerous and necessary to prevent, we are told, because going nuclear would supposedly empower rogue states and lead them to dominate their region. The details of how this domination would happen are rarely discussed, but the general idea seems to be that once a country has nuclear weapons, it can use them to threaten others and get its way, with nonnuclear countries deferring or paying ransom to the local bully out of fear.

Except, of course, that in three-quarters of a century, the United States has never been able to get anything close to that obedience from anybody, even when it had a nuclear monopoly. So why should it be true for, say, Iran or North Korea? It is far more likely that a nuclear rogue's threats would cause its rivals to join together against the provocateur—just as countries around the Persian Gulf

responded to Saddam's invasion of Kuwait by closing ranks to oppose, rather than acquiescing in, his effort at domination.

If the consequences of proliferation have so far proved largely benign, however, the same cannot be said for efforts to control it. During the 2008 U.S. presidential campaign, Senator Barack Obama of Illinois repeatedly proclaimed his commitment to "do everything in [his] power to prevent Iran from obtaining a nuclear weapon—everything," and his opponent, the Republican senator from Arizona John McCain, insisted that Iran must be kept from obtaining a nuclear weapon "at all costs." Neither bothered to tally up what "everything" entailed or what the eventual price tag of "all costs" would be.

If the consequences of proliferation have so far proved largely benign, however, the same cannot be said for efforts to control it.

All they needed to do was consider the fate of one country to understand the potentially disastrous consequences of such thinking. The Iraq war had been sold as an act of preventive counter-proliferation, with President George W. Bush pointedly warning that "the United States of America will not permit the world's most dangerous regimes to threaten us with the world's most destructive weapons." A nuclear Iraq was considered unacceptable because it would "hold [its] neighbors hostage." Put aside for a moment the fact that Saddam had actually mothballed his covert weapons of mass destruction programs years earlier, so that the war turned out to be unnecessary by its own rationale. Imagine that Saddam, with his resentful population and unreliable army, had managed to acquire a modest nuclear capability. What would have happened then? What could and would he have done with the weapons? Something worse than launching the war to prevent Iraq from going nuclear, which, along with its aftermath, has killed hundreds of thousands of people and destabilized an entire region?

As for nuclear terrorism, ever since al Qaeda operatives used box cutters so effectively to hijack commercial airplanes, alarmists have warned that radical Islamist terrorists would soon apply equal talents in science and engineering to make and deliver nuclear weapons so as to destroy various so-called infidels. In practice, however, terrorist groups have exhibited only a limited desire to go nuclear and even less progress in doing so. Why? Probably because developing one's own bomb from scratch requires a series of risky actions, all of which have

to go right for the scheme to work. This includes trusting foreign collaborators and other criminals; acquiring and transporting highly guarded fissile material; establishing a sophisticated, professional machine shop; and moving a cumbersome, untested weapon into position for detonation. And all of this has to be done while hiding from a vast global surveillance net looking for and trying to disrupt such activities.

Terrorists are unlikely to get a bomb from a generous, like-minded nuclear patron, because no country wants to run the risk of being blamed (and punished) for a terrorist's nuclear crimes. Nor are they likely to be able to steal one. Notes Stephen Younger, the former head of nuclear weapons research and development at Los Alamos National Laboratory: "All nuclear nations take the security of their weapons very seriously."

The grand mistake of the Cold War was to infer desperate intent from apparent capacity. For the war on terrorism, it has been to infer desperate capacity from apparent intent.

DON'T DO STUPID STUFF

For nearly three-quarters of century, the world has been told it is perched precariously on Rube Goldberg's precipice, perennially at risk of plunging into apocalyptic devastation. But oddly enough, both we and the weapons are still here. Understanding their actual impact and putting them into the proper context would enable policymakers to view nuclear matters more sensibly.

In practice, that would mean retaining the capabilities needed to respond to the wildly unlikely nightmare scenario of having to deter a possible future Hitler while pruning nuclear arsenals and stepping back from dangerous strategies and postures. It would mean working with North Korea to establish a normal condition in the region and worrying about reducing its nuclear capabilities later. There is nothing wrong with making nonproliferation a high priority—indeed, it would do a favor to countries dissuaded from pursuing nuclear weapons by saving them a lot of money and pointless effort. However, that priority should be topped by a somewhat higher one: avoiding policies that can lead to massive numbers of deaths under the obsessive sway of worst-case fantasies.

Source: <https://www.foreignaffairs.com/articles/2018-10-15/nuclear-weapons-dont-matter>

How to Save Globalization By Kenneth F. Scheve and Matthew J. Slaughter

We live in a time of protectionist backlash. U.S. President Donald Trump has started a trade war with China, upended the North American Free Trade Agreement, imposed tariffs on the United States' closest allies, withdrawn from the Trans-Pacific Partnership, and talked endlessly about building a wall on the U.S.-Mexican border. But the backlash against globalization goes far beyond Trump himself. In fact, his presidency is more a symptom of it than its cause. Even as they may decry Trump's particular methods, many voters and politicians in both parties approve of his objectives.

By now, it is well known that this backlash followed a dramatic rise in inequality in the United States. Whether one looks at the percentage of income going to the highest earners (the top ten percent earn 47 percent of national income now, versus 34 percent in 1980), differences in income across educational groups (the premium that college-educated workers earn over high-school-educated workers nearly doubled over the same period), or stagnating real wage performance for many workers (the median real weekly wages for men working full time have not grown at all since 1980), the United States has become markedly more unequal over the past four decades. That period was also characterized by rapid globalization and technological change, which, as a large body of research demonstrates, helped increase inequality.

Still, the strength of the backlash continues to take many observers by surprise. That's because focusing only on the increase in income inequality misses the full extent of the dissatisfaction driving the reaction. For many Americans, a deteriorating labor market brings not just lower wages and less job security; it also cuts to the heart of their sense of dignity and purpose and their trust and belief in their country. That is especially true for those workers who can no longer provide for their family's basic needs or have dropped out of the labor market altogether. In a series of recent studies we conducted in communities across the United States, we heard the same sentiments from a range of respondents in a variety of circumstances: anxiety and anger about globalization and change that was not related to income alone but more broadly concerned whether Americans can still secure meaningful roles in their families and communities.

There is good reason to find a way to counter the backlash: it threatens to reverse a trend toward global openness and integration that, even with its drawbacks, has delivered real gains in the United States and around the world while bringing global inequality—as opposed to inequality within countries—to its lowest level in centuries. But because the problem goes beyond income inequality, the usual policy solutions are inadequate. It is not enough simply to redistribute income to financially compensate the losers from globalization. Addressing the backlash requires giving all Americans the tools they need to carve out the sense of security and purpose they have lost amid change.

That can happen only if the United States completely transforms the way it invests in and builds human capital. No longer can those efforts be limited mostly to the early years of a person's life, with minimal public expenditures. The country needs to rethink the role of government in developing human capital and invest substantially in doing so. The goal must be to erect a lifelong ladder of opportunity that goes from early childhood education to employment-based training throughout an individual's working life—saving globalization in a way that appeals to people from across the political spectrum.

NO NEW DEAL

Just over a decade ago, we argued in this magazine that stagnant income growth among American workers was leading to a protectionist drift in public policy. As we saw it, “a New Deal for globalization,” with a significant income redistribution that would allow globalization's gains to be shared more widely, was required to prevent a harmful backlash.

There was, of course, no such deal. Instead, what followed was the financial crisis and a set of inadequate policy responses to globalization and technological change. The stew of vast success for a few, uneasy stagnation for the great majority, and an actual decline for many others came to a boil in the 2016 election. Leading presidential candidates for both parties called for less globalization, not more.

Our diagnosis a decade ago emphasized that income growth in the United States had become extremely skewed. That trend has continued. From 2000 through 2016, the inflation-adjusted total money income (the broadest official measure of

worker compensation) of most Americans fell. The only two educational categories to enjoy an increase were workers with advanced professional degrees and those with doctorates. For the vast majority of American workers, earnings fell: by 0.7 percent for high school graduates and high school dropouts, by 7.2 percent for those with some college, by 4.3 percent for college graduates, and by 5.5 percent for those with a nonprofessional master's degree. In 2016, the median household's real income stood at \$59,039—only \$374 higher than it had been a generation earlier, in 1999.

Both globalization and technological change have contributed to this trend. (The financial crisis exacerbated the effects: because of the plunge in home prices, the net worth of the median U.S. household in 2016 was 30 percent less than it was in 2007.) As research by David Autor, David Dorn, and Gordon Hanson found, about 40 percent of the decline in U.S. manufacturing employment between 2000 and 2007 was due to surging U.S. imports from China—with persistent income losses in the communities most exposed to this trade competition. Of course, technology has also played a role. But so far, the backlash has focused on globalization, at least in part because citizens see technological change as both inevitable and fair—and globalization as neither.

IDENTITY AND FAIRNESS

Even as income inequality has grown over the past decade, it explains only part of the anxiety and dissatisfaction. Changes in labor markets have undermined people's ability to fulfill their expected roles in their families and their communities. And so people have grown angry at globalization for eroding both their identity and their basic sense of fairness.

People care not just about their absolute levels of income but also about their incomes over time—relative to their expectations and relative to what their parents made and other reference points. In the United States today, fewer children are growing up to earn more than their parents. For the cohort of Americans born in 1940, more than 90 percent earned more at age 30 than their parents did at the same age. For the cohort of Americans born in 1984, this share had fallen to barely 50 percent. Moreover, a growing number of Americans have stopped seeking work altogether. Labor-market participation, especially among the groups with stagnant incomes, has fallen dramatically in recent years. From 1970 to 2015, among American men with only a high school degree, the

labor-force participation rate fell from 98 percent to 85 percent. For American male high school dropouts, that rate fell from 94 percent to 79 percent.

The human consequences of these changes have been devastating. The economists Anne Case and Angus Deaton have shown that many of the groups with the poorest labor-market outcomes (and non-Hispanic whites without a college degree, in particular) have seen their health deteriorate markedly, with surging “deaths of despair”—suicide, drug overdoses, alcohol poisoning—raising overall mortality rates. Other researchers have connected trade-induced income changes to poor health; Justin Pierce and Peter Schott, for example, have shown that counties whose economic structures gave them greater exposure to Chinese competition had higher rates of suicide.

There has also been growing inequality across physical space. For most of American history, different regions have grown more equal in relation to one another over time, as firms and workers have taken advantage of variations in cost. But more recently, this convergence has slowed or reversed. As the value of new ideas has dramatically increased, the value of living or locating a business in a large, high-talent city has grown; an accumulating body of research shows that workers are more productive when they are surrounded by other highly skilled workers. The metropolitan areas already doing well have thus started to do even better, while areas that are suffering have had a harder time catching up.

As of 2016, there were 53 metropolitan areas in the United States with a population of at least one million. From 2010 through 2016, their output grew by an average of more than 14 percent, compared with under seven percent for cities with populations under 250,000. Total employment in the largest cities grew by 15 percent, compared with just four percent in small cities and two percent in rural areas. Those 53 cities have accounted for 93 percent of the United States’ population growth over the past decade, even though they account for only 56 percent of the overall population. From 2010 through 2016, they also accounted for about two-thirds of total GDP growth and nearly three-quarters of total job growth. And even among the largest cities, there has been growing divergence. Over the last three and a half decades, the difference in GDP per capita between the ten wealthiest and the ten poorest large cities more than doubled in real dollars.

Amid such divergences, Americans have lost faith in the future. For decades, The Wall Street Journal and NBC have periodically asked, “Do you feel confident or not confident that life for our children’s generation will be better than it has been for us?” Even during the two recessions that preceded the financial crisis (in 1990 and 2001), more Americans said they felt confident than said they felt not confident in their children’s future. But more recently, that confidence has evaporated. Even in August 2017—the start of the ninth year of the current economic recovery—nearly twice as many Americans were not confident about the future as were confident.

THE CASE FOR GLOBALIZATION

If the backlash against globalization is driven by such developments, that does not mean that simply letting the backlash proceed—shutting down trade, cutting off imports, putting up walls—will solve the underlying problems. Despite its very real role in increasing inequality, globalization does, as its champions argue, still do more good than harm. The United States’ connections to the global economy through trade, investment, and immigration have spurred gains for millions of American workers, families, and communities that, in total, exceed the losses. One study by the Peterson Institute for International Economics estimated that U.S. national output and income today would be about ten percent lower had the United States not liberalized international trade and investment as it did over the past two generations.

A United States that is cut off from the world would be a less prosperous place. An economy behind walls must generate its own ideas, technologies, and techniques rather than relying on innovations from around the world. It must provide its own savings for investment in new ideas and opportunities rather than tapping into savings abroad. And it must produce all its own goods and services rather than specializing in its particular strengths. Saving globalization requires restoring to tens of millions of Americans the dignity and the trust and faith in the United States that they have lost.

Indeed, the research shows that global engagement is correlated with innovation—which, by driving productivity, is the key factor in raising incomes. Companies that export and import or are part of a multinational enterprise tend to outperform their purely domestic counterparts, and global companies pay higher wages. Consider the performance of U.S.-based multinational companies. In

2015 (the last year for which data are available), they spent \$700 billion on new capital investment, 43 percent of all private-sector nonresidential investment in the United States; exported \$794 billion worth of goods, 53 percent of all U.S. goods exported; and spent \$284 billion on research and development, a remarkable 79 percent of total U.S. private-sector R & D. That translates directly into good jobs. In 2015, U.S. multinationals employed 28 million Americans (making up 23 percent of all private-sector jobs), paying them a third more than the average private-sector job. And contrary to conventional wisdom, academic research has repeatedly found that expansion abroad in these companies' foreign affiliates tends to create jobs in their U.S. parents, not destroy them.

Perhaps the most immediate and long-lasting damage from walling off the United States would come from new restrictions on the immigration of high-skilled workers. Immigrants have long made substantial contributions to American innovation. Immigrants, only 13 percent of all U.S. residents today, made up 39 percent of the U.S.-resident Nobel Prize winners in chemistry, medicine, and physics over the past 20 years; 31 percent of the U.S.-resident Nobel winners in all categories during that time; and 37 percent of all the U.S.-based MacArthur Foundation "genius award" winners since 2000. One recent study by the Kauffman Foundation concluded that immigrants accounted for 25 percent of all new high-tech companies founded from 2006 through 2012. As of 2017, immigrants or their children had founded 43 percent of Fortune 500 companies.

On top of the economic case for saving globalization, there is a national security case. Open markets contribute to peaceful relations between countries by raising the costs of military disputes. As trade fosters economic development, it also contributes to greater state capacity and political stability, preventing civil conflict and state failure, which can create the conditions for terrorism and other threats. And the United States' outsized role in launching and governing institutions such as the International Monetary Fund and the World Trade Organization has projected U.S. power and values in peaceful ways unprecedented in world history.

A LIFELONG LADDER OF OPPORTUNITY

If globalization has substantial benefits but is contributing to the problem of growing inequality, what can be done? The political establishment is offering Americans three alternatives: the status quo, walls that limit engagement with the

world, and income redistribution. The status quo sparked the backlash and thus will only further inflame it. Walls will leave the country poorer and less secure.

Redistribution should be part of the solution. It is a policy we recommended a decade ago, when we proposed making the U.S. tax system more progressive by eliminating payroll taxes for all workers earning below the median income while requiring high earners to pay the tax on a greater percentage of their income. But redistribution is not sufficient, because the problem extends beyond money.

Saving globalization requires restoring to tens of millions of Americans the dignity and the trust and faith in the United States that they have lost. This, in turn, requires building a lifelong ladder of opportunity that will give all citizens the human capital needed to adapt to the forces of globalization. Such a ladder would not guarantee success for everyone. But it is human capital, more than any other asset, that determines an individual's chances of thriving in a dynamic economy. The United States should expand its investments in human capital at every stage of every American's life.

The first rung of this ladder should be a collection of early childhood education programs for every American child from birth to kindergarten, funded by the federal government and based on evidence of what works. Recent research confirms the enormous private and social gains from investing in children's human capital—and, conversely, the costs of neglecting to do so. A series of studies by the Nobel laureate James Heckman and other researchers, for example, looked at two early childhood interventions in North Carolina and concluded that the benefits were seven times as large as the costs.

Today, there are about 25 million children in the United States between the ages of zero and five. Every one of these children should each year receive an average of \$4,000 worth of early childhood programming, for a total annual fiscal cost of about \$100 billion. This programming should focus on activities that have well-documented cognitive benefits, including classroom instruction for parents on language development and high-quality prekindergarten childcare.

The second rung of the ladder of opportunity should be federal funding for two years of community-college tuition for every high school graduate who is not pursuing a bachelor's degree, which would ensure that each could earn an

associate's degree. The economic case for this is compelling. In the United States today, the median lifetime earnings of a high school graduate is about \$1.3 million in constant dollars. The figure for someone with an associate's degree is \$1.7 million, nearly a third higher. That additional \$400,000 in income comes from spending only about \$30,000 on the typical two-year associate's degree—a substantial return on investment, which is even larger for many in-demand programs, such as radiation therapy.

Last year, about 1.6 million of the United States' 2.9 million high school graduates did not go on to a four-year college or university. Every one of them should receive full tuition, limited income support, and assistance for other related costs to attend a two-year community college, for a total annual cost to the federal government of about \$50 billion. Providing income support and covering other costs beyond just tuition are important to substantially boost graduation rates, which are widely acknowledged to be far too low. (This investment would more directly address the needs of those most harmed by globalization than would current proposals to make four-year public colleges tuition free.)

The third rung should be a lifetime training scholarship for every working American who does not have a four-year college degree. Each person would get \$10,000 a decade through his or her 20s, 30s, 40s, and 50s for use as a tax credit by his or her employer to invest in that person's skills. Eligible investments would include online courses, in-person programs at local colleges, and in-house training crafted by the employer.

Rather than rely on the ability of the government or higher education institutions to identify the skills needed by workers across the U.S. labor force, this program would harness the insights that businesses uniquely have about which skills they need the most. (Since the program would be available to every worker without a college degree, the stigma that has been attached to many similar training programs would be removed; those programs often fail to boost earnings because companies infer that individuals chosen for them suffer from some shortcoming.) Companies should prove willing to make these once-a-decade, \$10,000 investments in their employees because of the tax credit and because of the competitive pressures. Today, there are about 100 million U.S. workers who never graduated from college. With a tax credit of up to \$10,000 per decade for

every one of these workers, about ten million of whom can be expected to take up the scholarship a year, the annual price tag would be about \$100 billion.

The three rungs together would cost the U.S. government about \$250 billion each year, which would represent the largest federal investment in human capital in American history. (For comparison's sake, the 2018 budget of the U.S. Department of Education is \$68 billion.) But there is a way to fund this new federal spending. First, Congress could reverse the 2017 tax cuts for individuals, which are estimated to have cost the government an annual average of over \$125 billion in revenue. Second, it could partially cut the exemption that allows employers to deduct the money they spend on health insurance premiums from their taxable income—an exemption that costs the federal government \$250 billion a year in lost revenue. That exemption is both regressive, in that it benefits high-income taxpayers more than low-income ones, and economically inefficient, in that it fuels higher health-care costs. There are, of course, other ways to come up with \$250 billion. The important point is that this investment in the human capital of Americans would be not just feasible but also economically productive.

BEYOND BACKLASH

There is good reason to think that Americans will see a lifelong ladder of opportunity as a response both suited to the problem and in line with their particular goals and values—giving it a chance to help reestablish a political consensus in favor of globalization. We recently conducted a representative online survey of over 5,000 U.S. adults across the country and asked them to think about how the U.S. economy could better deliver good jobs and incomes in today's world. We presented three broad policy options.

The first was walls: “Implement policies that reduce international trade, prevent firms from going overseas, and decrease immigration.” The second, safety nets: “Adopt new policies that substantially tax those firms and individuals that benefit from globalization and then spend the new revenue on government income programs for everyone else.” And the third, ladders: “Adopt new policies that substantially tax those firms and individuals that benefit from globalization and then spend the new revenue on programs—for example, training and education—that provide more people with greater opportunity to benefit from globalization.” The third option, ladders, was overwhelmingly the preferred

strategy: 45 percent of respondents selected it, versus just 29 percent opting for walls and 26 percent choosing safety nets.

We also held focus groups in several cities and asked about the preference for ladders. Several points stood out in the discussions. First, participants emphasized that globalization does make significant contributions to overall growth. “I think the whole economy has become a world economy, so I don’t think you can start cutting off international trade,” said one respondent. “It’s going to hurt everybody.” Many also expressed ambivalence about programs that redistribute income, articulating a desire to help those in need but also concerns about the fairness and incentive effects of such programs; some of these respondents also stressed that such programs can sometimes generate as much resentment as globalization itself.

Most important, a majority of the members of these focus groups recognized the ladders strategy as a way to help people share in the benefits of a dynamic economy rather than just mitigate its harms. As one respondent put it, “You’re not just spreading revenue across to everybody; you’re using it to provide greater opportunity and training and education—which then, in theory, should bring everybody up, also, to where they benefit from trade.” Many also stressed that the strategy would not just address income disparity but also help workers fulfill their perceived duties to their families and communities. “I want to take care of my family,” one told us. “I can start my own business if I want to. I think there are too many people who don’t feel that way, who can’t.”

The large number of Americans who believe that the United States’ economic and political institutions are no longer delivering enough opportunity are right. It should be no surprise that they are anxious, angry, and open to proposals to build walls to keep out the rest of the world. But the right response to these trends is not complacently accepting the status quo or simply letting the backlash against globalization proceed. By investing seriously in ladders of opportunity, the United States can give all its citizens the human capital that will let them take part in a changing economy—not just saving globalization but also ensuring that Americans benefit from it.

Source: <https://www.foreignaffairs.com/articles/united-states/2018-10-15/how-save-globalization>

Asia-Pacific: The Precursors of a Coming War **By Muhammad Ali Baig**

What were the intervening variables which drove the United States to transfer a large chunk of its military forces from the Middle East to Asia Pacific? Why the Asia-Pacific region is increasingly becoming a military hotspot? And above all, why the shadow of a balancing coalition is looming over the region — against China? Since the last couple of years, Asia-Pacific has become a central topic of debate among strategists and scholars who are busy in analyzing the various aspects of the growing uncertainty in the area. The growing importance and relevance of Asia-Pacific with that of international politics and especially power politics is something that needs to be probed.

Traditionally, the Asia-Pacific region has remained the pathway of great powers. The islands of the Pacific have acted as military garrisons while ensuring the trade to fuel the ambitions of great powers. Especially during the Second World War, it was imperative for Imperial Japan to dominate the Pacific to guarantee its mastery in the region. The pre-emptive Japanese attack on the US Naval Base at Pearl Harbour, Hawaii, on December 7, 1941, was the true manifestation of power and ambitions — which in Japanese Admiral Yamamoto's words was "awakening a sleeping giant." While talking about sleeping giants, French General and Emperor Napoleon declared China to be a sleeping giant long before Yamamoto's assertion. Nevertheless, is Napoleon's 'sleeping giant' about to be woken?

Historically, when the fierce Mongols invaded China time and again, and unleashed a series of military expeditions resulting in considerable Chinese losses; the latter built the Great Wall — while exhibiting anti-access and area denial tactics that subsequently prevented Mongols from overpowering the Chinese. They could not foresee a naval incursion that slowly yet steadily turned China into a sphere of influence, protectorates, colonies and other means of Chinese subversion to the foreign masters. The nineteenth century witnessed unprecedented injustices done to the Chinese people. Likewise, by the end of the nineteenth century, the US Secretary of State John Hay's 'Open Door Policy' for China was a culminating point of embarrassment for the country. The Chinese

activities in Asia-Pacific are the direct result of fears deep rooted in its strategic culture and history.

Traditionally, the Asia-Pacific region has remained the pathway of great powers

Ostensibly, China has resorted to a 'Ring Defence Policy' in the Asia-Pacific region. Chinese policies in the East China Sea which are especially related to Senkaku and Diaoyu Islands and in the South China Sea, with the same relation to Paracel and Spratly Islands exhibit clear signs of Chinese desperation. John Mearsheimer, an American political scientist argued in 2004, that "China's Rise will not be Peaceful" and asserted that China will enforce a 'Monroe Doctrine' of its own while ensuring that no extra-regional power can project power in the Asia-Pacific. Realism assumes that all great powers behave the same way and Mearsheimer being an advocate of Offensive Realism is right in his approach. Nevertheless, until now China has shown great restraint and its rise is still peaceful; however, while keeping in view Western provocative activities in the Asia-Pacific it remains uncertain that for how much long the 'Red Dragon' remains peaceful.

In May 2013, the United States Navy published a document that outlined a new war-fighting instrument titled as 'Air-Sea Battle'. The document called for a joint strategy to meet the challenges posed by anti-access and area denial (A2/AD) tactics. The Air-Sea Battle Doctrine was born. The doctrine is interchangeably named as Joint Operational Access Concept (JOAC); nevertheless, perhaps, Air-Sea Battle specifically addresses the A2/AD challenges and aims to overpower them by means of overwhelming lethal force. JOAC on the other hand calls to ensure freedom of navigation in the global commons and especially the high seas. However, both terms are used interchangeably. India intends to play a great power role in the Asia-Pacific and its membership in the Malabar Naval Exercise is a testament to that. New Delhi is modernizing its naval forces along with other branches of armed forces to be a part of the action. Interestingly, India provided BrahMos cruise missiles to Vietnam under its Act East Policy — the latter is deeply dependent on American Pivot to Asia Policy; both together are sowing the seeds of confrontation in the Asia-Pacific. Stephen P. Cohen and Sunil Dasgupta in their book 'Arming without Aiming: India's Military Modernization' (2010) argued the same.

Geopolitics is now and has always been the pedestal of international relations. The growing heated scenario in the Asia-Pacific has its roots in geopolitics rather than geoeconomic ones. With the increased or perhaps forceful presence of the United States and its allies who have offensive military doctrines, the unprecedented quest for freedom of navigation, the assertive Chinese maritime activities, with the drawing of new lines and turning of islands into military bases whilst building artificial islands for increased exclusive economic zones; foreshadows the coming of a war in the Asia-Pacific.

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How Trump's Policies Are Helping China By **Yadong Liu**

For the first year of Donald Trump's presidency, most Western commentators on U.S.-Chinese relations saw the Trump administration's approach to China as a strategic failure; some even concluded that Chinese President Xi Jinping had duped Trump. Recently, however, a different narrative has emerged in Western media. According to this view, Trump's pressure on China is working, and Chinese leaders are worried. Trump's 25 percent tariffs on \$50 billion of Chinese imports are hurting the Chinese economy at a time when China is overleveraged and growth is slowing down, advocates of this view assert. Meanwhile, they say, Trump's July meeting with European Commission President Jean-Claude Juncker was a brilliant tactical feint: by negotiating a "cease-fire agreement" over trade with the EU, Trump united the West against China. In September, Trump showed his resolve by imposing tariffs on an additional \$200 billion worth of Chinese imports. At the same time, according to some reports, dissent over Xi's one-man control of Chinese strategy is growing within China, and Chinese leaders are looking for ways to mollify Trump.

Yet this narrative is almost the exact opposite of the truth. The fact is that, despite escalating trade tensions, Beijing should still see Trump as the ideal U.S. president for China. Trump's withdrawal from the Trans-Pacific Partnership, his tough approach to trade with Japan, and his talk of removing U.S. troops from South Korea all served China's interests by accelerating the decline of U.S. influence in Asia, opening space for China to expand its influence even faster than it had ever thought possible. China could hardly hope for a more cooperative occupant of the White House. There's also good reason to think that China remains confident in its ability to manage Trump. Based on conversations I have had with a person close to the Chinese leadership, Beijing does still see Trump as a much better U.S. president for China's interests than the alternatives.

Beijing's confidence is rooted in economics. In the game that Washington and Beijing are playing on trade, China holds a number of cards that are not well appreciated among American analysts—and perhaps not by U.S. policymakers either. Balance-of-trade statistics show that China runs a \$370 billion trade surplus with the United States but don't show who is garnering the profits from

these exports. Most of the Chinese exports that Trump is trying to strangle with tariffs are either produced or marketed not by Chinese but by Taiwanese, South Korean, and U.S. companies. One example of this is the iPhone, which is produced with Chinese labor by Taiwanese-owned factories and marketed by Apple, a U.S. corporation. As Chinese Premier Li Keqiang pointed out in warning against a trade war in March last year, “More than 90% of [the] profits [in examples like this] were taken by the United States. We have statistics showing that last year, China-U.S. trade and investment created more than one million jobs in the United States.”

Moreover, much of the money that U.S. firms earn in China is not reflected in trade statistics, because it accrues to U.S. companies and joint U.S.-Chinese ventures that produce within China for the Chinese market. For some of the largest American companies, including automobile and aircraft manufacturers, the Chinese market is more important for future growth than the U.S. market. And if the trade war heats up, China has numerous legal ways to frustrate U.S. firms’ success in the Chinese market. Washington would have no way to retaliate, because the U.S. market is not particularly important to Chinese firms.

TRUMP, INC.

Chinese leaders long ago took the measure of Trump. He is above all a businessman, not a strategist. What is more, his primary long-term concern is the profitability of his own enterprises, a goal that he prioritizes over the advancement of U.S. national interests. China has already been helpful to Trump’s personal bottom line. It has, for example, fast-tracked the approval of trademarks owned by Ivanka Trump and supported development projects in Indonesia that involve the Trump Organization. And Beijing, which is rarely bashful about offering business opportunities as incentives or paybacks to foreign politicians, can be even more helpful to Trump in the future.

As should be clear to Beijing, Trump’s primary interest is, not surprisingly, to stay in power. To do so, he needs to deliver a string of victories to his electoral base. His method has become clear: he creates an atmosphere of crisis and then stages a dramatic but cosmetic resolution that changes nothing. This was the pattern in his initial dealings with China, when he talked tough and then hosted Xi for a love-fest at Mar-a-Lago. He followed the same playbook with North Korea, first threatening war and then announcing an end to the North Korean threat,

even as Pyongyang continues to build its nuclear arsenal. His meeting with Juncker to solve the U.S.-European trade dispute was another fake resolution of a manufactured crisis. Beijing remains unconcerned about a U.S.-EU common trade policy against China: the China market is too important to European firms for them to so explicitly take sides.

According to my source, China is willing to play along with Trump. Beijing performed its role in the first part of his little play, retaliating against his tariffs so as to help create a sense of crisis. But Beijing did not escalate: top-level Chinese leaders maintained a courteous silence. They left the initiative with Trump.

In May, Beijing offered what is called in Chinese a “stepping-down platform,” when Vice-Premier Liu He proposed that China increase imports of U.S. products by \$200 billion by 2020. But Trump was apparently not ready for act two of his own drama and went ahead with the first batch of tariffs. Nevertheless, according to my source, the Chinese leadership still hasn’t given up hope for a resolution to the trade dispute before the 2018 midterm elections. The denouement will involve a commitment by Beijing to reduce the U.S.-Chinese trade deficit. At the moment, Beijing’s planned concessions involve greatly increasing China’s purchases of U.S. products, especially energy. But the agreement will do nothing to alter China’s strategic race to take the global lead in core new-economy technologies such as robotics, artificial intelligence, and 5G mobile networks. Trump will claim victory and Beijing will not contradict him, because the Chinese want him to stay in power.

For Beijing, the fundamental contradiction in current U.S.-Chinese relations is structural: as China continues to catch up with the United States economically and militarily, there is bound to be tension. Beijing doesn’t expect Washington to give up its dominant position without a fight and never expected smooth sailing regardless of who won the 2016 U.S. presidential election. In that sense, Chinese leaders are aware of the challenges they face in the long term. But for Chinese policymakers, the path forward should be clear: work on China’s pressing domestic problems, grow the economy, and expand China’s international influence. No amount of U.S. pressure will deter China from that course. Trump’s posturing—and his tendency to put his personal interests ahead of his country’s—has made things easier than Beijing ever dreamed they could be.

Source: <https://www.foreignaffairs.com/articles/china/2018-09-28/how-trumps-policies-are-helping-china>

Moscow's Nuclear Enigma By Olga Oliker

Talk to anybody in Washington (except, perhaps, the U.S. president), and you will hear an ominous mantra: the Russians are back. Moscow, resurgent, is sowing discord among Western states and trying to reestablish its sphere of influence in former Soviet countries and beyond. One development, in particular, has caused much hyperventilating in Western ministries and think tanks: the Russian Federation not only has more nuclear weapons than any other country in the world but also is investing in an arsenal of modern, low-yield nuclear weapons that could be used for limited nuclear warfare.

These investments have many analysts worried that Russia would be the first to pull the nuclear trigger in a future war, and that it would do so early on, hoping to quickly bomb its adversary into submission and end the conflict—a strategy dubbed “escalate to de-escalate.” If military confrontation of any kind might push Moscow to go nuclear, preparing for war with Russia means preparing for a potential nuclear war. The United States, the thinking goes, can only defend itself and its allies by modernizing its own nuclear arsenal. Above all, Washington should develop more low-yield nuclear weapons for use on the battlefield or risk being outgunned in a future war.

But those who fret about the Russian arsenal misread the Kremlin's intentions and put forward the wrong solutions. The real danger is not a new and more aggressive Russian nuclear strategy; it is the Kremlin's failure to communicate its goals effectively to leaders in Washington and elsewhere. Russia's actual strategy has not diverged much from plain old-fashioned deterrence: Russia believes that any major war with the United States could result in a massive U.S. nuclear attack, and so it maintains a nuclear arsenal of its own in order to discourage such an attack. But its policy of deliberate ambiguity is feeding into apprehension in Washington, driving a dangerous cycle of escalation that is bound to worsen suspicions and heighten the risk that clashes will escalate.

MOVING UP THE LADDER

The Soviet Union became a nuclear power in 1949, just four years after the United States did, kicking off a dizzying arms race. For decades, each country feared that the other might develop a nuclear advantage, be it technological or

numerical, that would enable it to deliver a single, lethal blow and wipe out its opponent. As a result, simply possessing nuclear weapons was not enough; each side sought parity with or—better yet—dominance over the other. As part of these efforts, the two sides built both strategic weapons, many hundreds of times as powerful as the bombs dropped on Japan in World War II, and lower-yield, shorter-range tactical nuclear weapons. Strategists argued that these tactical weapons could be used to wage a limited and controlled nuclear war, invoking an “escalation ladder,” with many rungs on the climb up toward all-out annihilation.

But as arsenals grew large enough to wipe out humankind several times over, cooler heads began to prevail. Starting in 1972, a series of arms control agreements between Moscow and Washington enabled each side to reduce the size of its arsenal and eliminate weapons systems that the other found provocative. In a 1982 speech at the United Nations, Soviet Premier Leonid Brezhnev even announced that the Soviet Union would never be the first to use nuclear weapons in a war. At the time, much of the U.S. national security establishment dismissed this announcement as disingenuous propaganda. Yet many Russian analysts, including those in senior roles at the time, argue that in the final stretch of the Cold War, the Soviet playbook was, indeed, to go nuclear only after receiving warning of an incoming nuclear attack by the United States.

Those who fret about the Russian arsenal misread the Kremlin’s intentions and put forward the wrong solutions.

The collapse of the Soviet Union in 1991 brought new challenges to the nuclear relationship. On the one hand, with the Cold War over, both sides strengthened their commitment to arms reduction and drastically cut their arsenals. Even today, as Russia and the United States are modernizing their nuclear programs and developing new capabilities, both countries are complying with the 2010 New START treaty, which bars them from deploying more than 1,550 strategic warheads each.

On the other hand, post-Soviet Russia’s nuclear strategy seemed more trigger-happy than before. In 1993, it dropped Brezhnev’s “no first use” pledge, citing the weakness of its conventional military as a reason to use its nuclear arsenal as a fallback against a broader range of threats. A 1999 article by a group of Russian military analysts outlined how this might work: it argued that Russia should consider using nuclear weapons in future regional conflicts to signal its resolve

and thus convince its adversaries to back down—that it should, in today’s nuclear lingo, “escalate to de-escalate.” The following year, Russia updated its military doctrine to permit nuclear escalation against conventional enemy forces “in situations deemed critical to the national security of the Russian Federation.”

MOSCOW MISREAD

For many Western analysts, this escalatory strategy is still—or perhaps once again—the essence of Russian nuclear strategy. The Pentagon’s 2018 Nuclear Posture Review makes this assumption explicit, arguing that the United States must prepare for “limited nuclear first use” by Moscow in any potential confrontation.

The Pentagon’s assessment, however, ignores Russia’s actual strategy. In 2010, Russia contradicted the expectations of many experts and of some of its own officials when, instead of lowering the bar for nuclear use, it raised it. That year, it released a new military doctrine that made clear that Russia would use nuclear weapons under just two circumstances: either in response to an attack with weapons of mass destruction, nuclear or otherwise, or in the face of a conventional offensive threatening the “very existence of the state.” Russia’s most recent doctrine, issued in 2014, reaffirmed this language. It also emphasized the need to develop “nonnuclear” deterrence—a capacity to prevent attacks without having to threaten nuclear war.

Taken at face value, this posture is a far cry from the aggressive mindset that many Washington policymakers consider to be the core of Russia’s playbook. The country’s long-range ballistic missiles clearly exist first and foremost to deter a U.S. nuclear attack, just as they did in Soviet times. In the event of a war, Russia expects that the United States will unleash massive barrages of airpower to take out Russian defenses. Because the United States’ nuclear strategy emphasizes the importance of quickly disabling enemy capabilities, Russian strategists also believe that the United States would seek to eliminate Russia’s nuclear arsenal at the outset, using its own conventional or nuclear strategic weapons to do so. Just as the Soviet Union planned to do before it, Russia is therefore likely to launch its most vulnerable nuclear weapons systems as soon as it receives warning of an incoming U.S. attack, lest its ability to retaliate be

destroyed. This posture may sound disconcerting, but it puts the bar for escalation relatively high, in line with Russian military doctrine.

Why, then, have so many U.S. and Western analysts come to a much darker conclusion about Russia's nuclear intentions? Much of the answer lies in the way Russia has developed its nuclear arsenal in recent years. Arms control treaties have capped the number of deployed strategic warheads, but they place no limits on shorter-range, lower-yield capabilities. By a conservative estimate, Russia now has 2,000 of these tactical nuclear weapons stockpiled, whereas the United States has only a few hundred. Moreover, Russia has been modernizing its tactical inventory, developing weapons systems such as the Iskander mis-sile launcher and the Kalibr cruise missile, both of which can be armed with nuclear warheads, although they are currently being used as conventional systems.

The development of these weapons systems may seem at odds with Russia's stated strategy. In the 1950s and 1960s, tactical nuclear weapons were conceived for active warfare; their purpose was not so much to deter conflict as to help defeat or intimidate an adversary when the shooting had already begun. Many analysts believe that the same holds true today, arguing that there is no good reason for a country to maintain, let alone modernize, a large arsenal of nonstrategic nuclear weapons unless it plans on using them on the battlefield. These analysts also point out that Russian military exercises often incorporate Iskander and Kalibr weapons systems, thus suggesting that Russia will escalate a conflict by launching low-yield nuclear weapons against its enemy. But the assumption that Russian weapons systems are built for this purpose does not hold up. Because these new weapons systems can deliver both conventional and nuclear warheads, one could just as easily argue that the exercises involving them are merely rehearsals for a conventional war.

Some analysts argue that recent changes to Moscow's military doctrine signal a shift toward the "escalate to de-escalate" strategy. Specifically, they point to Russia's 2017 naval doctrine, where one convoluted sentence notes that being ready and willing to use nonstrategic nuclear weapons in an escalating conflict can successfully deter an enemy. At first glance, this looks like an explicit threat to cross the nuclear threshold. Yet analysts may be reading too much into the text. The clear-cut reference to escalation is noteworthy, but the naval doctrine does not state that Russia would be the first to cross that threshold. As such, the

line does not necessarily clash with the more restrained approach to deterrence outlined in other Russian documents.

Moreover, if “escalate to de-escalate” were Russia’s new guiding strategy, it would be odd for this shift away from the 2014 position to be tucked away inside a tangled passage of its naval doctrine. If Moscow sought to strengthen its deterrence capabilities by lowering the bar for nuclear use, one would expect it to broadcast this change loud and clear. It might, for instance, make a public announcement that from now on, Russia would use nuclear weapons whenever it deemed it necessary. By contrast, a muted announcement would risk making an adversary more sanguine about the probable costs of war, encouraging, rather than deterring, an attack.

Western analysts accusing Russia of nuclear brinkmanship misread its public statements. Granted, lower-level Russian officials and pundits have made rather liberal use of hyperbole in their nuclear threats against NATO members and other countries. It is also true that new nuclear-capable weapons systems are a point of pride for the country. In a speech to parliament in March, for example, Russian President Vladimir Putin emphasized the country’s nuclear modernization efforts and its new, exotic weapons. But in the same speech, Putin explained that Russia’s newest strategic weapons could overcome U.S. missile defenses, a capacity that would be relevant only if Russia were retaliating, not attacking. Putin later affirmed that Russia would use nuclear weapons only if a U.S. attack were imminent or had already occurred—further confirming that Russia’s arsenal is for deterrence, not escalation.

NUCLEAR MIND GAMES

Even though the evidence suggests that Russia does not have a strategy of using nuclear weapons early on in a conventional conflict, there’s a reason this view has become predominant among outside observers. The Russian government has refused to clearly explain the exact purpose of its tactical nuclear weapons—a deliberate ambiguity that is probably intended to increase deterrence but in fact only heightens the risks of escalation.

Until about a decade ago, Russia’s stocks of nonstrategic nuclear weapons and dual-use systems had largely fallen by the wayside. It was only after Western analysts noted the nuclear capabilities of Iskander missile launchers that Russian

rhetoric began emphasizing such capabilities. This suggests that Russia may value the nuclear element of these systems because they make its adversaries nervous. There is little reason to have a stated policy that precludes going nuclear if one in fact plans to use nuclear weapons, but there is a logic to a nuclear strategy that keeps an adversary guessing. Moscow may be using its nonstrategic capabilities to plant seeds of doubt in the minds of the United States and its allies. If this leads to a more cautious U.S. policy toward Russia, then Russia has strengthened its deterrent. Moscow's nuclear strategy may owe something to the national security scholar Thomas Schelling's concept of "the threat that leaves something to chance": if you can convince your adversaries that the worst-case scenario, however unlikely, is at all possible, they will think twice about attacking you.

Russian leaders see a possible conflict with the United States not as a limited skirmish but as the prelude to the potential destruction of their country—what Putin has called "a world without Russia."

But a strategy of ambiguity is not one of "escalate to de-escalate." After all, the premise of the latter is that the Kremlin thinks a confrontation with the United States—even a nuclear one—could stay limited and that limited nuclear escalation in such a scenario would play out in Russia's favor. Yet most Russian strategists do not believe that such a conflict would ever be limited in scope: having studied how the Pentagon fights its wars, they expect that a military clash with the United States would almost certainly lead to, if not begin with, a large-scale attack on Russia, including an early strike on its nuclear capabilities. If Russia thought such an attack was imminent or under way, it would certainly consider going nuclear. For Moscow, this is fully in line with its doctrine.

The bottom line is that Russian leaders see a possible conflict with the United States not as a limited skirmish but as the prelude to the potential destruction of their country—what Putin has called "a world without Russia." To prevent this from happening, the Kremlin retains the capabilities needed to wage an earth-destroying retaliatory campaign. Against this background, Russia may indeed be developing tactical nuclear weapons and dual-use systems. Yet these are not part of a plan to escalate and quickly win a war. They are meant to send a strong signal to the United States about the dangers of starting one in the first place.

KEEP CALM

This ambiguity is backfiring. Russia's emphasis on dual-capable weapons may be intended to strengthen deterrence, but it undermines it in practice. Rather than deterring the United States, this ambiguity has led U.S. policymakers to interpret Russian posturing and rhetoric as a lowered bar for the use of nuclear weapons in any kind of conflict. And since Pentagon officials view any ability by Russia to change their decision-making calculus as a threat in and of itself, their response has not been to back off and reduce tensions; it has been to consider developing more low-yield nuclear weapons of their own, as discussed in the Pentagon's most recent Nuclear Posture Review. If Russia wants to reduce the risk of nuclear war, it needs to make its doctrine clearer and ensure that the weapons it deploys match that doctrine.

Russia's policy of strategic ambiguity is backfiring.

The United States, meanwhile, should be careful not to overreact in the face of Russian posturing. The prevailing view in the Trump administration is that if Russia is developing tactical nuclear weapons, the United States must show that it is willing to do the same. But the underlying logic that smaller nuclear weapons mean that a nuclear war could be controlled is deeply flawed and dangerous. As long as one or both sides in such a conflict feel that their survival is at stake—which Russia would certainly assume—a U.S. playbook that relies more and more on nuclear weapons, no matter how low yield, would have disastrous consequences.

If the United States truly wants to avoid the worst, it should work to ensure that any future clashes with Russia stay out of the nuclear realm altogether. To do this, it must emphasize, through its force posture, planning, and stated policy, those capabilities that have long made Russia jittery: American advanced conventional systems. This is because, contrary to hawkish narratives in Washington, Russia fears the consequences of crossing the nuclear threshold and is therefore unlikely to take that step in any but the most extreme of circumstances. Greater U.S. emphasis on conventional weapons would not eliminate the possibility that Russia might launch a nuclear weapon if it believed itself to be under attack, whether with conventional or nuclear weapons. It would, however, help deter any aggressive Russian action in eastern Europe or elsewhere, thus addressing one of the biggest fears among NATO member states. And it would shift Russian incentives and encourage Moscow to focus on

strengthening its own conventional capabilities, creating more nonnuclear rungs on the escalation ladder.

The more the United States highlights nuclear weapons in its posture, planning, and rhetoric, on the other hand, the more Russia will come to rely on them as crucial defensive and coercive tools. Blurring the lines between conventional and nuclear warfare may serve the purpose of deterrence if all parties involved understand one another's reasoning and signals, or interpret them as threatening the very worst, but both Moscow and Washington fall short on the first, and on the second, Moscow's posture is proving counterproductive. Unless policymakers on both sides come to understand this, they are following a path that could lead to unthinkable consequences.

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