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WEEKLY Cutting Edge

INDEPENDENT • INCISIVE ANALYTICAL

**PAKISTAN'S MOUNTING
DEBT CRISIS CALLS
FOR URGENT
STRUCTURAL
REFORMS**





نفاست کی پہچان

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About Us

Cutting Edge is an independent English weekly magazine being published from Lahore. Its founding editor, Dr Niloufer Mahdi, belonged to one of the top industrialist families of Pakistan — Packages Group. She was the daughter of Syed Wajid Ali and granddaughter of Syed Maratib Ali. In a short span of time it has gained popularity and built loyal readership throughout the country. With the contributions by renowned journalists and literary figures and diversity of issues/topics touched by our magazine, we can confidently claim that it has set not only new trends in local journalism, but has emerged as the most read and credible magazine for men, women, students and opinion leaders from different spheres of life. It also circulated in all Foreign Embassies, Libraries, Hospitals, 5 star Hotels and Government/ Private Departments. Its website, weeklycuttingedge.com, is a premier online source for the analysis of current affairs, providing authoritative insight into, and opinion on, national and international news, business, finance, science and technology, as well as an overview of cultural trends. We have commenced its publication, with an aim to bring the best to our readers; similarly, we intend to offer the best in terms of advertising and promotional impact for our valuable advertisers. The 24-page Cutting Edge is divided among different sections, and we have proportionally divided the space in each section for carrying advertisers' message for the utmost impact.

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Pakistan's mounting debt crisis calls for urgent structural reforms

Farhan Khan

According to the latest figures released by the State Bank of Pakistan, by the end of May 2026, the federal government's debt had climbed to nearly Rs 82 trillion after increasing by approximately Rs 5.9 trillion during the first eleven months of just ended fiscal year 2025-26—an average addition of almost Rs 16 billion every day. Domestic debt alone rose to over Rs 58 trillion, while external debt approached Rs 24 trillion.

Pakistan's public debt has emerged as one of the gravest threats to the country's economic stability and long-term development. Over the past two decades, successive governments have relied heavily on domestic and external borrowing to finance budget deficits, repay previous loans, and sustain public expenditure. The result is a debt burden that continues to grow at an alarming pace, consuming a substantial share of national resources and leaving little room for investment in education, healthcare, infrastructure, and poverty alleviation.

The debt problem is not merely a financial issue; it reflects deeper structural weaknesses in Pakistan's economy and governance. Economic stagnation, chronic fiscal deficits, a narrow tax base, weak institutions, corruption, political instability, and policy inconsistency have all combined to create a vicious cycle of borrowing and repayment.

One of the principal causes of Pakistan's debt crisis is persistent fiscal mismanagement. For decades, governments have spent considerably more than they have earned in revenue. Large fiscal deficits have become a recurring feature of Pakistan's economy, compelling authorities to borrow heavily from domestic and international sources. Instead of using loans primarily for productive investments that generate economic returns, much of the borrowed money has been spent on current expenditures, including salaries, subsidies, debt servicing, and administrative costs. Consequently, borrowing has often failed to create the economic growth needed to repay those loans.

Economic stagnation has further aggravated the problem. Pakistan's economy has experienced slow and inconsistent growth, interrupted by repeated balance-of-payments crises. Industrial productivity has remained weak, agricultural growth has fluctuated due to climate-related challenges, and exports have failed to expand significantly despite the country's considerable potential. Without sus-

tained economic growth, government revenues remain limited while expenditure continues to rise, making additional borrowing almost inevitable.

A flawed taxation system lies at the heart of the debt crisis. Pakistan has one of the lowest tax-to-GDP ratios among emerging economies. Millions of eligible taxpayers remain outside the tax net, while powerful sectors often enjoy exemptions and preferential treatment. The tax burden falls disproportionately on salaried individuals and documented businesses, whereas large segments of agriculture, retail trade, and real estate remain either lightly taxed or largely undocumented. Heavy dependence on indirect taxes further places a disproportionate burden on ordinary citizens while generating insufficient revenue to meet the government's financial obligations.

Governance failures have also significantly contributed to Pakistan's mounting debt. Frequent political instability has prevented successive governments from pursuing long-term economic reforms. Instead, short-term political considerations have often taken precedence over difficult but necessary policy decisions. Development projects have frequently been selected on political rather than economic grounds. Corruption and lack of transparency have further undermined public finances. Misappropriation of public funds, inflated project costs, procurement irregularities, tax evasion facilitated by corruption, and weak accountability mechanisms have reduced the effectiveness of public spending.

Another major factor is Pakistan's chronic current account deficit. The country imports substantially more than it exports, leading to recurring shortages of foreign exchange. Limited export diversification, dependence on imported fuel, machinery, edible oil, and industrial inputs, along with declining foreign investment during periods of uncertainty, have forced governments to seek external financing from multilateral institutions, friendly countries, and international capital markets.

Pakistan's growing debt carries serious economic consequences. Rising debt servicing now consumes a substantial portion of federal revenues, leaving limited fiscal space for development spending. High borrowing crowds out private investment by increasing domestic interest rates, while external debt repayments place continuous pressure on foreign exchange reserves and the exchange rate. Inflation, currency depreciation, and repeated stabilization programmes have reduced purchasing

power, discouraged investment, and slowed job creation.

The debt burden also has important social implications. Reduced spending on education, healthcare, water supply, social protection, and infrastructure limits improvements in human development. Rising poverty and unemployment, particularly among young people, increase social frustration and undermine long-term economic resilience. Breaking this cycle requires comprehensive structural reforms rather than temporary financial assistance. First and foremost, Pakistan must expand its tax base by bringing untaxed sectors into the formal economy, reducing exemptions, improving documentation, and strengthening tax administration through digital technologies and effective enforcement. A broader and fairer tax system would reduce dependence on borrowing while improving public confidence.

Second, fiscal discipline must become a national priority. Governments should prioritize productive development spending while reducing wasteful expenditures, untargeted subsidies, and unnecessary administrative costs. Loss-making state-owned enterprises require restructuring, privatization where appropriate, or improved corporate governance to reduce their burden on the national budget.

Third, Pakistan must revive sustainable economic growth. This requires promoting exports through industrial modernization, improving agricultural productivity, encouraging value-added manufacturing, supporting information technology and knowledge-based industries, and creating an environment that attracts domestic and foreign investment. Stable macroeconomic policies, regulatory certainty, and improved ease of doing business are essential for restoring investor confidence. Energy sector reforms are equally indispensable. Reducing transmission losses, combating electricity theft, renegotiating unsustainable contractual arrangements where legally feasible, investing in renewable energy, and improving operational efficiency can significantly reduce fiscal pressures over time.

Pakistan's debt crisis did not emerge overnight, nor can it be resolved through borrowing alone. Sustainable recovery requires a decisive shift from consumption-led borrowing to investment-driven growth, from political expediency to fiscal responsibility, and from weak governance to institutional accountability. The choices made today will determine whether future generations will inherit a prosperous economy or an ever-expanding mountain of debt.

Middle East peace prospects in jeopardy

Nasim Ahmed

The ink on the hard-fought diplomatic breakthrough was barely dry before the Middle East plunged back into crisis again. Just weeks after the United States and Iran signed a delicate Memorandum of Understanding (MoU) designed to de-escalate months of brutal conflict, the region has erupted into a volatile, limited war. The fragile truce has shattered under the weight of explosive maritime skirmishes, targeted aerial bombardments, and an energy market thrown into complete disarray.

As both Washington and Tehran trade fierce accusations over who violated the agreement first, the global economy is already paying the price. The Strait of Hormuz—the vital maritime artery through which one-fifth of the world's petroleum passes—has once again become a high-stakes geopolitical battleground, sending global oil prices into a tailspin.

The collapse of the June MoU materialized rapidly along the southern coastline of Iran. According to regional reports, hostilities reignited following disputes over navigating protocols in the Strait. Tehran immediately moved to assert hegemonic control over the channel, demanding that commercial vessels adhere to strict, pre-approved Iranian routes and fee structures.

The situation turned hot when the Islamic Revolutionary Guard Corps (IRGC) targeted commercial vessels, drawing a swift, heavy-handed response from the United States. In a massive aerial campaign, US Central Command (CENTCOM) launched precision strikes on over 140 military targets inside Iran—including coastal surveillance nodes, radar networks, and drone storage depots—aimed at degrading Tehran's ability to threaten international shipping. While Washington claims that the Strait of Hormuz is for free flow of international traffic, Iran says it is closed because Western forces have violated the MoU and sovereign maritime law. The resulting friction has triggered an instantaneous spike in global crude prices. Energy analysts warn that if the standoff drags into a prolonged blockade, global markets could face the largest energy supply disruption in modern history.

In a fierce retaliatory wave, Iran by-

passed the US naval screen, launching dozens of ballistic missiles and explosive drones across the Persian Gulf. However, the geography of these strikes has revealed a striking strategic anomaly. Rather than directing its regional wrath toward Israel—its traditional arch-nemesis—Tehran trained its crosshairs squarely on neighbouring Gulf Arab states, including the United Arab Emirates, Bahrain, Saudi Arabia, and Qatar. The targeted Gulf capitals issued scathing joint statements strongly condemning "Tehran's unprovoked aggressiveness" and violations of regional sovereignty. Western intelligence analysts suggest that Iran's decision to spare Israel from this latest barrage is a calculated tactical move. By targeting the Gulf states rather than Israel, Tehran is attempting to exploit regional fault lines. They want to punish Arab nations that provide logistical or basing support to American military assets, while avoiding a massive, multi-front escalation with a nuclear-armed Israel during a time of leadership transition.



Looming heavy over the entire escalation is the ghost of Iran's supreme leadership. The current military push by the IRGC is deeply fuelled by a burning domestic narrative: a collective vow of revenge for the assassination of Ayatollah Ali Khamenei, who was killed earlier this year in a devastating joint US-Israeli decapitation strike in Tehran.

While the Iranian state has attempted to project a seamless, unyielding succession of power through massive, highly orchestrated public mourning processions, the reality on the ground is highly polarized. Declassified intelligence and verified footage reveal a deeply frac-

tured Iranian society. In cities like Mashhad and Tehran, thousands of pro-regime loyalists gathered at the Imam Reza shrine in deep grief, raising the red Shia flag of revenge. Concurrently, anti-regime demonstrations and quiet celebrations sparked across peripheral provinces, met with a brutal internal crackdown by security forces. By amplifying the conflict in the Strait of Hormuz, the transitional authorities in Tehran are attempting to consolidate domestic power, rallying a fractured public around the flag of anti-Western resistance.

As the escalation threatens to spiral out of control, international neutral parties have frantically mobilized to avert an all-out regional catastrophe. Pakistan, alongside several other traditional global peacemakers, has taken an active diplomatic lead, utilizing backchannels to establish an immediate dialogue. In a series of urgent high-level diplomatic dispatches, Islamabad called for "maximum restraint" from both Washington and Tehran, warning that an unmitigated military escalation would com-

pletely destabilize South and West Asia. Pakistani diplomats are reportedly floating a framework for a revised maritime monitoring mechanism, hoping to offer both sides a face-saving off-ramp before the conflict reaches a point of no return.

The Middle East finds itself trapped in a volatile cycle where diplomacy is swiftly overwritten by firepower. The foundational collapse of the June MoU proves that paper agreements are entirely meaningless without verified enforcement mechanisms and a baseline of mutual trust—two elements completely missing

from the current landscape.

With US bombers continuously striking mainland Iranian targets and the IRGC digging into defensive coastal positions, the entire ecosystem remains on a knife-edge. The question plaguing global capitals is no longer whether the MoU can be salvaged, but whether the current limited war can be contained. In this highly fractured landscape, no statesman or analyst can predict with any degree of certainty if a durable peace will be established in the Middle East, or if the region is fated to see more fireworks before a comprehensive solution is found.

Pakistan's devolution paradox

Muhammad Ali

The debate over Pakistan's fiscal federalism has once again come into focus following the World Bank's latest assessment of the country's public finance system. More than fifteen years after the landmark 18th Constitutional Amendment and the 7th National Finance Commission (NFC) Award transformed the distribution of financial resources between the federation and the provinces, an important question remains unanswered: has devolution actually delivered better governance and improved public services?

The constitutional reforms of 2010 represented one of the most significant shifts in Pakistan's political and fiscal landscape. By abolishing the Concurrent Legislative List, the 18th Amendment transferred numerous functions—including health, education, agriculture, and social welfare—to the provinces. At the same time, the 7th NFC Award substantially increased the provincial share of federal tax revenues while introducing a more balanced distribution formula that considered poverty, backwardness, and revenue generation alongside population.

The objective was straightforward. Provinces were expected to assume greater responsibility for delivering public services, while increased financial resources would enable them to respond more effectively to local needs. The reforms sought to move Pakistan away from an overly centralized model of governance toward a more balanced federation where decisions would be made closer to the people they affected.

More than a decade later, however, the results remain mixed. While provinces have undoubtedly gained greater fiscal autonomy, the broader architecture of fiscal federalism remains incomplete. The World Bank's findings suggest that Pakistan has successfully devolved financial resources but has failed to fully devolve responsibilities, accountability, and institutional reform.

One of the report's most significant observations is the growing imbalance between the federation's shrinking revenue base and its continuing expenditure obligations. Provincial revenues, including federal transfers, increased substantially after the NFC Award, rising from less than four percent of GDP to an average of around 6.5 percent over the 2010–2024 period. Yet the federal government did not reduce its

own spending in proportion to the transfer of responsibilities.

This contradiction lies at the heart of Pakistan's fiscal challenges. While the Centre transferred resources to the provinces, it continued financing ministries, departments, and development programmes in sectors that had already been constitutionally devolved. Rather than restructuring itself around genuinely federal responsibilities, the federal government largely retained its administrative footprint, resulting in overlapping functions, duplicated expenditures, and persistent fiscal pressure.

The problem, therefore, extends beyond the formula used to divide tax revenues. Fiscal federalism can only function effectively when financial resources are accompanied by clearly defined responsibilities and corresponding accountability. Without aligning expenditure assignments with constitutional responsibilities, increased transfers alone cannot eliminate inefficiency or improve governance.

Provincial governments must also accept a significant share of responsibility. Although

ments through constitutional provisions or revenue-sharing formulas. Their judgment is based on the quality of roads they travel, schools their children attend, hospitals they visit, clean water they receive, and municipal services they rely upon. By those standards, the promise of devolution remains only partially fulfilled.

Revenue generation presents another major weakness. Although provinces now control important tax bases, particularly the sales tax on services, their efforts to expand their own-source revenues have remained limited. Agriculture income tax, urban property taxation, and several other provincial taxes continue to generate far less revenue than their potential would suggest.

Political considerations largely explain this underperformance. Many of the sectors subject to provincial taxation are closely linked to influential economic and political groups. As a result, provincial governments often find it politically easier to depend on guaranteed federal transfers than to implement difficult but necessary tax reforms.

This dependence has created an imbalance within Pakistan's federal structure. Fiscal autonomy cannot simply mean receiving a larger share of federal revenues. True autonomy also requires provinces to mobilize their own resources, manage expenditures responsibly, and accept accountability for policy outcomes. Without stronger provincial tax efforts, fiscal decentralization risks becoming a system of permanent dependence rather than genuine self-governance.

Businesses have also faced growing challenges arising from fragmented tax administration. The division of tax authority between federal and provincial governments has created overlapping jurisdictions, inconsistent procedures, and additional compliance costs. Sales taxation on goods and services, in particular, has become increasingly complex due to separate tax authorities operating under different rules and systems. Greater coordination, harmonized regulations, and integrated digital platforms are essential if Pakistan is to build a more efficient tax environment.

Looking ahead, the next NFC Award should focus less on renegotiating financial shares and more on improving incentives throughout the fiscal system. Given constitutional protections preventing reductions in provincial allocations, simply redistributing revenues is unlikely to resolve the country's



they have benefited from larger fiscal transfers for over a decade, improvements in public service delivery have often fallen short of expectations. Much of the additional funding has been absorbed by recurrent expenditures, including salaries, pensions, and administrative costs, rather than translating into meaningful improvements in education, healthcare, sanitation, municipal infrastructure, or agricultural support.

This pattern has weakened the original rationale behind devolution. Provincial autonomy was intended to improve efficiency by allowing governments closer to citizens to make better policy decisions and respond more effectively to local challenges. Instead, many provincial administrations have replicated the same centralized governance model that they once criticized at the federal level.

Citizens rarely evaluate fiscal arrange-

structural fiscal weaknesses. Instead, future transfers should increasingly reflect objective indicators such as expenditure needs, revenue effort, fiscal discipline, governance performance, and service delivery outcomes.

Such reforms require stronger data collection and transparent performance measurement. Policymakers need reliable information about which level of government is responsible for each public service, how efficiently resources are being spent, and whether those expenditures are producing measurable improvements for citizens. Without credible evidence, future NFC negotiations risk becoming political bargaining exercises rather than opportunities for meaningful reform.

Perhaps the most neglected element of Pakistan's devolution process remains local government. Although the 18th Amendment recognized elected local bodies as an essential component of democratic governance, meaningful fiscal decentralization has rarely extended beyond provincial capitals. Provincial Finance Commissions remain weak, local governments possess limited financial authority, and resource transfers often depend

on provincial discretion rather than transparent formulas.

Empowering local governments should become a central priority of future reforms. Resources should be distributed through predictable Provincial Finance Commission awards based on multiple indicators, including population, poverty, geographic size, infrastructure gaps, revenue potential, and development needs. Stable financial resources would enable districts and municipalities to deliver essential public services more effectively while strengthening democratic accountability at the grassroots level.

At the same time, the federal government must complete its own unfinished reform agenda. It cannot continue criticizing the financial consequences of the NFC Award while maintaining ministries, development projects, and administrative structures in areas that have already been constitutionally devolved. The Centre should concentrate on national responsibilities such as defence, foreign affairs, macroeconomic management, interprovincial coordination, national infrastructure, and regulatory oversight, leaving provincial functions

to provincial governments.

Temporary fiscal arrangements—including provincial cash surpluses or one-off financial adjustments—may provide short-term budgetary relief, but they cannot substitute for comprehensive institutional reform. Pakistan's recurring fiscal challenges reflect structural weaknesses that require long-term solutions rather than accounting measures.

The 18th Amendment and the 7th NFC Award fundamentally reshaped Pakistan's federal system, but they represented only the beginning of a much larger reform process. Fiscal federalism cannot succeed through financial transfers alone. Resources must be matched with responsibilities, responsibilities must be supported by authority, and authority must be accompanied by accountability. Until these elements are fully aligned, Pakistan will continue struggling with inefficiencies, overlapping responsibilities, and uneven service delivery. The World Bank's report should therefore be viewed not as an argument against devolution but as an opportunity to complete the unfinished project of building a stronger, more accountable, and genuinely federal state.

Pakistan's financing treadmill

Husnain Shahid

Pakistan's federal government debt has climbed to Rs81.9 trillion by the end of May 2026, a figure that naturally attracts public attention. Yet the sheer size of the debt is only part of the story. More important than the headline number is the financial structure that continually generates, finances, and sustains this growing debt burden.

Over the years, the country's banking system has become increasingly intertwined with government borrowing, creating a cycle in which commercial banks, fiscal authorities, and the central bank are closely linked. While this arrangement has helped the government meet its financing needs, it has also created structural risks that could undermine financial stability and limit long-term economic growth. According to official data, Pakistan's central government debt increased from Rs77.9 trillion in June 2025 to Rs81.9 trillion by May 2026, registering an increase of approximately Rs4.1 trillion within eleven months. The overwhelming share of this increase came from domestic borrowing. Domestic debt rose from Rs54.5 trillion to Rs58.1 trillion, while external debt increased only marginally from Rs23.4 trillion to Rs23.8 trillion when measured in rupee terms.

At first glance, greater reliance on

domestic borrowing may appear reassuring because it reduces exposure to exchange rate fluctuations and external financing pressures. However, this perception can be misleading. Rather than eliminating financial vulnerabilities, Pakistan has increasingly shifted them from external creditors to its own banking sector. As government borrowing expands domestically, banks allocate a growing portion of their balance sheets to sovereign securities, gradually reducing their role as providers of credit to businesses and productive sectors of the economy.

This evolving relationship between the government, commercial banks, and the State Bank of Pakistan (SBP) has become one of the defining characteristics of Pakistan's financial system. The International Monetary Fund (IMF) has repeatedly highlighted concerns over this sovereign-bank-central bank nexus, warning that excessive dependence on domestic banks can create systemic risks. In reality, Pakistan hardly needs external observers to identify the problem. The financing cycle is clearly visible.

The government consistently runs sizeable fiscal deficits and must borrow to finance them. Commercial banks willingly purchase government securities because they offer attractive returns, high liquidity, and minimal regulatory complications compared with

private-sector lending. The central bank then manages the liquidity implications of these transactions through monetary operations, ensuring that financial markets continue to function smoothly. While each participant acts rationally within its own incentives, the combined outcome is a financial system increasingly organised around financing the government rather than supporting economic expansion.

The traditional argument of "crowding out" captures only part of this challenge. Heavy government borrowing undoubtedly limits the availability of bank credit for businesses, but the more profound issue is structural. Government securities have become the foundation of banking operations. They serve as banks' preferred investment, their principal source of income, their primary liquidity buffer, and the dominant form of collateral in money market transactions. As a result, sovereign debt has become the central asset around which Pakistan's banking system revolves.

The maturity structure of domestic debt further compounds these concerns. Short-term domestic borrowing has expanded significantly, increasing from Rs8.8 trillion in June 2025 to approximately Rs10.7 trillion by May 2026. Market Treasury Bills alone rose from Rs8.6 trillion to Rs10.6 trillion during the same period. Greater dependence on short-term borrowing increases refinancing requirements

and exposes the government to higher rollover and interest rate risks.

More importantly, frequent refinancing has become a substitute for addressing underlying fiscal imbalances. Instead of reducing budget deficits through lasting reforms, the government repeatedly replaces maturing debt with new borrowing. This approach postpones fiscal adjustment rather than resolving it, leaving public finances vulnerable to future shifts in interest rates or investor sentiment.

Changes within Pakistan's domestic debt instruments also illustrate this evolving borrowing strategy. Pakistan Investment Bonds (PIBs), which represent longer-term government securities, declined modestly from Rs35 trillion to Rs34.6 trillion, while outstanding Government of Pakistan Ijara Sukuk increased substantially from Rs5.2 trillion to Rs7.5 trillion. The expansion of Islamic financing instruments reflects growing investor demand and contributes to the development of Pakistan's Islamic capital market. However, changing the composition of borrowing instruments does not fundamentally reduce the government's dependence on domestic financial resources.

The country's external debt position also warrants closer examination. While external debt appears relatively stable in rupee terms, this stability partly reflects limited exchange rate movements during the review period. More notably, short-term external debt increased sharply from Rs210 billion to approximately Rs2.7 trillion, while long-term external debt declined. Such a dramatic shift requires careful interpretation, as it may reflect classification changes, refinancing operations, or temporary timing factors. Nevertheless, it highlights that headline debt figures alone may not fully capture underlying financing risks.

The growing sovereign-bank nexus also raises important questions about the apparent strength of Pakistan's banking sector. Commercial banks currently report healthy profitability, strong liquidity positions, and adequate capital buffers. However, much of this performance is closely linked to earnings generated from government securities. This dependence creates a situation where banking sector resilience increasingly relies on the assumption that sovereign debt remains effectively risk-free.

Such an environment weakens incentives for banks to develop expertise in evaluating private-sector borrowers. Lending to small and medium-sized enterprises (SMEs), agriculture, exporters, housing, and manufacturing requires specialised credit assessment, sector-specific knowledge, effective collateral management, and continuous monitoring. These activities involve higher operational costs and greater uncertainty than simply

purchasing government securities through scheduled auctions.

Consequently, Pakistan's financial sector has invested relatively less in building robust credit appraisal systems for productive industries. Many SMEs continue to struggle in obtaining formal financing because banks lack comprehensive credit information, reliable risk assessment tools, and efficient recovery mechanisms. Agricultural lending remains constrained by weak documentation and limited cash-flow analysis, while mid-sized businesses often face restricted access to affordable financing.

The consequences extend beyond indi-

strengthening coordination between federal and provincial governments remain essential. Yet breaking the sovereign-bank cycle also demands deeper reforms within the financial sector itself.

One priority should be expanding the role of non-bank institutional investors. Pension funds, insurance companies, mutual funds, and other long-term investment institutions should gradually become larger holders of government securities. Diversifying the investor base would reduce banks' overwhelming exposure to sovereign debt while promoting healthier capital market development.

At the same time, Pakistan must



vidual borrowers. Limited private-sector lending slows investment, restricts job creation, weakens productivity growth, and hampers economic diversification. Banks continue earning stable returns from government debt, while businesses with the potential to drive exports, innovation, and industrial expansion remain underfinanced.

The State Bank's role has also evolved within this framework. Reforms prohibiting direct central bank financing of government deficits have strengthened Pakistan's monetary policy framework. However, fiscal dominance has not disappeared; it has simply changed form. Instead of borrowing directly from the central bank, the government borrows extensively from commercial banks, while the SBP manages the resulting liquidity through its monetary operations. The institutional arrangement has become more transparent, but the underlying dependence of financial markets on government borrowing remains intact.

Addressing Pakistan's debt challenge therefore requires more than conventional fiscal reforms. Improving tax collection, controlling public expenditure, restructuring loss-making state-owned enterprises, and

strengthen private credit markets by creating investable financial instruments linked to productive sectors. Standardised pools of SME, agricultural, housing, export, and infrastructure loans could be supported through credit guarantees, transparent performance reporting, independent ratings, and risk-sharing mechanisms. Banks would continue originating and servicing these loans, but the associated risks could increasingly be transferred to broader capital market participants rather than remaining concentrated on bank balance sheets.

Ultimately, Pakistan's Rs81.9 trillion debt stock is not merely a fiscal statistic; it reflects the underlying architecture of the country's financial system. For years, government borrowing has substituted for structural reform, commercial banks have become the principal financiers of the state, and repeated refinancing has delayed meaningful fiscal adjustment. Unless this model evolves toward a more diversified financial system that channels savings into productive investment rather than primarily financing public debt, Pakistan will remain trapped in a cycle where each financing round merely extends the same structural vulnerabilities into the future.

Global energy storms and Pakistan

Shahid Hussain

The Asian Development Bank (ADB) has painted a more cautious picture of Pakistan's economic outlook, lowering its growth forecast while raising inflation projections amid mounting global uncertainties. The revised assessment underscores how external shocks—particularly the Middle East conflict and its impact on global energy markets—are threatening to slow Pakistan's economic recovery despite signs of domestic stability.

According to the latest edition of the Asian Development Outlook (ADO), Pakistan's economy is expected to grow at a slower pace in fiscal year 2027 than previously anticipated, while inflation is likely to remain above earlier projections due to persistent increases in food and fuel prices. The updated forecasts reflect the growing influence of geopolitical tensions on economies that remain heavily dependent on imported energy.

The ADB has revised Pakistan's gross domestic product (GDP) growth forecast for FY2027 downward to 3.7 percent, compared with its earlier projection of 4.5 percent. The revised estimate also falls slightly below the federal government's official target of 4 percent growth for the fiscal year. The multilateral lender attributed the downgrade primarily to rising energy costs and increasing pressure on workers' remittances, both of which are expected to weigh on domestic economic activity. Pakistan's economy remains highly vulnerable to fluctuations in international oil prices because of its dependence on imported fuel, making global energy market disruptions particularly costly.

Despite the more cautious outlook for the coming year, the ADB acknowledged that Pakistan made measurable economic progress during FY2026. Preliminary estimates indicate that the economy expanded by 3.7 percent during the fiscal year that ended on June 30, supported by stronger industrial production, continued expansion in the services sector, and modest improvements in agricultural output.

While these developments indicate that economic activity has regained momentum after several years of severe financial stress, the ADB

cautioned that sustaining this recovery will require navigating an increasingly uncertain international environment. Inflation remains one of the country's most pressing economic challenges. The ADB has revised its estimate for average consumer price inflation during FY2026 to 7.2 percent, citing higher food and fuel prices. Looking ahead, inflation is projected to accelerate further to 8.3 percent during FY2027, considerably higher than the bank's previous forecast of 6.5 percent.

The revised inflation outlook broadly aligns with the Pakistani government's own projection of 8.2 percent inflation for the new fiscal year. However, it also highlights the continuing pressure that rising global commodity

expenses, and more expensive food production.

Beyond Pakistan, the ADB has also revised its broader regional outlook. Economic growth across developing Asia and the Pacific is now expected to moderate to 4.9 percent in 2026, down from 5.5 percent in 2025 and slightly below the bank's previous forecast released in April. Despite the weaker outlook for 2026, the ADB maintained its regional growth forecast of 5.1 percent for 2027, reflecting expectations that energy markets will gradually stabilise as geopolitical tensions ease and supply chains recover.

The bank believes that although a framework agreement announced in June has reduced immediate concerns over energy supplies, the effects of the crisis will continue to influence

global markets for some time. The conflict has expanded beyond oil markets, affecting fertiliser production, shipping routes, commodity prices, and industrial supply chains, all of which continue to place upward pressure on inflation.

Regional inflation is now forecast to average 4.3 percent in 2026, compared with 3 percent in 2025. This represents a significant upward revision from the bank's earlier estimates. Inflation for 2027, however, remains unchanged at 3.4 percent, suggesting that price pressures are expected to ease gradually once energy markets stabilise. A major concern highlighted by the ADB is the scale of the disruption to global oil sup-

plies during the height of the Middle East conflict. At its peak in March, more than 10 million barrels of oil per day were temporarily removed from international markets, making it one of the largest supply shocks in recent decades.

The resulting uncertainty caused Brent crude oil prices to surge dramatically. Prices climbed from approximately \$71 per barrel before the escalation of the conflict in late February to nearly \$144 per barrel in early April. Although prices later retreated as additional supplies entered the market and global demand softened, they remained elevated compared to pre-conflict levels. Following the announcement of a framework agreement on June 14, oil prices fell below \$80 per barrel as shipping through the Strait of Hormuz gradually resumed and immediate concerns over supply shortages



prices are placing on households and businesses. According to the ADB, the conflict in the Middle East has become one of the most significant drivers of inflationary pressures worldwide. The disruption has affected not only crude oil supplies but also natural gas markets, fertiliser prices, transportation costs, and broader global supply chains. These developments have pushed production and logistics costs higher, increasing prices across a wide range of consumer goods.

The bank noted that Pakistan, like many developing economies, is particularly exposed to these external shocks because imported fuel plays a central role in electricity generation, transportation, manufacturing, and agriculture. Rising international energy prices eventually feed into domestic inflation through higher transport costs, increased industrial production

diminished. Even so, the ADB warned that restoring normal market conditions will take considerably longer than the decline in prices might suggest.

The bank explained that reopening critical shipping routes involves more than simply ending military hostilities. Mine clearance operations, restoration of maritime insurance, and the return of diverted tanker fleets are all necessary before supply chains fully normalise. Furthermore, damaged oil production facilities and export infrastructure in the Gulf may require months to repair, limiting production capacity even after security conditions improve.

Natural gas markets could face an even slower recovery. Unlike crude oil, liquefied natural gas shipments are more difficult to reroute, and alternative suppliers remain limited. The ADB also noted that many countries have significantly depleted their gas inventories during the crisis, reducing global energy buffers and increasing vulnerability to future disruptions.

The broader economic consequences extend beyond the energy sector. Higher fuel prices have increased freight and air transport costs, creating bottlenecks across international supply chains. Rising fertiliser prices are also expected to place additional pressure on agricultural production, increasing the risk of higher food inflation and food security challenges in many developing countries.

The ADB emphasised that the transmission of higher energy costs into consumer prices typically occurs gradually. Fuel price increases first raise transportation and production costs before filtering through to retail prices over several months. Similarly, higher natural gas prices eventually translate into increased household electricity and gas bills depending on domestic pricing mechanisms and regulatory frameworks.

Across developing Asia and the Pacific, headline inflation increased from 2.9 percent in January to 4.1 percent in May 2026. Excluding China, inflation reached 7.6 percent, reflecting

persistent price pressures in several economies, including Türkiye, alongside widespread increases across much of the region.

For Pakistan, the latest ADB outlook serves as both a warning and a reminder. While the country has made measurable progress in restoring macroeconomic stability after years of financial turbulence, its recovery remains highly vulnerable to external developments beyond its control. Rising energy prices, geopolitical uncertainty, and global supply disruptions continue to threaten growth while keeping inflation elevated.

Moving forward, strengthening domestic economic resilience will require reducing dependence on imported energy, expanding exports, attracting higher levels of foreign investment, and accelerating structural reforms. Until these long-term vulnerabilities are addressed, Pakistan's economic performance will remain closely tied to global events, leaving the country exposed whenever international markets experience fresh shocks.

The devil in the devolution: How the 18th Amendment stopped halfway

Raza Khan

The World Bank has urged Pakistan to revisit its existing framework of fiscal federalism, arguing that the current arrangement has become a major source of the country's persistent fiscal challenges.

In its latest report, *Strengthening Fiscal Federalism in Pakistan*, the World Bank stated that fiscal rebalancing across the three tiers of government—federal, provincial, and local—should ideally be undertaken as part of the deliberations on the 11th National Finance Commission (NFC) Award, which are currently underway. The report places considerable responsibility on the federal government for failing to fully implement the devolution agenda while simultaneously allowing fiscal deficits to widen. It recommends a comprehensive review of the roles, responsibilities, needs, and revenue potential of the federal, provincial, and local governments. The World Bank further advocates assigning greater weight to fiscal need indicators, incentivizing revenue generation, and linking the distribution of public resources to measurable service delivery performance across all levels of government.

The report is particularly significant because it challenges the existing fiscal arrangement under which relatively passive and underperforming tiers of government, as well as some provinces and districts, continue to receive substantial financial resources regardless of their administrative efficiency or service delivery outcomes. In this context, the recommendation to connect resource allocation with performance appears both timely and logical. The real challenge, however, lies in designing an objective and transparent mechanism for assessing performance. While such an evaluation is technically feasible, implementing it in Pakistan's deeply polarized political environment would be an extremely difficult task.

The World Bank has also advised Pakistan to gradually move away from discretionary grants and the existing resource distribution formula, which relies heavily on population, geography, and other traditional indicators. There is considerable merit in the argument that the current formula, particularly its overwhelming emphasis on population, has become increasingly regressive rather than progressive. Although population should remain one of the criteria, making it the dominant factor may inadvertently discourage provinces from

adopting effective population control policies. In a country where rapid population growth continues to place enormous pressure on economic resources, infrastructure, and public services, a more balanced formula incorporating performance and development indicators deserves serious consideration.

The report identifies the expansion of provincial transfers following the 7th NFC Award, without a corresponding reduction in federal expenditures or significant improvements in revenue collection, as one of the principal reasons behind the widening federal fiscal deficit. According to the World Bank, provincial revenues increased from less than 4 percent of GDP to an average of 6.5 percent during 2010–2024, yet federal expenditures failed to decline accordingly. This represents a realistic and evidence-based assessment of Pakistan's fiscal architecture.

It is important to recall that the 7th National Finance Commission (NFC) Award, signed in December 2009 and implemented on July 1, 2010, represented a landmark development in Pakistan's fiscal history. It increased the provinces' share in the federal divisible pool from 46.5 percent to 56 percent during its first year and to 57.5 percent in subsequent years. It

also introduced a multiple-criteria formula for revenue distribution that remains in force today, although population continues to carry the greatest weight within that formula.

The 7th NFC Award was implemented shortly after the passage of the historic 18th Constitutional Amendment. The amendment fundamentally transformed Pakistan's federal structure by devolving extensive administrative, legislative, and financial powers from the federal government to the provinces. It abolished the Concurrent Legislative List, transferring full legislative and administrative authority over sectors such as education, health, labour, and local government to the provinces. It also granted the provinces greater authority over their financial resources, including the power to levy sales tax on services, while constitutionally safeguarding their share under future NFC Awards.

Consequently, both the 18th Constitutional Amendment and the 7th NFC Award have increasingly become central to discussions surrounding Pakistan's fiscal challenges. Although the World Bank has not recommended reversing or repealing the 18th Amendment, it has clearly argued that the next NFC Award should rely more heavily on performance-based criteria instead of the current distribution mechanism, which it considers insufficiently responsive to governance outcomes.

It is worth noting that the 18th Constitutional Amendment was passed in April 2010 with near-unanimous support from all major political parties. It was widely welcomed by Pakistan's ethno-linguistic groups and is regarded as one of the most significant constitutional achievements in the country's history. Much of the political credit for securing consensus on the amendment is attributed to the then President and current Pakistan People's Party (PPP) Co-Chairman, Asif Ali Zardari.

Despite its historic importance, the amendment has also exposed several structural weaknesses. While it transferred sweeping powers to the provinces, it failed to establish effective constitutional safeguards to ensure that those powers would, in turn, be devolved to local governments, including districts and union councils. Although the Supreme Court has repeatedly emphasized the constitutional necessity of holding regular local government elections, the transfer of administrative and financial authority to local bodies continues to depend largely on the discretion of provincial governments.

As a result, local government institutions



in many parts of Pakistan either remain absent or operate without meaningful authority and financial autonomy. This undermines the delivery of essential public services and weakens grassroots governance. Since local governments are constitutionally recognized institutions, their ineffective functioning prevents citizens from participating directly in decision-making and reduces the efficiency of public administration.

Moreover, local governments have traditionally served as nurseries of democratic leadership by cultivating future political representatives and strengthening democratic culture at the grassroots level. Without empowered local bodies, democratic institutions struggle to mature, and governance becomes increasingly centralized. Pakistan's recurring governance crises can, to a significant extent, be attributed to the prolonged absence or weakness of effective local government structures across the provinces. Consequently, even routine municipal services are often managed by provincial ministers or departments that were never designed to perform such functions. The inevitable outcome has been administrative inefficiency, duplication of responsibilities, financial strain, and governance chaos.

The essence of the 18th Constitutional Amendment was to devolve political authority, financial resources, and administrative powers from the federation to the provinces. However, the true spirit of devolution cannot be realized unless those powers are further transferred to the grassroots level, where citizens interact directly with the state and where decisions regarding local development and public services have the greatest impact.

There is little doubt that the 18th Constitutional Amendment represented a historic milestone in strengthening Pakistan's federal system by granting provinces the constitutional

authority and financial autonomy they had long demanded. While many ethno-linguistic groups regard the amendment as their greatest constitutional achievement, its broader significance lies in reinforcing the unity of the Pakistani federation itself. Historically, grievances over political, constitutional, economic, and cultural rights have repeatedly fueled tensions between the federation and the provinces.

These unresolved issues contributed to the secession of East Pakistan under the leadership of Bangladesh's founder, Sheikh Mujibur Rahman, while similar concerns continue to influence separatist sentiments in Balochistan.

The amendment therefore addressed many longstanding constitutional grievances. Nevertheless, constitutional reform alone cannot guarantee effective governance if implementation remains incomplete. The real shortcomings may lie not in the 18th Amendment itself but in Pakistan's broader parliamentary and governance framework, which introduced far-reaching reforms without adequately preparing the institutional mechanisms required for their effective implementation. The resulting administrative weaknesses have become increasingly evident through the declining performance of numerous state institutions, a concern frequently highlighted by the Supreme Court during hearings involving public bodies.

Pakistan's fiscal and governance challenges, therefore, require more than constitutional debate. They demand meaningful institutional reforms, stronger fiscal discipline, greater accountability at every tier of government, and above all, the genuine empowerment of local governments. Only through a balanced and performance-oriented system of fiscal federalism can the country ensure efficient public service delivery, sustainable financial management, and stronger democratic governance.

Pakistan's real wealth

Dr. Zaheer Ahmad Babar

Every year, World Population Day reignites discussions about population growth, fertility rates, and the challenges associated with rapidly expanding populations. Governments, policy-makers, and development experts often focus on demographic statistics, debating birth rates, census figures, and projections for future population growth.

While these indicators are undoubtedly important, this year's World Population Day theme—"Realising the hopes and aspirations of young people: today and for the future"—offers a timely reminder that effective population policy should begin with people rather than numbers.

A country's demographic future is shaped not merely by the number of children born, but by the opportunities available to its citizens. The true objective of population policy should not be to control fertility alone, but to ensure that every young person has the freedom and capacity to make informed decisions about education, employment, marriage, healthcare, and parenthood. When these opportunities expand, healthier demographic trends often follow naturally.

This broader understanding is especially relevant for Pakistan, where discussions on population are frequently dominated by concerns over rapid growth, rising fertility, and pressure on limited resources. These concerns are legitimate, but they often overshadow a more fundamental question: are Pakistan's young people equipped to achieve their ambitions and contribute meaningfully to the country's future? For millions of young Pakistanis, the answer remains uncertain. Pakistan is one of the world's youngest countries, with a significant proportion of its population below the age of 30. This youthful demographic has the potential to become one of the country's greatest economic strengths. A well-educated, skilled, and healthy young population can drive innovation, productivity, entrepreneurship, and long-term economic growth. However, this demographic dividend can only be realised if adequate investments are made in human development. Unfortunately, many young Pakistanis continue to face barriers that begin early in life and persist into adulthood. Limited access to quality education remains one of the most significant challenges. Although school enrolment has improved in recent years, millions of children still remain out of school, while many others leave the education system before completing secondary education. Poor learning outcomes, inadequate infrastructure, and unequal access to educational opportunities further weaken their prospects.

These educational shortcomings directly affect future employment opportunities. Every year,

hundreds of thousands of young people enter Pakistan's labour market only to discover that stable and productive jobs are scarce. High unemployment and underemployment, particularly among educated youth, have become persistent economic concerns. Many graduates struggle to find work that matches their qualifications, while others are forced into low-paying informal employment with little job security or career progression. Women face even greater obstacles. Despite gradual improvements in female education, significant disparities remain in access to schooling, healthcare, employment, and participation in economic and social decision-making. Many young women continue to encounter cultural, financial, and institutional barriers that limit their ability to pursue higher education, build careers, delay marriage, or make independent decisions about their reproductive health.

Access to quality healthcare is another essential component of empowering young people. Reproductive healthcare and family planning services remain unevenly distributed across Pakistan, particularly in rural and underserved communities. Limited access to reliable information and healthcare services often restricts informed decision-making rather than expanding personal choice. Effective population policy should therefore focus on ensuring universal access to affordable healthcare, reproductive services, and accurate information, enabling individuals to make decisions that best suit their circumstances. These interconnected challenges reflect broader shortcomings in governance and public policy. Poverty, unequal opportunities, weak public institutions, and inadequate social services continue to constrain the aspirations of millions of young people long before they reach adulthood. Children growing up in disadvantaged households often face multiple obstacles simultaneously, including poor education, inadequate healthcare, limited employment prospects, and social inequality. The consequences extend far beyond individual hardship. When young people cannot fulfil their potential, families remain trapped in poverty, communities struggle to develop, and national economic growth slows. Pakistan loses valuable human capital, while social frustration and declining public confidence in institutions become increasingly evident. For many talented young Pakistanis, the search for better opportunities abroad appears more promising than building a future at home, contributing to the growing challenge of brain drain.

There is also a danger in reducing population policy to demographic targets alone. Governments naturally rely on statistical indicators such as fertility rates, population growth, dependency ratios, and census data to formulate policy.

However, these figures should not become ends in themselves. Behind every statistic is a young person with aspirations, ambitions, and the desire for a better life.

Young people do not define success through demographic indicators. Their goals are practical and deeply personal. They aspire to complete their education, secure meaningful employment, achieve financial independence, decide when and whom to marry, determine freely whether and when to have children, and provide stable futures for their families. These aspirations offer a far more meaningful measure of national progress than population figures alone.

Public policy should therefore be evaluated by its ability to expand these freedoms. Investments in education, healthcare, skills development, women's empowerment, digital connectivity, and employment generation are not merely social programmes; they are essential components of sound population policy. Countries that have successfully managed demographic transitions have generally achieved this not through coercive population control measures but through sustained investments in human development and equal opportunity.

Pakistan's policymakers should embrace this broader vision. Rather than viewing the country's growing population primarily as a burden, they should recognise its enormous potential. A young population can become a powerful engine of economic growth if supported by effective governance, quality public services, and inclusive economic policies. Conversely, failing to invest in youth risks transforming a demographic advantage into a long-term economic and social challenge. World Population Day offers an opportunity to rethink national priorities. The conversation should move beyond concerns about how many people Pakistan has and instead focus on what kind of future those people can build. Population policy should not be driven solely by demographic projections but by a commitment to expanding opportunity, protecting individual choice, and improving the quality of life for every citizen.

Ultimately, Pakistan's demographic future will depend less on fertility rates than on whether today's young people are empowered to realise their full potential. If the country succeeds in providing quality education, accessible healthcare, productive employment, gender equality, and meaningful opportunities, healthier demographic outcomes will naturally follow. If these foundations remain weak, no amount of concern over population growth will compensate for opportunities lost and aspirations left unfulfilled. Investing in young people is therefore not simply good social policy—it is the most effective and sustainable population policy Pakistan can pursue.

The US is building a new pressure architecture against Iran

Farhad Pashavand

Was Trump's presence at the NATO summit in Turkiye, amid escalating anti-Iranian rhetoric and orders to attack Iran, simply participation in a diplomatic meeting on European security? This question is of paramount importance because recent developments cannot be understood at the surface level alone.

At a deeper level, Trump's presence signals a recalibration of the United States's strategic calculations regarding the Islamic Republic of Iran and the "axis of resistance". This recalibration is based on the premise that direct military, political and economic pressure, despite imposing costs, has failed to produce the desired shift in Iran's behaviour, power configuration or strategic orientation. Accordingly, Washington is gradually moving from a paradigm of direct pressure to a hybrid and multilayered model, in which domestic pressure, the transformation of Iran's peripheral environment, extra-regional coalition-building and the simultaneous reorganisation of regional dossiers form part of a single strategic architecture.

The logic underpinning this strategic shift is that Iran should be pressured not through a single decisive blow, but through simultaneous trajectories of attrition across multiple levels. The objective is not merely to increase the external costs imposed on the Islamic Republic of Iran, but to create conditions in which the country's decision-making apparatus is compelled to devote a greater share of its capacity to managing overlapping domestic, border and regional pressures. In other words, the new US strategy is based on generating simultaneous pressure within Iran, across its geopolitical periphery and throughout its network of regional connections.

At the domestic level, this strategy relies on intensifying social pressure and gradually eroding public resilience. The intent is not merely to provoke periodic discontent or acute crises, but to raise the cost of governance by disrupting critical infrastructure and targeting the basic systems that sustain daily life, including energy, water, transportation and other sensitive public-service and economic centres. Combined with security and regional constraints, this pressure can divert some of the Islamic Republic of Iran's decision-making capacity away from broader strategic priorities and towards the attritional management of domestic crises.

This dimension of the strategy, how-

ever, cannot become fully effective without transforming Iran's peripheral environment. From this perspective, the US and Israel seek to recalibrate the regional theatre in a way that simultaneously engages Tehran on several peripheral fronts. Recent experience has shown that, despite extensive military, security and intelligence operations, Hezbollah has not been eliminated from the broader power equation, nor has the Palestinian resistance been contained. Ansar Allah (the Houthi movement) has not relinquished its regional standing, and forces aligned with the resistance in Iraq have not been removed from the political and security arena. These failures have led Washington to conclude that Iran cannot be weakened without the simultaneous reconfiguration of its peripheral environment.

Within this framework, three complementary trajectories can be identified. The first is to engage Iran within its border ring by activating pockets of insecurity in the west, northwest, southeast or northeast. The second is to intensify pressure on Iran's regional allies, from Lebanon and Palestine to Iraq and Yemen. The third is to secure a limited but significant achievement on the ground that can be presented as evidence of pushing Iran back or reducing the depth of its regional influence. Within this logic, even limited actions, surgical operations and pressure on sensitive economic and security nodes in Iran should not be viewed as isolated incidents, but as components of a broader strategic design.

Against this backdrop, the NATO summit in Turkiye assumes a significance that extends well beyond a routine meeting. It is not merely a forum for discussing European security, but a platform for linking the Iranian dossier to the broader architecture of Western security. The US is seeking to elevate the Iranian issue beyond a bilateral dispute and transform it into a shared concern for the Western coalition. From this perspective, NATO is not just a military alliance, but a vehicle for the political, security and narrative alignment of Western allies against Iran.

The second objective is to legitimise future action. Washington is acutely aware that unilateral action against Iran carries substantial political and legal costs. It therefore seeks, by cultivating extra-regional alignment, to place any subsequent measures within a more collective and ostensibly defensible narrative framework. In this sense, coalition-building is not merely a mechanism for amassing power, but also an instrument for manufacturing legitimacy for later phases of pressure.

The third objective is coordination with Turkiye and the exploitation of its peripheral capacities. Any concessions granted to Ankara must be understood within the framework of US efforts to draw Turkiye closer to its regional design. The border, ethnic and security dynamics surrounding Iran, particularly in the west and northwest, could assume an active role in such a strategy. From this perspective, US consultations with Turkiye cannot be understood solely as an effort to regulate bilateral relations. They also form part of an attempt to activate sources of pressure along Iran's periphery.

The fourth objective is to use Syria's capacity to influence Lebanon and intensify pressure on Hezbollah. Seen through this lens, developments in Syria are not confined to the country itself, but can become a platform for recalibrating the Lebanese equation and exerting greater pressure on the resistance. If we accept the premise that the US is linking the Syrian, Lebanese and Turkish dossiers within a unified framework, these four objectives cannot be viewed in isolation. They are links in a single chain intended to escalate political, security and on-the-ground pressure on Iran and the axis of resistance.

Taken together, these developments indicate that the US, rather than relying on a single instrument, is activating a network of interconnected pressures against the Islamic Republic of Iran. Domestic pressure, pressure along Iran's borders, pressure on its regional allies and pressure channelled through international coalition-building all form part of this shared architecture. Its ultimate aim is to redefine the balance of power in West Asia in favour of the US and the Zionist regime, while compelling Iran to focus on managing overlapping, multi-front crises.

However, this strategy is undoubtedly doomed to fail. Recent years have shown that many US and Zionist designs, despite their military superiority, political backing and complex security networks, have ended in attrition, disruption and failure when confronted with realities on the ground, the constraints imposed by local conditions and the deeply rooted resolve of resistance actors. Furthermore, the funeral processions attended by millions for the martyred commander in Iran and Iraq have once again shown that a genuine and sustainable order in West Asia is forged not through external American engineering, but around the social will of nations, the historical memory of resistance and deep bonds formed through opposition to domination.

WhatsApp usernames: A new frontier for fraud in Pakistan?

As a privacy feature, WhatsApp is introducing usernames, allowing people to contact each other without exchanging phone numbers. Security researchers and regulators in several countries have flagged it as a new and fairly convenient tool for impersonation and fraud. Pakistan, with nearly 50 to 60 million WhatsApp users, already has a serious problem with online scams. If someone creates a username like, say, 'FBR Helpdesk', people will not be able to check whether or not the account is genuine. Regulators in other markets have asked questions before the feature went live. I wonder why nobody is bothered in Pakistan?

Maheen Zahra
Lahore

Nursing stipend

According to an official notification released by the Sindh Health Department, nursing graduates undergoing internship will now receive only Rs30,000 per month. It is sad that nurses who perform their duties from dawn to dusk with utmost dedication are being offered such a low stipend during their internship period. On the other hand, medical interns — doctors — receive at least Rs70,000 per month during their internship. Both doctors and nurses are the pillars of the national healthcare system. Therefore, treating them equally is important. The authorities in Sindh should ensure fair and equal treatment.

Abdul Samad Sahito
Larkana

HEC digitalisation: Higher costs, longer delays

The Higher Education Commission (HEC) has recently digitalised the entire attestation process to make it more efficient and quick. The new system has come with a significant increase in attestation charges as well. However, as someone who has used the new system, I can assure one and all that it has not made anything quicker. It has now been over a month since I submitted an application and I am yet to receive my documents. The HEC administration should ensure that the system is actually efficient and fast to make life easier for those who are seeking to get their documents attested.

Urooj Imran
Karachi

Lahore roof collapse: A tragedy of state neglect

This is with reference to the killing of 14 children in a tuition centre roof collapse in Lahore. The tragic incident in a poor locality of Punjab's capital has become the focus of media attention, and there is no dearth of voices across social media platforms demanding due action against those found guilty. It has become a matter of routine to put the blame on

the weakest link responsible.

Compensations have been announced for the affected families. Had the government allocated half this amount to construct a small school in the poor locality, the tragedy could not have taken place, and could have facilitated many more children and families in having access to education. The poor who live in such congested localities cannot be blamed for sending their children to receive basic education, which, despite being their constitutional right, does not exist in practice. As it is, every government, including the present one, has embarked upon privatisation of basic health and education. If only a small government-subsidised school had existed in the locality, the poor would have sent their children there. Unfortunately, neither population control nor imparting education to the poorest of the poor happens to be a priority of governments in Pakistan.

Malik Tariq Ali
Lahore

Glamorising gun culture in Pakistan

I recently came across a newspaper advertisement placed by the Pakistan Ordnance Factories (POF), promoting the latest pistol POF-X at a special price of Rs145,000. There is no doubt that the POF has earned a reputation for manufacturing quality products for legitimate defence and law-enforcement purposes. My concern, however, is not with the quality of the firearm, but with the wisdom of publicly advertising handguns and incentivising the general public to buy them.

Pakistan is already struggling with rising levels of violence, intolerance, road rage, property disputes and communal tensions. Simultaneously, it is also suffering from widespread availability of millions of uncontrolled and illegal weapons. The state mechanisms for granting licences are discriminatory, discretionary, faulty and corrupt. The Punjab Home Minister, some years back, had to publicly admit the non-availability of records for 900,000 arms licences issued by the provincial government. In such an environment, advertisement of guns can only further promote the decadent culture of weapons being used as symbols of feudalism, status, power to subdue opponents.

Throughout the world, responsible societies seek to reduce the availability, visibility and glamorisation of weapons. Many countries do not issue gun licences at all. Rather than encouraging greater civilian demand for weapons, the esteemed POF could emphasise strict legal compliance, and the role of firearms solely for legitimate national defence and law enforcement.

The federal government should take every step within its means to limit the sale of any kind of weapons to security organisations and export purposes only.

Naeem Sadiq
Karachi

DHA Phase VIII: Modern infrastructure, empty pipelines

The Defence Housing Authority (DHA) area in Karachi is widely regarded as one of the most developed residential areas in the country. However, Phase VIII is facing a crisis; the complete absence of a water supply system. It is deeply troubling that despite the otherwise commendable development of Phase VIII, no proper water pipeline network has been laid in the area. Residents have modern homes, but they wake up every morning without access to clean water.

This gap in planning has given rise to a dangerous consequence, the unchecked rise of the tanker mafia. With no alternative available, residents are entirely at the mercy of private suppliers who charge exorbitant and arbitrary rates. There is no regulation, no accountability, and no relief. Families are forced to budget a significant portion of their income just to secure water, something that should be considered a basic right, not a luxury. How can an authority responsible for one of Pakistan's most prestigious housing schemes allow such a fundamental oversight? Area residents are not asking for something extraordinary, they are simply asking for water. The relevant authorities should immediately prioritise the laying of a proper water supply network in DHA Phase VIII. Additionally, strict action must be taken against the tanker mafia that is for long exploiting the residents. A housing scheme of this stature deserves infrastructure that matches its promise.

Syed Jawaid Iqbal
Karachi

Lyari's football passion

This is with reference to a photo feature, which captured scenes from a live screening of the FIFA World Cup matches at the Lyari International Football Stadium. The attendance in the stadium in the dead of the night was amazing. Whenever the World Cup arrives, the streets of Lyari transform into a grand festival. Homes, markets and playgrounds are decorated with flags, while thousands of football lovers gather to celebrate the sport that has become a part of their identity. These celebrations are more than just support for international teams; they reflect the passion, talent and dreams of Lyari's youth. Despite limited facilities and resources, generations of young players have kept the spirit of football alive. Their dedication deserves national recognition and support. The government and relevant sports authorities should take advantage of this passion by establishing modern football academies, improving playgrounds, and creating opportunities for talented players to represent Pakistan at higher levels. The people of Lyari do not merely watch football — they live football. It is time this passion received the attention and investment that it truly deserves.

Inshara Masood Ali Khan
Karachi

Summit living isn't a problem for this tiny mouse

Erin García de Jesús

It's not easy living the high life. Take it from the Andean leaf-eared mouse, Earth's highest-dwelling mammal. To tolerate the freezing temperatures atop dormant volcanoes, these mice generate more body heat than members of the species that live lower down, researchers report in the *Science*. Their mitochondria, the cell's energy producers, have also adapted in ways that give oxygen-dependent processes a boost in low-oxygen conditions.

Andean leaf-eared mice (*Phyllotis vaccarum*) range from sea to summit, living anywhere from Chile's desert coast to peaks in the Andes Mountains. Those living at elevations exceeding 6,700 meters face freezing temperatures that can drop as low as -60° Celsius and oxygen levels roughly 44 percent that of sea level. How the rodents handle the harsh conditions was unclear. Evolutionary biologist Jay Storz of the University of Nebraska–Lincoln and colleagues have summited many Andean peaks in search of small mammals, including during a 2020 excursion that uncovered the Andean leaf-eared mouse as a world record holder. Excursions are several weeks long so that the team can acclimate to the altitude and conduct wildlife surveys as they climb, Storz says. But unlike mountaineering humans, "mice can't wear Gore-Tex jackets."

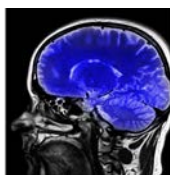
Storz and colleagues compared how Andean leaf-eared mice captured at different elevations fared in small chambers that simulated the frigid, low-oxygen mountaintop environment. High-altitude mice consumed oxygen at a higher rate than low-altitude animals, a hint that mice living at high elevation would be more active in the cold.



New study provides first evidence of dopamine system injury in the brain of long COVID patients

Sadie Harley

A new brain imaging study led by researchers at the Center for Addiction and Mental Health (CAMH), published in *eBioMedicine*, provides the strongest evidence to date that long COVID is associated with injury to dopamine-releasing neurons in the brain—a finding that may explain symptoms such as lack of motivation due to fatigue, slowed movement and memory difficulties, and could open the door to new treatment strategies. Long COVID is estimated to affect 5% of the world's population and is characterized by a wide range of persistent and sometimes debilitating symptoms, including brain-related ones such as fatigue, brain fog, memory problems or low mood, that continue for at least three months following the initial COVID-19 infection. Despite its prevalence, no evidence-based treatments currently exist, largely due to limited understanding of the underlying brain pathology. In the new study, researchers used positron emission tomography (PET) brain imaging to measure a well-established marker of dopamine neuron integrity in people with long COVID and healthy individuals. The team found significantly lower levels of the imaging marker—indicating reduced dopamine nerve terminal density—across all major regions of the striatum, the brain structure that plays a central role in motivation, movement and thinking, in people with long COVID compared with healthy individuals. Specifically, lower markers in the ventral striatum were associated with greater loss of motivation, marker reductions in the dorsal putamen were associated with slowed movement speed, and marker loss in the caudate putamen was linked to memory difficulties.



Pluto has landslides

Katherine Kornei

Terrestrial planets experience landslides in spades, and so do some moons, asteroids and comets. But — until now — they've never been definitively spotted on Pluto, even though the icy world has all the ingredients necessary for their formation. Images taken by the New Horizons spacecraft reveal six large landslides on the dwarf planet, researchers report in *Icarus*.

Combine a mountainous, rocky landscape with a bit of gravity, and landslides are apt to occur. These mass movements can sculpt an environment, delivering solid material and nutrients to new places, says Maria Teresa Brunetti, a physicist who studies landslides at the National Research Council in Perugia, Italy. "Landslides play an important role in shaping landforms."

Rocky bodies ranging from Earth to Phobos (a moon of Mars) to the asteroid Vesta all exhibit evidence of landslides. But Pluto has lagged in the landslide game. Even after the New Horizons spacecraft zoomed by Pluto and its moons in 2015 and captured high-resolution imagery, researchers hadn't pinpointed any. (Pluto's largest moon, Charon, shows evidence of them.)

A reanalysis of New Horizons data changes that. Researchers, including Brunetti, looked for characteristic signs of landslides, such as steep cliffs and portions of the landscape that differed in tone and texture from their surroundings. Six features fit the profile, all of them near a wide, flat plain known as Sputnik Planitia.



New study finds intermittent fasting produces similar weight loss to calorie counting

Elena Vega

Intermittent fasting produced comparable weight loss to traditional daily calorie restriction over 18 months — but people following intermittent fasting did so without the same constant feeling of needing to monitor and limit their food intake, according to a new study from Adelaide University published in the journal *Clinical Nutrition*.

That distinction may matter more than the weight loss numbers alone. Difficulty sticking to a diet — not the diet's biological effectiveness — is the primary reason people abandon calorie-restriction programs, researchers said. And the study, led by Professor Leonie Heilbronn of Adelaide University's School of Medicine and the South Australian Health and Medical Research Institute, found that intermittent fasting could offer an alternative pathway specifically for people whose eating behaviors make sustained calorie counting feel impossible.

Calorie counting — the most widely recommended dietary strategy for weight loss — asks people to track every gram of food consumed, stay below a daily energy target, and resist overeating at every meal, every day, indefinitely. That cognitive and emotional workload is substantial, and research consistently shows it is the primary reason people abandon the approach.

While many diets can result in weight loss, they may be difficult to stick to and this makes keeping that weight off long-term more challenging," Professor Heilbronn said in an Adelaide University release. More than 100 million Americans are estimated to be living with obesity, and the vast majority have attempted dietary interventions at some point.



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