



# TACKLING COVID-19 POLICY OPTIONS FOR PAKISTAN

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The coronavirus pandemic has turned the world upside down and is changing the established global systems. It has put almost every sector under great stress, hitting the global economy, healthcare services, education, cultural and religious norms, sociopolitical connections, sports, entertainment, etc. Institute of Policy Studies (IPS) has attempted to compile a monograph series, based on its ongoing webinars titled ‘Covid-19: Global Challenge, National Response’ to provide better understanding of the implications of the crisis and put forward recommendations that would help in formulating a national policy in the war against Covid-19.

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## COVID-19 CRISIS – POLICY OPTIONS

## INTRODUCTION

### Coronavirus and its Impact: Evolving Scenario and the Changing World

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The epidemic that broke out in the last days of 2019 in the Chinese city of Wuhan was perceived by the world as a local health hazard for many days. But it was not long before the epidemic turned into pandemic, spreading over nearly to the whole world within a matter of few weeks. The spread of the virus does not seem to be under any control ever since due to the lack of any appropriate vaccine and absence of any proper treatment. On the other hand, though the virus is affecting people of all ages, and even though the number of people recovering from the disease is also considerably large, it is still being termed very dangerous especially for the elderly and weak, as well as for those who are deprived of a good immune system.

The pandemic has created an environment of fear, a major reason behind it is its excessive coverage in media and inappropriate and unregulated altercations on social media. So, regardless of the comparative difference between the fatality rates caused by coronavirus and other prevalent diseases in the global population of over 7.5 billion, the fear of the pandemic has immediately triggered major changes in human activities and behaviors.

Learning from the experiences of China to mitigate the dreaded effects of the epidemic, a large number of countries have resorted to enforcing lockdown. As a consequence, most of the production and trading activities, with the exception of food and medicine related items, have been put on hold. The socio-religious gatherings around the world are also either being delayed or restricted. So much so that even the assemblage for burials has been cut down considerably due to changing human behaviors in response to legal obligations or instigated fears.

What will follow in the coming days? it is very difficult to predict at this point, as in spite of the revealing patterns for the spread and effects of the pandemic by now, the process is still evolving. Based on the happenings and developments thus far, various theories based on the flow of opinions, estimations, and speculations are also underway. In any such situation, it is imperative for all those relating to the

policymaking arena and leadership roles of any sort to understand the dynamics of the emerging scenario and review their vision, priorities and narratives accordingly.

#### Healthcare Struggles to Stay Afloat

Seen in light of the developments thus far, the following trends are evident:

When will the pandemic finally come to an end? All estimates being made over this, which range from a period of few weeks to 18 months, rely on the hopes that its vaccine will be available in the given period. Else, realistically speaking, there doesn't exist any definite solution within a human capability to avert the pandemic at least as of now.

Though the disease is fatal, but as mentioned above, the number of its on-ground casualties is still much less than caused by many other prevailing diseases in the world; and hence with the exception of Europe and America, its medical and health emergency hazards are still confined in a few regions of the world. Nevertheless, the psychological and mental effects of the fear of this pandemic as well as measures like social distancing and uncertainty about future are very deep and worsening further. Even when the pandemic is over, the psychological effects caused by this fear, uncertainty, uneasiness and isolation may still continue to loom for a long time.

Seen optimistically, the lockdown caused by the pandemic is reaffirming the importance of a 'caring society', particularly in areas where the family system is sustainable and the members of the family tend to live together. Another aspect is that pandemic victims include all kinds of people. Even those who are 'well-off' materialistically, developed and progressive societies, as well as influential and resourceful people are falling victim to this pandemic. This will also bring changes in future behaviors about the materialistic approaches in human life. How durable will this change be? This depends on a number of factors and better be left for another debate.

On the other hand, it will also be challenging for the allopathic form of medicine, which has established its monopoly in medications and means of treatments. There is no doubt that the allopathic form of medication is widely popular because of its marketing as well as because of its ability to provide rather instant relief, but it is also a fact that this mean of treatments generally affects the overall human immunity system. The increasing realization as well as concern over this form of treatment especially in these days of coronavirus will yield many changes in lifestyles. And as a consequence, the focus will move to organic food and traditional form of medication to treat ailments alongside healthy diet, exercise and preventive measures, and hence it will provide an opportunity to the traditional means of treatment as well as a better way of life. Additionally, there will also be opportunities to lay emphasis on hygiene and cleanliness as important aspects of life.

Corona has also raised questions over the capacity of even the richest and most developed of the countries to combat health emergencies. This will naturally increase pressure to enhance the budgets of the social sector, especially in the public health domain. There could also be a possibility where more emphasis will be laid on preventive measures instead of curative means to handle ailments. The case of Cuba in this regard can be seen as an example where the preventive approach has been given central significance when it comes to health domain. [Cuba is included in the list of countries having highest age ratio in the world. A major role in the health systems of Cuba is played by approximately 500 primary healthcare polyclinics which are spread across the country. Every polyclinic is responsible for covering a population of 30 to 60 thousand, whereas every polyclinic is bound to provide one doctor for every 20 to 40 houses. Another important aspect is that this system is not being run on profit basis, but is being run under the government.] This country, which is a neighbor the United States, has recorded only 814 cases and 24 fatalities as of April 16.

### **Massive Economic Fallout**

The other area that the pandemic and the consequent lockdown has greatly affected is the economic activities. Due to halts and delays in the domains of production and supply chain, every form of trade with the exception of food, medicine or medical equipment has been hampered considerably. According to an

estimate by the World Trade Organization (WTO) shared on April 8, all of this will result in a decline of about one-third (32%) in the global trade. While this will lead to a wave of inflation, the number of people getting unemployed is already on the rise.

The extent of the deterioration of the situation can be imagined by the fact that according to the estimates put forward by the International Labor Organization (ILO) on March 18, about 25 million people across the world were going to lose their livelihood. The same estimates had also predicted that there will be a very big number of those who will end up with considerably curtailed incomes. The unemployment and lack of income leading to inability of the people to spend more will pave way for a further market slump. Within few days however, ILO declared its estimates inaccurate accepting that the figure of 25 million may not be correct. And hence according to the study released by ILO on April 7, about 1.25 billion people are working in the departments or the areas where there are significant dangers to their livelihood. In case of Pakistan there could be a big wave of unemployment due to the steps which might be taken by the Gulf countries. According a news report on April 8, the UAE has laid off more than 10,000 Pakistani workers whereas about 35,000 workers were already waiting to return to the country. It may be mentioned that the estimated number of Pakistani expatriates in the Gulf countries is approximately 4 million, and thus even a return of a few per cent of them can lead to a severe crisis.

If the global trade since 1950s is brought into the perspective, efforts had been made to ease the transportation of humans as well as goods through GATT and WTO initiatives. These initiatives were aimed at facilitating the process of globalization. These efforts were further boosted in 1990s and 2000s with the availability of fast transportation means as well as the developments in information technology. The speed and the way the pandemic, as well as its news, has spread around the globe is also a symbol of the globalization phenomenon. But the way the restrictions on mobility, transportation and trade have been put in place in the last few weeks, and the fact that they are expected to stay in place for some time, it can be seen that the process of globalization will now enter a new phase. This new phase may see a rise in technology driven activities, but will also see a rise in questions pertaining to the restoration of human transportation and mobility.



## **New Political Balance and Alliances**

The impact of recession, unemployment and inflation leading to crises oriented changes will also be felt in the domestic and global politics. In today's world, the economic strength of any country forms a major part of its soft power, and thus of its relative political strength. This way the pandemic has also opened the doors of chaos in political spheres. Now, the efforts being made by the governments to control the pandemic as well as to mitigate its losses, the role of governments at the global level, their governance in their own respective domains, and the impressions of leadership capabilities of various countries is also affecting their global image.

What will be the soft power of different countries, as well as the consequent balance of their political power in the world? The pandemic has made it an important topic. There would be fluctuations in the already existing relations and alliances. The interview of Italy's prime minister, which was aired on April 8 on BBC, is important in this context in which he expressed his disappointment over the role of European Union member countries while openly expressing positive gestures towards the Russian president as well as the Chinese leadership.

There are also many speculations and conspiracy theories circulating around over whether the causes of the virus were natural or man-made. The significance of these speculations so far is merely enough to enable activists belonging to different religious and political spheres find material to suit their narratives, which they extend forward to fulfil their own satisfaction. But as soon as any concrete evidence is raised in favor of any theory, it will gain extra-ordinary importance in the fast communicating world of today. On the other hand, it is also easy to understand that in case this pandemic is a result of any conspiracy, its makers must not have planned for only one event, but devised events for a series of steps, which will be revealed slowly. At the global level, this situation will form the basis of a new political balance as well as of new alliances in terms of relations between the countries.

## **More People Are Turning to Religion**

Another instant impact is related to the views about religion and its role in life. Even those denying the very existence of any superior being, are now realizing that humans are not in control of everything. A reference by Pure Research Foundation is important in

this regard. During March 19 to 24, when the situation was much better compared to today, a question was put asked of American citizens in a survey whether they have prayed for the end of the pandemic. Fifty-five per cent of them responded affirmatively. Among the people who responded affirmatively, the ratio of notable Christian sects was dominant ranging from 68 to 82 per cent. [The report does not mention Muslims exclusively]. An important point to note here is that even 6 per cent of those who call themselves atheist, revealed that they have prayed too. Additionally, there were 15 per cent of those who said they had never or very rarely prayed before.

There exists numerous kind of divides in the world in the name of the religion. On one hand there are those who deny any religion altogether, and on the other, there are those who follow some kind of religion. The rifts and divisions, and even fighting among those who follow religions, are also the realities which have existed in every era. Then there are diversions in the followers of the same religion as well which are based on variations of sects and schools of thought. Whereas there also exist division based on practice i.e. those who follow the religion firmly or feebly. The layers after layers of these divisions do seem never-ending. But it appears that the pandemic will push more people towards their religion due to the fear it poses.

Though the development is not very obvious at this point, if the pandemic keeps spreading, then this trend will also be on the rise. On the other hand, it is the nature of humans that the people facing similar difficulties tend to get closer to each other, and hence there will be opportunities especially in the western world for common people following different religions to increase their connection as well as cooperation with each other.

As part of the strategy to ensure social distancing, there are restrictions being placed on religious gatherings. A number of people have accepted this in spite of reservations, but there is uneasiness in religious sections which can raise problems for the governments, as well as for the religious leaderships. However, there is another aspect that is gaining prominence in these circumstances, and it is the consideration that in view of evolving circumstances, there exists flexibility and a room of change even in the apparently established matters of religion. This will also make a difference to religious, economic and social behaviors of Muslim societies especially due to



the absence of large-scale activities like Hajj and Umrah in the coming days. The provisions of balanced religious behaviors over traditional extremist attitudes will increase, although there will also be a faction which will try to find ways for unnecessary relaxations. By the way, it may also be made clear that there have been occasions [approximately 30] in the history of Islam when the holding of Hajj was halted completely or partially due to wars, politics or epidemics.

The questions relating to the universe, the reality of life and the role of human in this world, which were either forgotten or had gradually become meaningless, will revive in the academic, philosophical and civilizational discourses and will be debated more often at a larger scale. Hence the ideological deliberations over fundamental beliefs will find a new dimension. It will be a test for both the believers and non-believers that how they will be able to present their viewpoint cogently and effectively.

### **Technology Emerges Victorious**

With the rapid advancement of information technology, the virtual world is already expanding swiftly. The prevalent lockdown in different areas of the world has boosted its pace and already expanding usage manifolds. Now even those who were naive, or considered themselves stranger to all this, are trying to get acquainted with it, and hence even their habits and behaviors are changing. Whether it is education, the world of health, sociopolitical connections, sports and entertainment, or even the economic activities, people will start getting adept with the online world. The use of robots and artificial intelligence will also increase in all sectors of human activity. Whether it is industrial sector, agriculture sector, services sector, or any other, it will eventually become a norm. The push for gaining ability and capacity in these areas will become even more important in the given context. Whether it's the development of hardware or the software, the innovation and invention, as well as education and training will also increase in this regard, both in terms of speed and volume. This will pave way for many new forms of livelihoods whereas many old forms will eventually phase out. Hence this will become an important career choice for the youth to make.

It is an observation that the lockdown has forced even small businesses and institutions to turn towards online and digital means of business. This

development will pave way for application of new means of connections between the producers and consumers. The role of middlemen will be minimized and it will become difficult for small businesses to survive unless they come up with innovative ideas. There have also been few examples of barter business at grassroots levels in the days of lockdown off late. Due to the dangers of infection associated with using conventional currency, not only the digital currency will come into more play but the barter trade will also increase. On the other hand, people could also prefer barter trade in a bid to avoid the documentation that automatically comes with the use of digital currency. The use of online means will especially augment in the services sector, just as it is seen in Pakistan where within few days, academic institutions and teachers, as well as medical facilitators have started providing their classes or services online.

### **A New Global System?**

The global system is another important aspect that is gaining more attention. The present global system, and in line with it, the foundation of the United Nations and other international institutions came into being in the post-World War 2 environment. The factors behind these developments were prevention of war and the challenges to rehabilitate the destructions caused by the war. In the given context, the triumphant countries were given special role in the systems and institutions (like veto power and permanent membership of the Security Council). It is a fact that even after the passage of 75 years, the expectations from the United Nations have hardly been fulfilled, and hence there have been frequent discussions for bringing reforms into this system. The performance of international institutions is expected to come into the light once again in the wake of present pandemic. As a matter of fact, the performance and funding of WHO, in which the US contributed around 15 per cent, has been under debate since the beginning of the pandemic. President Donald Trump announced on April 15 the US is going to halt funding to WHO for failing in its basic duty in its response to the pandemic.

The focus over security issues aimed at preventing wars will continue to persist, but the global attention on the unconventional threats to human safety and security, as well as on the social sector will increase further. The role of such countries, institutions and people will also increase manifold who will be able to

adopt better narrative and display better performance in this domain.

The focus on military hotspots has naturally decreased during these days. It is expected to change further if the pandemic persists. The 15-day ceasefire offer from Saudi Arabia in Yemen and its one-sided implementation (from April 9) is an indication of this phenomenon. In the same context, the focus on conventional weapons will also reduce in the longer run. In comparison, the importance, techniques and use of hybrid war and mind control will increase. In the same relevance, the importance of media as well as social media and its control, and the significance of related institutions will also become prominent. [In terms of military conflicts however, Pakistan needs to be vigilant towards India, which may attempt to take advantage of world's diverted attention toward corona, and try to undertake some adventure].

### **Need for Greater International Cooperation**

Countries across the world should abandon differences at this critical moment so as to enhance international cooperation and coordination to deal with the daunting threat. The virus has made people realize that all human beings are one despite their differences in colors, races, nationalities and languages. Their challenges can only be dealt with if they have a common and coordinated strategy.

The human race, backed by modern technologies, has a great opportunity to cooperate by sharing experience in different parts of the globe and offering assistance to others to tackle the Covid-19 challenge. It would be a great failure on the part of the global leadership, and leadership in different countries if they fail to avail this chance.

Every country has its own government system, social dynamics and resources but the coronavirus does not care about that. It is a reminder to all that they are facing a common enemy and they can fight against it by pooling their strength, and the strength cannot be pooled unless they have very good coordination.

The pandemic would not only have an impact on the health sector, but also have longer and deeper implications on micro as well as macro economies and the current global order.

The world should have a fresh strategy and system based on concrete multilateral coordination and cooperation to handle the possible impacts. With joint

efforts, some major countries should utilize the United Nations as a platform for discussions and coordination to form new cooperative mechanism that can benefit all countries equally.

We all have a shared destiny. As human beings, we share our problems when we share our interests. Unless we change the paradigm, the individual cases would continue when a country would use the opportunity for its own interests by sacrificing the interests of others.

China has responded to Covid-19 in a fast and calm manner, shared information with the world and helped others with its experiences, expertise and medical aids. China's approach promotes honest cooperation and coordination when the world faces an unexpected challenge.

### **Planning for the Future**

It is rightly said about change that it is a never-ending process. So the changes were bound to happen in the world even if the corona had not existed. The pandemic however has created circumstances that will speed up the process of change in certain areas. In some cases, it might divert the past trends whereas in other cases it will facilitate new opportunities, possibilities (and/or) hurdles. The aforementioned discussion points at such aspects without any division.

On the other hand, as was said in the beginning, the scenario is evolving; the situation formed in the wake of corona pandemic will take time to assume any certain position. Hence, the validity or invalidity of the points presented in the review depends on how the matter proceeds and takes a final shape (in the next few weeks, months or years). Also, the nature and amount of losses the pandemic will cause before it settles down in different parts of the world, remains to be a question.

Human behaviors and the systems and institutions based on those behaviors do not change in flick of a moment. They take time to change and human efforts, alongside the natural causes, play their role in fostering that change. On the other hand, future can never be predicted conclusively. With all the scientific knowledge and development, the future remains unpredictable as the Covid-19 pandemic has proven once again. Hence the points discussed above should be seen as an initial exercise. An attempt at

understanding the trends, and to plan the responses ahead.

If the consultations and exchanges of opinions continue while keeping an eye on the evolving

circumstances, it will be possible to form a detailed work plan over each point. Hence it remains an ongoing exercise.



## Chapter 1

### Managing the Covid-19 Crisis – Global Challenge and National Response

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Pandemics act as catalysts of social transformation. Human society is based on three fundamental structures, family, work place and nation-state. Covid-19 presents an unparalleled challenge to all these three fundamental social structures of human species, irrespective of their ideological, geographical, ethnic or economic identities and boundaries. In terms of level and scale, the threat to human lives, global economic system and contemporary way of life that Covid-19 poses is second only in recent history to the global impact of the Second World War. Eighty emerging world economies are already seeking help from the International Monetary Fund, which indicates an imminent global economic recession. This pandemic will have deep and lasting effects for the world order and the current distribution of power, wealth and values. It has already exposed the lack of readiness and the absence of adequate policy planning by some of the most powerful and wealthy western powers, which have dominated the world for the past five centuries. States like the US, UK, France, Germany, Italy and Spain are the worst affected and some of their experts fear that if this crisis lasts for a few more months then millions of people can be affected in these countries. In contrast, Pakistan has received a relatively delayed penetration of this global threat. Therefore, it presents a fleeting opportunity to quickly learn from the experiences as well as policy mistakes of other states and timely evolve innovative policy options that are tailored to our own culture, resources and environment. It is a national security imperative that will not only affect Pakistan's traditional and non-traditional security but also influence the nature of social contract between the state and society. This paper analyzes the global significance of Covid-19, identifies challenges, recommends a few timely policy options and proposes way forward for Pakistan.

#### Global Significance

According to the US Congressional Research Service, the Second World War lasted six years and cost the world \$4.1 trillion and 75 million lives, including 40 million civilians. In contrast, Covid-19 is expected by

IMF to slide the world into the worst economic crisis in 90 years since the Great Depression of the 1930s. The Second World War lasted almost six years but did not immediately threaten the global economic or political system, which continued to be dominated by the Western powers which successfully defeated the challengers to their power, wealth and political systems. However, subsequently the experience of the Second World War weakened the British control over its global colonial system that later yielded a US-led post-World War II world order. This new world order was erected on five main pillars. These included the UN (global political/diplomatic pillar), World Bank and IMF (economic pillar), military alliances (strategic pillar), WHO (health pillar) and UNESCO, USAID and Hollywood (cultural pillar). The Covid-19 pandemic presents the swiftest and biggest challenge to this US-led world order and all these five pillars.

This global crisis is a litmus test for the world leadership. It represents an unprecedented opportunity for the US, the status quo power, to preserve the contemporary international system by leading the world out of this crisis through timely leveraging its influence in the global financial institutions to provide the world necessary economic relief. However, the anti-status quo powers like China and Russia can also use this crisis to gradually transform the world order by reshaping its political and economic pillars and circumventing the huge US hard power, which seems redundant and irrelevant in the face of the global Covid-19 threat. It was unthinkable only a few months ago by any single State, alliance system or ideology that has emerged since the Second World War. The two world wars provided great opportunities to the industrialized states to massively increase industrial mass production of everything that was needed in the total war effort. In contrast, Covid-19 has forced people indoors, shut down factories, stopped businesses and shrunk global demand. This represents an unprecedented threat to the capitalist global economic system, based on demand and supply, both of which have now shrunk enormously.



The World Health Organization (WHO) has failed to lead, organize and build a global health response mechanism against the worst worldwide health challenge in its entire history. Moreover, the trillions of dollars' investment by the US and NATO in unprecedented hard power has proven to be irrelevant in addressing this global security challenge that has shaken the economic and political foundations of the Western power centers. The Covid-19 crisis also poses a grave threat to the globalization process by retarding global inter-connectedness in economic, social, diplomatic and political realms. Therefore, it could eventually build greater social, political and economic pressures to shrink defense budgets for greater resource allocation towards health and social welfare by all states. This could make sustaining the most advanced and expensive land, air and sea based conventional weapon systems, their current development programs and future research quite difficult, at least till the time the world recovers from the economic impact of Covid-19.

Covid-19 presents the most critical challenge to the monopoly of the Western capitalist system, liberal lifestyle and democratic political system because it has tested the US ability to save American lives, provide global leadership in addressing a global human security crisis and ensuring that its allies benefit by cooperating with Washington. In contrast, the Trump administration's '*America First*' policy has neither helped the American medical service against Covid-19 nor assisted its friends and allies around the world at this critical moment. The effects of the slowing down of the world economic system could be exacerbated by the rise in nationalism, stronger border controls, reduced travel and revival of religious sentiments.

Interestingly, besides successfully managing the Covid-19 at the domestic level, China has rapidly emerged as the global leader spearheading the worldwide medical effort against Covid-19 by sharing its knowledge, equipment and technology with 82 states, WHO and African Union. This has also enabled Beijing to globally exude its soft power in order to gradually emerge as a superpower with a soft face. China has also demonstrated that it has the political will, the social discipline and the industrial capacity to not only deal with a national crisis but also help the rest of the world in timely dealing with a global challenge, affecting international security, human security and economic security. This represents a

critical psychological and political challenge to the US-led alliance system that aims to protect the contemporary world order, in different parts of the world.

China has timely and effectively used this global crisis to dent the US-hard power based alliance system by swiftly providing medical supplies to key US allies in Western Europe and East Asia. This could be interpreted as a Chinese attempt to reduce the Western European states' dependence on Washington and also weaken the European Union further. However, the Chinese economy will also suffer because its export revenues and GDP will decline due to rapidly shrinking demand in the large US, Western European and Middle Eastern export markets for Chinese consumer goods.

The United Nations Industrial Development Organization (UNIDO) has warned that the Covid-19 outbreak will significantly contract the global economy. A UN study has stated that 81 per cent of the world's workforce of 3.3 billion people is facing a serious employment risk whereas according to the IMF, over 180 countries will experience decline in their per capita incomes. Oxfam anticipates that half of the world's 7.8 billion population could soon be living in poverty. It could stress global value chains, disrupt demand, supply, finance and manufacturing sectors. This could also increase unemployment, lead to large scale business insolvencies, invoke loan default from developing countries and significantly reduce Foreign Direct Investment. The travel, hotel, automobile, airline and oil industries are already heavily affected. However, the share prices of pharmaceutical industry, IT industry, gold and real estate sectors could rise further as more people opt to hedge their savings rather than invest in risky and more volatile sectors.

### **Challenges for Pakistan**

Pakistan's situation is precarious on eight accounts. First, Pakistan emerged after the Second World War and its political, economic and social system as well as public sector has no prior experience of planning or dealing with a global crisis that affects all walks of life, both internally and externally. Even the 1948, 1965 and 1971 wars were not total wars and Pakistani society and economy were not as badly affected as the Second World War badly damaged the economy,

industry, political system and society of several major powers like Germany, Japan, Italy and France.

Second, the largest segment of our society is mostly based on conservative and closely knit family system, which is highly sociable and interdependent. This makes reducing social interactions or isolating a patient, particularly a breadwinner, a major cultural taboo, especially in the rural and less developed areas.

Third, our entire health and economic system is externally dependent. Since 1947, Pakistan has traditionally looked externally for addressing its health, public policy and economic challenges for most part of its history. Although this structural external dependence is the norm in most developing countries but it also enhances our vulnerability during a global crisis because most developed nations are also looking inwards and reluctant to share their technology and valuable resources due to their own domestic priorities and the massive scale of their own internal challenges.

Fourth, internally, the modest political and financial commitment towards public health and human security, coupled with the elite-oriented bureaucratic culture will constrain Pakistan's ability to timely and effectively take drastic, critical and substantive measures to save not only millions of lives of common citizens but also our small economy.

Fifth, Pakistan's continued external economic dependence over the Western export markets, loans/aid/economic assistance and Middle Eastern remittances will also aggravate the great challenges to our economic survival. This will be due to the fact that the US and West-European markets for Pakistani textiles are already shrinking due to the global economic slowdown there. In addition, the foreign exchange remittances from the Middle East will also decline due to major slump in global oil demand and plunging prices. Moreover, the reduced international exports orders for our industry will also translate into lower tax revenues for the upcoming Federal budget and increase the unemployment level.

Sixth, the 18<sup>th</sup> Amendment to Pakistan's Constitution has made public health a provincial subject. This constrains the Federal Government's ability to effectively steer and manage the allocation of international assistance and critical resources towards where they are most needed, above and beyond inter-provincial politics or center-provincial dynamics.

Seventh, our provinces are mutually inter-dependent for most of their individual needs and 18<sup>th</sup> Amendment creates a greater challenge for the federal government to attract resources from one province and divert these towards other provinces, particularly during crises. During deepening crisis, all provincial governments are likely to prefer looking after the interests of their own provincial constituencies and local voters rather than help other provinces at a time of crisis and resource constraints.

Eighth, the limited resources and very modest capacity of the public health sector in the provinces will get saturated within the next few weeks, if patient numbers rapidly rise. This could, under resource constraints, even lead the overworked doctors to refuse to treat the burgeoning number of patients, without timely receiving necessary personal protective equipment, adequate safety facilities and limited or delayed medical supplies. If not addressed timely, this scenario could rapidly evolve into a serious nationwide law and order situation of large-scale chaos, riots and political instability in the coming months that could even test the political survival of the government. This will also increase the threat on our Eastern borders due to our military forces' greater internal security responsibilities and significant commitments in the aid of the civil administration.

### **Available Policy Options**

Three scenario-based sets of strategic options have been considered to address this global crisis at the national level, which poses an unprecedented test for the survival of our political, economic and security systems, our national and internal security as a stable state and coherent society. However, if handled astutely, this could also be a unique opportunity for Pakistan to emerge as a robust nation from this great test of character by finding timely and innovative local solutions, tailoring international best practices and drawing relevant and valuable lessons to meet this critical and unprecedented national security challenge.

#### **Option No. 1: Complete Lockdown**

This option is based on the idea that federal government declares national emergency, acquires complete control over critical national resources and imposes total restriction on all social activities. The government can allow one person from each family or household to buy/procure/receive essential items in

sufficient quantities that could last up to three week, based on Nadra/ID card/B Form records and respective family size, within a 48-72 hours window and announce that no social activity will be allowed, except necessary travel of critical patients to hospitals, government employees, district administration, volunteer workers, security and paramilitary personnel involved in their critical crisis management responsibilities.

This approach will save most lives in the short-term by allowing ‘**state-enforced social distancing**’ rather than the ‘**voluntary or recommended social distancing**’ through a curfew like situation. Russia has followed a similar model in which strict punishments are imposed in case of violations of government orders that include 5-7 years of imprisonment. This approach will cost our economy and social system very heavily in the short-term but eventually the economy can gradually recover, once global crisis subsides in a year or even longer. This policy approach would draw huge pressure from the trading and business communities against the government in the short-term, which could increase political challenges for the government in the foreseeable future.

### **Option No. 2: Graduated, Sector-Specific State Intervention**

This is a pragmatic compromise option not an extreme or ideal solution. It can save many rather than most lives but also the vital pillars of the political and socio-economic system. This option is based on the core assumption that the government and state institutions have the ability to absorb large scale casualties in the medium term (3-6 months) and perhaps temporarily declaring a ‘national crisis government’ that allows the federal government to use its emergency powers to take direct control of critical resources such as food, health, energy and banking, restricting large social processes and directly managing critical supply chain/distribution process. This could involve food rationing for at least three months that helps ensure that every citizen gets fed and receives state-enforced health security through isolation. Social activity can be gradually revived, emergency lifted and civil liberties can be fully restored once the crisis is over, socio-economic circumstances normalize and its most damaging effects have been successfully managed.

### **Option No. 3: Status Quo/Survival of the Fittest**

In this option the federal government completely controls the media narrative through direct and indirect intervention to prevent psycho-social chaos but does not directly intervene in operational crisis management through a ‘centralized/assertive model’ but merely acts through ‘delegative policy model’. This policy approach will imply that the federal government mainly focuses on internationally attracting and procuring the vital medical equipment, relevant technologies and critical supplies and leaves its distribution to the provincial governments. This approach will reduce the political cost of crisis management for the federal government because it can blame the lack of sufficient equipment on the international environment, reluctant suppliers and limited availability beyond Pakistan’s control and allow the provinces to handle and absorb public and media criticism regarding all irregularities or inefficiencies in the food distribution and medical treatment processes.

This approach will allow the law of nature to take its course and merely manage the socio-political status quo by offering the general food and health services to the general public, based on the current bureaucratic system, capacity, culture and resources. It will also imply that the federal government accords priority to the survival of the institutional and public sector structures rather over human security and public interest. This scenario would allow the government to absorb the initial pressure but eventually it could lead to huge chaos in the society, particularly once the scale of the crisis expands and deepens beyond the individual capacity of the provincial governments. This is because the current public sector health system can quickly cave in before the enormous pressure of mounting numbers of thousands of desperate patients who could flood the hospitals after the public sector health system and hospitals’ capacity gets saturated after the next few weeks. This situation could eventually lead to a large-scale break down of the law and order situation, weaken Federation-provinces relationship, damage economy much more in the long run after initially absorbing the domestic pressures for only the initial phase.

Eventually, it will leave the state no other option than to eventually declare emergency and impose curfew in various parts of the country to prevent complete breakdown of law and order. This will also exacerbate



national and regional security threats because India and anti-state elements can use this situation to their advantage. Pakistan cannot afford opening a third 'internal front' at a time when the situation on its eastern borders is hostile and on the western border remains tense and uncertain till the time Afghanistan stabilizes, which is unlikely in the short-term future.

In this adverse and anarchic scenario, 'Survival of the Fittest' principle will come into play. This implies that amidst the deepening chaos, the healthiest, most intelligent, influential and most resourceful segments of society will eventually survive while most of the remaining weak, old and poor, unskilled people along with their conservative culture could face an existential and grave dangers.

Eventual outcome, according to this scenario could be a more efficient, careful, smart, internet-based elite minority that relies more on efficient and reliable machines, automated/mechanized production processes and internet-based service sectors rather than expensive, numerous, unskilled and human labor which constitutes the majority of our population. In advanced stages of a deeper potential crisis, the economic and physical survival of the majority of population could be in grave danger simply because the public sector neither had an efficient public service culture, adequate fiscal space, medical capacity, technological resources, nor could timely procure these from outside to save the majority of the poor people from the effects of the Covid-19 outbreak in the coming months. This poor majority could eventually threaten the prosperity and security of the wealthy elite and pose grave challenges to the social and economic stability of the country.

A remote possibility would be that this scenario could potentially lead to the evolution of a new and more efficient socio-economic system that gradually recovers from the traditional dependence over inefficient, cheap and numerous human labor employed by an exploitative economic elite that has enjoyed State protection against free market competition. Those with innovative and smart ideas, valuable skills and practical solutions will survive and gradually build a knowledge-based economy which will have neither the need, nor the room for human intensive labor force nor spend large share of resources on the welfare of the poor. This could evolve a new lean and mean nation-State structure that rises from the ashes of a labor-intensive and inefficient

society. This is the most dangerous scenario for those who have benefitted from the existing socio-political status quo and for those who are neither agile, skilled, resourceful and influential enough to favorably transform their relevance towards a new more efficiency-based social contract. One remote possibility is that this could eventually help get rid of the dead wood than constrains the existing political and bureaucratic system from efficient, agile functioning and accountable public service. It could also help the current government to fulfill its promise of eradicating injustices and corruption from the public sector.

### **Way Forward**

As compared to the two maximalist and more politically costly policy options, the second policy option of 'Graduated Sector-Specific State Intervention' seems more prudent, least risky and carefully calibrated to manage the crisis in several key domains simultaneously while keeping the socio-cultural environment in mind.

The more specific policy recommendations to timely and effectively manage the crisis are discussed in the following paragraphs. These measures are designed to not only allow swift consideration but also enable optimal synergy and efficient utilization of information as well as human, technical, financial and all other material resources with minimum political or administrative costs or infrastructural requirements.

### **International Measures**

#### **1. Crisis Diplomacy**

The Ministry of Foreign Affairs should try to generate global support to call for an emergency session of UN Security Council as Covid-19 represents the gravest threat to human, economic and social security since the founding of the United Nations and help jointly develop a robust, comprehensive, long-term and global crisis response mechanism to deal with Covid-19 and its worldwide consequences through a timely, multilateral diplomatic initiative. China, permanent member of the UNSC, can be encouraged to request France, the UK and the US who are badly affected by Covid-19 as well as Russia, with which Beijing is forging close strategic relations. This will also help Beijing emerge as a world leader by spearheading the multilateral process to develop a worldwide, effective

and timely response against a grave threat to global human and health security.

## **2. Review of International Financial Arrangements/Loans**

Due to looming global economic recession, declining oil prices and its global demand, Pakistan's international export revenue and the foreign remittances from the Middle East are expected to significantly decline during the current and next fiscal year. This will intensify pressure on our next fiscal budget and reduce our timely repayment capacity to the foreign donors. This requires timely multilateral crisis diplomacy, in collaboration with other like-minded countries, for a substantive review of Pakistan's all existing foreign financial commitments.

Thankfully, the G20 countries have included Pakistan in the group of 76 states, grouped under the World Bank's International Development Association (IDA), which are eligible for debt relief on their principal and interest payments. This period for debt relief is from May 1 to December 1, 2020 and all debt service falling due in this period will be packaged into a new loan whose payment will not start until June 2022. Earlier G20 countries had been urged by the World Bank and IMF to extend debt relief to the poor countries to free up their resources to fight Covid-19 related challenges. However, it remains to be seen whether this facility is applicable on all categories of debt, including bilateral reserve extension facilities provided by Saudi Arabia, China and the UAE and commercial creditors.

According to IMF, Pakistan's external debt repayment obligations in 2021 is \$12,731, which could be subject to the debt relief. Pakistan has \$2.545 billion debt service payment owed to commercial creditors in the next fiscal year, of which \$2.3 billion is due to China. Amount owed to non-Paris Club bilateral creditors is \$6.744 billion, of which \$3.48 billion is owed to China, \$2.245 to Saudi Arabia and \$1 billion to the UAE. The amount due to multilateral creditors is \$1.627 billion, which is a combination of payments due to the Asian Development Bank and World Bank. The Paris Club creditors are owed \$787 next year, of which Japan and France account for its major share.

Revised, delayed and softer terms of repayment to all external financial commitments on humanitarian grounds and force majeure is time-sensitive national security imperative that can significantly affect

Pakistan's ability to deal with Covid-19 crisis. Multilateral diplomacy with other developing countries, whose economies, industries and societies have also been deeply affected by Covid-19 could possibly lead to the review of softer or longer term financial arrangements/aid package/rescheduled repayments etc. since it is a global crisis beyond any single state's control or capacity and dealing with it requires a global and collaborative efforts and sympathetic role of these institutions to address its grave and long term economic consequences.

## **3. Sharing International Best Medical Practices**

Pakistani doctors form the most influential, rich and knowledgeable part of the US society and British National Health Service. Their knowledge and experiences in medical research regarding diagnostic techniques, treatment, resource optimization, knowledge sharing, waste disposal, doctors' own hygiene practices during resource constraints and telemedicine etc. can be shared with our hospitals and public health experts through regular internet lectures, discussions, seminars and video conferencing with medical colleges, medical universities, relevant medical labs and designated hospitals.

## **Domestic Measures**

### **4. Prioritize Human and Economic Security of Critical Structures, Institutions and Individuals**

Key decision makers must be protected from being exposed to public gatherings. This includes the President, Prime Minister, cabinet members as well as services chiefs, CJCS, DGI, DG SPD, foreign, finance, interior and defence secretaries, Chief/Deputy Chief Planning Commission, National Security Advisor, Governor State Bank of Pakistan, Provincial Governors and Chief Ministers and other key stakeholders.

### **5. Adapting Strategic Decision-Making System to the Crisis Environment**

The parliament and government should continue to function through secure video conferencing. Military services ought to continue closely and regularly monitoring the rapidly evolving situation through human, technical and intelligence sources and regularly share information and hold meetings through secure video conferencing at the strategic level and only operational and tactical levels should have a physical dimension. (Recent Corp



Commanders conference and last Board for two-star promotions is a useful example).

## 6. Government-Managed Critical Sectors

Four sectors including basic food, petroleum, healthcare and banking could be declared as critical sectors and should come in direct control of the government during the current crisis to prevent disproportionate distribution of valuable resources, hoarding, anarchy and chaos as well as exploitation by the producers, traders and distributors. This will hurt the economy in the short term (3-6 months) but will ensure human security and physical survival of most citizens including the poorest majority of people through rationing of critical strategic items and distribution on the basis of Nadra database/B Form/ID card for record keeping and issuing of adequate quantities of food, fuel and medicines on the basis of each household and the numbers of its family members.

## 7. Multi-Layered Quarantine: Three levels – International, National and Local

This will incrementally reduce the risk of infection rapidly multiplying through external and internal interactions by creating a three-layered strategic, operational and tactical level threat identification, management and response mechanism.

**The first level** will be the stoppage of international flights and shipping and border crossings except those that bring in the critical regular strategic supplies of food, fuel and medicines.

**The second level** should be the national level quarantine in which anybody who is not directly and physically involved in the above identified critical strategic sectors will not be allowed to travel between cities and provinces till the time the threat declines. This will help keep the society alive by regular but carefully controlled supply of essential food, fuel, medicines and cash while at the same time saving the rest of population from the risk of unnecessary Covid-19 exposure.

**The third level** of quarantine would be the tehsil, township, sector level to ensure if any Covid-19 has spread widely within any particular locality then that particular locality, town or sector can be completely quarantined by law-enforcement agencies at the tactical level and if needed, by Rangers, to ensure only critical food, fuel and medicine supplies go inside the

affected area/infected population. The recent example of Bhara Kahu being sealed after several Covid-19 cases were discovered in the locality is relevant in this case.

This three-level, sector specific quarantine approach is a more carefully calibrated, multi-layered and tailored approach towards crisis management of a global crisis that will test both the resolve and the limited resources at a nationwide scale for months ahead. Therefore, instead of selecting a black and white approach of either a total lockdown/curfew or complete freedom of movement because it will also allow tehsil/district/sector level close monitoring of situation and timely and effective management instead of creating a national crisis due to a local/tactical issue which could have affected only a small population segment. Otherwise, even a small incident which gets large media attention or attracts international pressure could quickly saturate and divert our national security, medical and administrative capacity as well as exhaust it quickly in the early stages of the crisis which could take months to manage.

## 8. Information/Perception Management (National Crisis Information Management System)

Close collaboration between state, government institutions and public and private media is critical to ensure both domestic public perceptions and our international image are managed effectively during all the stages of this global crisis along with daily briefings and clarifications by National Disaster Management Authority and Ministry of Health of accurate facts and figures.

National media should prominently highlight the grave economic consequences of Covid-19 outbreak for Western economies and societies and astute crisis management by Pakistan. This will help discourage our economic and political elite from sending foreign currency and dollars in cash/black money abroad as a hedging strategy.

It will also deepen the public understanding of the global scale of Covid-19 international crisis, reduce expectations from the US and UK and help prepare them for greater challenges in the days ahead through domestic and local solutions.

Warning people that medicine to treat Covid-19 does not currently exist could be demoralizing but will help reduce their pressure on government as well as rush in

hospitals in the coming weeks which is critical. Once the numbers exceed thousands in the coming weeks, hiding facts otherwise publically known through social media will only further reduce public's trust in both the government and state media.

General public gradually needs to be convinced that their best chance of survival is only inside their home and away from all social life, till the time the existing threat recedes. Once a person goes out, he or she endangers his or her own life and also of his/her family once he/she returns. Once a person goes to hospital or Isolation centers, it only helps to isolate that person from his/her family, friends and other patients to ensure he/she does not infect others.

### **9. Synergized Food/Ration Distribution**

It is essential to synergize public sector, ministerial, provincial, local level response and food/distribution mechanism and procedures with the newly raised Tiger volunteer force as well as timely involve local and credible NGOs and legal and registered charity organizations. Nadra database, ID card, Form B (with family details) and mobile phone SIMS can serve the reference point(s) for registration, record keeping, data base management and data mining. This will ensure that the food supplies/rations are timely and optimally distributed according to need and above and beyond political, ethnic, sectarian or any other considerations. It will also improve and help update Nadra records because registered people will have an incentive to receive food/ration and financial assistance.

Effective and fair distribution of food rations in far-flung and remote areas, particularly in the insurgency/terrorism affected areas like former FATA and Balochistan, will be critical to ensure that anti-state elements do not exploit this crisis for their ulterior motives and sow further distrust due to bad governance/mismanagement of Covid-19 crisis. This will also reduce the risk of duplication, misappropriation, misallocation, theft, pilferage and/or food politics, which can intensify if normal business and economic activity remains suspended for extended period of time.

### **10. Legal and Transparent Fund Raising and Charity Work**

It is vital to ensure that no sanctioned entity, proscribed or banned organization should be able to

use this or any future crisis to extract or collect money, gain social space or legitimacy on the pretext of charity work under the guise of different or new names. This could further deepen our Financial Action Task Force challenges if this aspect is not effectively ensured.

### **11. Crisis Economy**

In order to save both lives and national security, the agenda to build a vibrant economy could be the temporary collateral damage. It will be politically costly for the current government but could become a national security imperative, particularly if the crisis deepens. During crisis, the dreams of a vibrant and thriving economy could be shelved till the time Pakistan survives and recovers from this global crisis.

Declaring emergency would help the government explain to the general public that the grave international situation has forced Pakistan to choose between saving the lives of millions of its citizens or try to improve their lives. We can be rich one day Insha Allah, but first let us try to save lives, survive as a nation, as a state and as a society. In any case, we cannot become rich alone while the entire world economy is descending into a deep recession and billions of jobs around the world are at risk.

So the first responsibility of the government is to save the lives of its citizens by providing them food and affordable healthcare and once that has been achieved then securing the critical institutions. Once we have recovered from this human crisis and international circumstances normalize in a few months, then we can Insha Allah rebuild our economy. This narrative will also enable the government gain greater and direct control over the stockpiling, distribution of critical food and medicines to all parts of the country, above and beyond the center-provinces politics as well as inter-provincial politics, which is an unfortunate reality.

### **12. Agile Industry**

Synergize, prioritize and optimize national industrial production capacity. During crisis, all public, private, federal, provincial, civil and military industrial units that can design, assemble, produce, repair and supply essential medical supplies of beds, masks, gloves, protective suits, ventilators, oxygen cylinders and bedsheets must come under direct control of the government and work in close mutual coordination

under the guidance of NDMA/PDMA to prevent rapid price escalation, duplication, hoarding, competition, wastage and exploitation.

In order to reduce the global impact of this crisis, the government must brief all industrialists particularly textile (Karachi/ Faisalabad) and engineering sectors (Gujranwala/ Sialkot/ Lahore/ POF Wah/ PAC Kamra/ DESTO/ PMO, etc.) about its significance and encourage them to shift their design, assembly, processing and distribution processes towards first meeting the national and later the global needs of most critical medical and hospital items rather than wasting their resources, material, time and money on producing those products whose markets have already shrunk or will shrink. Once the national needs have been met, then the spare industrial production can be used to increase international exports to other countries where these products are also needed, for as long as this global crisis lasts.

Women in villages/rural areas can be engaged through NGOs and Rural Support Programs to train and encourage them towards finding innovative, local and cost-effective solutions like sewing domestically produced masks by using local and homemade fabrics like cotton and grey cloth with strings and how to identify, detect and isolate Covid-19 patients and provide them separate beds away from healthy family members.

**13. 'National Strategic Medical Supplies Stockpile'** should be created under the Federal Health Ministry along with a comprehensive AI-based database that could help forecast demand, identify needs and timely and smoothly deliver those essential medical supplies on the basis of most critical need rather than the most profitable user(s). This could be under the Federal Health Ministry with real-time interface with NDMA as well as PDMA and provincial health ministries.

**14. Train Medical and Paramedical Staff in Crisis Management** Psychiatrists/psychologists and public health experts should give lectures and demos at all

relevant hospitals and quarantine centers to train the doctors and paramedics on how to deal with great stress, resource constraints, ensuring self-security against infectious disease and also managing desperate patients and their angry and emotional relatives.

### **15. Accelerate and Support Advanced Biomedical Research**

Public sector and private biomedical research must simultaneously collaborate with each other as well as with the leading international research institutions. In addition, like HEJ Institute these institutions should continue to explore local and cost effective solutions. Government should closely monitor and support these research institutions through HEC, Ministry of Science and Technology, the Ministry of Health and the recently announced Coronavirus Fund, in the form of additional research grants for solution-oriented research.

### **16. Altering Culture of Trading and Service Sectors**

Encourage all service providers, ranging from the pharmaceutical companies to Utility Stores Corporation, grocery stores, meat, poultry and milk shops and bakeries to start offering internet-based order booking via mobile phone applications in their immediate vicinity, allow electronic payments through debit cards and also offer home delivery.

These cost-effective measures will also reduce the risk of infection by limiting rush and social interactions in busy or large market places and help lower the risk of Covid-19 outbreak in different localities and neighborhoods.

Electronic debit/cash card based payments will not only reduce the risk of infection through cash handling, help document economic transfers and transactions via banking channels, facilitate a wider tax net and reduce black and cash-based economy.

## Chapter 2

### Pakistan's Economy Amidst Coronavirus Crisis

*Zafar-ul-Hassan Almas, Chief Macroeconomics, Planning Commission of Pakistan*

The coronavirus pandemic has hit Pakistan's economy hard like the rest of the world but the post-crisis period during the next fiscal year will be even more painful as the country will face \$19 billion of debt payment including principal and interest, a big drop in remittances and exports, and a worst-case scenario of up to five million job losses.

During the post-coronavirus period countries would launch policies to protect their interests which would also adversely affect global trade and employment opportunities. There would also be problems of liquidity of banks, fiscal space constraints and resetting of IMF program targets.

The biggest problem for Pakistan is lack of fiscal space. Next year the country has to make payment of \$19 billion on account of principal and interest to international creditors. Pakistan will have to arrange the amount from the international market in the form of new loans. However, tightening of financial conditions in the developed world will complicate the refinancing of external debt.

Fortunately, the G20 has announced that Pakistan is included in a group of 72 countries eligible for debt relief on all principal and interest payments to official bilateral creditors. The suspension period for debt relief will be from May 1 to December 1, 2020. All debt servicing due in this period will be packaged into a new loan and the payments will start in June 2022 to be paid over the subsequent three years.

Exports and remittances have a greater impact on the economy than imports. The government was expecting exports worth \$24 billion along with the same amount of remittances this year. However, there will be a downtrend in remittances in the last quarter of the fiscal year. The US, UK, Saudi Arabia, UAE and other GCC countries are the source of over 90 per cent of remittances but now these are suffering due to lockdowns and job losses.

The government has received reports that 30,000 Pakistanis have lost jobs in the UAE and other Gulf countries and this number is going to increase. The employment market will not get a boost even in the

post-crisis period as it would be a huge challenge to accommodate the returning expats.

Pakistan has a labor force of 63 million out of which 46 million people are employed in the informal sector and are most at risk of job loss. Even the most cautious estimates put job losses at 3 million and if the lockdown continues for two months it would be disastrous for Pakistan.

The major loss will be in exports and imports with the country taking a hit of \$1-1.5 billion in exports. The loss is \$1.5-2 billion for one quarter during this financial year but it could increase significantly in the next quarters. Pakistan's top export partners – the US, UK, China and UAE – are facing problems and even after the crisis blows over export demand will continue to face compression.

Fortunately, the country is in a comfortable position regarding the current account deficit. The data for March shows a positive impact due to the low oil prices while imports have gone down substantially. This has had a significant improvement in the current account.

There is a new research from London School of Economics that shows that GDP drops by 10 per cent of annual output if economic activity drops 50 per cent in the first month and 25 per cent in the two following months. Pakistan's economy will be impacted in a major way if we evaluate it using the same model.

The major channel for the hit on economy is the drastic fall in domestic demand for energy and goods as consumption has dropped sharply; electricity use has fallen by 30 per cent. This is affecting the economy in multifarious ways such as production activity and external trade. The closure of industries is also resulting in postponement of investment decisions.

The government estimates that if only the food, pharma and retail sectors are allowed to remain open it will hit the economy in a big way. In this situation the GDP could fall to 2 per cent. The government was expecting 3.3-3.4 per cent GDP growth before the



crisis but now the estimate has been cut to 2-2.8 per cent.

The financial sector may see an increase in non-performing loans and there could be bankruptcies, all of which would also affect the services sector.

Before the crisis the government was expecting to contain the deficit at 7.4-7.5 per cent but that now seems rather difficult. It is expected to hit 9 per cent in view of increasing expenditure demand and fall in taxes due to lower oil prices and a drop in non-tax revenues.

The economic impact can be made less painful by making some changes in the macro policies. In this regard the State Bank of Pakistan has cut its policy rate, which was the highest in Asia, by 425 basis points to 9 per cent over the last 30 days. Another good SBP initiative is that it has launched borrowing at concessional rates for those who want to take loans to pay salaries of their employees. The prime minister has also announced some facilities in the form of a package for the export sector. Pakistan has also launched a social protection package for 12 million families, which amounts to 30 per cent of the population. This is quite a big package compared to other Asian countries such as India.

Every crisis also brings some opportunities. In the coming days such prospects could appear in the IT sector as online meetings, video conferences and other initiatives would help in the creation of new software. In the services sector there is a move towards digitalization and online delivery and this trend is going to grow as the government is also focusing on delivering services online.

The companies in the US and Europe, which had a China focused supply chain, would try to change their strategy. Pakistan would be able to supply some new products in the changing global conditions. A step in this direction is that the country has started to produce face masks and is seeing innovation in the production of ventilators. This will help the country export products that were earlier not on the traditional export list such as health and medical equipment. New global hygiene standards will open new sectors and create export opportunities and Pakistan should capitalize on these openings.

Regarding food security, this year the government expects the biggest ever wheat crop of 27 million tons. The government has announced that it would procure

8 million tons for next year to ensure food security. The government's Rs1,200 billion relief package also includes Rs80 billion for wheat procurement.

The country would not be able to afford the level of food inflation next year that was seen this year. So the government will also have to focus on price control.

The development budget was being spent at a rate of Rs12 billion every week before the eruption of this crisis. Now the pace has dropped to Rs1 billion and the resources are being diverted to management of coronavirus. The next budget will focus on restoring the economy and emerging from this crisis as there will be a plethora of challenges regarding growth, fiscal deficit, and expenditure and revenue losses.

The CPEC related activities including negotiations are going on as usual. Most of these projects are in far-flung areas and the government assumes that these activities will continue at the same pace till May 15.

The International Monetary Fund, in its recent report, has projected economic recession for Pakistan due to the coronavirus-related lockdown. The fund sees the economy contracting by 1.5 per cent during this fiscal year, compared to 3.3 per cent growth in 2018-19. However, the IMF and other financial institutions have a different angle and IMF projections are normally on the lower side. Pakistan has its own models to measure economic growth.

The next budget is an ongoing process and currently the officials are focusing on relief packages for the coronavirus crisis. If the pandemic situation becomes somewhat clear by the end of April and it starts to climb down from the peak then the focus will shift towards the budget exercise. However, it would be difficult to impose or increase taxes in the current situation.

The Sustainable Development Goals (SDGs) have to be seen in the before and after Covid-19 context. The world has changed a lot and now SDGs would have to show many people would fall below the poverty line, how many people would be unemployed, effects on mental health, effects on productivity; new standards would have to be defined. The pandemic is going to change everything, including the context of SDGs, how we conduct business, interact socially.

The after coronavirus world would be a rather changed world. It would have a big and positive impact on climate, education, technology.

## Chapter 3

### Socio-Political Repercussions of Covid-19: An Analysis

*Murtaza Shibli, Senior Journalist & Development Communication Professional*

In the wake of the ongoing coronavirus pandemic, many ideologies of the world appear to be under threat. Capitalism, for instance, which has been a main driving force behind everything from development to democracy, and even international global institutions like the United Nations, WHO, and many others, all these systems now appear to be failing. Ironically, today even those institutions that were holding the foundations of capitalism are seeking the help of socialism to counter the crisis.

The banking industry, aviation industry, tourism industry, supply-chain management, everything is failing, whereas the response they are seeking is from the socialist model where the government needs to bail out these industries. Capitalism, which had been taught for long as being the best mechanism to run the world and being a solution to all global problems, is today on its knees exhibiting how fragile it actually was. Not only its ideology, but also its whole infrastructure and mechanism has been severely compromised, which itself is raising a big question mark on the ideology's future.

On the other hand, many countries such as Japan have already started announcing that they want to revive our manufacturing industry, fearing that the closure of international boundaries will restrict everyone to localism. Already the world seems to be re-tribulizing, where people are spending most of the time in their homes, then in their locality, and then in their city, whereas international borders are entirely closed.

Internationally speaking, the Euro bloc, which was seen as the most prominent success story of regionalism in recent past, too has faltered in the current crisis. When Italy was struck hard by the pandemic, no European country came to its rescue. The compact of European Union countries to help each other in any crisis totally failed. Instead of being on the same page in this crisis, every country of the bloc, including Germany, Spain, Italy, etc., came up with a different response, most prominent of which was the response from the UK which raised the slogan of 'Herd Immunity'. Later Prime Minister Boris Johnson had to backtrack from his original position firstly due the advises of experts, and secondly

because of French President Emmanuel Macron, who threatened the UK with closing the Channel, according to media reports.

The local responses of the Western countries from the US to Europe also exposed capitalism on a state level as well where none of these countries had any potent mechanism to deal with pandemics. The pandemic in fact was underestimated by everyone including Europe and America, except Israel which was ahead of the curve because of their intelligence agency. There have been some pandemics in the West in the past as well but during each of these, their focus had remained on profit generation. If we take a look at the past 50 years, the defense industry has developed overwhelmingly but the health industry did not enjoy much attention. And today, we see that the health infrastructure in whole of the West has been completely exposed. This provides another proof that capitalism has failed in his duty towards its citizen as it has only been taking care of its shareholders, which form a very small part of the population.

It is evident that the whole system of capitalism was profit driven. Take the aviation industry for example. It has enjoyed massive profits in the past decade, but did not keep any backup for the time of crisis; instead it used up those profits for buybacks. This shows that the mechanisms and check and balances of a capitalist society were lapsing which has played a part in escalating this crisis.

In this situation the global media Industry, which itself is basically run by corporate business houses most of the time, has shown a lot of sympathy in bailing out all these failed institutions. Though its own existence appears to be at risk at times given the deteriorate economic conditions, it has at least found a way to use digital platforms optimally and keep generating revenues. Though the positioning of this media has generally been tilted in favor of capitalism, it has duly supported their respective governments in this time of crisis to prevent anarchy from spreading.

The media in Pakistan, on the contrary, was seen playing a very different, rather negative role. When the Wuhan crisis started and the city got locked down,



there was a lot of undue pressure built up on the government by some media channels and newspapers to bring back Pakistani students from Wuhan. Many humanitarian sob stories were presented, and the government was made to look like a villain. The government however withstood the pressure, and ultimately it was proven right as it was not right to bring the students back home at that time.

On the other hand, the government messed up the return of *za'ireen* (pilgrims returning from Iran). Also, it is being alleged that Iran in this case did not cooperate with Pakistan. Although it was not a matter of choice for Pakistan not to abandon its people who were in the middle of nowhere. The mistake the federal and provincial authorities made was not to make a proper quarantine facility in Taftan, which eventually became one of the reasons to communalize the virus in the country.

Soon after the focus of media shifted from *za'ireen* to the *Tableeghi Jamaat*, where such a media campaign was launched against it which was not even in line with the empirical evidence. All of this has exposed the cracks and divisions in the Pakistani society in this time of crisis.

The religious parties in Pakistan claim that they were victimized unduly. The fact however is that religious parties, not only in Pakistan but around the world, whether they were Muslims, Sikhs, Christians, etc., are very much motivated in this crisis because of their religion and their members are playing a frontline role in the relief and charity efforts. These relief workers should have been encouraged and seen as the helping hands in this situation, but this discrimination by media instead is creating more unnecessary divisions in the society.

Unfortunately, the Indian media has also shown an anti-Muslim sentiment and bias in this situation calling the efforts of Muslim aid workers as 'Corona Jihad'. This virus of hatred has spread in India so much that even a senior Indian Army officer recently claimed that Pakistan is planning to send people with corona to spread the virus in India from Kashmir border. This also explains the external challenge we are faced with where one cannot expect any rational response from the neighbor even in this crisis situation.

On the other hand, the pandemic has also exposed the existential crisis in Pakistan badly. The divisions in

the country have come to the fore once again where the nation cannot develop consensus over anything. The politics being played out between the central government and Sindh is a proof of the rift. Moreover, the political class in the country has also exposed itself for being so shameless, where even the senior politicians are only seeking opportunities of point scoring instead of giving any mature, solid or informed response.

The role of media in Pakistan has also been very irresponsible. They have been criticizing even good steps taken by the government such as giving relief to the people and asking for debt relief, which by the way was done by a host of developing countries around the world. There is a need for Pakistan to make massive reforms in the media industry by training and bringing those journalists to the fore who could understand what is health crisis, what is economic crisis, and what are the interventions made by the governments, etc. The journalists in general are so much obsessed with politics that they even call politicians to talk over the matters like Covid-19 pandemic instead of taking on board the health and medical experts.

Pakistan needs to realize that it has to stand on its own feet sooner rather than later, without seeking dependence on anyone else.

The most important task Pakistan has at hand at the moment is to save the lives of its people and then to revive the economy. The prime minister's repeated statements revealing that around 25 per cent of the country's population is living below the poverty line has also exposed a ground reality in Pakistan which was not widely spoken but actually is a big cause of concern within itself. The massive burgeoning population in Pakistan is another area that needs urgent attention, and these are the areas where the focus of government interventions as well as the discussions on the media platforms should be targeted.

On a larger scale, the international corporate media has created a great global scare. Fear is the best tool to create any behavioral change and the whole world was closed down after creating an international phenomenon of fear. Whether it is deliberate or not, the generated fear does seem to be driving a massive behavioral change worldwide. A monoculture is being developed in the world following this crisis, in which we are being restrained into a certain shell. There is also the fear that this behavior could become a new

normal. For example, following technological advancements, if we become a cashless society and start basing all our transactions, and in turn activities on technology, then we will be giving up our control

and curtailing our personal autonomy. We will be living in a society where we will be trackable at every step as everything we do would be recorded. This should not be allowed to become the norm.

## Covid-19 Crisis – Policy Options (Summary)

### Diplomacy

1. The Ministry of Foreign Affairs should try to generate global support to call for an emergency session of UN Security Council and help jointly develop a robust, comprehensive, long-term and global crisis response mechanism to deal with Covid-19 and its worldwide consequences through a timely, multilateral diplomatic initiative.

### Economy

1. Revised, delayed and softer terms of repayment on all external financial commitments on humanitarian grounds and force majeure is time-sensitive national security imperative that can significantly affect Pakistan's ability to deal with the crisis. Multilateral diplomacy with other developing countries could possibly lead to the review of softer or longer term financial arrangements/aid package/rescheduled repayments etc. since dealing with the crisis requires global and collaborative efforts and sympathetic role of these institutions to address its grave economic consequences.
2. Synergize, prioritize and optimize national industrial production capacity. During crisis, all public, private, federal, provincial, civil and military industrial units that can design, assemble, produce, repair and supply essential medical supplies must come under direct control of the government and work in close mutual coordination under the guidance of NDMA/PDMA to prevent rapid price escalation, duplication, hoarding, competition, wastage and exploitation.
3. The government must encourage all industrialists particularly textile and engineering sectors (including POF Wah, PAC Kamra, DESTO, PMO, etc.) to shift their design, assembly, processing and distribution processes towards first meeting the national and later the global needs of most critical medical and hospital items rather than wasting their resources, material, time and money on producing those products whose markets have already shrunk or will shrink.

4. Women in the villages/rural areas can be engaged through NGOs and Rural Support Programs to train and encourage them in finding innovative, local and cost-effective solutions like sewing domestically produced masks by using local and homemade fabrics and how to identify, detect and isolate Covid-19 patients away from healthy family members.
5. The pandemic should be seen as an opportunity for the nation to become self-reliant in pharmaceuticals, biomedical engineering and public health management on war footing. This is the time to grab new opportunities in various sectors, one of which is technology. There is no substitute to indigenous production and reliance on local resources, especially in a crisis scenario like this, and hence Pakistan should try to minimize its dependence over other countries and try to stand on its own feet.
6. The industrial processes going forward will be relying less on humans and physical labor, and more on better technological solutions for security, prosperity, and profit, and hence there will be a greater scope of knowledge, ideas and innovation. The government needs to be prepared for this shifting trend.

### Governance

1. Four sectors including basic food, petroleum, healthcare and banking could be declared as critical sectors and should be under direct control of the government to prevent disproportionate distribution of valuable resources, hoarding, anarchy and chaos as well as exploitation by the producers, traders and distributors. This will ensure human security and survival of citizens through rationing of critical strategic items and distribution on the basis of Nadra database/B Form/ID card.
2. It is essential to synergize public sector, ministerial, provincial, local level response and food/distribution mechanism and procedures as well as to timely involve local and credible NGOs and legal and registered charity organizations. Nadra database, ID card, Form B and mobile phone SIMS can serve the reference point(s) for

registration, record keeping, database management and data mining. This will ensure that the food supplies/rations are timely and optimally distributed.

3. Declaring emergency would help the government explain to the general public that the grave international situation has forced Pakistan to choose between saving the lives of millions of its citizens or try to improve their lives.
4. The government must focus on providing food assistance to deserving people without resorting to politics. The way monetary relief was disbursed to people resulted in some unruly scenes and damaged efforts at social distancing. The disbursement of grants should be done through digital platforms as the government has the required facilities. The government must strictly implement health and hygiene protocols.
5. Effective distribution of food rations in far-flung, particularly in the insurgency/terrorism affected areas like former FATA and Balochistan, will be critical to ensure that anti-state elements do not exploit this crisis for their ulterior motives and sow further distrust.
6. It is vital to ensure that no sanctioned entity, proscribed or banned organization should be able to use this or any future crisis to extract or collect money, gain social space or legitimacy on the pretext of charity work, under the guise of different or new names. This could further deepen our Financial Action Task Force challenges if this aspect is not effectively ensured.
7. Local governments do not exist in the provinces at the moment, which should be the first line of defense against the spread of pandemic. If these could be reinstated through an ordinance in all provinces temporarily, then these could play a vital role in this crucial time at the grassroots level.
8. The role and coordination of district administration is very important as it works at the grassroots level. As such it should be utilized in a better and more comprehensive manner.
9. The ulema, scholars, doctors, armed forces and Ministry of Information can play an important role in guiding the people on health and social issues

at this time. There should be more coordination at all levels in this regard.

10. Religious parties and organizations, whichever religion they may belong to, are very motivated in this crisis and are playing a frontline role in relief and charity efforts. They should be encouraged and seen as the helping hands of the government.

### **Health**

1. Multi-layered quarantine at three levels – international, national and local – should be initiated. This will incrementally reduce the risk of infection rapidly multiplying through external and internal interactions by creating strategic, operational and tactical level threat identification, management and response mechanism.
2. Warning people that medicine to treat Covid-19 does not currently exist will help reduce their pressure on government as well as rush in hospitals in the coming weeks, which is critical. General public needs to be convinced that their best chance of survival is only inside their home and away from all social life.
3. A national strategic medical supplies stockpile should be created under the Federal Health Ministry along with a comprehensive AI-based database that could help forecast demand, identify needs and timely and smoothly deliver those essential medical supplies. This could be under the Federal Health Ministry with real-time interface with NDMA as well as PDMA and provincial health ministries.
4. The need of the hour is to synchronize the role and responsibilities of all health-related institutions – federal as well as provincial – for a better and meaningful policy and governance structure at different levels. The biggest crisis right now is the disruption of policy ecology. This is due to lack of coordination among health authorities at the federal, provincial and local levels and deficit of ownership in managing the crisis in the civilian administrative domain. Health is a provincial subject, however the federal government also retains its Ministry of Health and there are autonomous bodies like Drug Regulatory Authority of Pakistan (DRAP) and Pakistan Medical & Dental Council (PMDC) as key stakeholders in health policy.

5. Train medical and paramedical staff in crisis management. Psychiatrists/psychologists and public health experts should give demos at relevant hospitals and quarantine centers to train the doctors and paramedics on how to deal with stress, resource constraints, ensuring self-security against infectious disease and managing patients and their relatives.
6. The knowledge and experiences of Pakistani doctors in the US and UK in medical research regarding diagnostic techniques, treatment, resource optimization, waste disposal and hygiene practices during resource constraints and telemedicine can be shared with our public health experts, medical colleges and universities, relevant medical labs and designated hospitals through internet lectures, discussions, seminars and video conferencing.
7. Public sector and private biomedical research must simultaneously collaborate with each other as well as with the leading international research institutions. These institutions should continue to explore local and cost effective solutions. Government should closely monitor and support these research institutions through HEC, Ministry of Science and Technology, Ministry of Health and the recently announced Coronavirus Fund, in the form of additional research grants for solution-oriented research.
8. Close collaboration between state, government institutions and public and private media is critical to ensure both domestic public perceptions and our international image are managed effectively during all the stages of this global crisis along with daily briefings and clarifications by NDMA and Ministry of Health of accurate facts and figures.

### **Security**

1. Human and economic security of critical structures, institutions and individuals should be prioritized. Key decision makers must be protected from being exposed to public gatherings including the President, Prime Minister, Cabinet members, services chiefs, chief ministers and other government stakeholders.
2. Parliament and government should continue to function through secure video conferencing. The armed forces should continue close and regular

monitoring of the rapidly evolving situation through human, technical and intelligence sources and regularly share information and hold meetings through secure video conferencing at the strategic level.

3. In order to save both lives and national security, the agenda to build a vibrant economy could be the temporary collateral damage. It will be politically costly for the government but could become a national security imperative, particularly if the crisis deepens. During crisis, the dreams of a vibrant economy could be shelved till the time Pakistan recovers from this global crisis.
4. Pakistan needs to be vigilant towards India, which may attempt to take advantage of the world's diverted attention toward coronavirus and try to undertake some adventure.

### **Retail**

1. Encourage all service providers, ranging from the pharmaceutical companies to Utility Stores Corporation, grocery stores, meat, poultry and milk shops and bakeries to start offering internet-based order booking via mobile phone apps, allow electronic payments through debit cards and also offer home delivery. These measures will reduce the risk of infection through interactions in market places and help document transactions, facilitate a wider tax net and reduce black economy.
2. The trend of keeping markets open till late at night has stopped due to the restrictions imposed by the lockdown. However, if the present practice is maintained even after the crisis ends it would help in changing this culture.

### **Media**

1. National media should prominently highlight the grave economic consequences of Covid-19 outbreak for Western economies and societies and astute crisis management by Pakistan. This will help discourage the economic and political elite from sending foreign currency and dollars in cash/black money abroad as a hedging strategy.
2. The media should play a responsible and mature role and act as a uniting force. It should adopt a reconciliatory approach towards crisis management by holding constructive discussions with scholars, intellectuals and experts from

different schools of thought, aimed at identifying viable solutions of the problem.

3. The role of media should be managed strategically, as media itself may end up bearing the brunt of these circumstances as an industry. It is crucial to emerge from the industry of fear being created by media where the fear journalism is being used to get higher ratings, and in turn higher advertisements.
4. The government needs to develop guidelines and adopt best practices in the information and communication domain, involving Ministry of Information as well as taking on board different health-related departments, aimed at improving the prevailing environment using the available platforms of media.
5. If the society accepts the new social changes as a norm going forward, even after getting back on

track economically, it will be extremely difficult to come out of its social impacts due to our increased reliance and dependability on IT, cybersecurity and internet. The government will have to keep this in view while formulating future policies.

### **Religion**

1. The mosque as an institution can play a very positive and vital role in crisis management in the current situation and government support would help in achieving this objective. Currently this institution is in a state of disquiet but can attain a central role in the coronavirus fight if handled intelligently and by getting it on board.
2. The government should make the beginning of Ramazan the terminal point ahead of which there should be consultations and efforts to get people on the same page regarding the Covid-19 issue.