**A highly flammable summer**

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It was the biggest mystery. For months, since the economy started to slide into an entirely predictable and avoidable crisis, well to do Pakistanis would cite restaurant traffic and the unavailability of seats on domestic flights as proof of the enigmatic resilience of the Pakistani economy. As the country seemed on a fast track to declaring default there seemed to be, at least for the well off in this country, scant evidence of this impending doom.

All the while, of course, if someone happened to be part of the array of domestic support staff for such well-off Pakistanis, they knew exactly what the costs of the economic crisis were. Last summer, as the price of fuel was adjusted to meet the realities of global events, and as Miftah Ismail undertook a sincere effort to meet the IMF’s conditions for disbursement of overdue tranches – the cost of living for the families of drivers, cooks, maids and janitorial staff in Pakistan’s urban centers exploded.

Food inflation was devastating on its own, but it was not the primary pain point. The primary pain point was the ballooning electricity bills that people suddenly had to contend with. In many cases, a straight up doubling or tripling of monthly electricity and fuel costs meant that the notion of any kind of disposable income disappeared overnight. It has been like that now for a full calendar year.

Twelve months of serious and unrelenting inflationary and wage deflation pain for Pakistanis, especially in the cities. I emphasize the cities because rural and agrarian communities have experienced a modicum of relief through increased prices for their commodities; no such relief exists across the expanse of urban Pakistan.

Despite this pain, for a wide variety of reasons, Pakistanis have been able to weather the storm of the vote of no-confidence, the political crisis thereafter, the Russian invasion of Ukraine and OPEC’s refusal to set prices in accordance with the preferences of Joe Biden’s staff. Large, multi-income households are often vital in absorbing the first shocks of a wave of inflation.

Pakistan’s economy is so utterly and brutally cash-based that credit card or bank debt is a relatively miniscule public policy challenge. There are hardly any mortgages to speak of – so inflation adjustments are real time and affect consumption – but higher interest rates do not eat into household budgets the way they do in Western economies where per household leverage is substantial: often multiple mortgages, multiple loans, and multiple credit cards deep.

The pain of the last calendar year has been felt across the country, but it has rather enigmatically not produced the catastrophic effects that it may have if the economy, society, and demography were structured differently. Still, there have been some very worrying developments that have been exacerbated by climate change, very poor public policy, irresponsible leadership and a generic and intergenerational lack of preparation. Among the most stark and obvious example was the poultry feed crisis caused by ministerial verbal diarrhoea – a disease not restricted to any one party, nor to the young or the old, but a costly one, whenever it strikes.

A couple of years after one case of ministerial verbal diarrhoea almost sunk PIA altogether, another case caused a sudden evaporation of chicken feed, causing a poultry genocide and the price of buffalo wings and chicken karahi and homemade Zingers to skyrocket. Higher chicken prices are no joke. Chicken consumption is a defining source of protein intake in Pakistan – when less chicken is consumed, Pakistan suffers from a unique and vexing nutrition crisis.

Despite such illustrative events, and despite the devastating superfloods last year that ravaged supply chains and consumption patterns for millions of households, especially in Sindh and Balochistan, there seems to be nearly no preparation for what is coming this summer. Part of this is down to the complacency that elite Pakistan has marinated itself in. Part of it is the lack of capacity in government to think, conduct research and devise options for tackling impending challenges and crises. Part of it is the quantum of oxygen being consumed by Imran Khan and the military and civilian machinery’s response to the carnage of May 9 and the thrashing of civil rights and due process in the aftermath. But no matter how much Pakistan tries to hide, there is no escaping what is coming this summer.

There are four aspects to the highly flammable Pakistani summer of 2023 that require urgent national attention. The first are nearly-inevitable extreme weather events: smaller heatwaves have already ravaged populations across the length and breadth of the country – bigger and more severe ones are anticipated. The precipitation that follows could easily trigger floods reminiscent of last year.

The second is the exhaustion of whatever mitigating factors that have delayed the arrival of the economic crisis in terms of consumption: from February and March this year, FMCG volumes seem to be collapsing. This is now the new normal as households – especially urban households – have finally made the difficult decision to alter their consumption patterns to match the much lower purchasing power of their incomes. With no chance of a sudden rise or reappearance of disposable incomes, and with public policy still committed to choking off imports and maintaining current account parity, there is no silver lining. An economy that settles for less consumption is one that will need massive stimulus for it to grow again. This is a bigger problem than it seems because of the third aspect of Pakistan’s summer 2023.

The third is continued uncertainty and cloudy decision-making processes. No one knows whether the IMF programme will get back on track. No one knows whether there will be an election this year or not. No one knows whether the existing set up can maintain stability or not. None of the key stakeholders in Pakistan’s high stakes game – from Rawalpindi, to Nawaz Sharif in London, to Imran Khan in Zaman Park – has any clarity on what comes next. Neither do Pakistan’s key creditors and benefactors: the IMF, China, Saudi Arabia or the UAE.

Finally, there is an insidious national security crisis that has been brewing for years that is almost certain to be actualised over the next several months. This crisis has three dimensions – India, Afghanistan and domestic terrorism. India’s offensive posture is less of an immediate concern; India will not want to spoil its coming out party at the G-20 summit, given that it is chairing this body this year. Besides, Prime Minister Narendra Modi will not need to mobilize his Hindu supremacist voters’ fantasies until the first half of 2024. But India’s offensive diplomacy and its support for terror in Pakistan continues unabated, exacerbating this national security crisis.

The situation between Pakistan and Afghanistan has now arrived at what seems to be the steady state between the two countries – an endless supply of terrorists targeting Pakistan that enjoy the patronage of whoever is in charge in Kabul. The domestic terrorism problem continues to eat away at the hard earned gains of Pakistan’s first war on terror, with the second having been buried under the burden of Pakistan’s ongoing polycrisis.

All told, climate change, a shrinking economy, political instability and a complex security situation require a country that is united and able to frame its response to these challenges coherently. As we enter this highly flammable summer of 2023, the country’s leadership – military and civilian – has exhibited exactly the opposite of what is required. Divided, weak, incoherent, vengeful and ill prepared.

No serious Pakistani can scan the horizon and find any point in our history in which the country and its people have been as vulnerable to crisis as they are today. The only path forward is for politicians to unite and cohere, and take away the establishment’s space to distract itself with the television talk shows, with social media, with YouTube channels and with the courts. That cannot happen without sustainable peace between the PTI and the traditional political parties currently in the PDM coalition, and it cannot happen as the military helps curate a new parade of political opportunists to supplant their last batch of opportunists.

The believer never gives in to a lack of hope – but countries with half a billion people and unlimited potential should be able to bank on more than just the prayers of its people.

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