



# When the Fire Ends

World after Covid-19 and New Inception of the  
Globe

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# EXECUTIVE DIRECTOR WORDS

Islamabad Institute of Conflict Resolution aims to draw strategically comprehensive analysis on the contemporary conflicts. Not only that, we also strive to present foreseeable way-forward to cope up with the coming.

I personally believe that it is that time of history when every single one of us has to play their role at best in order to come out strong from this global crisis.

Sincerely,

**Ms. Sabah Aslam**

Founder/Executive Director IICR



We are at that point of history where we have no option but to prognosticate and take chances. There is a plausibility of getting it wrong but there's no other way out but to explore and prepare in the retrospect.

Sincerely,

**Mr. Syed Nasir Hassan**

Research Fellow at IICR

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"This moment is the most dangerous in human history, not because of the pandemic, but to what is looming right behind."

~Noam Chomsky

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# When The Fire Ends: World After Covid-19 And New Inception of Globe

## Prologue:

Throughout the annals of human history, humanity has faced many challenges which altered its course. Whether its natural catastrophes or man orchestrated wars, they have put a profound impact on human civilization on this earth. Along with every calamity there sometimes comes opportunities in disguise as well like world wars made the world step into the realms of Neo-liberalism and put an end to colonization. Black death in Europe instigated a whole new age of history in Europe, The Renaissance. These catastrophes not only change the normal but shape the future as well.

Pandemics are also such calamities with which world is still entangled. So far, Smallpox is the only pandemic which successfully has been eliminated through the world which too was done in the 1980s. HIV aids have become an endemic rather than just being an epidemic.<sup>1</sup> In post Smallpox world, people started to contemplate that science would overcome epidemics and pandemics. Nevertheless, then the situation got worse as SARS, MERS, E-BOLA, Swine Flu, Zika were on the waiting list.<sup>2</sup> Apart from effects on Human lives, these events also proved to be quite impactful on the Globe as well by effecting its geopolitical, geo-economic cogs.

So is the case with current world Vs Covid-19 pandemic. Started from the small city has now crippled the whole Globe by currently being on a spree of devouring cities. As this research is being penned down the victims of Covid-19 are increasing.

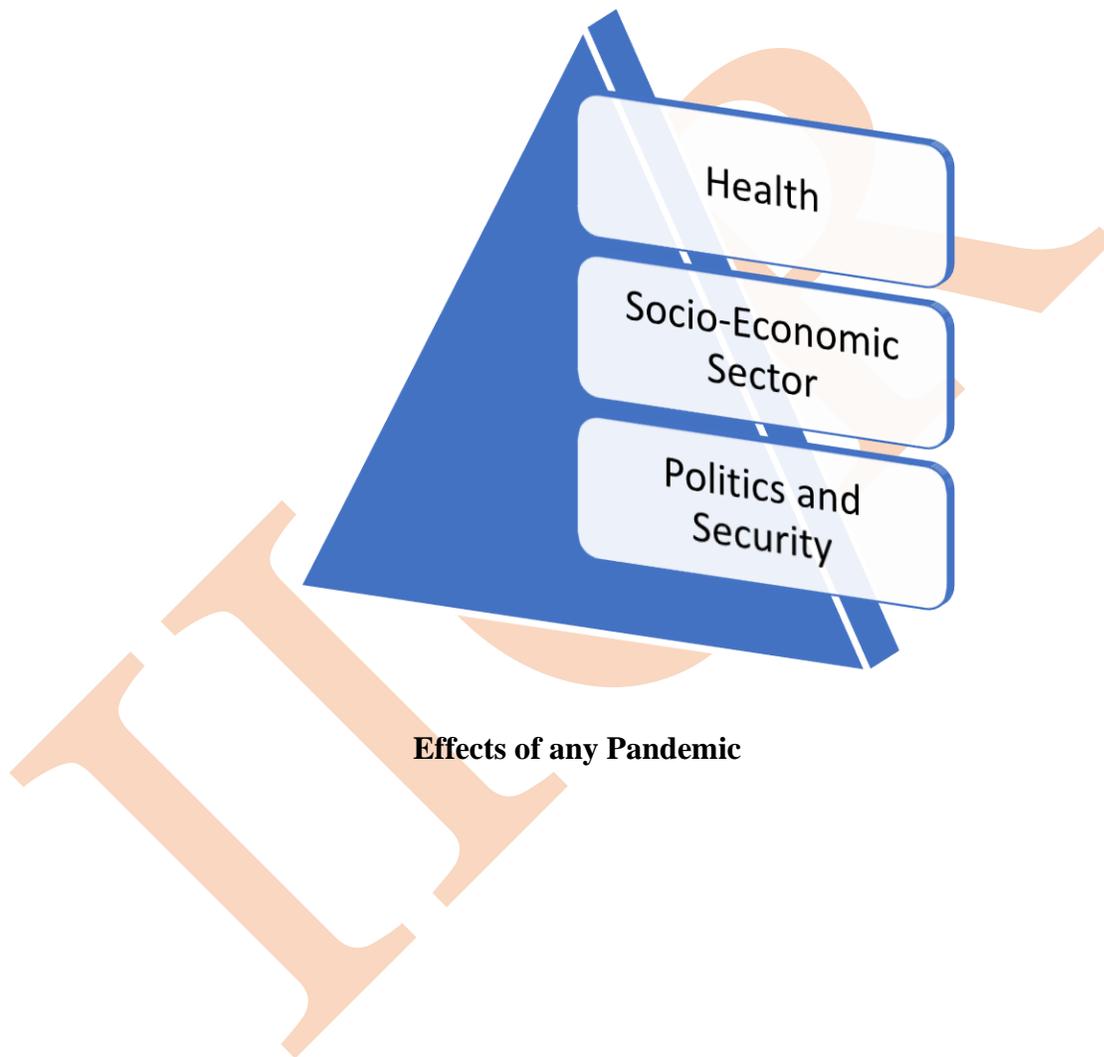
However, whenever a pandemic emerges, there are two main phases in which the world suffers one as primary, from extreme situation to its mildness then secondary the crucial one, post-pandemic status quo. Currently, the world is facing the steam of an ongoing crisis, while awaits

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<sup>1</sup> "WHO commemorates the 40th anniversary of smallpox eradication" available at: <https://www.who.int/news-room/detail/13-12-2019-who-commemorates-the-40th-anniversary-of-smallpox-eradication>

<sup>2</sup> "Covid-19 Might not be the End" By Syed Nasir Hassan available at: <https://moderndiplomacy.eu/2020/03/30/covid-19-might-not-be-the-end/>

the for the second as this Fire settles down. Since the situation is too fluid right now, there is no such work which can forecast the exact post-Covid-19 scenario. However, it is for sure that it will bring considerable change to the world, whether in geopolitical or geo-economic or both in means. By walking through the corridors of history, one can assert some amount of contemplation on the change's world will phase.

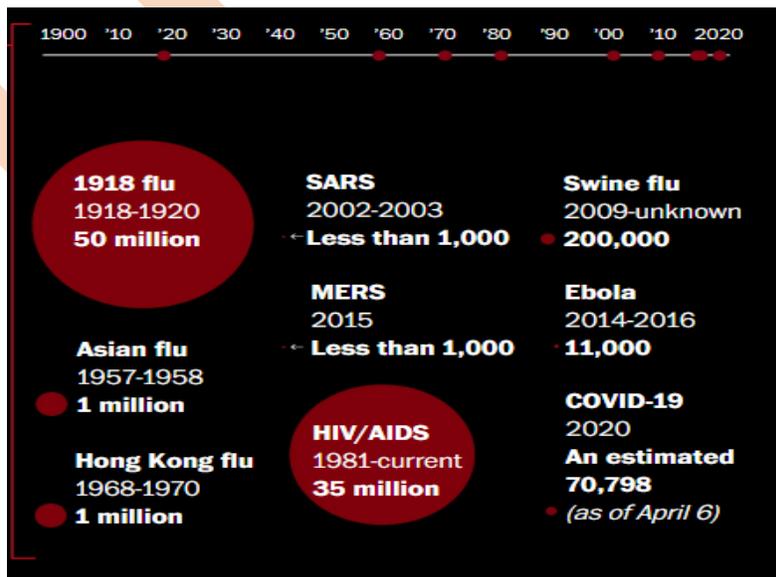
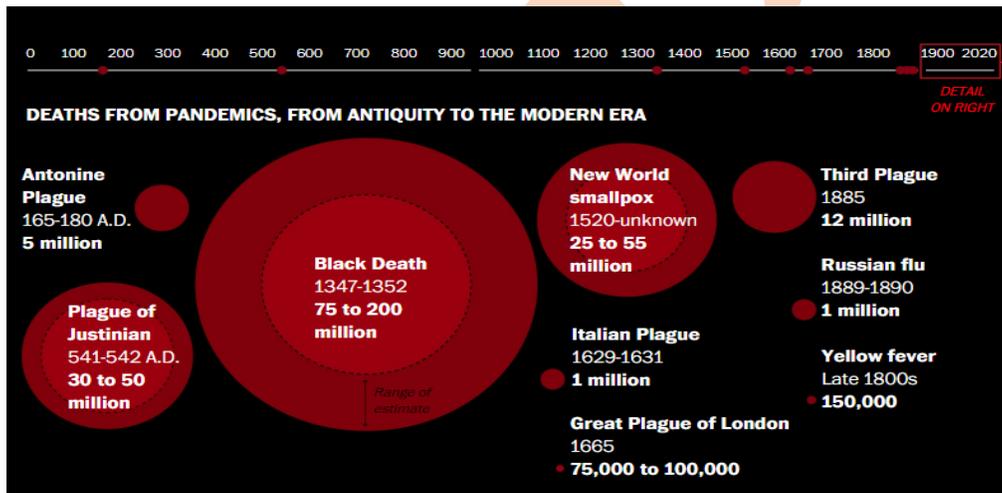


# An Outlook of Covid-19 Pandemic



**Backtrack:**

In the past world has been suffocating while these pandemics shadow razed empires. To co-relate, one must dig to the most recent past of similar incident. Spanish flu (1918,19) is by far the most devastating in the contemporary world its apparition caused almost 50 million deaths. Though to understand that how the world will change there can be an eagle-eye view of how the world altered after 1918-20 not to forget that world was also facing unprecedented war.



<sup>3</sup> "History's deadliest pandemics, from ancient Rome to modern America" By The Washington Post, Available at: <https://www.washingtonpost.com/graphics/2020/local/retropolis/coronavirus-deadliest-pandemics/>

The significant changes which took place after the Spanish flu and in post WW1 were the ones which shaped the world after and including WW-II. Henceforth, the shapes which the world will take after Covid-19 have long-lasting impacts, including future wars and other plays on the global chessboard. Also, it is the post-Covid-19 which will calibrate and drive the world in future.

## **Geopolitical Scenarios:**

It is irrefutable that the moment skies of COVID-19 spectre clear from the Globe, there will be robust changes. With society getting its spirit back, the international sphere will also be reconceptualized. Whether COVID-19 has effected the global political cogs is uncertain for now, but after COVID-19 political mantras will for sure change in universal realms and the time be the witness of it.

## **Post Americanism:**

As the crisis unfolds, the role of significant powers also came under test and became quite visible. What had been shadowy in global politics for decades became in the foreground from the oblivious realms. Washington's comprehensive response to the pandemic was nothing but politically cashing it against China by calling it China Virus. Whereas China, on the other hand, played an active role for its reason but it did.<sup>4</sup> So far as the crisis are unfolding Beijing seems to be getting prominence while Washington is finding itself getting into deep into Covid-19's web. The United States is becoming the epicentre of this pandemic one of the reasons for it is the late and confused response of Washington.

The gust of falling oil prices has also affected the American economy. It is for sure that America will recover as its democratic and capitalist base has the cushion of taking risks as it did in the 2008 financial meltdown, albeit in global politics it might face a hard bedrock.

However, with increasing death rate and the dystopic situation in the US has put many at concern for the American dream afterwards covid-19. The recent ban on immigration by President Trump in order to curtail Covid-19 appears to be axing the American vision of inclusion and diversity as it might prevail even after the covid-19.

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<sup>4</sup> "China is doing are you" By Syed Nasir Hassan, Available at: <https://dailytimes.com.pk/585997/china-is-doing-are-you/>

Not just this the coming elections in the US are still hanging amid corona threat. If threat increases, how elections will play out is still an unanswered question. With election campaigns frozen what will be the political moves is lagging any sufficient answers. The presidential vote is due to take place on 3 November. The date is set by federal law, and Donald Trump has no power to delay it alone. That would require legislation enacted by Congress and signed by the president. Such an outcome remains unthinkable to most. Nevertheless, many unlikely events have unfolded in the last month.

### **Beijing's eminence:**

Though the crisis originated from China, there are things which it did best in order to fight with this pandemic not only at home but abroad as well. However, there is scepticism of Beijing conception after Covid-19. China alone counts for 30% of the world's output growth.<sup>5</sup> It means that Beijing will not stop its global economic cause, and while others might still be fighting and putting their resources in combating covid-19 Beijing will be restructuring its orientation in order to be ahead.

In terms of alignment, Beijing started from a significant trust deficit before the crisis hit, with the latest Pew polls<sup>6</sup> published in February showing China well below the United States and even farther behind Japan in Asia in terms of favorability. China might cash this opportunity as to refigure its global stats. Moreover, it is china which has been considering keeping its cards safe by aiding the countries on its OBOR list of countries. Through politics of generosity, this pandemic might be turned as an opportunity by China in order to recalibrate the deals it has made.

It is out of the question that china might be hiding its numbers in order to project a win over the Corona.<sup>7</sup> The reason is that even it is making its effort to rewrite global narratives, it will keep doing it until they cleanse the country and will not let anything hurt their global ambitions. Moreover, it will win a plus point in the global race as the first one to combat Covid-19

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<sup>5</sup> "World Economic Outlook (April 2020)" available at: <https://www.imf.org/external/datamapper/datasets/WEO>

<sup>6</sup> "People in Asia-Pacific regard the U.S. more favorably than China, but Trump gets negative marks" By JEREMIAH CHA Available at: <https://www.pewresearch.org/fact-tank/2020/02/25/people-in-asia-pacific-regard-the-u-s-more-favorably-than-china-but-trump-gets-negative-marks/>

<sup>7</sup> "China's claim of coronavirus victory in Wuhan brings hope, but experts worry it is premature" By Emily Rauhala available at: [https://www.washingtonpost.com/world/asia\\_pacific/china-wuhan-coronavirus-zero-cases/2020/03/25/19bdbbc2-6d15-11ea-a156-0048b62cdb51\\_story.html](https://www.washingtonpost.com/world/asia_pacific/china-wuhan-coronavirus-zero-cases/2020/03/25/19bdbbc2-6d15-11ea-a156-0048b62cdb51_story.html)

successfully. China will undoubtedly cash this global malady as an opportunity its aim to attain global prominence as Washington is in perils. China will continue to play its cards, but it is unlikely that it will oust the global role of the US.

## **Will it Reshape Global order?**

There is much debate that will Covid-19 change the global order or there will be new global political Gods now? Moreover, the end of globalization has also been debated widely. Things do not end rapidly or robustly when it comes to international affairs; they mould into a new jar. As far as the end of globalization is concerned, it can just be wish rather than reality. It is true that by far pandemic is the only globalized thing in current order; however, things will not be the same as covid-19's Fire extinguishes. Moreover, people are connected through technology. There can be log halt on physical mobility but eliminating the idea of globalization from the Globe is not foreseeable in near-future even after covid-19.

However, as far as global leadership is concerned, it already was eroding. Washington's role might be minimized to a more considerable extent, but that nowhere means that Beijing will now be the sole. Global orders tend to change gradually at first and then all at once. In 1956, a messed-up intervention in the Suez laid bare the decay in British power and marked the end of the United Kingdom's reign as a global power. Today, US policymakers should recognize that if the United States does not rise to meet the moment, the coronavirus pandemic could mark another "Suez moment."<sup>8</sup>

Though Covid-19 is the turning point in the global politics whatever turn the world takes after it, it will include some significant players and actors however there will be change from bottom-up in the shape of movements and pressure. Moreover, there are two ways either there might be a boost in nationalism, isolationism and more realist perspective keeping because of the

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<sup>8</sup> *"The Coronavirus Could Reshape Global Order"* by Kurt M. Campbell and Rush Doshi, available at: <https://www.foreignaffairs.com/articles/china/2020-03-18/coronavirus-could-reshape-global-order>

human and economic cost of a pandemic or, people will go in the collaborative approach of togetherness.<sup>9</sup>

## **The European Constellation:**

The not so the union of European countries have their history of being most affected in times of pandemics whether it is the black death which swept 60% of entire Europe's population<sup>10</sup> or Spanish flu whose death rate was staggering accounting 50 million deaths across the world. Even now in covid-19 after the US and China, Europe is the hard-hit area with mounting death rate with each passing day. The consortium of 27 states with division in social, and financial ranks it is hard for the EU to have a unanimous response to it as each country is not well equipped in financial lines, creating more fear to this union.

While the world finds it impaled with coronavirus, there seems to be near to no solidarity among the European states. It appears that Covid-19 and economic depression caused by it will bring a tilt to far-right populism and nationalism as survival of the fittest remains the only door to survive after covid-19. As there is fiscal variety in European states, no state would be willing to take the financial baggage of burden of other states. It might create a chance in which more stars will fall from this constellation. Moreover, the halt in tourism industry is likely to stay for a longer duration which ultimately affects the European states on their economies as well.<sup>11</sup> The economic fallout of the Corona can also have a dire effect on the Eurozone, the 19 countries to use Euro.

## **Asia:**

Not only Europe or West will change Asia will also face the shockwave of post-covid-19. Apart from the whole, the real danger lies in South Asia, which has been nuclear flashpoint from a quite long time. As in India BJP leading by Mr.Modi has its plan to implicate on India. With growing violence against Muslims, there have already been reports of Xenophobia against Muslims of India. Corona might have given a perfect chance for Bjp to carry with its agenda. There

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<sup>9</sup> *"What would and should a post-pandemic world look like?"* By Marwan Bishara, available at: <https://www.aljazeera.com/indepth/opinion/post-pandemic-world-200419121617150.html>

<sup>10</sup> *"The Black Death's utter destruction of 14th-century Europe"* by Zack Beauchamp, available at: <https://www.vox.com/2016/4/17/11435620/black-death-europe-gif>

<sup>11</sup> <https://www.theguardian.com/world/2020/apr/12/after-coronavirus-how-will-europe-rebuild>

is a possibility of Delhi committing more political and social atrocities on Muslims of India and Indian Occupied Kashmir while the world is busy fighting Covid-19.

Furthermore, Afghanistan lies in the midst of nowhere. Its political future seems still to be vague. Apart from the political future, the lives of Afghans are at stake with less or no resources to tackle the malady.

### **Geo-Economic Outlook:**

World economics is always swayed as any significant event takes place. The emergence of Covid-19 is no exception. It has already put the global economy to a nose-dive and will have consequences that would leave far deeper marks than can be anticipated by world economists. Because of the lockdowns globally, closed borders and shut down businesses, the world is experiencing and will continue to experience an inevitable economic recession. The problem lies in the fact that the governments across the Globe had been modelling the impact of this unseen enemy but were not prepared for any such incidence. Even at this point, there exists a sense of uncertainty, as economy professionals can still make wild guesses as to how long this would last but can neither say anything for sure nor have laid out any significant measures to avoid the recession.

Mass unemployment, sharp reduction in consumerism, imbalance in the supply-demand chain, world trade, in short, no economic sphere of life will go unaffected. Here is a brief account of what economic picture would emerge in a post-covid-19 world.

Presently, it would be a too early comment on what post-Covid days would look like because of the unavailability of precise data based on larger sample sizes studies. Technically, a recession is a decline in economic activity or merely a negative GDP growth for two consecutive quarters. However, the damage that is done by that decline and the recovery speed determines which recession it would be. As for now, the economists are confused as to call this a V-shaped, U-shapes or an L-shaped recession. Where V-shaped refers to a sharp decline but then a rapidly occurring rebound (see Fig. 2.1). U-shaped takes a comparatively long time and appears as more

extended through before economy sets on the track of recovery. L shaped longer recession; however, is the worst one where recovery takes much time to happen.

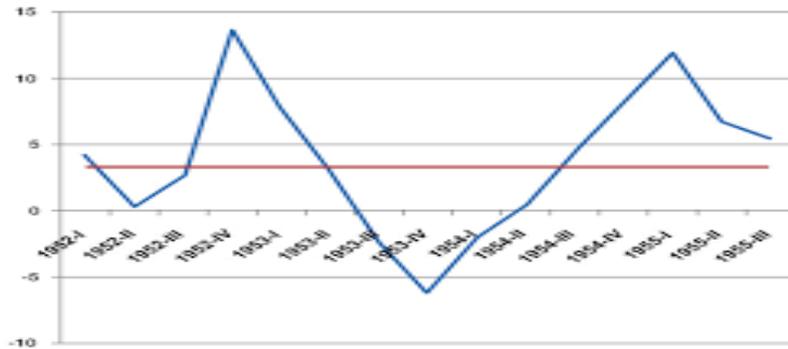


Fig 2.1: V-shaped recession

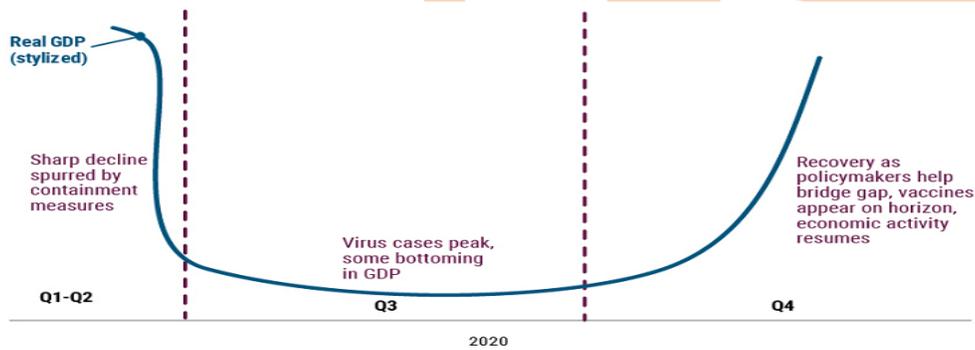


Fig 2.2: U-shaped recession

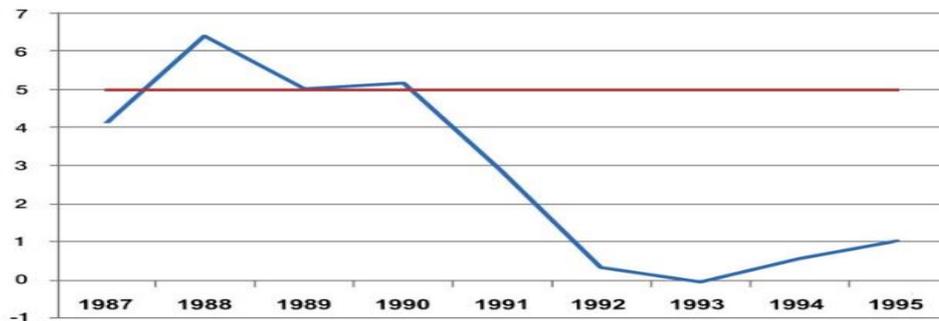


Fig 2.3: L-shaped Recession

As this combat on coronavirus recedes, people could have a better idea of the human and economic cost of the pandemic. Socially, a more humane, open and compassionate society where we-are-in-this-together approach would lead the way can emerge. Alternatively, contrarily, a

nationalist and isolationist agenda may prevail. The problems that would surface in this time and after it is over are numerous few of which are discussed as under.

### **Unemployment:**

The rate of unemployment is drastically increasing throughout the Globe. The US alone had seen 3.5%, the lowest in the past half a century, by the end of Feb 2020, which had risen sharply to 4.4% in March.<sup>12</sup> The Guardian reported a UN agency predicting that this pandemic could wipe out approximately 195 million jobs.<sup>13</sup> The labourers after losing their jobs are becoming even more disadvantaged. With business shut down, many owners are laying off their staff.

The situation is even worse in the case of Pakistan, where a significant number of people work on daily wages and are helpless at this moment. It is expected that Pakistan could experience a 12.3 million to 18.53 million layoffs in the result of a complete or partial lockdown because of Covid-19 outbreak.<sup>14</sup> Below is a representation of the vulnerably employed people who can be potential layoffs.

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<sup>12</sup> "Unemployment Rates: The Highest and Lowest in the World" available at:

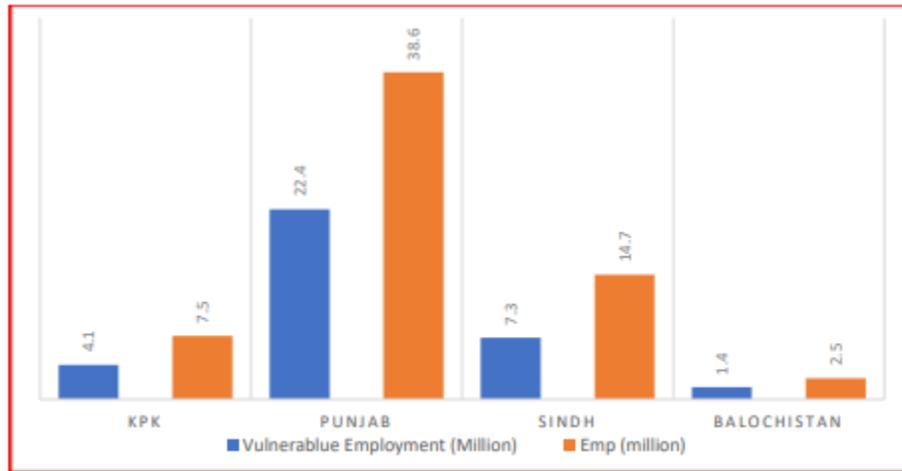
<https://www.investopedia.com/articles/personal-finance/062315/unemployment-rates-country.asp>

<sup>13</sup> "Covid-19 to wipe out equivalent of 195m jobs, says UN agency" available at:

<https://www.theguardian.com/world/2020/apr/07/covid-19-expected-to-to-wipe-out-67-of-worlds-working-hours>

<sup>14</sup> "Forecast of COVID-19: 'Pakistan may face 12.3m to 18.53m lay'" by Mehtab Haider available at

'<https://www.thenews.com.pk/print/633754-forecast-of-covid-19-pakistan-may-face-12-3m-to-18-53m-lay-offs>



Source: Authors' analysis based on the Labour Force Survey, PBS 2017-18  
 Note: Employed refers to total employed. Vulnerable employment is a subset of it.

Fig 2.4: Number of total and vulnerably employed people in Pakistan.<sup>15</sup>

## Reduction in Consumerism

With the national level lockdowns by various governments across the Globe, many industries are experiencing a hard time. The hardest hit in this regard are retailing, entertainment, leisure, hotels and restaurants. Hence, the world would see a recession in consumer culture. The businesses are standing still with costs building up and absolutely no revenue generation. This is primarily because of the consumers being stuck at home now; however, after this, pandemic gets over, developed and the third world would present a very different picture. In developed parts of the world, the consumer culture may have a little effect, but in developing and underdeveloped countries, masses would have little to spend on leisure activities. Apart from the leisure aspect, consumerism in this part of the world would also decrease because of the rapid increase in poverty. According to a UNDP report, the income losses in developing countries could be more than USD 220 billion.<sup>16</sup>

<sup>15</sup> PIDE COVID-19 BULLETIN available at: <https://www.pide.org.pk/pdf/PIDE-COVID-Bulletin-13.pdf>

<sup>16</sup> COVID-19: Looming crisis in developing countries threatens to devastate economies and ramp up inequality Available at :[https://www.undp.org/content/undp/en/home/news-centre/news/2020/COVID19\\_Crisis\\_in\\_developing\\_countries\\_threatens\\_devastate\\_economies.html](https://www.undp.org/content/undp/en/home/news-centre/news/2020/COVID19_Crisis_in_developing_countries_threatens_devastate_economies.html)

## Demand-Supply Imbalance

The lockdowns are not only affecting the business but also has created an imbalance in the demand-supply chain as a ripple effect. Demands of various goods are worldwide decreasing. For instance, the demands for iron, copper, gold etc. are down drastically. Not only that, with everything at a standstill interstate trades are reduced to almost zero. Reduced demand and the break-in supply chain has caused a downfall in productions hence, affecting the global economy. This economic recession is different from previous such events in ways that it has not just reduced productions instead has almost stopped them for an indefinite period.<sup>17</sup>

China has been a bedrock of supply chain to the world, which was disturbed this year in January, after China reported the first case of the disease in December 2019. The world, therefore, had to go for alternative suppliers, with surplus goods and in no time, an imbalance in supply chain and demand emerged.

This hurdle in the supply chain can serve as a blessing in disguise for Pakistan. Having an agro-based economy, we can serve as the alternative supply chains for several countries, including the US and European nations. Furthermore, our garments industry can support the government by at least acquiring USD 4-5 billion out of the USD 20 billion gaps that have been created.<sup>18</sup>

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<sup>17</sup> "Coronavirus and the antifragile supply chain" available at: <https://www.supplychaindigital.com/supply-chain-management/coronavirus-and-antifragile-supply-chain>

<sup>18</sup> Decline in China's exports: Opportunity for Pakistan's textile sector By SHAHID SATTAR Available at: <https://www.brecorder.com/2020/03/04/576899/decline-in-chinas-exports-opportunity-for-pakistans-textile-sector/>

## **Defence Outlook of the World After Covid-19:**

Corona not only has been a chasm in health and economic apparatus of the countries but also has affected the defence lines. Since Covid-19 has struck, there has been a shift of full focus on health and economy. Moreover, military operations have been halted in order to channel all of the state's potential into the lines of health and economy. However, there are some take back lessons from covid-19. The Government of the United Kingdom is facing what appears to be the inevitable delay of a much-heralded foreign policy, defence and security review barely a month after it was launched. Its planned comprehensive review of overall government spending will likely be postponed as well.<sup>19</sup>

### **Global Supply Demand:**

As it is a non-traditional threat to the world, there is a chance of global shift towards non-traditional security to the world, including other threads of non-traditional security. Moreover, if not global countries might individually try to invest resources in non-military means of security. Apart from the future it already has started affecting production lines. F-35 facilities in Japan and Italy faced slow pace amid coronavirus.<sup>20</sup> Moreover, various smack industries contribute towards the raw material for the manufacturing of defence products. These small private industries are already direly affected by the pandemic. If the same situation prevails for a more extended period of time, or there is considerable cut in the defence lines the loss might be irreparable to defence industries across the Globe.<sup>21</sup> Adding fuel to the Fire, travel restrictions will bring more harm to it as well. Italy's Fincantieri also suspended its shipbuilding operations for a while. It made intricate design ships and was contracted by Qatar to deliver four corvettes to Qatar's Navy.<sup>22</sup> Similarly, contract companies could lose their business if this pandemic protracts. Furthermore, Eurosatory, one of largest defence exhibition which was scheduled of June of this year also got cancelled amid

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<sup>19</sup> *Defence spending and plans: will the pandemic take its toll?* Available at: <https://www.iiss.org/blogs/military-balance/2020/04/defence-spending-coronavirus>

<sup>20</sup> *Coronavirus fears slow work at Japan, Italy F-35 facilities* By Aron Mehta Available at: <https://www.defensenews.com/air/2020/03/04/coronavirus-fears-cause-halt-at-japan-italy-f-35-facilities/>

<sup>21</sup> *How coronavirus could impact the defense supply chain* By Aron Mehta Available at: <https://www.defensenews.com/industry/2020/03/20/how-coronavirus-could-impact-the-defense-supply-chain/>

<sup>22</sup> *How COVID-19 Will Impact the Defense Industry* By Arjun Sreekumar Available at: <https://thediplomat.com/2020/03/how-covid-19-will-impact-the-defense-industry/>

corona crisis, and now Eurosatory 2018 will be followed by Eurosatory2022 creating a large defence business vacuum.<sup>23</sup>

Countries across the Globe will be focusing on shifting their focus on health and re-stabilizing economic cogs after the Corona. This ultimately will affect the demand sector as well. Countries will re-inspect their defence priorities before spending any bucks in a purchase. As the pandemic is steadying countries will prioritize manufacturing and purchase of medical equipment over military ones.

### **Re-examined Military Roles:**

In the crisis role of the military is also prominent. What once was used to fight military wars are now aiding and assisting their local government as well. In Europe military is being deployed to patrol streets in lockdown, support border control and disinfect spaces which ultimately has also increased their chance of getting in contact with the virus. In France, Italy and Spain, among the nations hardest hit by the outbreak, military operations have been curtailed or in some cases suspended.<sup>24</sup> In Pakistan military is also brought for help. Even in the United Kingdom military prepared a force specially dedicated to Covid-19.<sup>25</sup> China and other East Asian countries as well used its support from the military to combat this pandemic. In a nutshell, across the Globe, the armed forces have been drawn into significant supporting roles by both civilian and authoritarian governments that are struggling to respond to the scale and severity of the COVID-19 crisis. The military is not always geared to serve efficiently as an adjunct to civilian emergency services, but it does bring critical capabilities and competencies, including crisis planning, command and control, logistics and specialist medical support.<sup>26</sup>

This robust aid of military in the time of non-traditional threat has opened new doors in military functionality. It appears that states might restructure their military roles in to aid in times

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<sup>23</sup>Eurosatory 2020 is cancelled Available at:

[https://www.armyrecognition.com/eurosatory\\_2020\\_news\\_official\\_online\\_newspaper/eurosatory\\_2020\\_is\\_cancelled.html](https://www.armyrecognition.com/eurosatory_2020_news_official_online_newspaper/eurosatory_2020_is_cancelled.html)

<sup>24</sup> *Europe's armed forces face a war against coronavirus as military infections rise* Available at

<https://www.weforum.org/agenda/2020/04/coronavirus-european-armed-forces/>

<sup>25</sup> *Military stands up COVID Support Force* Available at: <https://www.gov.uk/government/news/military-stands-up-covid-support-force>

<sup>26</sup> *The armed forces and COVID-19* By Euan Graham Available at:

<https://www.iiss.org/blogs/analysis/2020/04/easia-armed-forces-and-covid-19>

of local, cataclysmic situations. Moreover, countries like Pakistan, where the chemical and biological study is not often done in military realms, the government might not hesitate to equip their military in order to cope-up with any coming crisis.

### **Global Cut in Military Expenditure:**

World powers have been advocating various narratives previously. Pentagon had repeatedly asserted that the era of great power competition is returning and thus it needs to acquire a better weapon system. Also, the Chinese navy had drastically increased its fleet. In such circumstances, one would have expected a rise in defence budgets, but with such a large-scale health crisis at hand, the governments need to act smartly.

For Europe, the crisis may be a death blow to various economies, but for now, the defence position of Europe is not very strong,<sup>27</sup> in such time any defence budget reduction is a threat for the security and relief for economy simultaneously. Pakistan too is spending a major amount of money on programs like Ehsas.

This crisis, however, provides time to reconsider the defence policies across the Globe. The world needs to redefine its priorities, pursue the arms control and be more open to negotiations with the opponent.

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<sup>27</sup>*DETERRENCE AND DEFENSE IN TIMES OF COVID-19* available at:  
<https://dgap.org/en/research/publications/deterrence-and-defense-times-covid-19>

## Where Pakistan Stands:

Economic instability is not something new for Pakistan. In fact, Pakistan's economy has been a roller coaster ride. This recession however is different as it is not caused by financial instability but because of biological reasons and depends upon containing this virus. This economic halt can be prolonged if governments fail to contain the health crisis.

Several other factors also come into play for Pakistan. Also, the present government's efforts also seem to be in the right direction; nevertheless, it would be too early to say anything. For now, foreign remittances play an important role in Pakistan's foreign exchange. With these remittances, Pakistan has been able to reduce current account deficit and external debt. The Gulf region is a significant area for migrant workers. With Covid-19 outbreak, GCC economies are greatly affected by the collapse of oil prices, tourism and partial or complete lockdowns. With this crisis at hand, the flow of remittances to Pakistan has declined by 5% in Jan-Mar 2020.<sup>28</sup>

Pakistan's informal economy has always played a vital role in supporting the formal economy. In the past, the informal economy has mostly been unaffected by any recessions. This time however, due to lockdown the informal economy has also suffered a lot.

Now, in order to put Pakistan's economy back on track, the first and foremost task is to restart the economic activity. For this cash injection into the system was necessary. The Government of Pakistan in this regard is giving 12 million families an amount of Rs 12,000. This money would be consumed by these people, and hence economic activity would restart.

Another way out could be the initiation of large infrastructure projects. Pakistan at present cannot afford this so reopening construction industry can help in the generation of revenue. This will also help with the unemployment problem. Employing people for billion tree tsunami project can also prove to be a smart move.

The State Bank of Pakistan increased the policy rate from 6.5% to 13.25% within a short time span from June 2018 to March 2020. However, after being hit by the Covid 19, the rate was reduced twice to 9%. This would encourage investors and would help in rebuilding the economy. The GoP should make direct payments to individuals, offer small business loans and funding for

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<sup>28</sup> PIDE COVID BULLET-IN Available at: <https://www.pide.org.pk/pdf/PIDE-COVID-Bulletin-20.pdf>

industries. Nevertheless, the most important thing to do for now is to contain the virus. Until the virus is contained, both Pakistan's and global economy cannot be back on track.

Presently, even the most prominent stock markets experiencing downfall, this downfall is rather quick because it came as an absolute shock and nobody was prepared. Governments have never imposed a lockdown of this kind on global level affecting the economy. Hardly anybody would have incorporated that in their models for pandemics.

These are hard times with the most unexpected aftermaths. The extent of damage can be grasped according to the speed of recovery. Although China was first to be hit, the good news is coming out from there. This can serve as a hope for the rest of the developed world but developing and underdeveloped still need to struggle.

There is no such instrument which can precisely predict the coming, all what can be done is to explore maximum options as possible. There is nothing but one certain thing that the world will no longer be the same as it was before Corona. There would be new orders now rather than just one order. The previous reign is over there would be new global orientation, and whoever adapts to it quickly might serve as a model to be adopted by others.

## **Recommendations:**

### **1. Prioritizing government spending:**

The government should prioritize its spending of funds in light of the evolving situation after consultation with the stakeholders in order to take them on board. This can gain the confidence of the private sector as well, and together the public and private sector can help stabilize the economy.

### **2. Investment in the public health system:**

The present government has already started a health insurance program in the form of Sehat Insaaf Program. This needs to be extended to other remote areas as well. Also, medical facilities or transportation to the nearest facilities should be made more convenient to masses in farthest parts of the country. Telemedicine can also be used as a means of reaching the unreachable otherwise. Moreover, hospitals should be equipped properly in terms of staff and equipment and in both manners, qualitatively and quantitatively with cleanliness made as the top priority.

### **3. Strong Education System**

Across the Globe, students at various universities have been researching measures to counter this crisis. Pakistani universities, however, were not able to contribute enough or even a considerable amount in this regard. The present research culture in Pakistan should be improved by introducing students with latest techniques and means. Incentives should be provided, and research in its real sense should be encouraged rather than just reproducing the already established facts.

### **4. Research and Development:**

Not only the academic research should be encouraged, but for robust implementation of that research after taking into account the ground realities different Nerve Centers (Private Think-tanks) should be on board in order to get the maximum benefit of their expertise on critical issues.

### **5. Collaboration with the Government:**

Established research centres in government and private universities specifically the departments of economics, social sciences and natural sciences should have at least Bi-Annual

Meetings with concerned government departments and divisions so that the policy recommendation from the Profs and experts can be turned into reality.

#### **6. Reduction in tenancy charges:**

Rents are often a secondary source of income for many people. Nationwide tenancy charges for all residential and commercial purposes where the tenant may experience a hard time should be reduced for at least six months in order to make people and their businesses' survival easy.

#### **7. Role of multinational organizations:**

Multinational corporations and big businesses need to contribute towards the community's wellbeing in this hour of need. They should be providing support to vulnerable segments of society. For this, the government, with discussions with the stakeholders, can present a set of SOPs for CSR programs, making it mandatory for these moneymaking machines to help the deprived ones in the society.

#### **8. Improved social protection mechanisms:**

The social protection measures should be taken on the grass-root level. Clearly, a new state-of-the-art hospital cannot be built in every other area yet people of all the areas can have access to some state of the art hospital keeping in mind the severity of the health situation and economic condition. For instance, they can be connected to the doctors at hospitals for minor issues and transportation facilities can be provided in case of emergencies and significant issues.

#### **9. Focus on Social Cohesion:**

It is high time that we all take up our social responsibility and act as one strong nation that can serve as a model for others to follow. The government is playing its part, but the masses should also be sensitized as to how can they act as a responsible citizen by taking care of their community.

The government shall also make sure that it takes all possible measures to ensure social cohesion. Result of not doing so may lead to the exploitation of already existing faultlines by foreign actors.

#### **10. Time to Strengthen Intra-Regional Relations (Political + Economic):**

It is high time that Pakistan makes full use of its geographical boundaries. For that, it is not necessary to go beyond continents but to avail opportunities beyond borders. With regional countries, mainly Central Asia Pakistan has a lot of economic and political room through which it can strengthen its not only relations but international stature as well.

#### **11. Prepare for the Coming:**

Pandemics usually have cycles, and they occur systematically. Pakistan shall evaluate the level of collaboration and response within the country and also with other countries as the second wave of the pandemic could be more severe

#### **12. Rise of the Reds:**

China's response to global health security which is mostly questioned by western countries was quick and efficient. Certainly, they have effectively overcome the pandemic and now will be sharpening their tools to lead the world. Pakistan needs to design new but smart and strong lines of collaboration with China in order to wave with them.

#### **13. Pakistan's Soft-Power Battle:**

In the meantime, as the world is combating with covid-19 Pakistan has another battle to fight, to project its true soft-power to the world. With world crippled with the pandemic, this could be cashed as an opportunity for Pakistan to rewrite narratives.

#### **14. Counter political exploitation of Covid-19 By India:**

While the world is digging opportunities out of Covid-19 India would not be behind to cash it. There is a higher chance that BJP ruled Delhi might work under the radar and inflict political and social pain to Muslims in India and IOK.

ILCOR

**Islamabad Institute of Conflict Resolution (IICR)**  
**Office # 28, First Floor, Executive Complex,**  
**G-8 Markaz, Islamabad**