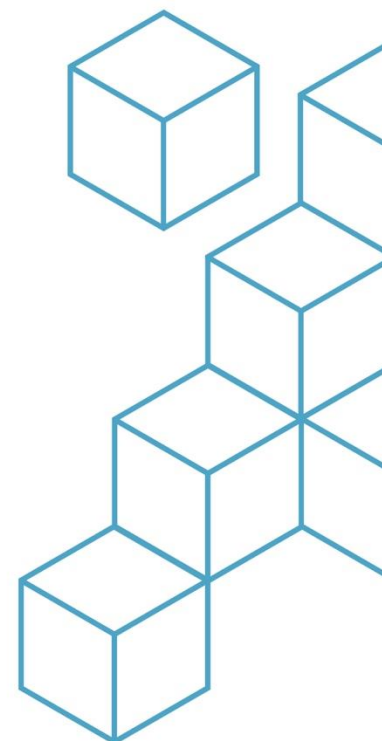


ANALYSES

Pakistan's Political Dunkirk



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The invasion of Ukraine in February 2022 put the very foundations of Putin's rule to test. [Sputnik/Alexei Nikolsky/Kremlin via Reuters]

The end of May saw yet another long march descend towards Pakistan's capital Islamabad, adding another strait in what has been an exceptionally turbulent two months for the Pakistani populace. This time, the entourage of adherents and admirers was led by ousted Prime Minister Imran Khan, decrying the government's illegitimacy and calling for fresh elections. However, the final group that congregated in the capital was unimpressive to say the least, a stark contrast to the huge crowds which had rallied behind Khan during April. Worsening the optics was the noticeable absence of key supporters which included former interior minister, Sheikh Rasheed. Suffice to say, the decision to call off the march without a sit-in was met with disappointment by Pakistan Tehreek-e-Insaf (PTI) workers, especially those who had been at the receiving end of tear gas shelling by the government over the course of the night. While opponents state poor preparation and misjudgement are to blame for the bathos, PTI insiders say that the decision was taken to prevent further violence by the government.

All in all, it seems that the only success of the march was entering the capital itself.

Domestic politics

Presently, Pakistani society is polarised to the extent that every faction refuses to engage in constructive criticism. The lines between social and political polarisation have been blurred. The fact of the matter is, Prime Minister Shehbaz Sharif's government does not have enough time. The next elections are in 15 months, and politically, everyone is in a very tight position.

Sharif is also well aware that he is at the helm of a government that is made up of political parties that will be competing against each other in the next elections. Another problem is that the main objective of the Pakistan Democratic Movement (PDM) coalition (the alliance of eight opposition parties) was to remove Khan without having a concrete economic strategy in mind. The country's policy mandate is outdated.

In the aftermath of Khan's ouster in April, criticism of the Pakistan army, in particular Chief of Army Staff General Qamar Bajwa, rose to unprecedented levels - something that had never happened before. PTI supporters blamed the establishment for having a hand in Khan's downfall. In the face of rising disparagement, the Pakistani army declared that it remains neutral in the country's politics. The Federal Investigation Agency (FIA) even launched a crackdown to arrest those involved in the smear campaign. Ironically, it was PTI itself which had helmed changes to defamation and cybercrime laws and, in 2020, railroaded the Criminal Law (Amendment) Bill through parliament, (1) which made slander and libel of the armed forces a crime.

Meanwhile, Khan's support base comprises mostly the urban middle class and the youth. He is continuing to make the mistake of not studying the nuances and distinctions of the various provincial political spheres of the country. To him, 'dharna' (sit-in) politics is synonymous with electoral politics.

The result: a huge gap between perception and ground reality.

Let's not forget, he is up against opponents whose expertise in gathering votes borders on immaculate. Moreover, dissolving parliament and calling early elections would distract from the goal of improving macroeconomic stability.

All the while, the Pakistani populace also seems to be detached from changing regional and particularly ecological actualities. While any other country would have declared a climate emergency, transfixed on the political disarray and immersed in debates surrounding imported government, the Pakistani populace failed to register the sudden transition into summers, the global food crisis, glacial outburst in Gilgit Baltistan and raging forest fires in Sherani, Balochistan.

Economic volatility

With Khan occupying social media to further his case and avoid future ignominy, Sharif's government is trying to achieve a sense of balance in the face of the economic crisis at hand. In his address to the nation, Sharif called for dialogue with all political parties to develop a bipartisan roadmap to help the country survive the economic crunch compounded by, first, the pandemic, and recently, the reverberations from the Russia-Ukraine standoff. Needless to say, Pakistan's economic abrasion has put on afterburners, and the country is hurtling towards complete destruction. The rupee has lost approximately 8 percent of its value against the dollar, inflation is almost at 14 percent, and foreign reserves (at \$10 billion) are enough to cover imports for six weeks. The Pakistani economy needs almost \$37 billion worth of financing for the new fiscal year if it is to survive. In view of 'heightened external vulnerability,' Moody's Investor Service has downgraded Pakistan's outlook from stable to negative. (2) Ahead of the budget which will be announced on 10 June 2022, Pakistan's Ministry of Planning has estimated that the country's GDP growth will slow to 5 percent for the upcoming fiscal year. (3)

Pakistan last sought help from the International Monetary Fund (IMF) in 2019. While Khan had originally agreed to cut subsidies, he instead decreased fuel prices thereby stalling the \$6 billion bailout programme. At a time when Brent oil prices were between \$100 and \$120, Khan's government went against global trends and ordered a price freeze until the passing of the new budget. It is important to note that the IMF is unlikely to lend money to a spasmodic government whose life span may only be a few weeks. However, the fact that the Sharif administration handled Khan's long march quite well garnered some confidence in his government's ability to perform. Additionally, Sharif's administration has attempted to apply brakes on the over accelerated race towards default and taken decisive steps in this regard. The government has announced a cut in fuel subsidies, raising prices by more than 20 percent. This was followed by notifications that there would be a hike in electricity prices by Rs 8 per unit (4) and an increase in the gas tariff by 45 percent (5), effective from July 2022. Imported luxury items have also been banned.

These measures have advocated for Pakistan's case at the IMF and gotten the green light, contingent on the policies it presents. The international lending body has said that "Pakistan needs to take wide-ranging steps to repair macroeconomic stability," noting that the revival of the programme will not be a walk in the park. (6)

The fact of the matter is that the Sharif administration will have to further take unpopular steps, which include further cuts to electricity subsidies and presage the announcement of a grim budget. This of course goes in favour of Khan and his party and will help assuage their somewhat compromised position. There are already raised eyebrows at the increase in defence budget by almost 6 percent. (7)

Foreign relations

From the outset, the Sharif administration has been trying to reverse the diplomatic damages that Khan's anti-West rhetoric has generated. Sharif's first bilateral visit was to Saudi Arabia, the United

Arab Emirates and, more recently, Turkey, while Foreign Minister Bilawal Bhutto Zardari has made separate trips to UAE, China and the United States.

All these efforts are not only aimed at securing aid but also seen as endeavours to portray a stable image of the new government and gain international credibility. The fact of the matter is, the appetite or the capacity of other countries to hold Pakistan has diminished; friendly countries all have their set of domestic problems in the post-pandemic global crunch. So, Pakistan has to resolve its own political issues first if it wants to be taken seriously internationally.

An IMF bailout would provide the requisite assurances to release credit from friendly countries like China and those in the Gulf Cooperative Council. A \$2.3 billion deposit from Chinese banks (8) and an extension of a \$3 billion credit line for LNG purchases in addition to a \$2 billion deposit from Qatar (9) is on the cards and will undoubtedly aid in propping up Pakistan's dwindling reserves. Moreover, an IMF deal would help acquire funds from other sources such as the World Bank.

The political disarray has left the country in a factional dunkirk. As always, little to no attention is being given to the ordinary Pakistanis who always suffer the consequences of volatility.

What the country needs most is a dose of continuous and consistent healthy economic policies. However, for the time being, political instability in the country is here to stay.

The bottom line is it all depends on how Sharif handles the economy, which includes managing the inflation and, more importantly, selling this narrative to the public. This will impact not only Pakistan's domestic politics and foreign relations but also the Sharif government's relations with the military establishment..

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