

## Going Beyond Normalcy

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Pakistan is a developing country whose resilience is best exhibited through the behavior of its public in times of crisis. Be it in the response to natural disasters, or epidemics and public health crises, Pakistanis have emerged courageously to face the challenges as they arise.

As a recent multidimensional index developed by [The Economist](#) called the [Normalcy Index](#) illustrates, Pakistan has shown a capacity to manage its day-to-day matters despite the pandemic. The NI measures [the eight unique indicators](#) of public behaviour which cover various areas of socioeconomic importance. When we explore the subcomponents of the NI, we see that in most of the 50 sampled countries, there is a movement towards amplified retail activity. This particular indicator has shown convergence to the pre-pandemic level. Moreover, the other activity indicators such as the use of public transport, spending time outside, increased traffic, and office occupancy are converging factors towards the pre-pandemic levels. On the other hand, some indicators are not performing at a similar pace, such as going to the cinemas, the number of people taking flights, and attendance during sports activities.

In Pakistan's context, there is a remarkable trend illustrated according to the initial estimates of this index. In July 2021, Pakistan was ranked [third](#) on the Normalcy Index. The recent ranking illustrates, that [Pakistan has topped the table](#). The country has done well to sustain economic activity during the pandemic; and the government's strategy regarding smart lockdowns has been successful. The measures taken by the government and the response of the public to the crisis illustrate that Pakistan can confront crises in a [sober manner](#).

However, while Pakistan has performed better than many [Western countries](#) as a response to the pandemic, there are mountains of challenges that the public has to deal with. These include rising inflation burdening the largest (and poorest) segment of society, a rise in international commodity prices, and amplified volatility in the exchange rate. Moreover, policymakers are under the duress of international pressures such as increased conditions from the IMF to receive [USD 500 million under the Sixth Extended Fund Facility \(EFF\)](#). Currently, a deadlock in the government-IMF talks is related to [State Bank Bill Amendment 2021](#). The proposed bill is a direct attack on Pakistan's economic sovereignty in return for more debt. More recently, the government sent a [revised draft](#) to the IMF. This draft excludes the complete immunity clause for Governor SBP and other officials of the central bank. However, at present and given lessons from history, Pakistan needs to take drastic steps to divert its economic dependency from the shackles of the IMF.

Inflationary pressures persist with increasing international commodity and energy prices. On the Global Hunger Index, Pakistan falls in the 'serious' category, [ranked at 92nd among 116 countries](#). The government needs to make adjustments to ease the hard-pressed public. The

government needs to increase the tax base through income tax and property tax which may offset the rent-seeking behaviour of the elites. Fiscal consolidation to ensure food security, especially with uncertainties related to climate change, could facilitate the public

Another potential risk for Pakistan would be a refugee influx due to [an alarming economic situation](#) in Afghanistan. This inward movement also will have a constraining impact on Pakistan's capacity and resources.

Yes, one must appreciate that Pakistan is closer to achieving pre-pandemic normalcy on the indicators mentioned on the NI. But in broader context, normalcy is not enough. Pakistan needs to aim towards super-normalcy to counter the heaps of challenges that it confronts.

The most crucial step the government needs to prioritise is expanding the tax base through reforming the tax collection process by increased accessibility and user-friendly interface on digital platforms. This would encourage more people to file their tax returns. Another significant measure would be to maintain a firm stance during IMF negotiations keeping in mind the long-term consequences. Regardless, it is clear that to offset the mountain of challenges, Pakistanis will need to be more resilient than ever.

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