

# Dr Manzoor Hussain Memon

## Crisis after crisis



**T**he world is going through a crisis-after-crisis situation. Before the previous crisis is taken care of, another one comes into the picture, affecting the global populace badly in many respects. History is also proving that the world is now experiencing success and failure of systems very frequently. The great depression of 1930s was followed by World War II and then the oil crisis of 70s. The cold war period started in late 70s, followed by the Asian financial crisis in late 90s. The new millennium was received by the world economic and financial crisis in 2008, then the 'crisis after crisis' erupted in 2019. The openness of economies, digitalisation and globalisation is now testing of systems more frequently. While it took almost 150 years since the emergence of Adam Smith's theories of economics to reach the first economic financial recession in 1936, it is taking less than a decade in the new millennium.

This began with the crisis of Covid-19 which is still in the picture and the world has not yet recovered completely. Despite the huge investments on drugs and vaccines, the pandemic is still there and the world is facing the aftershocks in the form of high economic and financial setbacks. Months and months of lockdowns even in super economies, closure of borders and limitation of movement of masses have affected the world economies. An analysis of IMF indicates that social distancing and lockdowns played a comparable role in driving the economic recession. The effects were endured by all the economies regardless of their strength. The borderless nature of the modern diplomacy and trade escalated the threat and thus drastic measures were taken.

While the Covid crisis is still there, the Russia-Ukraine 'colonial war' reignited in 2022 which has affected almost all oil and gas dependent countries. World Bank highlights that following the economic rebound in 2021, the global economy was entering a pronounced slowdown even before the war had started, with global growth expected to decelerate from 5.5% in 2021 to 4.1% in 2022 and 3.2% in 2023 and also deduces that the effects of the war will further deepen the inequalities across the countries for decades to come. According to IMF, food costs have soared, especially of wheat, for which Ukraine and Russia make up 30% of global exports. The war has caused the expected global 'import and export' growth to shrink from 4.7% to 3% (according to WTO) and the humanitarian losses make up 5,587 confirmed civilian casualties from Ukraine's side while the real number is expected to be much bigger. More than 6.6 million Ukrainians are surviving as refugees and are burdening the economies of other EU countries. When it comes to military losses, both sides have taken heavy losses, with about 9,000 Ukrainian and about 25,000 Russian casualties. The economies of Ukraine and Russia are anticipated to contract by 45% and 11.7% respectively, warns the World Bank.

A third crisis occurred while the world was already dealing with the first two crises. This started with the floods in the United States where in August 2022, five 1000-year rain events occurred in five weeks and about 60% of the EU and the UK was affected by drought, according to the European Drought Observatory. The drought reduced hydropower, threatened nuclear reactors and hindered coal transport, while the Russia-Ukraine war was already cutting the gas to the region. The recent 'climate'-induced events have alarmed the world, specifically the West, for the very first time regarding climate change. This proves "when your neighbour's house is on fire, don't feel that you are safe". South Asia is the most affected and vulnerable to climate change. Pakistan is recently facing the rain-floods and almost one-third of the country is under water. The losses estimated are of \$10 billion in a developing country.

In the backdrop of the mentioned crises, it is essential to acknowledge the abrupt failures of multiple systems that the modern civilisation relied on. The failures are so pitiful and the state of the entities responsible is so miserable in containing them, that it is quite surprising that only three major crises have emerged till now. Who would have thought that the countries wielding the strongest economies will face a yearlong curfew in the 21<sup>st</sup> century! Yet it happened. The cool-down time in between two emergencies has shortened to the point that a new one emerges before the previous one is tackled; and as a result, we witness three crises simultaneously. Pakistan has always been known to mimic the policies, systems and doctrines from the West but today we see that the systems and technologies in the West are failing in quick succession and the systems that are being adopted by West after the failure of the previous ones are in a testing phase. Compelled by the habit, Pakistan might imitate the West again. If the systems don't prevail, the West has the resources to bounce back and stabilise itself to test some other system but a Third World country like Pakistan will likely suffer a hefty blow. But as of today, even the wisest minds in the West are running around like headless chickens. As a precaution, the world should now prepare for the next crisis. 'C'onfused! Or 'C'haos just might be it.

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