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HIGH RATES, HEAVY BURDEN

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Cutting Edge is an independent English weekly magazine being published from Lahore. Its founding editor, Dr Niloufer Mahdi, belonged to one of the top industrialist families of Pakistan —- Packages Group. She was the daughter of Syed Wajid Ali and granddaughter of Syed Maratib Ali. In a short span of time it has gained popularity and built loyal readership throughout the country. With the contributions by renowned journalists and literary figures and diversity of issues/topics touched by our magazine, we can confidently claim that it has set not only new trends in local journalism, but has emerged as the most read and credible magazine for men, women, students and opinion leaders from different spheres of life. It also circulated in all Foreign Embassies, Libraries, Hospitals, 5 star Hotels and Government/ Private Departments. Its website, weeklycuttingedge.com, is a premier online source for the analysis of current affairs, providing authoritative insight into, and opinion on, national and international news, business, finance, science and technology, as well as an overview of cultural trends. We have commenced its publication, with an aim to bring the best to our readers; similarly, we intend to offer the best in terms of advertising and promotional impact for our valuable advertisers. The 24-page Cutting Edge is divided among different sections, and we have proportionally divided the space in each section for carrying advertisers' message for the utmost impact.

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High rates, heavy burden

Farhan Khan

In its meeting last week, the State Bank of Pakistan left the discount rate unchanged at 11 percent, arguing that the real policy rate remains adequately positive to stabilise inflation within the medium range target of 5 to 7 percent. The SBP has sourced its decision to surveys on business confidence and inflation expectations of consumers and business class in general.

But this is against the expectation of the business circles looking for further lowering of the interest rate. It has been pointed out that the policy rate of 11 percent is the highest in the region with serious implications for our economic growth. Higher policy rate means high cost of capital as an input of the manufacturing sector which also has to contend with higher utility rates relative to regional competitors.

The decision also has something to do with the IMF which says that the authorities have agreed on the need to pursue a tight monetary policy stance so that the exchange rate may absorb any emerging pressures. It is relevant to point out here the observation of the Monetary Policy Committee that remittances have remained resilient and that the flood damage to crops will impact the trade deficit. It is clear that all these factors went into shaping the decision on monetary policy.

An important development in this connection is that the FBR tax collection rose by 14.1 percent in July and August although it failed to meet its target by 64 billion rupees — a fact that reflects the over-ambitious targets set by the IMF and agreed by the authorities. Due to the widespread damage caused to the economy in general and the agriculture sector in particular, tax collection by the FBR would be significantly lower than projected and this would sharpen fiscal distress.

Another piece of disturbing news is the disbursement of only 5.3 billion rupees on development expenditure in July-August or 0.5 percent of what was budgeted for the Public Sector Development Programme (PSDP). At the same time, there has been an increase in government total debt in 2025 by 9 trillion rupees. Data for the September disbursement under PSDP has not yet been released but it seems unlikely that the government would be able to release the 15 percent of the budgeted PSDP allocation required under the rules. No doubt, the massive devastation caused by the floods would cause a hefty rise in government expenditure. But the fact remains that the government's borrowing from the banks increased manifold last fiscal year – much before the natural calamity hit us. This crowded out private sector credit last fiscal year, resulting in an economic slowdown and negative growth of the large-scale manufacturing sector.

One reason why the economy is in a slow mode is that the bulk of credit from banks is siphoned away by the government to fund its current expenditure, accounting for nearly 93 percent of the total budget. It uses private sector savings deposited in national savings centres for meeting its administrative expenditure. This means that the money that should be utilised for the development of the social sector is appropriated to defray the ballooning expenditure of a bloated bureaucracy.

The result is that the government debt is swelling from year to year. It is expected to surge further in the current fiscal year with the government approval of borrowing 1.225 trillion rupees from commercial banks to retire the circular energy sector debt. In the meantime, the International Monetary Fund has interjected a clause of uncapping the 10 percent debt service surcharge cap to ensure full cost recovery. This presages a further increase in the utility charges.

To add to the woes of the government is the staggering cost of post-flood rehabilitation and reconstruction involving billions of dollars. Uptil now no aid or grant is coming from any international sources and the authorities will be hard put to generate necessary funds for the purpose. The easy way out for the babus sitting in Islamabad would be to increase the tax burden for all sectors, but this will break the backbone of the economy which is already in tatters. The unemployment rate has risen sky high and over 48 percent Pakistanis are living below the poverty line.

It is time to gird up our loins and scour our indigenous resources to meet the challenge ahead. Without further delay, the government should undertake structural reforms to secure our economic future. The reform plan should start with a massive reduction in current expenditure supported by reforms in the power sector. Greater efficiency in tax collection together with elimination of corruption in FBR would generate the requisite resources without the government having to go to the IMF and other international agencies with a negging bowl.

Pak-Saudi defence deal: a new anchor for regional security

Nasim Ahmed

Pakistan and Saudi Arabia have signed a Strategic Mutual Defence Agreement, pledging that any attack on either nation would be treated as an act of aggression against both. The landmark accord marks a further consolidation of the two countries' long-standing and multifaceted relationship rooted in strategic military cooperation, mutual economic interests, and shared Islamic heritage.

These ties have encompassed security cooperation, diplomatic ties, economic assistance and energy supplies, with Riyadh being a major source of financial aid and oil for Islamabad. The roots of this relationship run deep, marked by decades of cooperation that has seen Pakistani troops stationed on Saudi soil, and Riyadh providing Pakistan with economic lifelines in times of crisis.

As officially explained, this agreement reflects the shared commitment of both nations to enhance their security and to achieve peace in the region and the world. It also aims to develop aspects of defence cooperation between the two countries and strengthen joint deterrence against any aggression. To quote the official statement, the agreement has been signed on the basis of the "historic partnership extending for nearly eight decades … based on the bonds of brotherhood and Islamic solidarity, … shared strategic interests and close defence cooperation", between Islamabad and Riyadh. Pakistan's Ministry of Foreign Affairs has said the agreement with Saudi Arabia reflects the "shared commitment" of both nations to strengthen security and promote regional peace, while also pledging to "strengthen joint deterrence against any aggression".

Apart from defence, the economic dimension of the agreement is self-evident. Saudi Arabia is one of Pakistan's biggest investors and donors. A greater flow of Saudi investment in energy, infrastructure and industry can now be expected, which will go a long way to stabilise Pakistan's finances and economic growth. The internal dimensions of the agreement carry their own importance. For Pakistan, the pact provides much needed political capital at home, showing that it is at the pivot of the evolving security paradigm of the Muslim world. For Saudi Arabia, it is a signal to the region as well as its own people that the kingdom is alert to new threats to its security and ready to take proactive steps for this purpose rather than relying solely on the US.

According to close observers of the Middle East scene, it is a landmark development in the decades-old alliance between the two nations. The timing of the deal is significant. The region has been roiled by two years of naked Israeli aggression climaxing in last week's Israeli attack on Doha, the capital of Qatar, which borders Saudi Arabia. It also follows simmering tensions between India and Pakistan, after a short-lived conflict in May this year.

Pakistan harbours no aggressive designs, and its strategic alliance with any power, including a major power like Saudi Arabia, is in the interest of peace and stability in its neighbourhood. The last few months have witnessed some disturbing events in the region. First, India launched an unprovoked attack on Pakistan which brought two nuclear armed nations to the verge of a nuclear confrontation. On the other hand, one after another Israel bombed six countries in the Middle East in flagrant violation of international laws. All this has happened while the United States, the supposed guarantor of security in the region, has stood by silently.

Seen from this perspective, the agreement represents a major shift in regional and global geopolitics. In the developing scenario, Pakistan occupies the centre stage on the geopolitical map of the region. It is now seen as a balancing and stabilizing force in a region rife with both seen and unforeseen dangers. Needless to say, Tel Aviv's grand design of creating Greater Israel is the driving force behind its aggressive expansionism in the neighbouring territories. The attack on Qatar proved beyond any doubt that it is a rogue state for which international laws guaranteeing the sovereignty and territorial integrity of nations have no meaning.

It is in the background of these developments that we have to see the true relevance of the Pak-Saudi defence deal. Saudi Arabia's disillusionment began with the US invasion of Iraq. It was also unhappy with the United States for not supporting Saudi interests in Yemen and Syria. A little later, following US-sponsored Middle Eastern security, Saudi Arabia considered having better ties with Israel. In the meantime, the Trump Administration also pushed the Abraham Accords, which entailed closer military and intelligence coordination between the UAE, Saudi Arabia and Israel, and later Morocco and Sudan. But there was a change in perspective when Israel attacked Iran in June this year. The bombing of Qatar was the last straw.

In the prevailing circumstances, the ongoing Israeli genocide in Gaza, which has the support of the United States, is what now drives the changing security perspective of countries in the Middle East. Seen from this angle, the Pak-Saudi defence deal could lead to a similar bilateral defence arrangement with the United Arab Emirates, Qatar and other Gulf states. It can also serve as the cornerstone of a wider regional security framework ensuring collective guarantees for all.

What are the implications of the Pak-Saudi defence deal for India? Will New Delhi scale down its intransigent tone and moderate its aggressive rhetoric against Pakistan? The Indian diaspora in Saudi Arabia totals around 3 million people who send billions of dollars in remittances to the mother country. India also enjoys strong economic and trade ties with Riyadh. Will these considerations deter it from pursuing its aggressive designs against Pakistan? It will be interesting to watch how countries in the neighbourhood and beyond react to the Pak-Saudi defence deal in the coming days.

Pakistan's manufacturing sector: A fragile rebound or just a mirage?

Muhammad Ali

In the sweltering heat of Lahore's industrial outskirts, where the hum of machinery once echoed like a heartbeat for thousands of workers, the large-scale manufacturing (LSM) sector has long been a barometer of Pakistan's economic pulse. For families in Faisalabad's garment mills, steady production means school fees paid on time and a roof that doesn't leak. But when output stalls, as it has for years, the ripple effects turn dreams into daily struggles—delayed wages, mounting debts, and quiet desperation.

That's why the latest data from the Pakistan Bureau of Statistics (PBS), released just days ago, feels like a rare breath of fresh air: LSM grew by 8.99% year-on-year in July 2025 compared to the same month last year, with a more modest 2.60% uptick month-on-month from June. It's the strongest July showing in three years, pushing the overall index to a record 115.68 for the month. Yet, as with so much in Pakistan's economy, this uptick demands scrutiny. Is it a genuine revival, or a statistical sleight of hand propped up by a rock-bottom base from flood-scarred 2024?

Two stark realities frame this narrative. First, the PBS's granular breakdown of sub-sector performances is conspicuously absent for the month-on-month comparison (July versus June 2025), leaving analysts piecing together a puzzle with incomplete pieces. We have the year-on-year details, which paint a picture of selective surges, but the sequential view—crucial for spotting true momentum—remains opaque. This isn't just bureaucratic oversight; in an economy where monthly swings can signal everything from supply chain snarls to policy shocks, such gaps breed uncertainty. Businesses hesitate to invest, workers brace for volatility, and policymakers grapple with half-truths.

Layer on the second complication: the International Monetary Fund's (IMF) tightening grip, which has reshaped the playing field since the staff-level agreement on July 12, 2024. That deal, part of a $7 billion Extended Fund Facility, promised stability but came with strings attached—fiscal consolidation targets, a freer-floating rupee, and curbs on central bank interventions to prop up the currency. The fine print, uploaded to the IMF's site only in October 2024, zeroed in on a web of distortions that have long plagued Pakistan's industries. In its Article IV Consultation report, the Fund lambasted government meddling in price controls for everything from agricultural staples to fuel, power, and gas (reviewed biannually), alongside sky-high tariffs and non-tariff barriers that shield "selected groups or sectors." These interventions, the IMF argued, "tilted the playing field" in favor of cronies, stifling competition and locking capital into "chronically inefficient (including perpetually 'infant') industries." The verdict? Scrap the monetary and fiscal incentives propping up these relics—subsidies, tax breaks, and protective walls that, despite billions poured in, have failed to ignite the LSM as a growth engine. For manufacturers like those in Sialkot's surgical instrument clusters, this means navigating a post-handout world where efficiency, not favoritism, rules. It's a bitter pill, but one that could, in theory, foster innovation—if the transition doesn't crush the vulnerable first.

These headwinds hit harder against the backdrop of an extraordinarily low base from last year. The Finance Division's monthly Economic Outlook paints a grim prelude: LSM for July-October 2023 plunged a staggering 23.21%, a contraction born of energy crises, import curbs, and the lingering scars of 2022's mega-floods. Fast-forward to the same stretch in 2024, and the negativity eased to just 0.64%—a whisper of progress, even as July alone clocked in at 2.4% growth. This base effect turbocharged 2025's numbers, turning a modest recovery into headline-grabbing gains. But hailing July's 8.99% as a trend? That's premature, especially with the 2025 monsoons unleashing biblical floods that have submerged Punjab's farmlands and snarled supply lines nationwide. Unlike last year, when the skies held back, this year's deluge has already inflicted $1.4 billion in damages, with agriculture—the lifeblood of LSM inputs—slashed by 15-20% in affected regions. Early assessments peg crop losses at over 10 million acres, drowning rice paddies and cotton fields that feed textile looms and food processors. For farmers in Sindh and Punjab, it's déjà vu from 2022: homes washed away, livestock drowned, and harvests reduced to mud. The full toll won't crystallize until the rains ebb, but projections warn of a 0.5-1% drag on GDP, with knock-on effects for manufacturing raw materials.

The State Bank of Pakistan (SBP) underscores this fragility in its historical lens: LSM eked out a mere -0.21% in FY24, rebounding to 2.51% in the prior year and now eyeing 2.68% for FY25. Yet, LSM's slice of the GDP pie is slender—barely 8% last fiscal year—making it a tail that rarely wags the dog. Its fortunes hinge on agriculture (now flood-ravaged), soaring input costs, punitive taxes, and borrowing rates stuck at 11%, the region's highest. Electricity tariffs, another regional outlier, squeeze margins further, turning factories into financial black holes. With IMF-mandated contractionary policies—tight money and austere budgets—sustained LSM vigor seems like a long shot. The SBP's steady policy rate offers predictability, but at the cost of stifled credit for expansion.

Zooming into July's bright spots reveals a tale of uneven lifelines. Automobiles roared ahead with 57.80% YoY growth, their 3.10% weight in the index amplified by pent-up demand and a low prior base—contributing 1.33 points to the overall rise. Garments, the heavy hitter at 24.79% growth and 6.08% weighting, added a whopping 3.80 points, buoyed by a 32% export surge to $1.68 billion, fueled by global apparel hunger. Cement followed at 18.75%, within the non-metallic minerals category's 16.5% leap (0.96-point contribution), signaling a thaw in construction. These drivers—textiles, autos, and building materials—account for much of the optimism, a nod to export resilience and domestic recovery flickers.

But shadows loom large. Automobile sales, after a 64% June spike tied to pre-budget incentives, cratered 49.3% in July to 11,034 units, a post-peak hangover that questions the sector's stamina. Cement's export story sours too: while domestic output climbed, shipments to Afghanistan—Pakistan's top buyer—dropped sharply amid frosty ties and cross-border terror spikes, with overall bilateral trade dipping 12% month-on-month. Garments' export boom, though, holds firmer, a testament to Pakistan's GSP+ edge in Europe, but vulnerabilities like U.S. tariff threats under a potential Trump return could unravel it.

For the workers on the factory floor, these gyrations aren't abstracts—they're paychecks postponed or pink slips looming. Aisha in Faisalabad might sew for export orders today, but tomorrow's flood-damaged cotton could idle her machine. Policymakers must bridge the IMF's reform zeal with on-ground realities: targeted aid for flood-hit suppliers, export diversification beyond textiles, and a phased unwind of distortions to nurture true competitiveness, not coddle the lame.

July's LSM glow is a spark, not a bonfire. Amid floods that have displaced millions and IMF demands that prune protections, sustaining it demands more than low bases—it calls for bold, equitable reforms. If Pakistan can channel this momentum into resilient chains and inclusive growth, the sector could finally rev up as the engine it was meant to be. Until then, it's a cautious cheer: progress, yes, but perilously perched.

Flood-induced economic pressures

Shahid Hussain

The State Bank of Pakistan's recent announcement to maintain its benchmark policy rate at 11% marks the third consecutive time it has chosen not to adjust this critical lever. This steady stance comes amid a backdrop of mounting uncertainties, particularly as the nation grapples with the devastating aftermath of widespread flooding.

These natural disasters have not only disrupted daily life for millions but have also cast a long shadow over the economic landscape, raising alarms about potential spikes in inflation and a slowdown in growth. Despite these headwinds, the SBP expresses a measured optimism, believing that Pakistan's economy is better equipped to navigate this crisis than during previous flood episodes. This decision reflects a delicate balancing act: addressing immediate threats like rising food prices while safeguarding the hard-earned macroeconomic stability that has been built over recent years.

At the heart of the SBP's rationale is the recognition of evolving risks that could derail the fragile recovery. The floods, which have ravaged key agricultural regions including Punjab—Pakistan's breadbasket—have inflicted severe damage on crops, infrastructure, and livelihoods. Punjab alone accounts for a significant portion of the country's agricultural output, producing staples like wheat, rice, and cotton that are vital not just for domestic consumption but also for exports. The Kharif season, which includes rice and cotton harvests, is particularly vulnerable this year, with fields submerged and supply chains interrupted. As a result, weekly price indicators are already flashing warning signs of surging food inflation. Vegetables, grains, and other essentials are seeing sharp increases at local markets, putting additional strain on household budgets, especially for low-income families who spend a large chunk of their earnings on food.

Compounding this is the potential uptick in import demand. With domestic production hampered, Pakistan may need to ramp up imports of food items to bridge the gap, which could widen the current account deficit. The SBP describes this as a "slight deterioration" in the overall macroeconomic outlook, but the implications are far-reaching. Inflation, which the bank had targeted at 5-7% for the fiscal year, now appears likely to overshoot this range for much of the period ahead. This isn't just a statistical concern; higher inflation erodes purchasing power, making everyday items less affordable and potentially sparking social unrest if not managed carefully. On the growth front, the SBP anticipates that GDP expansion might dip toward the lower end of its earlier projected range of 3.25-4.25%. This moderation could stem from reduced agricultural yields, delayed industrial activity due to damaged infrastructure, and a general slowdown in consumer spending as people prioritize recovery over discretionary purchases.

Yet, amidst these challenges, the SBP maintains that the shocks, though substantial, are unlikely to completely derail the economy. This confidence isn't unfounded; it's rooted in several encouraging developments that highlight the resilience built into the system. For starters, headline consumer inflation has shown a notable decline in recent months, dropping from double-digit highs to more manageable levels. Core inflation, which excludes volatile food and energy prices, is also on a downward trajectory, albeit

at a gradual pace. This cooling trend suggests that previous monetary tightening measures are bearing fruit, helping to anchor expectations and prevent a wage-price spiral.

Another pillar of strength is the bolstering of foreign exchange reserves. Official international reserves have climbed to \$14.3 billion, a robust figure achieved despite ongoing debt repayments and a persistent current account deficit. The SBP projects these reserves to further swell to \$15.5 billion by the close of 2025, providing a crucial buffer against external shocks. This buildup has been supported by steady inflows, including remittances from overseas Pakistanis, which continue to flow in at impressive rates. Remittances aren't just numbers on a balance sheet; they represent the hard work of millions of expatriates and serve as a lifeline for families back home, funding education, healthcare, and small businesses. In fiscal terms, the Federal Board of Revenue (FBR) has reported solid tax collections, even if they fell marginally short of targets in July and August. Coupled with profits from the SBP itself, this is poised to generate a significant primary surplus in the first quarter of FY26, offering some fiscal breathing room.

On the global front, there's a silver lining as well. Uncertainties in international trade have eased somewhat following the U.S. announcement of revised import tariffs, which could stabilize export markets for Pakistani goods like textiles and agricultural products. Commodity prices, including oil and metals, remain relatively benign, avoiding the kind of spikes that exacerbated economic pressures in the past. These external factors are critical for a country like Pakistan, which relies heavily on imports for energy and raw materials.

However, the road ahead is fraught with potential pitfalls, particularly if fiscal pressures intensify. Reconstruction efforts following the floods will demand substantial spending—rebuilding roads, bridges, homes, and irrigation systems won't come cheap. If revenues slow down due to economic sluggishness, the government might face tough choices, such as borrowing more or cutting back on essential services. This is where the SBP's emphasis on sustained reforms becomes pivotal. The bank wisely advocates for continued advancements in tax administration to broaden the base and improve compliance, reducing reliance on indirect taxes that disproportionately affect the poor. Reforms in state-owned enterprises (SOEs) are equally urgent; many of these entities have been drains on public finances, plagued by inefficiencies and losses. Streamlining them through privatization or better governance could free up resources for productive investments.

Moreover, a prudent mix of monetary and fiscal policies is essential to create fiscal space. This means avoiding populist measures that could fuel inflation, like untargeted subsidies, and instead focusing on targeted support for flood-affected communities. Enhancing external and fiscal buffers—through diversified exports, stronger public-private partnerships, and international aid—will be key to weathering future shocks, whether from climate events, geopolitical tensions, or global recessions. Pakistan's history with floods, such as the catastrophic ones in 2010 and 2022, offers lessons: while immediate relief is vital, long-term resilience comes from investing in climate-resilient infrastructure, like improved drainage systems and early warning technologies.

In essence, the SBP's decision to hold the policy rate steady is a pragmatic response to a complex situation. It underscores the need for vigilance without overreacting, allowing the economy time to absorb the flood impacts while building on positive momentum. For businesses, this stability in borrowing costs could encourage investment in recovery efforts, from farmers replanting crops to manufacturers repairing facilities. For ordinary citizens, it signals that policymakers are attuned to their struggles, aiming to prevent runaway inflation that would make recovery even harder. Looking forward, the true test will be in implementation: turning these policy intentions into tangible outcomes that foster inclusive growth. If handled well, this could not only mitigate the current crisis but also position Pakistan for a more sustainable economic trajectory in the years to come. By prioritizing reforms and prudence, the nation can emerge stronger, better prepared for whatever challenges lie ahead.

Pakistan's current account reversal

Husnain Shahid

In a stark reminder of the economy's inherent volatility, Pakistan's current account, which had notched a commendable surplus of $2.1 billion in FY25—the first in 14 years—has abruptly reversed course.

The first two months of the new fiscal year, July and August 2025, saw a deficit ballooning to $624 million, exposing fresh cracks in the external sector's armor. This slippage isn't just a blip on the balance sheet; it's a human story of families scraping by, businesses halting operations, and a nation teetering on the edge of deeper financial strain. While August offered a sliver of hope with the deficit shrinking to $245 million—a 35% improvement from July's $379 million, thanks to moderated outflows and steadfast remittance inflows—the overall picture remains foreboding. Month-over-month, the gap widened by nearly 200% in August compared to the prior period, and year-over-year, the July-August deficit surged by over 45%. These numbers don't lie: they underscore a structural fragility that leaves Pakistan's balance of payments perilously exposed, especially as the devastating floods ravage Punjab and ripple outward.

Picture this: Punjab, the pulsating heart of Pakistan's agricultural might, often dubbed the "breadbasket" of the nation, is drowning under floodwaters. The 2025 monsoon season, intensified by climate change, unleashed what officials have called the worst deluge in four decades, submerging over 4,000 villages and forcing the evacuation of nearly two million people. Rivers like the Chenab, Ravi, and Sutlej—swollen from heavy upstream rains in India and exacerbated by dam releases—breached their banks, turning verdant fields into vast inland seas. Rice paddies, sugarcane groves, maize plots, and cotton fields, which promised bumper yields just months ago, now lie in ruins. Farmers recount tales of heartbreak. The human toll is staggering—over 750,000 evacuated in Punjab alone, with more than 200 lives lost province-wide, and thousands more injured or displaced nationwide. Rescue operations, involving the Pakistan Army's helicopters and boats, have airlifted supplies to 511 relief camps, but the scale of destruction defies easy fixes. Livestock drowned by the thousands, homes crumbled like sandcastles, and vital infrastructure—roads, bridges, irrigation canals—lies in tatters, isolating communities and halting the flow of goods.

This catastrophe isn't occurring in a vacuum; it's colliding head-on with the economy's external vulnerabilities. The State Bank of Pakistan (SBP), in its latest monetary policy statement, has flagged the external sector's susceptibility to these "evolving domestic and global conditions." Flood-induced crop losses are projected to slash agricultural output, a sector that employs nearly half the workforce and contributes a quarter of GDP. With Kharif harvests—rice and cotton chief among them—decimated, food imports are set to spike, potentially by 20-30% in the coming quarters, according to early estimates from exporters. This isn't mere speculation; weekly import data already shows a surge in essentials like wheat and edible oils, widening the trade deficit that forms the bulk of the current account imbalance. In July-August, goods imports jumped 15% year-over-year to $38.32 billion, outpacing a modest 2.4% rise in exports to $21.82 billion, leaving a yawning gap. Services trade, too, deteriorated, with the combined goods-and-services deficit hitting $18.76 billion for the period—up sharply from last year.

The floods amplify a pre-existing reversal in the current account's trajectory, one that policymakers had hoped FY25's surplus would sustain. That $2.1 billion windfall was a hard-won victory, fueled by prudent import controls, robust remittances topping $30 billion annually, and a narrowing trade gap under IMF-guided reforms. Yet, as the waters recede, the fragility is laid bare: a modest shock like this monsoon fury can undo months of progress. Analysts point to the trade deficit's persistence—Pakistan's exports remain stagnant at around $30 billion yearly, dominated by low-value textiles and hampered by global slowdowns—while imports for energy and machinery keep climbing. This imbalance isn't just economic; it's a drag on ordinary lives. Small traders in Lahore's bustling markets, who rely on imported fabrics, face skyrocketing costs; rural households in flood-hit Sialkot watch as their remittance-dependent incomes stretch thinner against rising food prices.

Still, glimmers of resilience pierce the gloom. Remittances, that steadfast lifeline from the diaspora, held firm at $3.1 billion in February alone, helping trim the August deficit. The SBP anticipates the full-year deficit will stay manageable at 0-1% of GDP, a far cry from the 1.7% abyss of FY24. Foreign exchange reserves, a critical buffer, stand at $14.36 billion as of mid-September 2025, up a modest $21 million from the prior week, with projections to reach $15.5 billion by December. This buildup, despite $5 billion in looming debt repayments, owes much to timely rollovers from friendly nations and multilateral inflows. Continued engagement with the IMF—under the ongoing Extended Fund Facility—remains pivotal, promising $7 billion in support to plug financing gaps and enforce fiscal discipline.

Adding a layer of intrigue is the freshly inked Strategic Mutual Defense Agreement (SMDA) with Saudi Arabia, signed on September 17, 2025, during Prime Minister Shehbaz Sharif's visit to Riyadh. Beyond bolstering security ties—declaring an attack on one as an assault on both—this pact hints at economic lifelines. Saudi Crown Prince Mohammed bin Salman and Sharif discussed expanding bilateral trade and investment, potentially unlocking fresh liquidity through joint ventures in energy, agriculture, and defense manufacturing. For Pakistan, strapped for foreign direct investment (FDI) that has dwindled to under $1 billion annually, this could mean Saudi funds for flood reconstruction or export-boosting infrastructure. Riyadh's historical generosity—a $3 billion deposit in 2024—might evolve into equity stakes, injecting stability into reserves and easing import pressures. Optimists see it as a gateway to diversified inflows, reducing overreliance on worker remittances that, while reliable, fluctuate with global job markets.

Yet, such hopes must be grounded in reality, lest they foster complacency. Pakistan's external sector woes stem not from fleeting floods but from entrenched dependencies: official inflows and remittances finance 70% of essential imports, debt servicing, and reserve accumulation, while private FDI evaporates amid political instability and red tape. Industrial output lags, with manufacturing growth at a sluggish 2-3%, and agriculture—battered yet again—yields per hectare trail regional peers due to outdated irrigation and climate vulnerability. Exports, stuck in a low-skill rut, face stiff competition from Bangladesh and Vietnam, exacerbated by a rupee that's lost 20% against the dollar since 2023. Betting on geopolitical windfalls, like the Saudi pact, to mask these flaws is a gambler's folly; history—from the 2008 crisis to 2022's near-default—shows they buy time, not transformation.

The path forward demands bold, consistent reforms, not patchwork fixes. Enhancing tax compliance to hit FBR targets, divesting loss-making state-owned enterprises, and investing in climate-resilient farming—think drought-resistant seeds and elevated embankments—could fortify buffers. Export diversification into high-tech textiles, IT services, and halal products requires policy muscle: subsidies for R&D, trade pacts with the EU and ASEAN, and a stable energy grid to power factories. Fiscal prudence, pairing SBP's steady 11% policy rate with targeted subsidies for flood victims, would curb import-led inflation without stifling growth.

For the millions in Punjab's sodden fields, this isn't abstract policy—it's survival. As the waters subside, Pakistan stands at a crossroads: cling to short-term salves, or seize this crisis to rewire its economy for resilience. The current account's slip is a warning siren—heed it, and the nation could yet turn vulnerability into vigor, ensuring that surpluses aren't anomalies but the new normal. In a world of cascading shocks, from climate fury to trade wars, only structural depth will keep the ship afloat. ■

A bigger share for unity: Fixing Pakistan's resource divide

Raza Khan

Pakistan's federal structure relies on the National Finance Commission (NFC) to distribute financial resources between the central government and provinces, a process critical for economic stability and national cohesion. However, the failure to announce a new NFC Award since the 7th Award expired in 2015 has exacerbated tensions, particularly in Balochistan, where multidimensional poverty and underdevelopment fuel unrest.

With 38.3% of Pakistan's population (88.7 million people in 2021) classified as multidimensionally poor and Balochistan facing a poverty incidence of 71%, equitable resource allocation is urgently needed. This discussion examines the NFC's role in addressing Pakistan's fiscal challenges and argues for a larger financial share for Balochistan to mitigate deprivation and strengthen national unity.

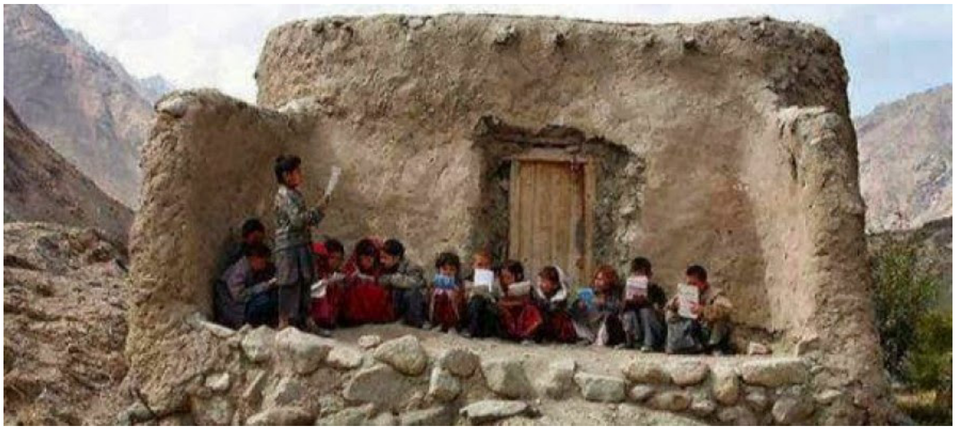
Since the 7th National Finance Commission (NFC) Award was finalized in 2010 by the Pakistan People's Party (PPP) government, no new financial award has been announced after its expiry in 2015. This failure violates the Constitution of Pakistan and has created significant economic and financial challenges, particularly in relations between the central and provincial governments.

Distributing financial resources in a federal state is inherently complex. Western nations, such as Germany and the United Kingdom, developed sustainable mechanisms centuries ago to allocate resources between central and regional governments. In culturally homogenous countries like Japan, this process has been relatively smooth. However, in culturally diverse states like Pakistan and India, equitable distribution remains a formidable challenge.

In Pakistan, the vertical distribution of financial resources between the central government and provinces has been particularly contentious, largely due to the country's highly centralized state structure. The 1973 Constitution introduced the National Finance Commission (NFC) to manage the Federal Divisible Pool (FDP), distributing resources vertically between the federal government and provinces and horizontally among the provinces. However, no fixed criteria were established for this distribution. Instead, the federal and provincial governments must negotiate through the Council of Common Interests (CCI) to agree on resource allocation periodically. The NFC Award is a critical mechanism for determining these distributions, and regular agreements are essential for political stability, efficient governance, and addressing the population's needs.

The 18th Constitutional Amendment (2010) and the 7th NFC Award, enacted in the same year, granted provinces, including Balochistan, greater fiscal autonomy. The amendment abolished the Concurrent Legislative List, devolving subjects and departments to the provinces as originally envisioned in the 1973 Constitution. While this was a positive step, the 7th NFC Award fell short of delivering justice. Although the provincial share of financial resources increased to 57.5%, this was insufficient given the scope of devolved responsibilities. Provinces should have received at least 75% of the divisible pool, with the federal government retaining the remainder.

The most recent publicly available survey data for Pakistan's Multidimensional Poverty Index (MPI) estimation, from 2017/2018, indicates that 38.3% of Pakistan's population (88.7 million people in 2021) is multidimensionally poor, with an additional 12.9% (29.9 million people) classified as vulnerable to multidimensional poverty. The intensity of deprivation, measured as the average deprivation score among the multidimensionally poor, is 51.7%. Pakistan's MPI value, which adjusts the share of the multidimensionally poor population by the intensity of deprivations, is 0.198—higher than Bangladesh (0.104) and India (0.069).



The case of Balochistan is critical in discussions of financial resource allocation and poverty. The province faces a strong separatist insurgency, with the state's authority weakening in many areas. A key driver of this unrest is the perception that Balochistan has been denied its political and economic rights, particularly in the distribution of financial resources through the National Finance Commission (NFC). Historically, Balochistan has been Pakistan's least developed province compared to Punjab and Sindh. According to the 2016 MPI survey, Balochistan had a staggering poverty incidence of 71%, with a deprivation intensity of 55%. Given these conditions, Balochistan deserves a significantly larger share of financial resources.

Several compelling reasons support allocating a larger NFC share to Balochistan. First, the province has not been a priority for central government development policies, despite claims to the contrary, fostering widespread deprivation and fueling separatist sentiments. In the 7th NFC Award, a "war on terror" criterion was introduced, granting Khyber Pakhtunkhwa (KP) a 1.8% share for its role as a frontline province in Pakistan's fight against terrorism. However, this allocation was minimal, and in recent years, Balochistan has faced comparable levels of terrorism. Thus, Balochistan should also receive dedicated "war on terror" funds in the next NFC Award.

The crisis in Balochistan is multidimensional, but increasing its NFC share could help address the pervasive sense of deprivation. This is in Pakistan's broader national interest, as persistent grievances and separatist tendencies undermine state cohesion and nation-building. Moreover, Balochistan's underdevelopment hampers Pakistan's overall progress. Widespread unemployment, poverty, and misery in the province stem from this neglect, making a larger NFC allocation urgent. Consensus on a new NFC Award is critical to address these issues and promote equitable development.

Pakistan's progress hinges on addressing the systemic inequities in its resource distribution, particularly for Balochistan, where poverty and unrest underscore the need for reform. The NFC remains a vital mechanism to achieve this, but its effectiveness depends on timely consensus and fair criteria that prioritize underdeveloped regions. By allocating a significantly larger share to Balochistan, including dedicated funds for terrorism-affected areas, the government can alleviate deprivation, curb separatist sentiments, and foster inclusive development. A new NFC Award, grounded in justice and national interest, is imperative to strengthen the federation and ensure a cohesive, prosperous future.

Pakistan's literacy battle beyond numbers

Rasheed Ali

Even after decades of policy pledges and billions in spending, Pakistan's literacy rate inches forward, with some regions left far behind.

According to the 2023 census and Economic Survey 2024-25, the national literacy rate has recently reached about 60.7 per cent, up slightly from previous counts.

Breaking the numbers down by province, Punjab leads among the four provinces with around 66.25pc, followed by Sindh at about 57.54pc, Khyber-Pakhtunkhwa (KP) at about 51.09pc, and Balochistan trailing with about 42.01pc. For Islamabad Capital Territory (ICT), literacy is much higher — over 83-84pc.

Reliable, up-to-date figures for Azad Jammu & Kashmir (AJK) and Gilgit-Baltistan (GB) are harder to pin down in recent census or survey reports. Older sources suggest AJK had, in earlier years, literacy in youth cohorts as high as 70-90pc, but more recent official data (post-2020) is not robust enough to claim precise current rates. For Gilgit-Baltistan, the estimates vary: some reports put overall literacy around 58pc in recent years, with male literacy significantly higher than female, corridors in remote valleys suffering from inadequate facilities.

Despite the millions allocated annually for education, the progress remains uneven and in many places unsatisfactory. Why? There are multiple interlocking reasons that explain why governments have repeatedly failed to significantly raise literacy in all regions.

First, funding levels and budget implementation. Although the public budget for education has been sizable numerically, as a proportion of GDP it remains low: many reports note that Pakistan spends between 1.5pc to 2pc of GDP on education, well below UNESCO recommendations of 4-6pc. Moreover, funds often arrive late, are misallocated, or get stuck in administrative bottlenecks. Local authorities sometimes lack capacity to utilise funds fully or in time. Even when infrastructure is funded, maintenance budgets are minimal, causing facilities to deteriorate swiftly.

Second, the quality of schools and teachers. In many districts, especially remote or rural ones, school buildings are unsafe or incomplete; basic amenities such as toilets, clean water, electricity are missing or intermittent. Teachers are either untrained, underqualified, or insufficient in number. In many areas female teachers are especially scarce, which can discourage families (especially conservative households) from sending girls to school.

Third, geographic, socio-economic, and cultural barriers. Poverty, child labour, early marriages, gender norms, and distance to school hamper enrolment and attendance. In rural or mountainous regions, physical access to schools is often difficult; seasonal challenges (monsoon, snow) can make travel hazardous or impossible. Families may prioritise work over schooling for children, particularly in extremely poor households. Girls often bear much of the cultural burden, with expectations around domestic duties or concerns about safety preventing consistent school attendance.

Fourth, policy inconsistency and governance issues. Education is a concurrent subject in Pakistan in many respects, so changes in government or leadership often lead to shifts in priorities. Programs launched with fanfare sometimes stall or are abandoned. There is often weak oversight, corruption, leakage of funds, lack of accountability. Revising textbook content, curricula, teacher hiring rules happen frequently, but without robust systems to ensure educational quality or outcomes.

Fifth, the gender gap and urban-rural divide. Male literacy is significantly higher than female: overall male literacy is 68pc, female 52pc. In provinces like Balochistan or remote GB districts, the gap is more severe. Urban areas boast literacy near 74pc, but rural ones much lower, 51.5pc because of all the barriers above.

Voices from the ground underscore the frustration. A schoolteacher in a remote village in Balochistan said, "Every year we get promised new teachers; again, many are posted far away but don't show up, or are posted short-term and leave. Our students suffer." A district education officer in KP noted, "We have the money on paper, but logistical challenges, shortage of transport, and families' reluctance due to security or gender concerns make enrolment harder than counting zeros on spreadsheets."

Officials tend to acknowledge these failures. As one provincial minister admitted, "We need systemic long-term investment, not just building schools. Quality, teacher training, community acceptance matter more. Without those, the infrastructure sits unused or under-utilised."

For territories like GB and AJK, sources say that while communities are keen and proud of literacy in many centres, remote districts lag, especially for girls and secondary schooling. One AJK resident recounted: "My elder sisters dropped out after grade eight because of no female teacher, or because the school had no science labs and poor roads. We were told: send your children to the city — but the cost is prohibitive."

In sum, Pakistan's literacy story is not one of total failure — there has been progress. But it is a story of lost potential, of regional and gender inequalities deeply entrenched, of budgets that do not always translate into impact, and of promises that outpace performance. Without addressing the structural, cultural, administrative, and geographical barriers together, any increase in spending alone will likely continue to yield modest returns.

Elite capture: Pakistan's unending calamity

Faheem Amir

History tells us one undeniable truth: all great civilisations and modern developed states are the products of rationalism, adaptability, scientific learning, rule of law, and morality. From ancient Greece to modern Europe and Asia, progress has come not through blind ritualism but through reasoned inquiry and openness to change.

Conversely, civilisations that collapsed — such as Rome and the Ottomans — did so when force, dogma, and sentimentalism replaced rational governance. Will Durant and Ariel Durant observed that civilisations collapse when reason, science, and education give way to superstition, corruption, and internal decay. Arnold Toynbee reinforced this view: civilisations rise when elites respond rationally to challenges; they decline when elites abandon reason for force or dogma.

The great philosophers of antiquity recognised this truth centuries ago. In The Republic, Plato argued that rulers should be philosopher-kings — leaders trained in reason and able to transcend personal interest for the common good. Aristotle saw politics as the rational pursuit of the "good life," achievable only through just laws and strong institutions. Their wisdom laid the intellectual foundations for states built on logic rather than passion.

In Pakistan, however, rationalism is not nurtured but feared — treated as an enemy of the status quo. The ruling elite — an entrenched nexus of politicians, feudals, pirs, religious leaders, judiciary and civil-military officers — deliberately cultivates dogma, traditionalism, tribalism, baradrism (caste-based politics), and piri-mureedi to hold on to power. By keeping the masses poor, ignorant, and fearful, they ensure a population of blind followers rather than empowered citizens.

Maleha Lodhi, a former ambassador to the US, UK, and UN, and herself part of the ruling elite, very truly stated in her article What Holds Pakistan Back? :

"A narrow, oligarchic elite has dominated the country's politics and protected its interests with scant regard for societal welfare. A few hundred families have dominated virtually all of Pakistan's legislatures, including the present ones, maintaining their grip on power through generations. Dynastic politics is emblematic of this. Party and electoral politics continues to be dominated by wealthy families, clans and networks of regional and local 'influentials'. Even those from non-elite backgrounds are co-opted into elite culture… This power elite has resisted meaningful reform — whether land reform, tax reform or reforms in governance. It has 'rentier' characteristics: using access to public office as a means of leveraging state resources to transfer wealth and acquire unearned income… The military whose social background is increasingly middle or lower middle class often counterposes itself to the traditional political elite as a meritocratic institution that offers social mobility and functions on the basis of professionalism, which it does. But the alliances it forges are with the very political elite it criticises and sees as self-serving, venal and inept. The status quo interests of both are what bind them together. Both use patron-client relationships to reinforce their ascendancy and protect their privileged position."

According to the UNDP's 2021 Human Development Report, Pakistan's elite enjoyed privileges worth $17.4 billion — nearly 6% of GDP — through subsidies, tax exemptions, and perks. The richest 20% control half the nation's income, while just 1.1% of the population owns 22% of cultivable land. Meanwhile, 42% of Pakistanis live below the poverty line (World Bank, 2025), 22 million children remain out of school, and millions lack access to clean drinking water and healthcare. This grotesque contrast underscores how elite capture entrenches inequality and perpetuates mass suffering. To add insult to injury, over 25,000 members of the ruling class hold foreign passports or residencies and stash billions in overseas accounts and luxury properties in London, Dubai, and Toronto.

Throughout Pakistan's history, the ruling elite have never genuinely sought to serve the people. Economic figures across regimes confirm this betrayal. In the 1960s, annual GDP growth averaged 6–7%, yet benefits were monopolised by a few families. During the 1980s, growth stayed near 6.5%, but poverty deepened.

From 2000–2007, GDP again rose to nearly 6% per year, yet inequality widened. Under elected governments, growth repeatedly collapsed — 2.9% during 2008–2013, 4.7% from 2013–2018, just 1.9% during 2018–2021, and a contraction of −0.2% in 2022–23. The recent rebound to 2.7% in 2024–25 offers no real relief, as living standards for ordinary Pakistanis remain stagnant while elites enrich themselves.

Enlightened, progressive, and rational voices are systematically silenced. Political scientist Ayesha Siddiqa lives in exile in the UK because of her critiques of the ruling elite. Javaid Ahmad Ghamidi, who presented a rational Islam critical of blind traditions, was also forced into exile. Engineer Muhammad Ali Mirza, who challenged sectarian clerics, has been arrested and now awaits his fate. Progressive leaders like Punjab governor Salman Taseer and minorities minister Shahbaz Bhatti were assassinated. Meanwhile, media—print, electronic, and social—is muzzled through draconian laws, while a class-based education system of Urdu-medium, English-medium, and madrassas divides society and entrenches ignorance. The ruling elite deliberately nurtures this system to suppress rationalism, stifle intellectual growth, and maintain its privileged dominance.

In today's interconnected world of mass communication and social media, no elite can permanently control narratives. Pakistan's rulers should learn from Nepal, Bangladesh, and Indonesia, where entrenched elites were eventually swept aside by demands for accountability and reform. History also teaches: after the French Revolution, Britain's elite avoided bloody upheaval by gradually introducing reforms and social protections. If Pakistan's ruling class fails to embrace rationalism, justice, and reform, it risks the fate that history reserves for elites who refuse change — collapse, revolt, and irrelevance. ■

Pakistan's toxic taps

Dr. Fatima Khan

In a nation that proudly showcases its nuclear capabilities on the global stage, a far more insidious threat lurks in the everyday lives of its citizens: contaminated water.

Federal Health Minister Mustafa Kamal's recent revelation that 68% of diseases in Pakistan stem from polluted water sources paints a dire picture of systemic neglect. This statistic isn't just a number—it's an indictment of a government that prioritizes grandeur over the fundamental right to clean drinking water. As Pakistan navigates the complexities of 2025, with its population booming and climate challenges intensifying, this crisis exposes a profound irony: a country armed with sophisticated weaponry yet unable to shield its people from preventable health catastrophes. The ongoing floods, economic strains, and social unrest tied to water woes demand urgent attention.

The origins of this public health disaster are deeply entrenched in decades of policy missteps. Governments have funneled billions into prestige projects like infrastructure megaprojects, while sewage treatment and water purification systems languish in disrepair. Untreated wastewater flows unchecked into rivers, canals, and groundwater reserves, turning vital lifelines into vectors of disease. In urban hubs like Karachi and Lahore, rapid population growth has outpaced sanitation infrastructure, leading to overcrowded slums where open defecation and leaking pipes exacerbate contamination. Rural areas fare even worse, with over 80% of the population lacking access to safe sanitation, forcing reliance on polluted streams and wells. The Pakistan Council of Research in Water Resources warns that by 2025, the country could face absolute water scarcity, amplifying these risks. Pathogens such as bacteria, viruses, and parasites thrive in this environment, causing outbreaks of cholera, typhoid, hepatitis, and diarrhea—diseases that claim tens of thousands of lives annually.

The health toll is staggering and multifaceted. Beyond the minister's 68% figure, some reports estimate that up to 80% of illnesses, including dysentery, hepatitis, and even cancer, are linked to water pollution. Annually, 53,000 children under five succumb to diarrhea alone due to poor water and sanitation, with repeated infections leading to malnutrition and weakened immune systems. The persistence of polio, despite global eradication efforts, is exacerbated by contaminated water, which facilitates the virus's spread in underserved communities. Hepatitis C prevalence remains the highest in the region, with millions infected through unsafe water supplies. Recent data from 2023 to mid-2025 shows an average of over 21,000 suspected cholera cases yearly, highlighting the ongoing threat. Climate-induced disasters, like the devastating floods of 2022 and 2025, have worsened the situation. The recent floods in Punjab and Khyber Pakhtunkhwa submerged over 1,400 villages, displacing hundreds of thousands and contaminating water sources, sparking fears of widespread cholera, dengue, and malaria outbreaks. In Bajaur and other affected areas, medical camps are scrambling to provide aid, but the damage to infrastructure—destroyed bridges, power outages, and flooded hospitals—has created a perfect storm for disease proliferation.

Economically, the repercussions are crippling. Poor water management costs Pakistan an estimated 4% of its GDP annually, equating to around $12 billion in losses from health expenditures, lost productivity, and infrastructure damage. Waterborne diseases impose direct costs on households, with families below

the poverty line facing indirect losses of up to $2.3 per day from missed work. Childhood stunting, affecting 43% of under-fives, translates to diminished cognitive development, lower school performance, and reduced lifetime earnings, perpetuating a cycle of poverty. In agriculture-dependent Pakistan, contaminated water reduces crop yields and livestock health, threatening food security amid a population growth rate that's among the world's highest. The 2022 floods alone destroyed vast farmlands, leading to food shortages and price hikes that compounded economic woes. Add to this the strain on an overburdened healthcare system, where hospitals absorb massive budgets yet fail to address root causes, and the result is a developmental deadlock. No economy can thrive when its workforce is perpetually sidelined by avoidable illnesses.

Socially, the crisis amplifies inequalities and erodes stability. Low-income families bear the brunt, often accruing debt from medical bills that push them deeper into poverty. In flood-ravaged regions, women and children are particularly vulnerable, facing increased risks of exploitation and health issues from displaced living conditions. India's alleged water manipulations, such as withholding data on accumulation levels, have been blamed for exacerbating floods, turning a natural disaster into a geopolitical flashpoint. This "water bombing" narrative fuels nationalistic tensions, but domestically, it distracts from internal failures like inadequate early warning systems and corruption in water projects.

Despite the gloom, glimmers of progress emerge through government and international initiatives. The Clean Green Index program tracks local government performance in sanitation, while the National Cholera Plan, launched with WHO in 2025, aims to slash cholera mortality by 90% by 2030. Pilot projects like recharge wells have conserved over 10 million gallons of water in under a year. World Bank funding of $194 million in 2025 supports education and water access in Balochistan, benefiting half a million people. UNICEF and partners like the Aga Khan Agency for Habitat are delivering clean water, nutrition, and hygiene education in flood zones. The KOICA-UNDP project in Sindh focuses on agricultural productivity and water supply restoration post-floods. New policies, such as the Drinking Water Supply Policy by Sindh's Public Health Engineering Department, emphasize safely managed supplies. Yet, these efforts remain fragmented, often hampered by bureaucratic inertia and funding shortfalls.

To truly pivot from crisis to resilience, Pakistan must embrace systemic reform. Safe water and sanitation should ascend to national security status, with budgets reallocating from curative to preventive measures like widespread immunization, nutrition programs, and robust monitoring. Enforcing regulations on industrial waste and agricultural runoff is crucial, alongside community-led initiatives for rainwater harvesting and groundwater recharge. International collaboration, including climate-resilient WASH projects, can bridge gaps. Achieving Sustainable Development Goal 6—clean water and sanitation for all—requires a framework that integrates technology, education, and enforcement.

Pakistan stands at a crossroads. The paradox of nuclear prowess amid primitive public health cannot persist. By halting the self-poisoning of its wellsprings, the nation can unlock human potential, bolster economic growth, and foster social harmony. The prescription is clear: invest in prevention, empower communities, and hold leaders accountable. Only then can Pakistan transform its toxic taps into fountains of life, ensuring a healthier, more prosperous future for generations to come.

US public opinion on Israel is changing, US policy will have to as well

Jasim Al-Azzawi

The Zionist narrative has been a dominating force in the United States for more than seven decades. Promoted by powerful lobbies, nurtured by Christian evangelicals, and echoed by mainstream media, it remained largely unchallenged until the outbreak of the genocide in Gaza.

In nearly two years, the unyielding images of horror, the scale of devastation, and the shocking loss of human lives have created an indomitable record of horror that has challenged the Zionist narrative. Poll after poll is registering a shift in public opinion vis-a-vis Israel. On both sides of the political divide, Americans are growing less enthusiastic about blanket support for the longstanding US ally.

So what does this mean for US-Israeli relations?

In the short and medium term, not much. US arms, aid, security cooperation, and diplomatic backing for Israel will barely be affected. The support structure built up over almost eight decades cannot be expected to evaporate overnight.

But in the long term, US backing will be reduced. This means Israel will be forced to reconsider its aggressive posture in the region and roll back its plans to rule over all of historic Palestine.

Polls started picking up a shift in US public opinion, especially among young Democrats, even before the October 7, 2023 attacks. But afterwards, this change appeared to accelerate dramatically.

A poll conducted by Pew Research in March this year suggests that negative attitudes towards Israel have risen from 42 percent to 53 percent of all US adults since 2022. The shift is more pronounced among Democrats, from 53 percent to 69 percent for the same period. What is remarkable about this change is that it is cross-generational. Among Democrats 50 and older – people who are usually moderate on foreign policy issues – negative attitudes towards Israel increased from 43 percent to 66 percent.

Expressions of sympathy have also changed. According to an August poll (PDF) by The Economist and YouGov, 44 percent of Democrats sympathise more with Palestinians, compared with 15 percent with Israelis; among Independents, these figures are 30 and 21 percent. The same poll suggests that a plurality of Americans now believes Israel's continuing bombing of Gaza is unwarranted, and some 78 percent want an immediate ceasefire, including 75 percent of Republicans. The percentage of respondents who said Israel is committing genocide against the Palestinians was 43 percent; those who disagreed were just 28 percent.

More significantly, a plurality – 42 percent – favour decreasing support for Israel; among Republicans this number stands at 24 percent.

A Harvard-Harris poll (PDF) from July reveals perhaps the most concerning trend for Israel's advocates: 40 percent of young Americans now favour Hamas, not Israel. While this is likely a reflection of general sympathy for the Palestinians, it shows significant cracks in the dominance of Israel's "Palestinian terrorism" narrative among the American youth. The same poll suggested that only 27 percent support Israeli Prime Minister Benjamin Netanyahu, a disastrous vote of no confidence that is far removed from the welcome he has enjoyed at the White House and Congress.

As older voters – Israel's last electoral stronghold – make way for younger voters more sympathetic to the cause of Palestinian rights, the political math will shift towards profound political change. The question is no longer if the US will rethink its special relationship with Israel, but when. The special relationship with Israel is one of those rare issues for which there is bipartisan support. Changing that would take a long time.

Of course, in the short term, there are some possible changes. If there is a sudden rift between Netanyahu and US President Donald Trump – perhaps even on a personal level – the latter will have the polls to justify a move away from Israel. The clear shift in public opinion would provide him with the political cover that he is listening to the American people. However, such a dramatic change is not likely. What is more likely is that, under pressure from the public, members of Congress will increasingly start shifting on Israel-Palestine. Those who stubbornly refuse may be challenged by younger, more energetic candidates who rebuff funding by pro-Israel organisations like AIPAC.

The shift in Congress, however, would take a lot of time, not least because there will be stiff resistance to it. Pro-Israel lobby groups regard this as a pivotal moment in US-Israeli history. They will employ their vast resources to eliminate any candidate expressing sympathy for the Palestinians or questioning automatic support for Israel.

Furthermore, other issues, such as the economy and various social ills, will continue to dominate political agendas; foreign policy rarely shapes US elections. The transition will not be bipartisan in the near term. Republican support for Israel is more consistent. The Democratic establishment has been under mounting pressure from its base since Joe Biden's presidency. As younger members gain political ascendancy – as exemplified by the spectacular victory of New York mayoral candidate Zohran Mamdani in the Democratic primary – the Democratic leadership will be forced to change tack.

With more pro-Palestinian officials elected into office, especially in Congress, the progressive bloc will grow and intensify the pressure to change policy from within. This process, however, will not be quick enough to immediately improve the situation in Palestine or even stop the looming ethnic cleansing of Gaza. Relief is more likely to come due to international pressure and developments on the ground rather than a change in US policy.

Nevertheless, in the longer term, lessened support for Israel from Congress or even a US president would mean the Israeli government would have to change its overly aggressive posture in the region and rein in its adventurous militarism. It will likely also be forced to make concessions on the Palestinian question. Whether this would be enough to establish a Palestinian state remains to be seen.

UN at 80: A fading forum in a fractured world

With little to celebrate as the United Nations marks its 80th anniversary this month and its global influence wanes, the question remains: can the organisation survive and stay relevant in a world that is increasingly contentious and fragmented? With diminished influence and budget struggles, the UN endures heavy criticism in a polarised and conflict-ridden world shaped by Anglo-Saxon imperialism, colonialism and Zionist dominance.

For eight decades, it has served as a forum for adversaries and foes to voice their grievances. However, the 23-month-long genocide in Gaza by Zionists under-scores one of its most significant failures. Why could the UN not halt the Zionist offensive? The veto power wielded by colonial powers is a key reason.

To understand the extensive list of UN shortcomings, it is essential to consider the context of its creation. Born out of the ashes of World War II, the UN was officially established in October 1945 after a conflict that was primarily among European nations.

The two main organs, the General Assembly and the Security Council, are not equally powerful, as most decision-making powers lie with the Security Council. In the General Assembly, each member has one vote, but its influence is limited. The real power lies with the 15-member Security Council, where five permanent members hold veto power and make all the key decisions. It is unclear and never justified why these five nations get to decide for the whole world.

The General Assembly, reflecting global perspectives, should have enforcement powers instead of leaving this authority to the five permanent members of the Security Council. The United States alone has vetoed 49 UN resolutions concerning Israel thus far, adding to the fast growing global frustration. The UN's inability to uphold its charter suggests it has strayed from its role as a platform for justice, seemingly influenced by the Zionist lobby and Washington's powerful interests.

Over the last 80 years, and 75 years since the creation of a controversial state in the Middle East, the UN has struggled to resolve this issue. At its inception, it made a significant error by allocating 56 per cent of Palestinian land to settlers from Europe and North America. The UN's handling of the Kashmir conflict, under Indian occupation since October 1947, is similarly inadequate.

Despite numerous US Security Council resolutions calling for a referendum to determine the Kashmiri people's will, India has refused to comply, deploying over 700,000 military troops in the region and subjecting the population to severe atrocities, including killings, torture, rape, and enforced disappearances. The reaction of much of the Global South to pax-Zionism and its violence calls for introspection. Except for India, currently governed by Hindutva Zionist nationalists, nearly every nation in the Global South has condemned the Zionist regime, with even the Jewish people distancing itself from its violent actions.

It is time for the Global South to form an organisation independent of the UN, dedicated to global justice. China and Russia would be more than willing to lead such a move, and may even provide troops to counter oppressive forces targeting weaker states. As for the funding aspect of the forum, it would come from member countries, calculated as a percentage of their gross domestic product (GDP), with equal voting rights for all states to promote inclusivity.

Mohammed Khaku
Allentown, USA

High costs and overpricing at Ayub National Park

I visited the Ayub National Park in Rawalpindi recently with my family, comprising four adults and two toddlers. At the entrance, I paid Rs100 for car parking. We then came across a section showcasing military exhibits, including tanks, helicopters, missile models and fighter jet dummies. To view these exhibits, we were charged Rs500, with no concession for senior citizens. A few steps ahead, we encountered a snake house, which also required separate entry tickets. Again, no exemption for either the children or the elderly. Finally, we reached the amusement area, which featured a variety of attractions for children, like electric swings, a jumping castle, dodging cars, a magic house, and many more.

However, each of these pieces of amusement required separate, and quite costly, tickets, ranging from Rs150 to Rs250 per ride. For a middle-class family with three or more children, the overall picnic cost was almost unmanageable. Moreover, the food prices within the park were unjustified both in terms of quality and quantity. A small bucket of tasteless fries was being sold at Rs200, and a so-called Turkish ice cream was also priced at Rs200.

Almost every item, including regular packaged snacks, like chips and biscuits, was being sold Rs10 to Rs20 above the printed retail price. This overcharging is unjustifiable, especially considering the park's central location in a major city like Rawalpindi, where availability and distribution of such items are not challenging, unlike in remote mountainous regions.

The authorities should reduce the entry fee and ride fares, especially for children and senior citizens, introduce a lump-sum pass for the children to allow unlimited access to rides, ensure standard pricing of all food items, and improve the quality of food items being sold inside the park.

Muhammad Usman Farooq
Islamabad

Sacrificing daughters for false honour

Despite having been declared an act of violence under Pakistan's legal framework, the cruel tradition of Vani continues to be culturally legitimised in many rural, tribal and other regions of Punjab, Khyber Pakhtunkhwa (KP) and Sindh.

According to this centuries-old custom, young girls are forcibly married off to settle disputes between rival tribes or communities, often in the wake of murders or intense family feuds. In such cases, an innocent girl, frequently a minor, is used as a bargaining tool, offered to the victim's family as compensation. The practice persists in the same atrocious form under different names: Vani in Punjab, Swara in KP, and Sang Chatti in Sindh.

The victims of Vani endure a lifetime of silent suffering, punished for crimes they never committed. These girls, who are often in their early teens, are forced into hostile households where they are treated as symbols of revenge rather than as daughters-in-law. Stripped of their childhood, education and freedom, they face constant emotional, physical and psychological abuse. Their voices are silenced, their pain normalised, and their freedom stolen.

In many cases, they are isolated from their own families, left to survive in environments that see them as compensation rather than human beings. For these girls, marriage becomes a lifelong sentence, not a union. Stronger law enforcement, education and community awareness are vital steps to eradicate this barbaric practice and combat gender-based violence in tribal and rural areas.

Possible change demands both moral courage and the collective will to eliminate practices that are deeply detrimental, and replace them with those that ensure respect and dignity. A society must not sacrifice its daughters for false honour.

Mohammad Nabeel Abid
Lahore

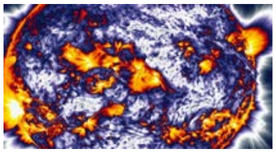
Corruption plagues BISP

Rampant corruption has crept into the disbursement process of Benazir Income Support Programme (BISP). Our house help received her payment after two years. The person who 'helped' her in getting her payment demanded the full amount at first, and only returned part of it after she pleaded that she was under severe debt. Even then, he took Rs5,000. To make matters worse, the counter staff also deducted their share. The hapless woman stayed silent and never protested because she feared that her future payments would be stopped altogether. The authorities should monitor all transactions strictly, and ensure that beneficiaries get their full entitlement without exploitation.

Rabia Anmol
Sukkur

NASA warns of more extreme space weather for decades to come

Harry Baker



NASA scientists are warning that the sun may be "waking up" from a brief period of relative inactivity, contradicting past assumptions about our home star. If true, this could mean that decades of potentially dangerous space weather are in store.

The sun follows a roughly 11-year cycle of solar activity that begins with a prolonged quiet period, known as solar minimum, and builds toward an explosive peak, known as solar maximum — when our home star frequently spits out powerful solar storms at us. This pattern is known as the "sunspot cycle," because the number of dark patches on the sun's surface rises and falls with solar activity. The sunspot cycle is, in turn, governed by a longer 22-year cycle, known as the Hale Cycle — during which the sun's magnetic field entirely flips and then reverses back again.

But in addition to the sunspot and Hale cycles, the sun also experiences long-term fluctuations in solar activity that can span multiple decades and are much harder to predict or explain. Examples include periods between 1645 to 1715, known as the Maunder Minimum, and between 1790 and 1830, known as the Dalton Minimum, when solar activity was generally much lower throughout successive sunspot cycles.

Back in the early 2000s, downward trending solar activity led some scientists to believe that we were possibly entering a new "deep solar minimum." This theory gained traction after the last solar maximum, between 2013 and 2014, which was much weaker than previous cycles.

The secret to walking more: It's not counting steps

Lisa O'Mary

A hundred here. A thousand there. No matter how many – or how few – steps you take, there's probably a study linking some health outcome to your daily total.

The latest one, published last month, told us that just 7,000 steps daily reduces the risk of early death by 47%. A January study identified 8,250 steps as the sweet spot for people with high blood pressure, while other research suggests 2,500 steps can reduce the risk of dying from heart disease, 6,000 steps can lower type 2 diabetes risk in older women, and 9,800 steps may cut dementia risk in older adults.

"I sometimes get frustrated with just more and more studies when we're not getting more people actually walking," said David Sabgir, MD, an Ohio-based cardiologist who founded Walk With a Doc, a walking club with 620 chapters worldwide. Three out of four adults don't meet the recommended 150 minutes of weekly aerobic activity – the equivalent of about 13,500 to 17,000 brisk steps, depending on your stride length. "I'm sure there's a lot more to be unearthed about the benefits of walking, but there are already so many [known benefits] right now." The organization's website lists 100 of them, and Sabgir says there are dozens more.

In studies, tying those benefits to step counts offers a simple, quantifiable goal – and it keeps people honest. The hard data from fitness trackers helps avoid the problem of self-reporting bias (people overestimating how much they've walked). But in the real world, the approach can backfire for those who are unmotivated – or even deterred – by step counting, experts say. If that's you, you may want to look to another, lesser-known area of walking research – one based on a framework that reflects how all these walking studies began in the first place.

New EV battery tech could power 500-mile road trips on a 12-minute charge

Owen Hughes

Scientists have used a neat chemistry trick to tackle a major challenge facing future batteries. Their breakthrough paves the way for next-generation electric vehicle (EV) batteries capable of powering 500-mile (800 kilometers) journeys on a single, 12-minute charge. Lithium-metal batteries differ from standard lithium-ion batteries in that the graphite anode is replaced with lithium metal. These designs offer much higher energy density, the researchers said in a statement.

For EV drivers, this means batteries that charge faster and go farther. But scientists have been unable to build effective lithium-metal batteries due to "dendrites" — a branching, crystalline substance that grows on the anode during charging, eroding battery performance over time. This worsens during rapid charging and increases the risk of the battery short-circuiting.

But in a new study, published in the journal Nature Energy, scientists have found a way to suspend dendrite growth. The secret lies in a new type of liquid electrolyte. The "cohesion-inhibiting" liquid electrolyte suppresses dendrite growth, boosting the batteries' rapid-charging capabilities and extending their lifespan to more than 185,000 miles (300,000 km), the researchers said.

Why are there so many ways smartphones can make us sick?

Eric Spitznagel

We didn't need another reason to put the phone down in the bathroom, but science gave us one anyway.

A new study in PLOS One has linked scrolling on the toilet to a higher risk of hemorrhoids. It's a finding that feels both obvious and unsettling. After all, smartphones already come with a litany of health baggage: disrupted sleep, anxious moods, strained eyes, stiff necks. Now, apparently, hemorrhoids too.

What is it about these glowing rectangles that makes them such fertile ground for medical findings? The short answer: Phones aren't just tools we use. They're prosthetics of daily life – the gateway to nearly everything we do. We use them to work, order food, find a date, wind down before bed, and yes, even while in the bathroom. And because they're everywhere, researchers have an endless laboratory.

As one expert – molecular geneticist Lotti Tajouri, PhD – put it, mobile phones are like "Trojan horses circulating in billions, each carrying hundreds and hundreds of microbes." Though Tajouri is referring to microbial contamination (his area of research), the metaphor resonates more broadly. We welcome phones into our lives, and like the original Trojan horse, they carry hidden dangers – whether microbes, mental health impacts, exploding batteries, or any of the many smartphone-linked health risks. The diversity of these dangers reflects the diversity of our dependence, experts say. When something seeps into so many parts of life, it multiplies the entry points for harm. Some smartphone health risks are obvious: eyestrain, text neck, insomnia from blue light. But the hemorrhoid study is a reminder that the physical effects can extend in unexpected directions.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