

ISAS Brief

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Pakistan in 2018:

Defying the Odds to Come Out Stronger¹

Pakistan in 2018 will face some existential threats as well as put to test its ability to move towards a more robust political and economic future. While it is easy to be pessimistic about the country's future, it is more likely that the country will defy the odds and come out stronger at the end. The recent moves by the United States to “punish” Pakistan for not doing its bidding is likely to place the country firmly in China's orbit. This paper examines how 2018 may shape up for Pakistan.

Shahid Javed Burki²

What will 2018 bring for Pakistan? The future is hard to tell for a country such as Pakistan where so much remains unsettled even after 70 years of its existence as an independent state. Philip Tetlock and Dan Gardner published a book in 2015 in which they showed that the future can indeed be foreseen, at least in the short term. Their definition of the “short term” is about

¹ The Institute of South Asian Studies (ISAS) at the National University of Singapore (NUS) has undertaken a prognosis of the eight South Asian countries in 2018. This is both opportune and relevant, given significant developments in the region. Although it requires some crystal ball-gazing, such prognosis is important in providing an understanding of the outlook for each country. This paper is part of a series of nine papers on key development in the eight South Asian countries, namely, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, this year.

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a year or two. They show that prophecy is not a divine gift, but a skill that can be practiced and improved. Following the British philosopher Isaiah Berlin, they divide those who speculate about the future into two categories: hedgehogs whose understanding about the future depends on one or two big ideas, and foxes, who think the world is too complicated to boil down into a single conclusion.³ The author of this paper counts himself among Berlin's foxes.

In discussing Pakistan's future, while the author is comfortable with numbers and statistical concepts such as "regression to the mean" which says that, most of the time, things are pretty normal, the country has been through some unusual experiences from the time of its birth a bit more than 70 years ago. To borrow Nassim Taleb's phrase, Pakistan has had many "black swan" moments in its past and the likelihood of the country being shocked again cannot be ruled out. A "black swan" moment is one with a very low probability of actual occurrence but several of these have occurred in the country's history.⁴ More may hit Pakistan in 2018.

Given that, what predictions would the author make for 2018? Would the already charged political situation become more unmanageable after the elections scheduled for 2018? Would this encourage the military to intervene once again and dispense with democracy? Would the separatist movement in the restive province of Baluchistan put even more pressure on the political integrity of the Pakistani nation-state? Would the loosening of the fiscal strings in preparation for the elections take the country towards bankruptcy and back into the arms of the International Monetary Fund? Would relations with India deteriorate further with confrontation between the two nuclear states to extend beyond the Line of Control in the disputed territory of Kashmir? Would the redefined American effort in Afghanistan fail, leading to that country's disintegration into mini-Islamic and tribal mini-states?

Pessimism is an indulged preoccupation of Pakistanis who think about their country. For instance, the author recently received an email from a highly respected scholar of Pakistani origin who is now an American citizen, resides in the United States, but does a lot of consulting work in Pakistan. He frequently travels to the country of his origin. "This trip has been even more disturbing for me than the last few", he wrote to the author in an email. This was in the summer of 2017 as he was on his way back from one of his visits. "The level of decay and

³ Philip Tetlock and Dan Gardner, *Superforecasting: The Art and Science of Prediction*, Random House, 2015.

⁴ Nassim Nicholas Taleb, *The Black Swan: The Impact of the Highly Improbable*, Random House, 2010.

deterioration here in the very fabric that defines human and social behavior is unbelievable! The rot here is much deeper than even I had assessed before. Alas, such is our sorry state and we seem condemned here to this horrible fate. I guess the only option for people like us is to continue doing whatever good we can and pray for a miracle.”

There were a number of developments that prompted this line of thinking. Most important of these were the proceedings in the Supreme Court concerning the alleged financial malfeasance by Nawaz Sharif and the members of his immediate family. There were also significant changes on the global scene. These were the consequences of many developments, two of which will be consequential for Pakistan. The first was the impact that the presidency of Donald Trump in the US was having on the global system. The second was China’s continuing economic rise. The country increased the size of its economy 32-fold since 1980 when it began to open to the outside world. China now expects to see its economy expand at the average annual rate of six percent in the next decade. At this rate, it is likely to become the world’s largest economy, overtaking the US, the current leader. A weakened US under Trump, its maverick president, and a strengthened China, under an assertive President Xi Jinping, have resulted in pushing Pakistan into the Chinese orbit. In 2018, Pakistan will undoubtedly move closer to Beijing.

The ‘Panamagate’ episode spotlighted at least two features of the Pakistani landscape that concern all those who worry about the country’s future. The first factor is the important role that the military continues to play in the country’s life. Two Joint Investigation Teams (JIT) were ordered to be set up by the Supreme Court. Their members were from the military intelligence services. The second feature concerns the steady deterioration of the institutional infrastructure needed for a maturing political and social entity. Having come under pressure from civil society components, in particular, the lawyer community, General Pervez Musharraf, Pakistan’s fourth and possibly last military ruler, held elections in 2008. They brought a parliamentary form of government back to Pakistan. Once the civilian government was in place, Musharraf resigned and left the country. Does this mean that the military is finally out of politics? That may not be the case. There is some speculation that the military may have had a hand in the way the ‘Panamagate’ crisis was handled. If that is the case, then Pakistan will revert to its historical path. If not, and if the military is mostly a bystander, the country may have taken another step forward in terms of its political development. The next six months should provide some indication of the political direction in which Pakistan is headed. Main political parties have agreed to use the preliminary results from the population census

conducted in the spring of 2017 to demarcate the constituencies for the national and provincial assemblies. At the national level, Punjab will lose nine seats which will be divided among the remaining provinces.

One issue that remains unresolved but is of critical importance for the country's future concerns is the treatment of the federally-administered tribal areas (FATAs). For the last 70 years, they have been treated separately for administrative purposes. The British-era Frontier Crimes Regulations is the penal code that is still used to maintain law and order in the region. Criminal as well as civil cases are settled by *jirgas* – councils of elders – over which the local tribal chiefs exercise a great deal of authority. The judicial system that administers justice in other parts of the country has no role in the FATAs.

Development work is also handled by the tribal chiefs. Government grants for this purpose are handed over to them to be used mostly at their discretion. This further adds to their authority. The separateness of the FATAs has made it difficult for the governments in Islamabad and Peshawar – the latter is the capital of the province of Khyber Pakhtunkhawa. A committee set up by the national assembly has recommended the merger of the FATAs into Khyber Pakhtunkhawa but the move is on hold, opposed by the powerful chiefs.

The JIT report also highlighted some of the institutional failings in the country. Pakistan has become an institutional graveyard, burying many institutions that have critical roles to play in developing the country and modernising the society. There are a number of examples of political assault on the institutional structure. The judicial system is weak, a characteristic which the country shares with some other South Asian nations. The Planning Commission at the federal level, and provincial planning and development departments were once deeply involved in formulating policies and carrying out project appraisals. That is no longer the case. Most projects in the US\$60 billion⁵ (S\$80.2 million) China-Pakistan Economic Corridor (CPEC) were included in the programme without being subjected to evaluation about their economic and financial viability. As prime minister from 1973 to 1977, Zulfikar Ali Bhutto methodically dismantled the institutional structure constructed by President Ayub Khan (1958-69). He also dissolved the powerful Pakistan Civil Service that had inherited the mantle of the

⁵ While a smaller figure was mentioned initially when China and Pakistan signed the agreement to begin work on the CPEC, the estimate is being revised as the projects included in the programme are identified and developed.

Indian Civil Service, once called the “steel frame” of the British Raj. An independent and merit-based system of bureaucracy had served Pakistan well in its first post-independence quarter century. It is also the reason for India’s success in building a modern political system. By nationalising large segments of the modern parts of the economy, Bhutto also did away with the dynamism of the Pakistani private sector that had powered the economy for a number of years, especially during the time Khan governed the country. The elaborate systems of ensuring the accountability of officials in public service have not delivered what they were supposed to ensure – a fact pointed out at some length by the JIT report. There are, in other words, many reasons for backing those who are pessimistic about the country’s future.

However, there are also many reasons for being optimistic about the country’s future and about 2018. In his impressive book, *Pakistan: A Hard Country*, Anatol Levine was struck by the resilience of the Pakistani people.⁶ They have successfully dealt with many “black swan” moments. In the political field, the year 2017 produced remarkable progress. There are not many examples – certainly not in the Muslim world – of a powerful prime minister backed by a solid parliamentary majority to leave office following a carefully deliberated verdict by the Supreme Court. However, progress was not confined to politics. The economy has rebounded and the growth rate is now expected to be 5.7 percent in 2018. The Chinese investment has begun to flow in under the CPEC programme and may add another percentage point to the rate of growth. The private sector is now even more involved in promoting social development in the country. Looking at the country in this way, this fox believes that 2017 was not a bad year for Pakistan. It is likely that 2018 may be even better.

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⁶ Anatol Lieven, *Pakistan: A Hard Country*, Public Affairs, 2012.