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Pakistan's Past, Present and Future - II

## Pakistan's Major Challenges

*Pakistan's education crisis apart, its economic managers have not succeeded in reducing dependence on external capital flows. While the country will continue to receive significant amounts of capital from the multilateral banks, and while it will possibly continue to get help from the IMF, it is unlikely that it will receive much financial assistance from the United States, its largest benefactor in the past. Nations seldom forge relations for sentimental reasons. They do so for strategic interests. Notwithstanding the hyperbolic pronouncements of the leaders of China and Pakistan about the nature of their relations, the two countries have strictly followed their national interests.*

Shahid Javed Burki<sup>1</sup>

There cannot be any doubt that the phenomena of Islamic extremism and associated terrorism must be dealt with, not only by the government in office but by the entire citizenry. Sustained economic progress cannot be achieved for as long as extremists and terrorists are able to

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destabilize the country. It will take more than a section in an essay to fully comprehend this phenomenon. In Pakistan, it has many historical roots. The rise of extremism and terrorism in the country can be attributed to several factors, most of them unique to the country. Five of the several factors that contributed to this development have come together to create the situation that the government in power at this time (the summer of 2015) is attempting to deal with. To comprehend the full dimension of the problem the country is facing, we should go into history and understand how the creation of Pakistan in 1947 set into motion a series of developments that created the conditions in which extremism could flourish. In addition to this, there are four other contributing factors that need to be included in the explanation. The second factor is the failure to develop inclusive political and economic institutions that could have accommodated some of the groups that used violence as the preferred method to draw attention to their aspirations. The third is the wrenching change introduced by one individual in order to recast the way society thought and worked. The fourth is the arrival of great-power rivalry at the country's borders. The fifth is the sharp turn on the part of a growing segment of the world's Muslim population in Islam's western region.

To understand the problem, we should also look at the various ways in which it has manifested itself. The most noticeable form is the actions of a number of non-state actors who have decided to use violence to create political space for themselves. The group loosely described as the Taliban has a number of objectives; the most radical members of this group want to create an Islamic state in the country that will be governed according to what they see as the dictates of the religion they follow. The Taliban have brought their campaign to Karachi from the Federally Administered Tribal Areas. They have come to Karachi because hundreds of thousands of people from their areas sought refuge in that city. Violence was already the vehicle of political expression and economic advance for some among another group of migrants who had arrived in that city soon after the country gained independence. Called the Muhajirs, this group would not have challenged the political and economic systems had it been accommodated in the institutions of governance. This did not happen because of the inability of the various groups in society to reach a consensus on the best form of governance. The slow development of institutions of governance is also the main reason why ethnicity remains a source of contention. Complicating the situation further is the outcome of the effort by a military leader, General Zia-ul-Haq who ruled the country for eleven years, from 1977 to 1988 and who believed he had God's mandate to Islamize the Pakistani society.

To begin with, we can trace the rise of extremism to the adoption of the ideology that led to the creation of Pakistan as an independent state. Muhammad Ali Jinnah, the country's founder, campaigned for the creation of Pakistan by adopting what he called the "the two nations" theory, the notion that those who lived in Britain's India colony did not constitute one nation. The British Indian population was made up of two distinct nationalities, one Hindu and the other Muslim. The two needed political spaces of their own which they could identify with, in order to make political, economic and social progress. He did not buy what later historians – Sunil Khilnani, for instance – were to call the "idea of India".<sup>2</sup> This was the belief that a political structure could be created that would be able to accommodate divergent interests.

It did not occur to Jinnah and his political associates that their success in using religion to divide the British Indian polity could lead to "ethnic cleansing". This term was to gain currency several decades later after the partition of British India in 1947. The term was used to describe what followed the collapse of the multi-ethnic and multi-religion state of Yugoslavia that had been held together by force and determination of that country's Communist leadership. Marshal Tito distanced himself from Moscow and traditional Communist leadership to develop his own ideology based on the conditions prevailing in his fabricated country, Yugoslavia. The transfer of population that accompanied the rapid collapse of the two-century long rule by Britain over India created a more Muslim state in Pakistan than was envisaged by its founding fathers. What is now Pakistan was 67 percent Muslim in 1947; when the ethnic dust had settled down in the late 1940s, Pakistan was 95 percent Muslim. Although what would have happened to Pakistan in terms of its political and social development had the transfer of population not occurred is a question that will take us into the realm of "counter-factual history". However, it could be argued that the country would have experienced less turbulence had the need for providing space to large minorities not been reduced by the country's sudden and unexpected Muslimization.

The other contributing factor for the rise of extremism was the failure of the Pakistani elite to develop a working and sustainable political order soon after the country came into being. Once again, it was the large movement of people that stood in the way. The mass migration into Pakistan in 1947-49 brought 8 million refugees from British India's Muslim minority provinces into the new country. The refugees were socially, culturally and economically very different

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<sup>2</sup> Sunil Khilnani, *The Idea of India*, New York, Farrar, Straus, Giroux, 1999.

from the indigenous population. Those who were Pakistan's original citizens did not have the political aspirations of those the exchange of population brought in. It was inevitable that the political conflict between the "outsiders" and "insiders" – my terms in my first book on Pakistan – lasted for almost a decade.<sup>3</sup> Eleven years after independence, the military took power and ruled, off and on, for the next fifty years. General Ayub Khan assumed the mantle of political leadership at the time a number of social scientists had begun to worry about the "softness" of the state. It was seen as an obstacle for the economic development of the newly independent Asian and African nations. The idea of the "soft state" was first proposed by the Nobel Prize winning sociologist-economist, Gunnar Myrdal in his magisterial work, *Asian Drama*.

When I met Ayub Khan at his residence in Islamabad in 1974 a few months before he died on April 19, I asked him whether he was aware of Myrdal's concept of the soft state when he assumed power in the country. He said that he had not heard of the Swedish sociologist-economist at that time. It was when he was working on his political autobiography, *Friends, not Masters*, that Altaf Gauhar told him of the concept.<sup>4</sup> Gauhar, then a senior official in the government, helped Ayub Khan with his book. "In retrospect, I totally agree with his diagnosis of what had kept the South Asian nations from advancing. I placed Pakistan under a 'hard state' and the result was obvious."

Ayub Khan as Pakistan's first military leader set the country on the road to rapid economic development. A number of studies by foreign economists, including the one by Harvard University's Gustav Papanek, viewed Pakistan as a model of economic development and growth other developing nations would do well to follow.<sup>5</sup> When I went to Harvard as a graduate student in 1967, Pakistan was being taught as a case study of economic progress. Some writers also viewed it as a political success, focusing on the military dictator's development of "basic democracies" as an ingenious way of combining bottom-up aspirations with top-down management. However, Ayub Khan's success had one unexpected consequence. It created a mind-set among military leaders who followed him that they could rely on their whims and preferences to lead the nation. His three successors – Yahya Khan,

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<sup>3</sup> Shahid Javed Burki, *Pakistan under Bhutto, 1971-77*, London, Macmillan, 1980.

<sup>4</sup> Muhammad Ayub Khan, *Friends not Masters: A Political Autobiography*, London, Oxford University Press, 1967.

<sup>5</sup> Gustav F Papanek, *Pakistan's Development: Social Goals, Private Incentives*, Cambridge, Mass. Harvard University Press, 1967.

Zia-ul-Haq and Pervez Musharraf – governed in ways that led to the underdevelopment of the Pakistani state and society. Each of Ayub Khan’s three military followers contributed in his own way to political development. Yahya Khan’s immediate successor – the magazine, *The Economist*, detailing the transfer of power from Ayub Khan to Yahya Khan as from ‘tweedledum to tweedledee’ – seemed to have the right ideas about what needed to be done in terms of the country’s political development but was not able to follow them in practice. His Legal Framework Order (LFO) replaced the Constitution of 1962 authored by his predecessor. Gone were Ayub Khan’s basic democracies as well as the system of parity. The latter gave equal representation to East and West Pakistan in the national legislature. But since the assembly had little power, the Bengalese in the country’s eastern wing had little say in governance. The LFO gave East Pakistan 162 seats in the National Assembly; West Pakistan got the remaining 138 in the house with 300 members. Elections on the basis of adult franchise were to be held later in 1970. When they were held, the Awami League led by East Pakistan’s charismatic leader Sheikh Mujibur Rahman won all but one seat in the province and thus, had a clear majority in the national assembly. Zulfikar Ali Bhutto’s Pakistan Peoples Party (PPP) secured 81 seats, all from the western wing. Had the intent of the LFO been followed, Mujibur Rahman should have become prime minister and the country’s chief executive. But that kind of transfer of power from West Pakistan to East Pakistan was unthinkable for the political elite in West Pakistan, at that time led by Bhutto. The result was a bloody civil war in East Pakistan in which India intervened and helped create the independent state of Bangladesh. The fact that India had helped to break-up Pakistan was accepted and lauded by Prime Minister Narendra Modi in May 2015 when he paid his first official visit to Dhaka, the country’s capital.

It was under President Zia-ul-Haq’s eleven years rule (Ayub Khan also governed for eleven years) that Pakistan was pushed towards the adoption of Islam as the governing ideology. Perhaps what Zia achieved – if that is the right verb to use – is best portrayed in a work of fiction. Mohammed Hanif’s *A Case of Exploding Mangoes* succinctly describes how the military president was able to force his personal extremist views on the Pakistani society.<sup>6</sup> In this quest, Zia was helped by both the Soviet Union and the United States. The former invaded Afghanistan in 1979 to protect the pro-Moscow regime that had been installed in Kabul. The latter elected Pakistan as its partner to defeat the Soviet Union in Afghanistan. The counter attack was launched by several groups of Islamic warriors – the Mujahideen – trained in the

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<sup>6</sup> Mohammed Hanif, *A Case of Exploding Mangoes: A Novel*, New York, Alfred Knopf, 2008.

Islamic seminaries that Saudi Arabia helped to establish in the border areas on the Pakistani side of the border. These were equipped by the United States. The Mujahideen were successful, and after a decade-long war, they were able to drive out the Soviet Union's troops. But the long struggle did not produce an acceptable successor to the Moscow-supported regime. Zia predicted that chaos would follow in case Prime Minister Muhammad Khan Junejo, his hand-picked head of government, persisted with his aim to conclude an agreement with Moscow to have the Soviets withdraw its troops from Afghanistan.<sup>7</sup> Four-party negotiations were going on in Geneva in 1988 and involved Afghanistan, Pakistan, the Soviet Union and the United States when I had a long meeting with the president in his Islamabad office. He was worried that by getting the Soviet Union to abandon Afghanistan, a vacuum would be created in Kabul which would lead to political chaos. "I know well the men who are leading the various mujahideen groups who are fighting the Soviet troops in Afghanistan," he told me. Expelling Moscow from their country is the only thing they agree on. They have not decided what kind of governing structure should take over once the Soviet troops are gone. I have said many times to the prime minister not to rush the process. I can't seem to get him to recognize that a chaos in Kabul would create serious problems for Pakistan." It was this exasperation that led Zia to dismiss the prime minister in August 1988, using the powers he had given himself by amending the Constitution. However, Zia was gone a few days after my conversation with him, killed in an air accident that remain unexplained to this day.

In 1996, a new group, the Taliban that had not participated in the war against the Soviet Union occupation, took power in Kabul. Its rise was to set the stage for extremism and terrorism in Pakistan. This could happen because of the Islamization effort launched by Zia and also because of the slow development of an inclusive political order in the country.

The rapid rise of the Islamic State in Iraq and Syria, known by various acronyms (IS, ISIS, ISIL) is the fifth contributing factor I would identify to explain the persistence of extremism in Pakistan, and that this development was treated with so much surprise.

Two years into its current tenure, the government under the control of Prime Minister Nawaz Sharif seems to have made some progress in dealing with terrorism. It had identified extremism

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<sup>7</sup> Riaz Muhammad Khan, a Pakistani diplomat participated in these discussions and went on to write a book detailing them.

as one the three “Es” that were to receive its attention. The other two were energy and the economy. However, its initial actions gave the impression that it was lost; the terrorists understood this and went ahead and escalated their assault on the institutions of the state. In just one week, in early January 2014, they attacked and killed two persons – a 51-year-old policeman and a 15-year-old boy outside his school. These killings, in different ways, point to some of the elements in the strategy the terrorist groups are pursuing. The first murder was in the troubled city of Karachi, the second in a district in the troubled province of Khyber-Pakhtunkhwa. It was meant to intimidate the leadership of the security forces engaged in countering terrorism and extremism. The second was meant to scare the populace, particularly in the less socially and economically developed areas of the country, not to patronize modern educational institutions. The columnist Cyril Almeida called insurgency a war with ourselves. “The stuff that goes boom we have the capacity to take care of. That’s the Taliban. But try digging out the trigger. The trigger that is embedded deep in the society.” Force, in other words, could possibly be used to subdue those who were disturbing society’s peace. It had been used effectively in the past – for instance in the district of Swat when, in the summer of 2009, the army launched an operations that pushed the Taliban out of the area and established the control of the state – but to change society’s mind-set will need a different approach. “Monsters will be monsters and monstrous things will always do. But we’re not at war with the Taliban; we’re at war with ourselves. We just haven’t admitted it yet,” continued Almeida.<sup>8</sup>

Adil Najam, another newspaper columnist – an academic who had served as Vice Chancellor of the Lahore University of Management Sciences – was more explicit as to why Pakistan was at war with itself. Education – its poor coverage and poor quality – was one powerful reason why the country had developed such wide differences in the way various segments in society looked at life. “...a thought on what Aitzaz Hasan (the youth killed in KP) was defending, and what his killers sought to attack: schools. Terrorists clearly see schools – and education – as one of the biggest threats to their agenda of extremism hatred. Such a great threat that a child, Malala Yousafzai, had to risk and another, Aitzaz Hasan, had to embrace it. Yet in a strangely perverse way they, the terrorists, may understand the power of education much more than we do. What they seek to destroy so violently, we have done so poorly to build. I wonder what the school in Ibrahimzai, which Aitzaz gave his life in defending, actually looks like? If it is like so many other schools in so much of the rest of Pakistan, it is likely to be a picture of neglect.

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<sup>8</sup> Cyril Almeida, “At war with ourselves”, *Dawn*, January 12, 2013, p. 9.

It is not just ironic but disgusting to realize that what our enemies choose not to ignore, we continue not to neglect?”<sup>9</sup>

## **Pakistan’s Education Scene**

That education is important for promoting political and economic development and bringing about social progress has long been recognized by academics and development experts. It is, therefore, worrying that Pakistan has lagged behind most Asian countries in bringing education – in particular quality education – to a significant number of its youth. This gap will need to be closed if Pakistan has the ambition to join the ranks of the high-performing Asian nations. It has many resources on which it could build a better future. These include a large and young population that could be turned into an economic asset rather than become a liability for society. But the development of the human resource will require a multi-pronged approach in which universal and better schooling will have to have a high priority. Pakistan has also not devoted much attention to clearing the backlog of illiteracy that hangs as a heavy burden on its future. Poor literacy reduces productivity and hence, economic growth. It also encourages the illiterate to opt for destructive ideologies.

Without improving the situation of education, the country will continue to wrestle with the inter-twined problems of political backwardness, economic stagnation, and the rise of religious extremism. Education interacts with overall progress in many ways. Some of these are well understood and some are less well explored. One example of the latter is the increase in the level of trust that results from education. As Geoffrey Hosking pointed out in his book, *Trust: A History*, trust is a vital ingredient in the web of interdependence that constitutes modern living.<sup>10</sup> Without trust, interactions among individuals remain confined in a narrow space. This creates patron-client relations or ethnic-based interactions that remain the foundations on which the Pakistani political system has been built. Some scholars such as Anatol Lieven, a journalist-turned political analyst, found strength in these relationships in the political systems such as Pakistan’s. In his book, *Pakistan: A Hard Country*, he found that locally-anchored political relationships such are the sinews that hold together structures such as those in Pakistan. I find

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<sup>9</sup> Adil Najam, “Aitizaz Hasan, Chaudhry Aslam, me and you”, *The News*, January 11, 2014, p. 7.

<sup>10</sup> Geoffrey Hosking, *Trust: A History*, New York, Oxford University Press, 2014.



that explanation troubling since they result in complacency which in turn retards political development.<sup>11</sup> Lack of trust also keeps economies locked in informal arrangements that hamper modernization.

It is only an educated citizenry that places emphasis on developing participatory and inclusive political institutions. It is only with the presence of inclusive political institutions that societies can hope to achieve sustained economic progress. This is the way causality runs – from education to increasing the level of trust, to political development, to economic advancement. An argument can, however, be made that it is only after economic development that societies can produce political advancement. That indeed was the case with several countries of East Asia but, according to my way of thinking, these countries make up the exceptions rather than laid down the rule.

In the context of Pakistan, it is the contribution that the state can make to overcome the scourge of religious extremism that needs to be noted in particular. According to a note prepared by the Center on Global Terrorism Cooperation (CGCC) for a meeting of experts held in December 2013, “tackling violent extremism through education is reflective of broader international shift in terrorism prevention and the need to identify the enabling environment for extremists to disseminate their ideologies and recruit supporters. Such a comprehensive approach is understood by the United Nations Global Counter-Terrorism Strategy as well, as the work of the Global Terrorism Forum...”<sup>12</sup>

Those who study education place emphasis on two of its aspects. They focus on school attendance at various levels of the educational system and on the effort being made to clear the backlog of illiteracy. As shown in Tables 1 and 2 enrolment rates in Pakistan remain low as are the rates of literacy. There are significant provincial differences. Punjab is way ahead of Balochistan, especially in terms of closing the gender gap. Underdevelopment of the sector of education is one reason why extremism has thrown deep roots into the soils of the more backward provinces.

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<sup>11</sup> Anatol Lieven, *Pakistan: A Hard Country*.

<sup>12</sup> Center on Global Terrorism Cooperation (CGCC), “The role of education in countering violent extremism”, Meeting Note, New York, December 2013

The number of illiterates in the country increased from 20 million in 1951 to 50 million in 1998, the year the country took the last population census. They probably increased to 55 million by 2014. This two-and-half-times increase implies a growth rate of 2.7 percent a year of the number of illiterates in the population. This is about the same as the rate of increase in population. This means that since its birth, Pakistan has only been able to keep pace with the large increase in population in terms of providing education. The stock of illiterates has not been reduced.

**Table: Education: Some indicators of progress, 2011-12 (percentages)**

<b>Indicators</b>	<b>National</b>	<b>Punjab</b>	<b>Sindh</b>	<b>Khyber-Pakhtunkhwa</b>	<b>Balochistan</b>
<b>Net enrolment rate (5-9 years)</b>	57	64	50	53	39
<b>Male</b>	60	65	53	59	48
<b>Female</b>	54	62	47	48	28
<b>Achievement of MDGs: Primary education</b>	0.95	0.89	0.81	0.90	0.58
<b>Secondary</b>		0.85	0.78	0.58	0.37
<b>Youth Literacy</b>		0.88	0.81	0.60	0.45

Source: Government of Pakistan, Pakistan Economic Survey, 2012-13, Islamabad, 2013.

It is estimated that some 55 million Pakistani citizens of age 10 and above cannot read and write while 7 million children in the 5 to 9 year age group do not attend school. There are about 29 million children in this cohort which means that one fourth of this group do not go to school. By the year 2015, all signatories to the Millennium Development Goals (MDG), had pledged to have all children attending school by the year 2015. In Pakistan's case MDG was signed by then President Pervez Musharraf. The country will miss this particular goal by a wide margin. This is one more indication of the failure of the Pakistani state.

There are other statistics that point in the same direction. Infrastructure is inadequate; only 62 percent of public schools have toilets and only 39 percent have electricity. The country spends only 2.3 percent of its GDP (in 2012-13) on education but a significant proportion of this is wasted. There are, for instance, 25,000 ghost schools – buildings built with public money but used for “other purposes including cattle pens, criminal gang headquarters, and sanctuaries for drug addicts. Thousands of ghost teachers draw salaries from these schools.”<sup>13</sup> Textbooks taught in public schools are poorly written, used by poorly trained teachers, with content that often teaches extremist views.

**Table: Literacy rates in Pakistan (% of the population)**

Province	1972	1981	1998	2012
Punjab	20.7	27.4	46.6	71.0
Sindh	30.2	31.5	45.3	69.0
Khyber-Pakhtunkhwa	15.5	16.7	35.4	60.9
Balochistan	10.1	10.3	26.6	50.0
Federally Administered Tribal Areas		6.4	17.4	22.0

Source: Various issues of *Pakistan Economic Survey*, an annual report issued by the Ministry of Finance, Islamabad.

Not unexpectedly, girls suffer more than boys. Of the estimated 154,000 primary schools in 2012-13, a bit more than a third, 55,100, were for girls. But this proportion declines as we move up the educational chain. Of the 42,300 middle school, half or 21,200, were for girls. Of 30,400 high schools, only 12,600 or about two-fifths were for girls. Of the 18.7 million children in primary school, girls numbered 7.8 million or 42 percent of the total. However, interestingly, the proportion of girls among those receiving education does not decline as we move up the institutional chain; there were 2.7 million girls in middle school or 42.9 percent out of the total of 6.3 million. At the high school level, the proportion of girls was 42 percent – 1.2 million out of 2.8 million. At the university level, with 814,000 enrolled girls, the proportion climbed to almost 51 percent.

<sup>13</sup> Huma Yusuf, “Ghost Education”, *The New York Times*, 16 November 2012.

Notwithstanding the overall poor performance in the field of education, there has been no shortage of good intentions. As countries often do – and Pakistan does this very frequently – governments prepare plans to deal with seemingly intractable problems. They do this to suggest to the citizens that a serious issue is being addressed seriously. The failure to properly educate its large and growing population led to the formulation of many plans that did not get implemented. Keeping with this tradition, Pakistan announced the National Education Policy in 2009. This was done with great fanfare by the government headed by the PPP which was into its second year in office. The policy was designed to address the issues of “access, equity and quality of education at all levels”. It came with many worthy goals. Free and universal primary education was to be provided by the year 2015; free and universal secondary education was to be given by 2025. Literacy rate was to be increased to 86 percent by 2015. More public money was to be ploughed into the education sector. By 2015, 7 percent of GDP was to be committed for education. Curricula were to be modernized by including English, Urdu and a regional language along with Islamic Studies (for Muslims), science and mathematics as compulsory subjects. These were all praiseworthy objectives but they did not translate into effective government plans and programs.

While the government made no effort to achieve any of these goals, it brought some of them into the Constitution and into national laws. In 2010, President Asif Ali Zardari signed the 18<sup>th</sup> amendment to the Constitution in April which brought about sweeping changes in the country’s basic law. Among the changes introduced was Article 25A according to which “the state shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as determined by law.”

While no significant actions were taken by the government to improve the weak educational system, the private sector stepped in to remedy the situation to some extent. Women entrepreneurs played an important part. Nasreen Kasuri was one of the outstanding contributors to improving the quality as well as the reach of the education sector. By 2015, her Beaconhouse School System had 248,000 students in the country of which 100,000 were in the main part of the complex while another 100,000 were enrolled in its subsidiary, The Educators. Several other women had followed Kasuri into the education field.

Returning to the discussion of the Constitutional Amendment: It had four significant operational aspects. Education was to be free; it was to be compulsory; it was to cover eleven

years of the lives of all children; and new sets of laws were to be put on the books to meet this obligation. The pledge was not only to provide primary education but secondary education as well. Two and a half years later, the National Assembly passed the *Right to Free and Compulsory Education Bill*. The legislation received the unanimous support of the legislature. The bill was moved on November 12, 2012 by Yasmeen Rahman, one of the female members of the house, and passed on the same day. It won the support of several other female legislators who spoke from the floor. Women, as I will indicate later, were providing the much needed leadership in the area of education. According to the new law, parents who refused to send their children to school could be fined and imprisoned for three months and employers who hired school-age children faced fines and jail terms of up to six months.

Poor quality education was linked with the rise of extremism in the National Action Plan (NAP), formulated in response to the attack by the Taliban on the Army Public School in Peshawar on December 16, 2014. The assault shook the country since its 150 victims were mostly children. All political parties got together and endorsed the 20-point NAP which included educational reform, in particular reforming the madrassas and madrassa education. However, as has been the case with most other reform efforts, the NAP has had little success in improving the quality of education. As Hasan Askari Rizvi wrote in a newspaper article in February 2015, “academic monitoring of religious seminaries has run aground because most madrassa organizations have declared that they would contest the government on madrassa-related affairs. Madrassa organizations identifying with certain religious traditions are more vocal about and most determined to fight the federal government on the proposed madrassa reforms”.<sup>14</sup>

## **External Affairs: Repositioning Pakistan**

Countries define their relations with the outside world to match their strategic interests. This is an obvious statement but it raises an important question: What are a country’s strategic interests? Even when the answer is clear, it is not always obvious how these should be aligned with external relations? Biases of the leader who make policies often contribute significantly to the way the country approaches the world. Pakistan’s history has several examples of how

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<sup>14</sup> Hasan Askari Rizvi, “Our faltering counterterrorism strategy”, *The Express Tribune*, February 9, 2015, p. 7.

the judgements made by one policymaker can – and did – change the course of history. Economic compulsions and personal preferences have also played a big role in the making of Pakistan’s external relations.

As has been the case since August 1947, Pakistan has been dependent on outside help to manage and develop its economy. Very little effort was made by the series of administrations that governed from Karachi, the country’s first capital, and then Islamabad, the current capital to increase the proportion of domestic resources needed by the economy. Until the time the country is able to raise its very low rate of domestic savings, it will have to obtain resources from the outside. To whom should the policymakers turn? That was an important question in 1947 and at a number of times since then. It remains an important question at this time.

The first generation of Pakistani leaders correctly read the evolving global situation. The Second World War had left the United States the dominant global and economic power. Britain’s dominance had come to an end. While it was one of the victors, it did not have the economic wherewithal to continue to lead the world. It was agreed that that job will have to be done by the United States. This was recognised by the world leaders who met in the small hillside resort of Bretton Woods in New Hampshire, United States. The meeting was called to establish the institutional base for managing the global economy. Although the British economist John Maynard Keynes was a big presence at the meeting, the show was stolen by the United States. Its delegation led the attempt to give the world three institutions to manage the world economy. The International Monetary Fund (IMF) was created to ensure that the world and its states did not plunge into financial crises as had happened in the period leading up to the Second World War. Keynes had written an influential book arguing that economics and finance were important reasons why the European nations went to war in 1939.<sup>15</sup> The IMF will have the mandate and the resources to prevent that from happening.

The Bretton Woods conferees also agreed to establish the International Bank for Reconstruction and Development (IBRD). The “reconstruction” in the bank’s name referred to the need to help the countries that were ravaged by the six-year long war. The countries that needed help to recover from the ravages of the war were mostly in Europe. It was recognized that Japan will also need assistance once it accepted defeat and laid down arms. The

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<sup>15</sup> John Maynard Keynes

“development” in the title saw that the countries that were likely to emerge from under colonial rule would need financial resources to grow their economies. The United States had never been a fan of colonial rule and was urging Britain and France to give independence to their colonies in Asia and Africa. The IBRD later developed into the World Bank Group (WBG) to assist the former colonies of Europe that would become independent states. Its success led to the establishment of such regional banks as the Asian Development Bank, the Inter-American Development Bank, the African Development and the Islamic Development Bank.

Those meeting at Bretton Woods would have also liked to create an institution for managing global trade. The conferees soon found out that international trade was a harder nut to crack than providing resources for global financial stability and economic development. It took another fifty years before the World Trade Organization (WTO) was formed. In the meantime, a body called the General Agreement on Tariffs and Trade (GATT) oversaw the several rounds of global trade negotiations. These rounds brought about significant reductions in the tariffs on trade, in particular, among developed nations.

Since the United States provided most of the resources for the IMF, the WBG, and the regional banks (excepting the Islamic Bank), it was a major influence on the shaping of their lending and support policies. Over time, however, the proportion of the “quotas” it held in the IMF and its contribution to the share capital of the WBG and regional development banks declined in order to accommodate the larger heft of the group of countries that came to be called “emerging economies”. According to several of these countries, their political weight in these organisations did not match their economic strength. They thought that Washington should step back a bit more and the Europeans, whose weight in the global institutions did not match their relative decline, had to withdraw even more. China agitated the most vigorously for a larger presence in the international bodies.

Beijing’s claim for a more meaningful role was not accommodated. It was kept at bay largely because of politics in the United States. In Washington, the attempt made by the Barack Obama administration to increase China’s share in these institutions has languished in Congress. The U.S. legislators were not prepared to yield ground to the country that had emerged as the main threat to America’s global dominance. According to the IMF, using the purchasing power parity as the methodology, China had become the largest world economy. By the end of 2014, its PPP-based national product was estimated at \$18.96 trillion, 4.6 percent higher than the

United States' \$18.12 trillion. This gap was likely to increase to 25.3 percent by 2020. This cataclysmic change occurred while, with President Xi Jinping in charge, the Chinese leadership had become more assertive. How should a country such as Pakistan factor in these big changes in its external affairs? It now has more choices than were available when the United States dominated the global scene.

Until 2001 when Pakistan under Musharraf made a hundred-and-eighty degree turn in its external policies, decision-makers in Islamabad and Rawalpindi had focused on two objectives to shape the country's foreign policy: accessing foreign capital for reviving the economy and in that context, grasping the extended American hand.

As has been the case since August 1947, Pakistan has been dependent on outside help to manage and develop its economy. Very little effort was made by the series of administrations that governed from Karachi, the country's first capital, and Islamabad to increase the proportion of domestic resources needed by the economy. Until the time the country was able to raise its very low rate of domestic savings, it will have to obtain external resources. To whom should the policymakers turn? That was an important question in 1947 and at a number of times since then.

Pakistan's economic managers have not succeeded in reducing dependence on external capital flows. While the country will continue to receive significant amounts of capital from the multilateral banks, and while it will possibly continue to get help from the IMF, it is unlikely that it will receive much financial assistance from the United States, its largest benefactor in the past. This is largely because of a fundamental change in America's strategic interests. Pakistan mattered for Washington when, during the period of President Ayub Khan (1958-1969), it saw Islamabad as a strong link in the chain it had built to hold back the advance of Communism. This was again the motivation during the period of President Zia-ul-Haq (1977-1988) when, with the invasion of Afghanistan, the Soviet Union arrived right on Pakistan's borders. During the early years of President Pervez Musharraf (1999-2008), the ability of al-Qaeda terrorists to hit two places in America's heartland was enough to persuade Washington that Pakistan was a critical ally for its strategic needs.

The world has changed since then. The Soviet Union has collapsed, the spread of Communism is no longer a threat, and al-Qaeda is no longer a powerful presence in the Pakistan-Afghanistan



region. America took its revenge and Osama bin Laden, the main sponsor of the 9/11 attacks, was killed in 2011. Until the journalist Seymour Hersh suggested in an article in the *London Review of Books*, that Pakistan's military intelligence, the ISI, was involved in planning the May 2 raid on Abbottabad, a military cantonment near Islamabad where bin Laden had been hiding for several years, it was widely believed that the United States had acted alone. Wrote Hersh: "It's been four years since a group of US Navy Seals assassinated Osama bin Laden in a night raid on a high walled compound in Abbottabad, Pakistan. The killing was the high point of Obama's first term, and a major factor in his re-election. The White House still maintains that the mission was an all-American affair, that the senior generals of Pakistan's army and Inter-Services Intelligence agency (ISI) were not told of the raid in advance. This is false, as are many other elements of the Obama administration's account... The most blatant lie was that Pakistan's two most senior leaders – General Ashfaq Parvez Kayani, chief of the army staff, and General Ahmed Shuja Pasha, director general of ISI – were never informed of the mission."<sup>16</sup>

The Islamic State in Iraq and Syria (it could possibly spread to Libya) could threaten America. Washington may get involved in beating it back in these countries. In this significantly changed geo-political situation, Pakistan is no longer of much strategic significance for the United States. In these altered circumstances, it makes sense for Islamabad to look to China as a source of external finance and Beijing is willing to oblige. During the April 2015 visit of China's President Xi Jinping to Islamabad, Pakistan was promised \$46 billion equivalent of capital, most of it in the form of project assistance.

Nations forge relations seldom for sentimental reasons. They do so for strategic interests. Notwithstanding the hyperbolic pronouncements of the leaders of China and Pakistan about the nature of their relations – they have called these higher than the highest mountain, deeper than the deepest ocean – the two countries have strictly followed their national interests. Pakistan's reasons for drawing close to China are less complex than those of China. For Islamabad, transfer of defence equipment and technology acquired considerable importance after it was subjected to repeated sanctions by the United States. According to the detailed account provided by Feroz Hassan Khan in his book, *Eating Grass*, it is clear that China's help

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<sup>16</sup> Seymour M Hersh, "The killing of Osama bin Laden", *London Review of Books*, Vol. 37, No. 10, 21 May 2015, p. 3.

was critical for the development of nuclear weapons by Pakistan.<sup>17</sup> The need for capital has been added as the motivating factor for close relations. Some analysts have suggested that the attempt to balance India's growing military might may be the third reason for Pakistan to get close to China. However, Islamabad is more realistic on how much Beijing can assist in helping it against India. China was of no particular help during Pakistan's two recent wars with India, one in 1965 and the second in 1971. It is unlikely that Beijing will intervene if, for some reason, there is another conflict involving India and Pakistan.

The reason for China's interest in Pakistan is more complex. Beijing has begun to look to Pakistan as an important player in its strategy to create space for itself in the region around its borders. Using its growing economic strength, China is spending more than ever on its military. Navy is receiving special attention and the deep water port at Gwadar, on Pakistan's Balochistan coastline, could become an important staging area for its rapidly expanding and modernizing submarine fleet. The reason for giving the navy so much attention is to protect some of the sea lanes that are critical for China to trade with the world. The narrow Strait of Malacca through which nearly all of its commerce passes is of great importance as it could be easily blocked during a period of hostility. A strong naval presence in these oceans will serve as deterrence. The proposed China-Pakistan Economic Corridor (CPEC) will connect the port of Gwadar with the western provinces of China through road, rail and fibre-optic links. The corridor will also provide an opening to China, a large country that is land-locked on three sides. Some of the trade that passes through Malacca could use the CPEC as an alternative route.

China is looking also at the rich energy and mineral resources available to be exploited in Central Asia. A United States investigation a few years ago estimated that Afghanistan was sitting atop mineral wealth valued at \$1 trillion. "The previously unknown deposits – including huge veins of iron, copper, cobalt, gold and critical industrial metals like lithium – are so big and include so many minerals that are essential to modern industry that Afghanistan could eventually be transformed into one of the most important mining centers in the world, the United States officials believe. An internal Pentagon memo, for example, states that Afghanistan could become the 'Saudi Arabia lithium, a key material in the manufacture of

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<sup>17</sup> Feroz Hassan Khan, *Eating Grass: The making of the Pakistani bomb*, Stanford, Calif. Stanford University Press, 2012.

batteries...”<sup>18</sup> Some of these mineral veins flow into Pakistan’s Balochistan province. The CPEC could be used to transport these minerals, once exploited, as well as oil and gas.

The large investment planned by China in Pakistan could conceivably serve to maintain the former’s faltering rate of economic growth. For the last 35 years, the Chinese economy increased at the rate of about 10 percent a year. It is now 32 times larger in size than in 1979 when the economy was opened and the period of high growth began. That expansion was made possible by the export of cheap manufactures to western markets. But cheap labour is no longer available and the markets in the West are saturated. Investment in the domestic economy has worked to some extent but even that is getting exhausted. Some of the state-owned enterprises that borrowed heavily from the banking sector as well as several local governments that followed the same approach to make investments are now burdened with enormous debt. Investing abroad, therefore, becomes an attractive option for China, and Pakistan provides an attractive opportunity.

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<sup>18</sup> James Risen, “U.S. identifies vast mineral riches in Afghanistan”, *The New York Times*, 13 June 2010, p. A1 and A6.