

The Serious Business Ahead in Pakistan

It is useful to look beyond the current political drama to see the hard policy work that must be done to reap rich rewards and avoid severe penalties for Pakistani society, regardless of who is around to do it.

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Will he, won't he? Will she, won't she? Will they, won't they? The watchers and readers of Pakistan are agog with speculation. Will general Pervez Musharraf doff his uniform? Will Benazir Bhutto return home, to keep him in or see him out? Will the Supreme Court wave Musharraf through, will it stop him in his tracks, or will it keep him waiting? Then there are other players like the All Parties Democratic Movement who may have been shunted backstage for now but still have some lines left to speak. Not to mention the possibility that the scriptwriters and the choreographers in Washington DC and London do not fully control the live broadcast and all the whims and quirks of the players, or might even have a last minute change of mind themselves. The Pakistani political drama of 2007 is not fully played out yet even though we have gone past the last commercial break.

Engaging though all of this has been, the sooner the curtain falls the better, because the business that lies ahead is far more serious. There are moments before us of opportunity and danger in politics, security, and the economy: opportunity to do the right thing for which rewards are significant, the danger of doing nothing for which the penalty is severe, or doing the wrong thing for which the penalty can be horrific.

Politics

Abstract away from the choices and agency of Musharraf, Benazir, the judges and other players, three things must be done in the short, medium and long terms respectively: elections, reconciliation

and reform. The right thing will be free and fair general elections, reconciliation between political parties, the military and the judiciary, and reform towards sustainable constitutional government. Far-fetched? Yes. Worth a try, with a little help? Certainly. Rewards for doing the right thing? A slow, uneven, possibly irrevocable, and mostly peaceful transition to constitutional democratic government.

To do nothing is not an option because the institutional clock is already ticking. A president-elect will have to be notified, and current assemblies will come to the end of their terms in mid-November. Status quo options such as extending the tenure of the present assemblies, declaring an emergency, or suspending parliamentary government altogether, all require some reversion to extra-constitutional intervention, which will be the wrong thing. Rigging elections to ensure status quo will also be the wrong thing.

The consequences of the wrong thing (extra-constitutional interventions or poll-rigging) are abysmal to dire. It will put off, perhaps indefinitely, a process of reconciliation and reform. Existing political parties will either put up a final fight, on and off the streets, or be prepared to simply fade away. If the existing parties put up a fight there will be chaos before there is peace, regardless of who wins, and if they fade away new and unpredictable political forces, will fill the vacuum, sooner or later. Why? Because political vacuums tend not to remain unfilled in Pakistan, and there will be plenty of entrepreneurs waiting in the wings to try their luck. These new and unpredictable forces might eventually take us back to reconciliation and reform, but will also

have to work their way through a period of chaos.

Security

There are two insurgencies of very different types that are gradually sapping the ability of the Pakistani state to present a coherent front. The insurgency in Balochistan can be ended very quickly and painlessly by initiating negotiations with the Baloch nationalist political opposition. Virtually all of the major demands of Baloch nationalism can be met within the framework of a federal democratic state. This will be the right thing to do, while the wrong thing will be to continue or escalate the violence. The present regime has entrenched itself into a needlessly combative posture vis-à-vis the Baloch, and the sooner this is reversed the better.

In the North West Frontier Province (NWFP) and the Federally Administered Tribal Areas, however, the insurgency is closely connected with foreign policy and internal confusion within the state about the future of its "jihad" policy. The tribal insurgents or local Taliban operate across the Afghan frontier and fight alongside the Afghan Taliban against Afghan government forces and foreign troops. Their actions have become more audacious – as with the capture and continued detention of a column of over 250 Pakistan army troopers in August. The local Taliban have extended their reach to the settled areas of the NWFP, impose their will on the population and threaten army and paramilitaries with impunity. The response has been firepower including artillery and aerial bombardment of villages.

This conflict threatens the professional integrity of the Pakistani military in a number of ways. The policy of tacitly supporting or turning a blind eye to Afghan Taliban operating out of Pakistan was born out of a desire to maintain a foothold inside Afghanistan. While it might have achieved some tactical objectives this policy has also invited tremendous pressure from the US and therefore put the "army" at loggerheads with itself, figuratively speaking. There is much talk of demoralisation in the ranks – what

more evidence is needed when 250 armed troops surrender with their equipment to a few dozen Taliban without firing a shot?

The right thing will be to come out with a clear position, a clean slate of sorts – abandon the jihad policy, and to unambiguously define the Taliban as a security threat, while maintaining a flexible and accommodative attitude towards the local population. Dilly-dallying has allowed the Taliban to seize the initiative while the government has failed to come up with any political initiative of its own. To do nothing, or to do more of the same, that is to carry on playing a double game of tacitly supporting Taliban action in Afghanistan and going after some of them under US pressure, is not likely to be an option any more.

Absolutely the wrong thing to do will be the continuation of the jihad policy in outright defiance of American pressure, as this will invite greater direct foreign military intervention in Pakistan. Although the likelihood of such a turn of events is low, Barrack Obama notwithstanding, the dangers that it represents for a nuclear-armed state must be alarming for the entire region.

Economy

The *Pakistan Economic Survey's* poetic superlatives (“Pakistan is experiencing the longest spell of its strongest growth in years”) aside, serious problems have begun to emerge for the cash-primed post-9/11 trajectory.¹ The benefits of debt relief offered in return for cooperation against the Taliban have already been pocketed. Massive inflows of cash from abroad, along with cheap credit policies at home soaked up excess capacity. Growth in manufacturing and exports has already peaked, and finance and insurance lead all sectors by a large margin in terms of growth rates. Asset prices have boomed and so have the prices of food and transport, while cheap Chinese imports have kept durables within the reach of middle to higher income groups. All of this is not unique to Pakistan, and as the global economy moves into a period of uncertainty there are apprehensions that the party might be coming to an end.

Specifically, current account deficits have been marching upwards, export growth refuses to budge, and tax-gross domestic product ratios are their lowest ever in decades. The government seems

content with financing current account deficits from the capital account, which has witnessed foreign direct investment (FDI) growth in the service sectors and in property investment. This is obviously not sustainable as debt servicing becomes more expensive and FDI creates future current account liabilities. In the meanwhile for the working classes job creation has been painfully slow, and combined with cartel-induced food inflation it is not surprising that a majority of respondents in a recent opinion survey thought that their economic conditions had worsened over the previous year.²

The right thing, in the short term, is to prepare for a soft landing. It is also the right thing to stop indulging cartels, and to provide immediate relief to the working classes through regulatory action. In the medium term there has to be a greater commitment to job creation and social protection. In the longer term there cannot be any serious alternative to economic restructuring around greater regional integration. This obviously means a new relationship with India and Afghanistan. Political change can be a catalyst for doing the right thing, and a prolonged political crisis will be a recipe for inertia and drift. Drift can quite easily lead to a hard landing with speculative capital taking off, leaving local middle-income investors and property owners stranded, and the working classes even more despondent and angry.

Right, Wrong or Nothing?

If Pakistan can get some of its choices right in the coming period it can build on its successes, look back on its failures, and start a ripple that may turn the tide. Perhaps the key to success lies in certain features of Pakistani society – the resilience of pluralistic syncretic traditions combined with the outward-looking attitudes of individuals. Doing nothing, or more of the same, slips inexorably into wrong choices, the penalties of which are not worth contemplating.^[17]

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Notes

- 1 *Pakistan Economic Survey 2006-2007*: Foreword, Government of Pakistan, Finance Division, Islamabad.
- 2 Survey conducted by the International Republican Institute, reported in *Dawn*, October 12, 2007, Karachi.

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