

# Politics and economy

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By Kunwar Idris

THE government says, and the World Bank agrees, that Pakistan's economy after years of grind at around three per cent (which really means no growth per person because of a matching increase in population) is now poised to grow. They may be believed, because the economic indices support them. The troublesome thought that at once arises is whether the seemingly endless bedlam of politics will let the economy grow.

Why the economy is stable and politics is in turmoil? The answer to this question is to be found in the way the two subjects were handled over the past three years. In matters economic, General Musharraf went by the advice of experts and conventional wisdom within the established system while in politics he was led by agencies and bureaus chartered to reward some and sequester or punish others. The result is a degree of consolidation of the economy but splintering of politics. Two or three mainstream moderate parties have broken into many factions while the extremist groups on the fringes have formed into a formidable group. Both situations bode ill for the economy.

The factions were bargaining long and hard to form government at the centre and in Sindh. The religious alliance, though implacably opposed to the new constitutional arrangement and threatening to launch even street agitation to undo it, has yet formed governments on its own in the NWFP and in conjunction with others in Balochistan.

The uncertainty afflicting the federal and Sindh administrations and the MMA government's divergent policies and

government's declared hostility to American operations in Afghanistan which have inevitable repercussions for the tribes straddling the frontier with Afghanistan and moving freely across it. No less damaging can be hate graffiti and burning of effigies at which the provincial government is conniving. Internally, the danger that the NWFP might at some stage slide into a Taliban-like dispensation remains ever present; after all, some ideologues of the parties constituting the government there view the Taliban as the harbingers of a simple Islamic model which Pakistan could follow with advantage.

Investors and international financial institutions thus would keenly watch developments in the NWFP — to see how far the administration there comes close to, or distances itself from, the Taliban and whether or not it supports the American-led operations against terror before they decide to commit money to Pakistan. The litmus test for it would be the financing of the \$2.5 billion Turkmenistan-Pakistan gas pipeline.

It is not easy to reconcile the lure of power with ideological predispositions but one cannot rule and rant at the same time. Pakistan's federal structure, even in the ordinary cir-

can be no peace in the region until the Kashmir dispute is resolved. Kashmir is an agonizing human problem but it must not condemn the people of Pakistan to an existence of backwardness. The bellicose rhetoric is harming Pakistan without liberating the Kashmiris or even assuaging their suffering.

The long uprising in the valley and the retaliatory Indian repression have brought the world opinion to a point where India is being pressed to negotiate a solution and Pakistan is being persuaded to close the camps training warriors in aid of the insurgents. In the politics of power where national interests take precedence over human rights, the countries that matter are not prepared to go beyond this point though Pakistan is their most needed ally in the war on terror.

The foreign minister of Japan, Pakistan's largest aid donor, visiting India, has said what a US State Department official, Richard Haass (in India at the time) said in greater detail quoting precedents from the decades of cold war: "Inability to resolve big issues should not stop progress on little ones. The path to large breakthroughs is paved with smaller agreements." The patriots, demagogues and ordinary citizens alike will get wiser by reading Richard Haass's exposition on the American view on Kashmir (which, perhaps, can be termed as the world's view as well) reproduced at some length in *Dawn* on January 8.

India's military hegemony may have been checked by our nuclear capability, but the worry for the government now should be India's economic hegemony in the making. The nuclear war machine could not save the Soviet Union from collapsing because its economy stagnated. China would not meet that fate because its economy is making up in years what it lost in decades of isolation. Pakistan should follow the example of China and not that of the Soviet Union.

India's military hegemony may have been checked by our nuclear capability, but the worry for the generals and ministers now should be India's more dangerous and permanent economic hegemony in the making. The nuclear war machine could not save the Soviet Union from collapsing because its economy stagnated behind the Iron Curtain. China would not meet that fate because its economy is making up in years what it lost in decades of isolation. Pakistan should follow the example of China and not

trations and the government's divergent policies and actions in areas bordering

Afghanistan, it seems, will continue to distract from the basic task of making and implementing policies conducive to economic development. In fact, the danger of the economy becoming a hostage to the divisiveness of one and the ideological pursuit of the other is already visible.

It now appears that the federal government may not settle down to business till well after the elections to the Senate and by-elections to the assemblies are held. However, when it gets going it is expected not to deviate from the current economic policies nor question the new constitutional dispensation. However, the role of the MMA government in the NWFP, sharply opposed in some aspects and nebulous in others, will remain a source of anxiety. The ferment that its raids on cinemas and wine shops has caused will not last long, nor change the social behaviour of the people but would, surely, hamper economic activity and discourage new investment.

The declaration of the NWFP chief minister, Akram Durrani, that the Islamic system will be enforced in the province and interest outlawed soon and without ifs and buts has implications more serious and far-reaching than, perhaps, the chief minister realizes. Financial transactions with the other parts of the country and with foreign countries will be put to jeopardy as the banks in the province will be required to function on a different basis.

More damaging would be the provincial

circumstances, makes it difficult for the provinces to go against the wishes of the central government, leave aside the policies, and yet survive. In the current situation of crisis there is no way they can at all survive. The MMA government, by following a divergent Afghan policy, thus would be only impeding the economic progress of its own province and of the country itself without achieving its social or religious objectives. The chief minister and the alliance chiefs must dispel all misgivings on this score and bring their policies into conformity with those of the federation because these do have a bearing on investment and trade generally.

Some utterances and actions of the government leaders on which they need to be cautioned for their adverse impact on investment and revival of economic activity in general may be recalled here. Many ministers speak on subjects other than their own. In the past few days the centre's information minister and a provincial minister for literacy have spoken on Pakistan's nuclear capabilities and aims. Discretion and discipline require a minister to desist from speaking on a subject other than his own except when related to a local problem. Only the prime minister, or authorized official spokesman, alone should comment on sensitive areas of state policy. Contradictions and alarm in these tense times are best avoided.

Every minister thinks he must speak on Kashmir in the hackneyed refrain that there

should follow the example of China and not that of the Soviet Union.

Neither the government nor the World Bank nor our own central bankers care to explain how over the past three years another ten million poor have become poorer, making the number going to bed hungry to form nearly one-third of the population. They are only fond of claiming that the fundamentals of the economy are now stronger than ever and in another two years the rate of growth should climb to six per cent (that is where India already is and China is higher).

Lest the political governments squander it away, the State Bank governor, Ishrat Husain, has sounded a note of warning against wasteful spendings. Perhaps he had in mind the ten per cent reduction in power tariff while Wapda and the KESC together have already accumulated a deficit of Rs 60 billion; allocation of so-called development funds to the legislators for unplanned spending or possible misappropriation; free education up to matric while the problem is not the cost but the standards of state-run schools; some other subsidies proposed; and, above all, over-size cabinets and ministries.

For three years now Pakistan has hitched its wagon of poverty to the promises of the IMF and World Bank and of our own generals, planners and bankers. The extravagance of the new governments should not provide a peg on which they could hang the blame for their failure.