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DISCOURSE

SOVEREIGN DEBT RESTRUCTURING

REDUCTION ◆ CONVERSION ◆ RESCHEDULING

PIDE

Pakistan Institute of Development Economics

EDITORIAL Board

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Discourse is a bimonthly magazine from the Pakistan Institute of Development Economics. Themed primarily around public policy and political economy, it aims to offer insight into social, economic and political issues on both domestic and global levels. The publication provides a general overview of the latest developments in Pakistan's economy, identifying key areas of concern for policymakers to suggest policy interventions.

The publication is a hands-on and precise go-to document for the policymaker, academic, journalist, researcher, corporate/development sector professional, or student seeking to remain updated and informed.

Discourse has recently been enhanced in scope, with various new sections added to the publication in order to broaden its subject matter and encourage rigorous, creative, and interdisciplinary analyses that cover a more expansive range of topics and appeal to lay audiences. In this vein, we have a) opened up submissions from the general public, and b) added several new sections to the bimonthly magazine, including: opinion, business, sport, history, arts and culture, and more!

In light of the ongoing economic crisis engulfing the country, this issue is themed around Economic Recovery. In particular, the overarching objective of the March-April edition of Discourse is to explore the reasons for why the country is teetering on sovereign default, possible policy interventions to correct course, and political bottlenecks that prevent reform measures. Our subthemes for this one are investment, employment and productivity: three areas we believe ought to be seen as central priorities in the quest to establish an economic foundation that can eventually lead to higher levels of competitiveness in the region.

We hope you enjoy this issue of Discourse!

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SOVEREIGN DEBT RESTRUCTURING

REDUCTION, CONVERSION, RESCHEDULING

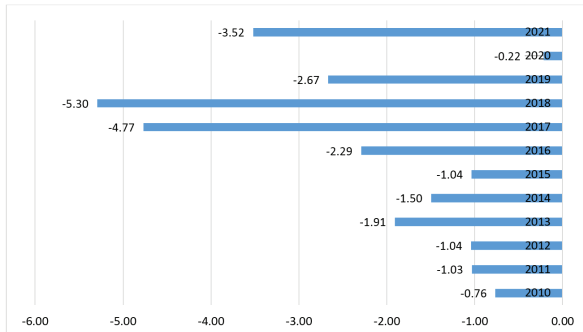
Pakistan currently finds itself in a situation in which the threat of sovereign default hangs upon the people like a sword suspended on a string. Essentially, what this means is that external creditors – whether that be in the form of multilateral institutions or bilateral partner countries – may not receive their scheduled repayments on time. A fundamental reason for this is that Pakistan has experienced a consistent balance of payments crisis – in which exports and remittances have failed to match earnings from exports, leading to dwindling foreign exchange reserves that are used for external financial transactions of all kinds.

There are several reasons why this is a grave predicament for the country. First, defaulting on external debt obligations would mean the tanking of Pakistan's credit rating in the international financial community – thus drastically reducing the prospects of any further loans from external parties. For a country that is consistently in a fiscal account deficit (government expenditures exceeding revenues), this will mean further cutbacks to crucial sectors such as energy, education, healthcare, social protection, industrial development, etc. which will add fuel to the fire of inflation, potentially leading to popular uprisings and political instability. Furthermore, sovereign default is generally always followed by capital flight due to investors losing faith in the government to ensure adequate conditions for commercial activity: leading to business closures, livelihood losses, further devaluation of the currency, and a sustained economic recession that will push large swaths of the population into acute poverty.

As a percentage of GDP, Pakistan's debt obligations stood at approximately 60.6% in 2010, steadily rising over the subsequent 5-7 years before shooting up and peaking at a whopping 76.6% in 2020. In the subsequent two years, the figure fell back down – going to 71.5% in 2021 and 66.27% in 2022 as shown in Figure 1.

On the other hand, the current account deficit – which illustrates the difference between foreign currency inflows and outflows, i.e. the surplus of imports over exports and remittances – has been consistent across the previous two decades. Over the past 5-6 years, however, there has been an alarming increase – jumping from an annual average of 1.21 percent of GDP in the 2010-2015 period to 3.13 in the 2016-2021 period. This is naturally cause for great alarm, as it must be met via credit – further adding to sovereign debt troubles faced by the government of Pakistan. Figure 2 offers a breakdown.

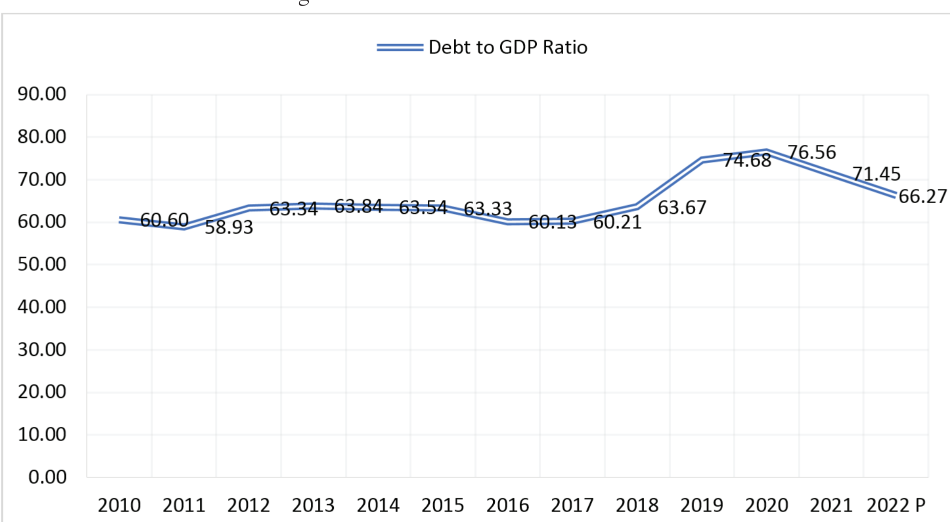
Figure 2. Current Account Deficit as a Percent of GDP, Pakistan



Source: State Bank of Pakistan

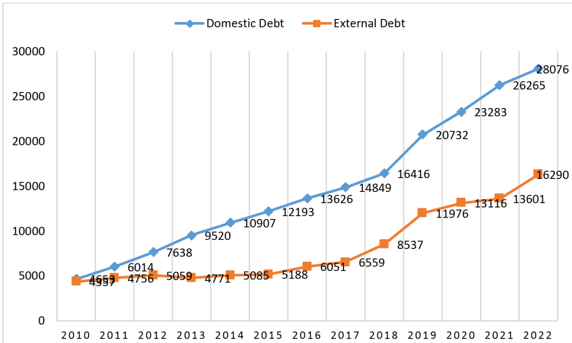
External debt in Pakistan has risen from approximately Rs. 4.36 trillion in 2010 to Rs. 16.3 trillion in 2022 – quadrupling over the time period. This figure was generally under control until 2017, at Rs. 6.56 trillion (an annual average growth of Rs. 315 million) – but quickly spiralled shortly afterwards. During the 2017-2022 period, external debt rose from Rs. 6.56 trillion to a whopping Rs. 16.3 trillion: an annual average growth of Rs. 1.95 trillion. The situation with domestic debt was not better, which rose from Rs. 4.65 trillion in 2010 to Rs. 28.1 trillion in 2022 – an almost six-fold expansion. Breakdowns in Figure 2.

Figure 1. Debt to GDP Ratio in Pakistan



Source: State Bank of Pakistan

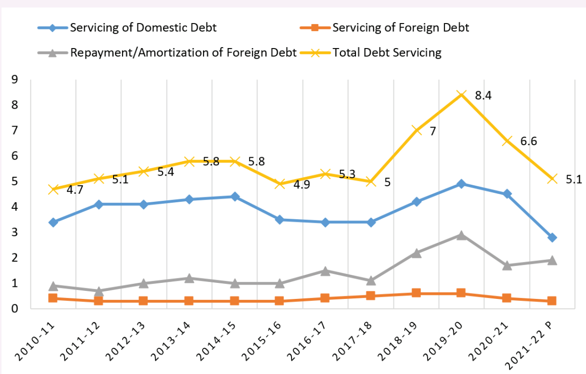
Figure 3. Trend in Domestic and External Debt, in Rupees Billion



Source: State Bank of Pakistan

As a percentage of GDP, debt servicing – i.e. the returning of principal amounts to creditors as well as interest charges on borrowed finance – fell in the range of 4 to 9. The highest was in the 2019-20 fiscal year, when it hovered around 8.4 as illustrated in Figure 3. To put this into perspective, government expenditure as a percentage of GDP on education and healthcare has never gone above 3% in the previous decade. Considering that the overall debt burden has only risen over time, these figures on servicing suggest that despite slashing a significant amount off the government's available funds and resultantly leaving less for crucial development expenditures, they are simply insufficient in meeting obligations.

Figure 4. Debt Servicing as a Percentage of GDP



Source: Economic Survey of Pakistan

Going forward, debt repayments in the foreseeable future are estimated at approximately USD 35 billion per annum on average. Of this, USD 25 billion forms the amounts owed to external lenders while the remaining USD 10 billion constitutes the estimated current account deficits in the coming years – at least until 2027. This has prompted wide ranging debate and discussion on the need for sovereign debt restructuring: which is an intricate process of negotiations with creditors to revise the terms of the debt agreement such that it is less burdensome on the country in question. There are various forms debt restructuring can take, including but not limited to: rescheduling, reductions, principal haircuts, and deferrals.

Pakistan has had two formal instances of sovereign debt restructuring, the first over the course of the 1970s and the second around the turn of the millennium. In the former instance, debts were restructured in the context of the oil crisis – in which prices were shooting up at a rapid rate and adversely impacting the country's balance of payments. Furthermore, the Bangladesh War of Independence had also recently taken place – in 1971 – causing several major disruptions to the country's finances. In response to this, Pakistan underwent its first sovereign debt restructuring which was largely based around revising timelines to debt repayment obligations. Details listed in Table 1. Next, the second – large scale – initiative in this vein took place around the 1999-2001 period in the aftermath of the dismal economic management of the 1990s, along with the nuclear tests of 1998 which came with sanctions from the international community. After 9/11 however, a 180-degree shift was experienced – in which Pakistan received tremendous assistance from the international community, particularly the Paris Club, for its involvement as an ally in the War on Terror. This was Pakistan's largest ever debt restructuring, largely revolving around its Eurobonds. These were agglomerated and the payment period revised, along with various other stipulations listed in Table 2, which functioned to create tremendous fiscal space and restructured debts amounting to USD 19 billion.

Table 1. History of Pakistan's Sovereign Debt Restructuring

PERIOD	CONTEXT	TYPE OF RESTRUCTURING	SALIENT OUTCOMES
1971-1978	Following the Bangladesh War of Independence, Pakistan's ability to meet its external debt obligations was severely depleted. Furthermore, it was yet to be determined how these debts would be split between Pakistan and Bangladesh, and this uncertainty prompted creditors to pause payments temporarily. This led to a series of moratoriums in which creditors allowed for more time. Initially, this suspension of payments was set to take place until May 1971 - but was ultimately extended to June 1974. Following a World Bank study during this period, pauses on repayments were further extended to December 1978.	Rescheduling	Approximately 56% of debt servicing obligations over the period 1973 to 1977 were rescheduled (via moratoriums) - offering much needed fiscal space to Pakistan's economy following the war.
1998-2001	Following the nuclear tests of 1998 and the subsequent sanctions from the international community, Pakistan underwent a period of severe balance of payments crises - leading to piling sovereign debts which reached 89-92% towards the end of the millennium. Eurobonds were primarily targeted under this initiative (with the Paris Club), and a series of small obligations (in the range of USD 160-300 million) were replaced by one consolidated bond with a 6-year maturity period, a 10% coupon payable semi-annual, a small nominal increase in principal, and a three year grace period on principal payments. Furthermore, Pakistan rescheduled commercial loans with the London Club with a face value of USD 929 million. Finally, two further agreements with the Paris club (USD 1.75 billion and USD 12.5 billion) were also arranged during this period in the backdrop of Pakistan's involvement in the War on Terror.	Conversion	USD 19 billion was successfully restructured over this period, amounting to 1/3rd of GDP at the beginning of the initiative.

Several experts have, in recent months, claimed that in the absence of debt restructuring, Pakistan is almost certain to default on its obligations – leading to a catastrophic downward spiral. Others, however, have claimed that debt restructuring is not the panacea it is sold as but rather simply a strategy of buying time and forestalling the need to pursue radical institutional reform and address the root causes of why the country finds itself in this predicament in the first place. Of course, there is truth to this. The reason for low levels of export, for instance, is linked to a failure to incubate and promote human capital: which can then engage in entrepreneurship, industrial growth/development, freelancing gigs, etc. that in turn – if done well – will generate export revenues that eventually exceed imports and allow for the fiscal space to resolve the debt crisis.

This is easier said than done – and is fundamentally linked to the question of governance and institutional arrangements. The primary reason for Pakistan's failure to adopt pro-people policies is that the extractive colonial-style bureaucracies of yesteryear continue to prevail: leeching resources from the economy which have been estimated by the UNDP to be Rs. 2.7 trillion on an annual basis.

The failure to reform these, and to not pursue genuine democratisation – in which political leadership is actually attuned and responsive to the needs and demands of the citizenry – is precisely why the country finds itself on the brink today. Specific power centres – including the security apparatus, big landlords, industrial rent-seekers, civil bureaucracies, corporate conglomerates, and international financial institutions – are who leaders seem to be catering to rather than the ordinary person, and it is thus no wonder that the 'twin deficits' crisis continues unabated.

The thematic section of this issue of Discourse is about two primary topics: a) possible technical interventions that can help Pakistan meet its debt obligations via various means of restructuring, and b) the political economy of sovereign debt, which constitutes the set of factors responsible for the situation the country finds itself today. With a diverse range of viewpoints (as is generally the case in our publications!), we hope the following pages offer insight into the world of sovereign debt – with all its messiness and linkages to other parts of economic affairs. If you enjoy it, be sure to continue the conversation on our social media platforms and let us know your thoughts!

Yours Sincerely,

Editorial Board
Discourse Magazine
Pakistan Institute of
Development Economics

P.S. We would like to extend our heartiest gratitude to Syeda Um ul Baneen, PhD Econometrics from the Pakistan Institute of Development Economics (PIDE), Islamabad, for the graphical illustrations used in this cover story.

SOVEREIGN DEBT RESTRUCTURING

REDUCTION, CONVERSION, RESCHEDULING

HOW TO AVOID A LOST DECADE

Murtaza Syed

Without debt relief, Pakistan risks a major social upheaval. Here is how to deliver it.

According to the Economist magazine, 53 countries are currently at serious risk of debt distress. Spanning Asia, Africa and Latin America, a billion people live in these countries, and they account for 20 percent of global GDP. Without urgent debt relief, these countries could disintegrate socially, with massive global spillovers in terms of migration and security. A lost decade for development, or worse, would beckon. Pakistan, the fifth most populous country in the world, is one of these countries.

It is regrettable, then, that at this crucial juncture, the international architecture for debt restructuring has stalled. This reflects the complexities of a new world order, in which China has emerged as a major new official creditor, alongside traditional players like Europe and the United States. This architecture urgently needs a revamp, animated by the same spirit of cooperation and benevolence that characterised the postwar period.

In the last fifty years, two generous episodes of debt relief helped rescue several emerging markets and developing economies: the Brady Plan that ended the debt crisis across Latin America in the 1980s and the HIPC initiative that benefited the most heavily-indebted poor countries in Africa and Asia in the late 1990s. Neither of these remarkable breakthroughs would have been possible without the leading economy in the world, the United States, playing a crucial leadership role in forging a consensus on debt relief among diverse creditors.

A similar show of global leadership is urgently needed by major official creditors today, notably Europe, the United States and China as well as multilateral lenders like the IMF and the World Bank. The good news is that the recent Spring Meetings of the IMF and the World Bank have generated optimism that such a coordinated response might be forthcoming after all. Going forward, a grand bargain could be struck whereby debt relief is tied to trackable climate change mitigation and adaptation actions that debtor countries would need to take. As a result, a critical global public good would also be served in the process, to the benefit of citizens all over the world.

Within this fraught global context, let us consider the case for debt relief in Pakistan and how it could be executed. My thoughts below have benefited from the excellent omnibus, "Sovereign Debt: A Guide for Economists and Practitioners" edited by my friend Ali Abbas, a debt expert at the IMF.

For each of the next five years, Pakistan owes the world USD 25 billion in principal repayments. It will also need at least USD 10 billion to finance its current account deficit, bringing total external financing needs to USD 35 billion a year between now and 2027. We have foreign exchange reserves of just USD 3 billion. For each of the next five years, the government needs to pay 5 percent of GDP in interest payments on the debt it owes to residents and foreigners. Our total tax take is only 10 percent of GDP.

Let both those facts sink in. And then quickly realize that the centre cannot hold. For starters, there is no way we can meet our external financing needs without

incurring more government debt. This is because, unlike proper emerging markets, we do not attract any meaningful foreign direct investment (FDI) and our private sector does not generate inflows from abroad.
However, at 78 percent of GDP, our government debt is already approaching levels considered excessive for an emerging market. As a result, borrowing abroad at a reasonable cost is getting increasingly difficult and the overhang from this debt is weighing on domestic investment, which remains stuck at 15 percent of GDP.

Equally, there is no way the government can devote half its tax take to debt servicing and still have enough left over to meet other critical expenses like public wages and pensions, infrastructure, social spending, and defence.

We could, of course, delude ourselves and try to kick the can down the road. We can pretend that we will magically grow our exports, remittances and taxes overnight while shrinking our imports and spending. In their desperation for a bail-out and to avoid admitting past mistakes on debt accumulation, there is real danger that this is what our policy makers will agree with the IMF.

But that would be a recipe for disaster. It has not worked anywhere in the world and it will not work in Pakistan. It would impose unbearable austerity on a population already reeling from 30 percent inflation, a poverty rate of 40 percent on the World Bank's USD 3.65 a day definition, and biblical flooding that has left 30 million people homeless. It would be foolish, reckless and politically impossible to deliver – potentially sparking a major social revolt.

Instead, it would be far better to accept that government debt in Pakistan is no longer sustainable. So where would this admission leave us? Our airwaves are currently dominated by a false choice between default and paying all our debts on time, even at the cost of endless austerity.

But there is a third option. It involves pre-emptively restructuring our government debt, in a way that immediately and adequately frees up resources to be deployed to cushion the current slowdown and implement much needed structural reforms. We would not miss any debt repayment (the definition of a default) but would renegotiate the terms of our existing debt with our creditors such that these repayments become less onerous. While this could take some time and may lead to arrears, the IMF and financial markets would be forgiving as long as these negotiations were being conducted in good faith and would help to make our debt sustainable again.

Let us consider how this might work. Today, Pakistan's domestic government debt is around 50 percent of GDP and mainly held by our banks. At the same time, Pakistan's external government debt stands at around 28 percent of GDP or USD 100 billion. Around fourth-fifths of this external debt is owed to the official sector, split roughly evenly between multilaterals (like the IMF, World Bank and ADB) and bilaterals (countries like China, Saudi Arabia and the United States). The remaining one-fifth is commercial, again roughly evenly split between Eurobond/Sukuk issuances and borrowing from Chinese and Middle Eastern banks. By region, we owe roughly one-third of our external debt to China and 10 percent to the old-boys network of the Paris Club, which includes Europe and the USA.

In considering how a debt restructuring can be implemented, there are always two key considerations. First, which creditors to include. Second, how to distribute the debt relief evenly across these creditors, including whether to impose a haircut (a cut in the nominal value of the debt), a reduction in coupon payments (interest and principal repayments), or a lighter re-profiling (a lengthening of maturities, with no change in the principal or interest payments).

With regard to the first consideration, a key issue will be whether to include domestic debt. While it is external debt that is most difficult for us to service since it requires foreign exchange, we could create much more fiscal space by including domestic debt in the restructuring effort. Indeed, judging from the position that China has taken in other ongoing debt restructuring efforts, we may need to include domestic debt. This is tricky and should be very carefully evaluated, as it would involve domestic banks and could risk their balance sheets if done in too cavalier a fashion. Moreover, the burden of domestic debt can also be reduced by alternative means, including by maintaining low interest rates, inflating it away, and imposing additional taxes on the banking sector. That said, if we do choose to go down this route, there are successful precedents, including Jamaica (2010, 2013) and Uruguay (2003). As discussed in Ali's book, these were largely voluntary debt exchanges, featuring diverse strategies including haircuts, reductions in coupons and maturity extensions.

Beyond this, there will also be pressure to include all external creditors. On the official side, the IMF will be excluded due to its senior creditor nature. However, others like the World Bank and Asian Development Bank have a murkier status and could be pushed to at least roll-over debt service falling due to them and possibly even provide additional long-term concessional funds, as part of a comprehensive debt renegotiation with all of Pakistan's external creditors. Indeed, even the IMF has de facto provided debt relief as part of the 1996 HIPC and 2005 MDRI initiatives.

As an aside, we should note that Pakistan has benefited from such generosity in the past. We were part of the HIPC initiative in the early 2000s, when geopolitical winds were blowing in our favour during the Musharraf era. With both multilaterals and the Paris Club (representing our major official creditor at the time) voluntarily participating, our government debt was slashed from 72 percent of GDP in 2001 to only 47 percent by 2007. Regrettably, instead of using this new-found fiscal space to enact difficult structural reforms to boost investment and grow exports, we wasted it on promoting consumption and running huge fiscal deficits. We must not repeat this folly if we are once again granted debt relief.

Next, our USD 20 billion of commercial debt would need to be addressed. These negotiations can take longer but the ability to convene creditor committees and invoke 'collective action clauses' mean that they no longer can be dragged out indefinitely. Without including private debt in the debt restructuring, official bilateral creditors will never come on-board. But once they do, it is heartening to note that official bilateral debt has been frequently restructured across the world.

The major issue on the official bilateral side will be how to convince China to join the effort. As a newcomer to the debt game, China is still learning the ropes. To date, it has remained wary of both existing Western-dominated mechanisms for official debt restructuring like the Paris Club, as well as fall-out at home from being perceived as having made bad loans in its extensive lending operations around the world.

But it is imperative for China to show global leadership at this critical juncture. As explained above, bringing domestic debt and multilaterals into a comprehensive operation may help coax China to join the overall debt restructuring effort. In addition, given Pakistan's special relationship with the Chinese, diplomatic channels can also be leveraged beyond purely economic and technocratic discussions.

If all else fails, in order to address China's concerns related to confidentiality and creating a precedent for other indebted countries, a side deal could be cut with China alone without the need to involve other creditors. Provided the operation is ambitious enough, this could work on its own given that almost one-third of our external debt is owed to China.

So there you have it. For such a debt restructuring to work, the government will need to be proactive and hire professional services. Done well, it could be a game-changer for Pakistan, freeing up vital financing space in the order of USD 30-40 billion over the next 2-3 years and preventing mindless austerity. Delayed or executed poorly, it could backfire. The stakes are high and the hour is getting late.

The author is a former Deputy Governor of the State Bank of Pakistan and can be found on Twitter as @murtazahsyed.

Pakistan's Political Business Cycle and EXTERNAL DEBT DILEMMA

Farrukh Iqbal

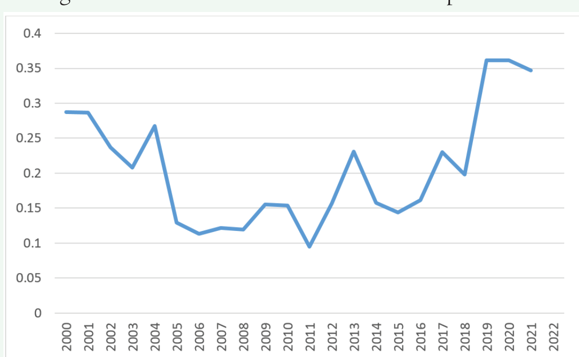
Pakistan has been deep in the throes of an external debt servicing crisis for about a year now. Without adequate foreign exchange at hand, we have struggled to arrange new loans to meet our debt-related obligations and finance essential imports. Nor is the current situation unique in our recent economic history. We have faced similar crises at least three times in the last fifteen years: in 2008, 2013 and 2019. On each occasion, we turned to the IMF and key bilateral lenders for additional lending. Each bailout provided a few years of relief but did not generate growth, revenues and foreign exchange sufficient to prevent a new crisis. It appears as if we have been acquiring new debt simply to pay off old debt. This is not sustainable.

Why do we fall into a fresh debt servicing crisis every few years? I argue that this is due primarily to the operation of a domestic political business cycle in which key political actors pursue goals that are not consistent with the achievement of macroeconomic stability and debt sustainability. The stages of this cycle are described below with the aid of a few simple charts. It is useful, however, to set up the context with a discussion of our debt servicing history over the last two decades.

DEBT RESTRUCTURING: AN OPPORTUNITY SQUANDERED

A country's debt servicing burden can be assessed through a variety of measures. One popular measure is the ratio of debt servicing claims to export earnings. The numerator denotes the foreign exchange needed to meet annual repayment obligations while the denominator measures one source of foreign exchange that can be used for this purpose. Figure I shows the evolution of the debt servicing burden for Pakistan from 2000 onwards.

Figure I. Evolution of Debt Service to Exports Ratio



Source: World Development Indicators, World Bank.

The chart shows a decline in the debt service burden from 1997 to 2012 followed by an increase over the next ten years. What accounts for this pattern? The decline occurred for two reasons. First, Pakistan was able to get its debt service payments restructured during 1999-2001 such that the dollar value of annual repayments remained roughly constant between 2001 and 2011 even though the stock of debt was increasing over this period. Second, exports rose smartly, from around USD 9.5 billion in 1999 to around USD 31 billion in 2011.

What accounts for the reversal in trend thereafter? The same factors were at play but now to Pakistan's disadvantage. At the end of the relief period, debt service obligations began to rise, as expected. If export earnings had continued to rise as well, the debt servicing burden might have been manageable. But exports stagnated in nominal terms during the 2011-2020 period. Thus, the uptick in the debt servicing burden over the last ten years or so was due both to a rise in the numerator (debt service obligations) and stagnation in the denominator (export earnings). The eventual outcome was that the debt service burden in 2020 was higher than in 1999 when the period of debt relief began.

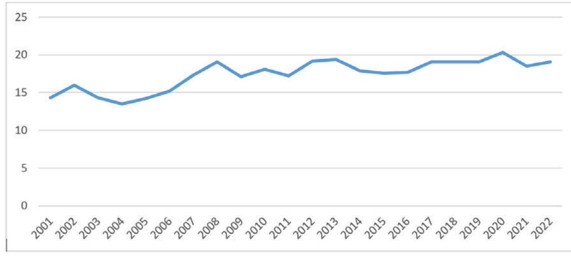
ENTER THE POLITICAL BUSINESS CYCLE

Why was Pakistan unable to use the period of debt relief to get onto a sustainable servicing path? The main reason was domestic politics and is best explained by reference to the following stylised cycle of events.

Stage 1: Rises in Public Expenditure before Elections

The cycle starts a year or two before national elections when the political party in power ramps up public spending in order to improve its chances at the polls. This can be seen in Figure 2 which tracks government spending as a ratio of GDP. This ratio rose in the run-up to the elections that took place in 2008, 2013 and 2018. The run up can be seen for the periods 2006-08, 2011-13 and 2016-18. IMF programs were arranged within a year after each election and led to declines in public spending over the next few years until the programs were abandoned or completed.[1]

Figure 2. Government Expenditure to GDP (%)

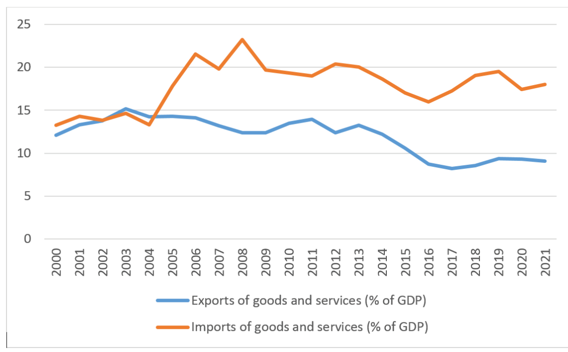


Source: International Monetary Fund

Stage 2: Imports Rise Prior to Elections

The second stage of the cycle is an increase in imports; indeed, this impact is multiplied when the additional public spending stimulates higher private spending as well. Spending in Pakistan is relatively import-intensive, partly because of the country's heavy reliance on imported oil for fuel, imported vehicles for transport and imported machines for most production activities. The stage of rising imports can be tracked in Figure 3 for the intervals 2007-08, 2011-13 and 2016-18 – each interval occurring just before an impending national election.[2]

Figure 3. Trends in Import and Export Ratios



Source: World Development Indicators, World Bank

Weak export performance is also documented in Figure 3 which shows the ratio of exports to GDP to have been declining since 2004. Indeed, despite a sharp increase in the nominal value of exports during 2001-2011, the ratio of exports to GDP fell. And the situation worsened during 2011-2020 when even the nominal value of exports stagnated at around USD 30 billion per annum.

[1]The 2019-20 experience with the IMF program was different. An above-program level of public spending occurred even in the first year due to the onset of Covid19. Spending was supposed to decline for two years thereafter but Pakistan effectively abandoned the IMF program in early 2022. It is currently negotiating to revive the program.

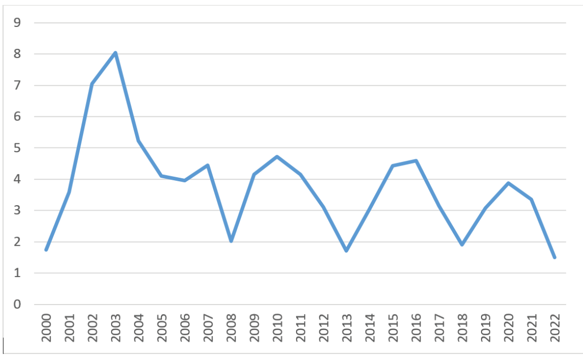
[2]The sharp rise in the import ratio during 2004-06 was not connected to the elections of 2008 which had not yet been announced. But the 2007-08 run-up certainly qualifies as politically-induced.

In this last phase, both domestic exchange rate policy and a global slowdown in trade were to blame. The export story is not directly linked to the political business cycle though some aspects of the cycle (such as the stage discussed below) have an adverse impact on exports.

Stage 3: International Reserves Decline Prior to Elections

Political considerations also inspire resistance to a depreciation of the exchange rate with the result that an important restraint on imports (and an important stimulus for exports) is weakened. This is typically justified as an inflation-curbing measure, again with an eye to the upcoming elections. But this usually leads to a third stage of the cycle in which reserves fall because the exchange rate is prevented from adjusting to make imports more expensive and because investors perceive the prevailing economic policy (of high spending and high imports) as unsustainable. In Pakistan's recent economic history, the third stage can be tracked in Figure 4, which shows reserves falling to or below the two-month danger line in 2008, 2013, 2018 and 2022.[3]

Figure 4. Gross Reserves in Months of Imports



Source: World Development Indicators, World Bank

WHAT NEXT?

Reserve collapses are followed by urgent appeals to the IMF and bilateral lenders for bailouts supported by new pledges of future fiscal virtue and immediate actions taken to allow the exchange rate to depreciate and interest rates to rise. All that the three stages of the political business cycle accomplish is a harsher macroeconomic adjustment at the end. A recovery stage is initiated when stabilisation measures implemented under a new IMF program begin to restrain fiscal deficits and import demand while pushing up reserves. Elections loom every five years and Pakistan's political business cycle begins again.

Our debt servicing difficulties are largely of our own making and due mostly to our political business cycle. As documented in this note, we have been unable to take advantage of repeated bailouts (and one extensive period of debt servicing relief) during the last two decades because of the inability of our political system to control fiscal deficits and the associated impacts on imports and foreign exchange reserves. Indeed, while a Fiscal Responsibility and Debt Limitation Act was passed in 2005, the ceilings prescribed for fiscal deficits and public debt have never been respected since. When in power, no political party has demonstrated the ability or intent to pursue fiscal and monetary policies consistent with long run macroeconomic stability.

Of course, exogenous developments sometimes make the challenges more difficult. The last few years of coping with the effects of COVID-19, global trade disruption, and disastrous floods are examples of such developments. Nevertheless, the structural problem of our economy is rooted in the political business cycle and not in periodic exigencies. So the solution must be found in the political system as well or else future bailouts will face the same fate as past bailouts.

The author is a Former Director at the Institute of Business Administration, Karachi (2016-19).

[3]Perhaps the most dramatic example of this came in September 2022 when Miftah Ismail, the Finance Minister of the ruling political coalition, who had almost finalized a bailout arrangement with the IMF, was suddenly replaced by Ishaq Dar, a former Finance Minister known for his preference for a "managed" exchange rate. Ishaq Dar was responsible for the last period of real exchange

INFLATION AND SOVEREIGN DEBT in Pakistan

Juvaria Jafri

The risk of sovereign default is a recurrent feature of Pakistan's economic situation because the country's external debt and liabilities exceed USD 126 billion. This is the equivalent of over two thirds of Pakistan's GDP, and as a result, over 40% of government revenues are consumed by debt servicing costs. Many analyses of this situation, including those from lenders such as the IMF, highlight the various, complex and overlapping reasons for Pakistan's failure to overcome the crippling indebtedness that continually weakens the economy and impedes progress in areas such as education, healthcare and infrastructure. In this essay, I draw attention to the concept of monetary power and argue that this is a valuable tool for understanding Pakistan's issues around sovereign debt, particularly how these are closely connected to events in the 1970s, especially when the Bretton Woods system was undone.

Asymmetries in monetary power explain how global economic instability is worse for some countries than for others. This is perhaps best reflected in the unevenness of inflationary pressures which are structurally determined by monetary power. Every country has a different level of monetary power, which is determined by the interaction between two components: the degree of monetary sovereignty it possesses, and the place occupied by its currency in the global hierarchy of money.

Monetary sovereignty refers to a country's ability to control its own currency and monetary policy without external interference. Like many other countries of the Global South that were colonised or have experienced significant political instability, Pakistan's monetary sovereignty has been undermined by 'original sin'. This is the idea that certain countries struggle to issue debt denominated in their own currency. Because they are unable to borrow in their own currency, they must instead issue debt in a foreign currency, typically a major international currency like the US dollar or the Euro. Original sin can thus be seen as an outcome of a currency hierarchy. In the international financial system, the dominance of some currencies creates an uneven playing field; some countries can borrow in their own currency, but others cannot. For countries that are lower in the currency hierarchy, this arrangement is challenging. Not only is it difficult to access international capital markets, but economic shocks can be more devastating; this is the case in Pakistan currently.

The US dollar's apex position — at the top of the currency hierarchy — is a relatively recent development. The idea of a dominant currency in international trade and finance dates to the 19th century when the British pound sterling was the dominant currency in global trade and investment. But after World War II, the US dollar emerged as the dominant currency. This was a result of the new international monetary system established at the Bretton Woods conference. Under the Bretton Woods system, the US dollar was fixed to gold at a rate of USD 35 per ounce, and other currencies were pegged to the US dollar. In the decades that followed, the US dollar continued to play a dominant role in the global economy, and other currencies like the Japanese yen and the Euro emerged as key players in international trade and finance.

This system was disbanded in 1971 when President Nixon announced that the United States dollar would not be backed by gold anymore. This was a reasonable decision. The Bretton Woods system had been pivotal to the uplift of the post World War II global economy and had generated immense prosperity for the United States. But as a result, in the 1970s there was strong demand for USD which the Federal Reserve had been responding to by printing money. As a result, there were four times as many dollars in circulation as there was gold in reserves.

The Nixon Shock was not the only key monetary policy event of the 1970s, particularly for countries in the Global South. In 1973, displeased with US support of Israel, the Arab-led cartel known as the Organization of Petroleum Exporting Countries (or OPEC) quadrupled the price of crude oil. The national revenues of oil producers immediately surged and this excess money was placed in global commercial banks eager to lend it further. This resulted in a cascade of new loans to countries in the Global South. Often, these were disbursed with limited scrutiny and monitoring. These decisions exposed many countries to exchange rate risk and impeded them from pursuing independent monetary policies. The monetary power of these countries was limited further later in the same decade when interest rates rose and made debt servicing more expensive, particularly when the IMF demanded structural reforms in exchange for necessary financial assistance.

In Pakistan over the 1970s imports greatly outpaced exports and created dependence on external lenders. Balance of payments issues were somewhat mitigated by large increases in worker remittances from the Gulf states experiencing an oil book. Remittances increased from USD 136 million in 1972 to USD 1,744 million in 1980. Even today, these flows continue to partially plug the gap between imports and exports.

The failure of Pakistani policymakers to grow exports and rectify the trade balance has complex political reasons. But this should not detract from the reality that Pakistan is one of many economies still troubled by the events of the 1970s that removed monetary power in the Global South. These issues were revisited by economists and scholars of currency in the 1990s and 2000s, particularly as financial crises originating in East Asia, and the United States respectively, revealed the disadvantages faced by subordinate currencies. Many of these disadvantages are exacerbated because of the phenomenon known as financialisation. The influence of financial markets on economic policy has increased drastically over the last few decades and the asymmetrical capacities of countries to manage their own currencies — and hence financial markets — has been especially detrimental for countries like Pakistan.

This is easily illustrated through the recurrent issue of surging prices in Pakistan. High inflation has reduced purchasing power – and aside from reducing overall living standards it has also pushed millions of marginalised and vulnerable groups into deep poverty. For the Pakistani economy inflation is particularly devastating because it carries no advantages. In many OECD countries, for example, recent inflationary pressures — driven by supply shocks because of the war in Ukraine — can reduce the real value of domestic public debt, but in Pakistan's case any such benefit is heavily offset by an increase in external debt servicing, because inflation puts downward pressure on the Pakistani rupee, and external public debt is primarily in foreign currency.

Policymakers are of course well aware of these problems which have structural causes. This is reflected in initiatives such as the issuance of local currency karakoram bonds, in a project led by the Asian Development Bank. These bonds, issued in late 2020, offered an alternative to dollar borrowing. They raised USD 11.4 million, which is a tiny fraction of Pakistan's outstanding external debt which exceeds USD 126 billion. A related strategy, regularly endorsed by international financial institutions, is deep and liquid domestic capital markets to enhance investment and debt transparency. This approach has worked in some large emerging economies such as Brazil, India and South Africa, which currently have almost no foreign-currency public debts. For Pakistan, such plans are not feasible until tax revenues increase enough to give the government the fiscal space to sustainably meet interest obligations. Domestic debt can, relative to external debt, preserve foreign currency, but the payment of interest on government debt still involves a transfer of wealth from taxpayers to bondholders. It is nevertheless a desirable strategy given its potential for reclaiming monetary power.

Monetary power, reflected in debt sustainability, will remain elusive for Pakistan unless policymakers can decrease the trade gap and increase tax revenues. But this should not obscure the actuality of contemporary crises which have deep roots with political underpinnings. This is especially important given a rapidly growing awareness of how emergency situations — the debt crisis and climate crisis — overlap. The case for reforming the global debt architecture should be based not only on the perils of the present and the future, but with a clear view to a more just distribution of monetary power across nations.

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DEBT-TO-NATURE SWAPS AND THE TRIPLE E CRISES OF PAKISTAN

Khalid Waleed

Debt-to-nature swaps have a rich historical significance dating back to the 1980s. During this era, many developing countries, including those in Latin America, Africa, and Asia, grappled with unsustainable levels of debt that posed significant economic challenges. Simultaneously, concerns about environmental degradation and climate change were growing. In response to this dual crisis, the concept of linking debt relief with environmental conservation emerged as a potential solution.

In the 1980s, numerous developing countries faced economic crises due to the burden of overwhelming debt. These countries struggled to meet their debt obligations, severely constraining their economic growth and development prospects. As a result, various initiatives were proposed to provide debt relief to these countries, including the innovative idea of debt-for-nature swaps.

The first debt-for-nature swap was initiated in 1984 by two prominent environmental organisations in the United States, Conservation International and The Nature Conservancy. They proposed exchanging a developing country's debt for local currency to finance environmental conservation projects in that country. This ground-breaking idea gained traction, leading to the establishment of several other debt-for-nature swap agreements.

One notable example of debt-to-nature swaps is the Tropical Forest Conservation Act (TFCA) of the United States, enacted in 1998. The TFCA provides a legal framework for debt-for-nature swaps, allowing the U.S. government to cancel a portion of a developing country's debt in exchange for commitments to protect tropical forests. Since its inception, the TFCA has facilitated numerous debt-for-nature swaps, resulting in the conservation of millions of acres of tropical forests in countries such as Costa Rica, Guatemala, and Indonesia.

Apart from the United States, other countries and international organisations have also implemented debt-to-nature swaps. For instance, the Canadian Boreal Forest Conservation Framework and the Debt Reduction for Sustainable Development program of Germany have used debt swaps to support conservation efforts in their respective regions. The International Tropical Timber Organization (ITTO) has also supported debt-for-nature swaps in tropical timber-producing countries.

Debt-to-nature swaps have also been incorporated into multilateral debt relief initiatives. The Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI) led by the International Monetary Fund (IMF) and the World Bank have included provisions for debt-for-nature swaps. These initiatives have provided debt relief to some of the world's poorest countries, allowing them to redirect resources towards sustainable development and environmental conservation.

Thomas Lovejoy, an American biologist suggested that debt owed by developing countries could be exchanged for investments in conservation projects. The concept gained traction in the early 1990s, and the first debt-to-nature swap was completed in 1987 between Conservation International and Bolivia.

Since then, debt-to-nature swaps have been implemented in various countries around the world, including Costa Rica, Ecuador, Madagascar, and Peru, among others. These swaps typically involve collaboration between debtor countries, creditors, and conservation organisations, with the aim of promoting sustainable development, protecting natural resources, and conserving biodiversity.

Debt-to-nature Swaps have significant implications for equitable sustainability in Pakistan, given the country's triple E crises of Economy, Energy, and Environment. Pakistan has been facing economic challenges, with foreign exchange outflows exceeding inflows, leading to a rising debt burden. At the same time, the country is grappling with energy insecurity, as it has been shifting back to coal for cheaper energy supply, despite the adverse environmental impacts. Additionally, Pakistan is experiencing the impacts of climate change, with floods, droughts, heatwaves, and melting glaciers posing serious environmental challenges.

In this context, Debt-to-nature Swaps could offer a sustainable solution that addresses these interconnected challenges. These swaps could provide fiscal relief by reducing the burden of debt servicing, freeing up resources for clean energy investments and environmental conservation projects. By promoting investments in nature conservation and climate resilience, Debt-to-nature Swaps could contribute to Pakistan's environmental sustainability goals, helping to mitigate the impacts of climate change, reduce vulnerability to natural disasters, and enhance environmental resilience.

Furthermore, Debt-to-nature Swaps could foster international cooperation and partnership, involving collaboration between Pakistan, its creditors, and conservation organizations. This could create a mutually beneficial relationship, where Pakistan could receive debt relief and access resources for sustainable development, creditors could support conservation or climate initiatives aligned with their objectives, and conservation organisations could leverage their expertise and resources to promote environmental sustainability.

However, there are also challenges that need to be addressed for the successful implementation of Debt-to-nature Swaps in Pakistan. These include issues related to the valuation of natural assets, identification of eligible projects, monitoring and verification of outcomes, and ensuring equitable distribution of benefits. Robust scientific, economic, and social analysis would be required to determine the value of natural assets and their contribution to sustainable development. Careful selection of eligible projects would be necessary, taking into consideration their potential impact on the environment, social and cultural considerations, and alignment with national development priorities. Monitoring and verification mechanisms would need to be established to ensure that the outcomes of these swaps are sustainable. Another major challenge is the need for robust governance mechanisms and accountability frameworks to ensure transparency, integrity, and effectiveness in debt swap processes. This would require clear guidelines and criteria for debt swap eligibility, project selection, monitoring, and evaluation. Additionally, there is a need for capacity building and technical expertise to effectively implement debt swaps, including financial management, project design, and monitoring and evaluation skills. Furthermore, debt swaps require strong coordination and collaboration among various stakeholders, including government agencies, international financial institutions, civil society organisations, local communities, and the private sector.

In addition, there is a need to leverage climate diplomacy as debt-to-nature swaps have also gained momentum through international agreements and initiatives. For instance, the Paris Agreement, a landmark global climate accord adopted in 2015, recognizes the importance of debt swaps as a means to address climate change impacts in developing countries. The Paris Agreement acknowledges the need to mobilise financial resources for developing countries to transition towards low-carbon and climate-resilient development pathways, including through innovative mechanisms such as debt swaps (United Nations Framework Convention on Climate Change, 2015). This has further encouraged the adoption of debt-to-nature swaps as a viable solution to the triple E crises in countries like Pakistan.

The potential benefits of debt-to-nature swaps for Pakistan are multifaceted. Firstly, such swaps could free up fiscal resources, allowing the government to invest in building resilience against climate change impacts without further burdening the economy with additional debt. This would enable Pakistan to finance and implement climate adaptation and mitigation measures, such as investing in renewable energy infrastructure, improving water management practices, protecting natural resources, and implementing climate-smart agriculture practices. These measures would not only reduce the country's vulnerability to climate change impacts but also contribute to long-term sustainable development by creating employment opportunities, improving public health, and reducing greenhouse gas emissions.

Secondly, debt-to-nature swaps could help Pakistan shift away from fossil fuel-based energy sources and promote clean energy alternatives. Pakistan's heavy reliance on imported fossil fuels, such as oil and coal, has not only led to an increasing energy crisis but has also contributed to air pollution, environmental degradation, and climate change. By utilising debt-to-nature swaps, Pakistan could receive debt relief in exchange for committing to transition towards renewable energy sources, such as solar, wind, and hydro power. This could pave the way for increased investment in clean energy infrastructure and technology, reducing greenhouse gas emissions and mitigating the impacts of climate change.

Thirdly, debt-to-nature swaps could help Pakistan address its environmental challenges, including floods, droughts, heatwaves, and melting glaciers. These environmental issues have had severe economic and social impacts on Pakistan, resulting in the loss of lives, damage to infrastructure, displacement of communities, and disruption of economic activities. Through debt-to-nature swaps, Pakistan could receive financial support to implement environmental conservation measures, such as forest restoration, biodiversity conservation, and ecosystem management. These measures would not only enhance the country's resilience to climate change impacts but also protect its natural resources, including forests, rivers, wetlands, and wildlife, which are critical for supporting livelihoods and maintaining ecosystem services.

Furthermore, debt-to-nature swaps could also promote social and environmental justice by involving local communities, indigenous peoples, and other stakeholders in decision-making processes. It is crucial to ensure that the benefits of debt swaps are distributed equitably and that the rights and interests of vulnerable populations are respected. This could be achieved through participatory and inclusive approaches that involve local communities in the design, implementation, and monitoring of debt-to-nature swap projects. Such approaches could also integrate traditional knowledge, local practices, and cultural values into the conservation and management of natural resources, promoting social cohesion and cultural diversity.

To increase the implementation of debt-to-nature swaps for environmental conservation and sustainable development, there are several policy recommendations that can be taken.

1. Awareness and knowledge-sharing should be promoted.
2. Legal frameworks should be strengthened.
3. Collaboration and partnerships should be encouraged.
4. Financial mechanisms should be enhanced.
5. Capacity building should be supported.
6. Biodiversity and environmental considerations should be mainstreamed in debt relief initiatives.
7. Pakistan can effectively utilize the Energy Transition Mechanism (ETM) by Asian Development Bank (ADB) and similar initiatives particularly in the context of CPEC and BRI.
8. Monitoring and evaluation mechanisms should be developed to assess the potential effectiveness and impacts of debt-for-nature swaps.

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Debt Restructuring: A RUSE PEDDIED AS A SOLUTION

Shahid Mehmood

Pakistan finds itself in the throes of economic hardship, yet again. We have entered that endless cycle of boom and bust that the denizens of this country have experienced since its birth. As usual, there is extensive commentary on what needs to be done to ease the crushing burden of economic hardship. One frequently quoted solution comes up in the form of 'debt restructuring'.

So let us first understand what 'restructuring' of debt is. Put briefly, restructuring of debt basically denotes the change in maturity profile of debt; so, for example, if a certain portion of my debt is due this month, I sit down with the creditors and request them to extend the date of repayment (usually aimed at longer repayment times). If it happens, then we have 'debt restructuring'.

Now that we have a definition, it is imperative to look at Pakistan's debt profile to get a better sense of where the real issue lies, which perpetuates the calls for restructuring. We get the following information on 'Public Debt' from Government's own statistics[4]:

Table 1. Currency Composition of Total Public Debt (In Percent of Total Public Debt)

Currencies	Dec-20	Dec-21	Dec-22
Pak Rupee	65	63	63
US Dollar	17	20	20
Special Drawing Right (SDR)	12	11	12
Japanese Yen	3	2	2
Others	3	4	3
Total	100	100	100

[4]Figures/Tables taken from Finance Division's debt data, 'Public Debt Bulletin: July-December 2022'. The reason only public debt is considered here is that it is by far the largest portion of Pakistan's overall debt, and also the major source of concern (especially external debt)

Table 2. Maturity Profile (In Percent of Total Public Debt)

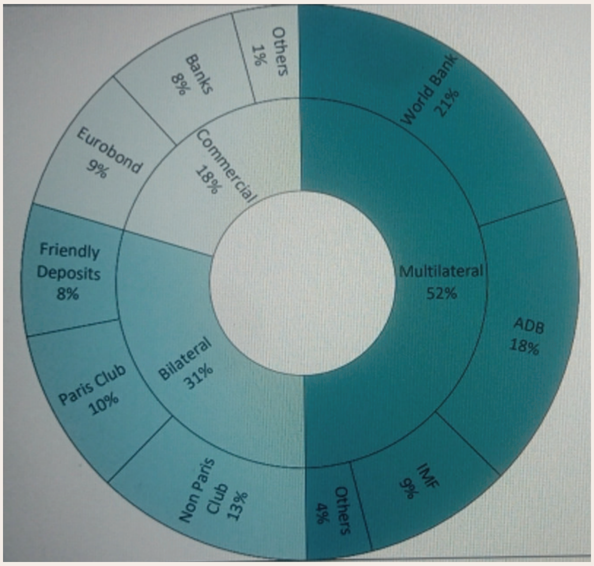
	1 year	2-3 years	4-5 years	6-7 years	8-10 years	>10 years	Total
Total Public Debt	**28**	**21**	**15**	**18**	**8**	**10**	100
- Domestic Debt	20	14	10	14	3	2	63
- External Debt	8	7	5	4	5	8	37

A cursory glance at the numbers presented in Tables 1 and 2 may lead the reader to presume that the real issue is domestic debt given both the composition and the maturity profile. However, domestic debt, for various reasons, is least of the government's concern, primarily because domestic banks are more than happy to lend to the federal and provincial governments (being the safest, least risky option). It is the external debt about which we hear all the noise regarding restructuring: that is the main issue!

For a start, we do not print dollars that constitute the largest portion of our external debt; we have to earn it! Pakistan cannot just run the printing press to wish away its dollar debt. And the sources of its dollar income (FDI, remittances and exports) are volatile, with net FDI accounting for almost nothing. The icing on the cake is the structure of the economy, which ensures that Pakistan cannot attain higher GDP growth rates without running dollar deficits (dollar inflows minus outflows), meaning that the deficits will have to be financed (as has been the usual case) through further external borrowings.

Aside from the growth financing issue, unpredictable external shocks add to the repayment difficulties. We have seen this factor in play recently, in the form of COVID-19 and especially the Russo-Ukraine War, which has created the present difficulties for Pakistan and other developing nations.

Figure 1. Breakdown of Pakistan's Debt



Of Pakistan's external creditors, multilateral and commercial debt are the most troublesome aspect because these are the most difficult ones to restructure. As the accompanying graph shows, by December 22, it constituted almost 70 percent of our total external public debt[5] . Even the 'bilateral' debt, often taken as the 'easier' part of external repayments given its tendency to get 'rolled over' is not easy to negotiate anymore. This realisation that Pakistan may not be able to meet its debt obligations has what has led to the increasing calls for debt restructuring.

But will it help?

Given Pakistan's debt profile and the discussion above, what can one interpret or infer about the question of whether debt restructuring can be of any help to Pakistan? Debt restructuring, if it happens, will only provide breathing space for a few years, but the issues that give rise to cumbersome debt would remain in place. Of these, the most pressing concern is the structure of Pakistan's economy, whereby higher GDP growth will always beget higher imports and higher Current Account (CA) and trade deficits, which will have to be financed by taking recourse to external debt. Unless we change the very fundamentals of the economy, either in the form of shifting to internal/domestic sources as primary drivers of growth, or to long-term success in substantially increasing our sources of dollar earnings (FDI, remittances and exports), any bout of higher GDP growth (a must, especially in the case of countries like Pakistan) will only bring us back to square one: external debt will again assume troublesome proportions!

This can be easily illustrated by our last debt restructuring exercise, in 2001. Being an ally in the 'War on Terror' brought Pakistan major debt relief. Just the USD 3.3 billion 'Paris Club' trilateral debt was rescheduled for 20 years, with a 10-year grace period[6]. It gave us breathing space for only a couple of years, until the external oil shock and limited flows sent Pakistani economy into another external payments tailspin.

To conclude, as things stand, debt restructuring will not solve any of the long-standing, critical issues plaguing Pakistan's economy. Any debt restructuring exercise in the absence of economic reforms will only set the stage for another bout of external repayment worries in the future.

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[5]Majority of the more recent external debt constitutes short-term loans, with lesser repayment times and higher interest rates given Pakistan's higher politico-economic profile.

[6]Some countries, like the US, even wrote off debt. To gauge how helpful this restructuring exercise was for Pakistan, the debt servicing burden was 41 percent of our dollar earnings in 1998-99 (almost the same as today)

Sovereign Debt Restructuring:

A HARD PILL TO SWALLOW FOR PAKISTAN?

Maria Syed

Let us take a whirlwind tracing of the debt distress situation – where are we standing right now? To start with, alongside a 23-program long relationship between the IMF and Pakistan, equally important are the bilateral friendly countries (with China playing a key role) and private creditors (composed of private bonds such as Eurobonds and global Sukuk bonds, and foreign commercial loan stocks). This brings Pakistan's external debt obligations to USD 77.5 billion from April 2023 to June 2026. Pakistan owes China approximately three times as much as it owes the IMF, meaning around USD 27 billion of Chinese debt: which includes both the bilateral debt and debt provided by the Chinese government to Pakistani public sector enterprises and Chinese commercial loans. In terms of lending arrangements with the IMF, Pakistan has interest payments and surcharges (as part of debt servicing) which further increases the cost of borrowing accounting for 45% of non-principal debt service from 2018 to 2023. Until 2022, Pakistan has paid a projected USD 122 million in surcharges and the per capita debt obligation stood at Rs. 216,708 or USD 1084 in June 2022. To put this into perspective, the minimum wage hovers around less than USD 150 in Pakistan.

The country is in shambles owing to the depletion of foreign reserves, high balance of payment deficit, massive currency depreciation, an inflation rate of 33% (highest since June 1974) and an interest rate at 21%, the highest in the region. Moreover, it has still not recovered from the recent climate crisis which had affected more than 33 million people including 73,000 women expected to deliver in the following month and affected livestock and crops causing USD 10.5 billion of economic damage. On top of that is the political instability and lack of governance that has thrown a wrench in the works – for instance despite having the so-called limited fiscal space and resorting to another IMF loan bailout, the 'laptop' scheme to bereintroduced by the current government seems to be the latest priority over climate adaptation/mitigation and the harrowing debt crisis. Currently, the capital flight to developed countries and downgrades by the international credit rating agencies have also constricted access to sovereign financing market. In this context, Pakistan finds itself awaiting the new IMF package in addition to the request of fresh loans from countries like Saudi Arabia and China. Foreign debt and principal interest payments are worth USD 22 billion in 2023 alone.

To avoid the impending high risk of debt default, the possibility of 'sovereign debt restructuring' is looked upon as a feasible option. This has to do with managing the debt in a certain way, involving changing maturities, grace periods, principal amounts, interest rates and the calling of suspensions to debt servicing. It stems from the policy initiatives of the institutions that are dominated by the G-7 wealthy nations and has garnered some criticism linked to the experiences of Argentina and Greece. The 9 core-principles outlined in the UN General Assembly for this process are sovereignty, good faith, transparency, impartiality, equitable treatment, sovereign immunity, legitimacy, sustainability and given the major right for restructuring. This would entail giving the sovereign state the 'right to design its macroeconomic policy which should not be impeded by any abusive measures'.

However, what is seen in practice is the glacial pace of restructuring which comes at the cost of 'austerity measures' or 'fiscal consolidation packages' whereby national fiscal instability reigns. This is generally part and parcel of the neoliberal ideology of tightening fiscal belts – allowing, it is alleged, for a gateway to accessing private credit, even if this means social devastation. Introspectively, the 'extended fund facility' is granted as a non-concessional loan and is subjected to conditionalities seen through the 'structural adjustment programmes' introduced in the country. Recently, Pakistan had to remove the untargeted subsidies on fuel and electricity, which had indefinitely contributed to the inflation spiral. Secondly, Pakistan had to raise its general sales tax rate to a minimum of 18%, and increase interest rates to 21% - devastating investment and consumption in the economy. Most importantly, the increase in electricity prices have adversely impacted food prices and this has exacerbated the food insecurity in the country. Only recently during Ramadan, the stampede at food distribution resulted in the loss of 11 lives in the southern port city of Karachi. Other implications to come out of such measures have gendered effects which put in place temporary, targeted and conditional social protection programmes rather than making it universal and holistic. These austerity measures also lead to the slashing of public expenditure for initiatives such as the Benazir Income Support Program, justified on the basis of 'constrained budgetary resources'.

Additionally, other predominant channels that women are affected by include the loss of livelihoods, workers' rights violations, increase in unpaid work and time poverty.

Hence, UNCTAD argues in line with full debt sustainability to be achieved only if and when the Human Declaration Rights and ICESCR stipulations (the right to food, shelter, adequate sanitation and other socio-economic human rights) are met in debtor countries rather than entailing 'intolerable sacrifices for the well-being of societies'. Some viable alternatives have been proposed by several experts like Jayati Ghosh, who argues for the need to rethink multilateralism as a whole – which stems from the need to restore public wealth and incorporate the ability to tax the rich and large corporations in order to create fiscal space. The repurposing of the IMF would be instrumental in helping developing economies stuck in debt traps due to their inability to pay, an initiative that would foster positive conditions for debt restructuring and debt relief to such countries in a manner that is suitable to all creditors. In line with global debt justice, the G20 countries can offer their assistance here via signalling to support the defaulting country at both political and financial levels to deliberately renege on their debt obligations to creditors that refuse to allow for necessary debt restructuring.

Moreover, debt sustainability assessments (DSA) can be revamped by incorporating the assessments of gender equality, human rights, and climate related commitments. These assessments would broaden the narrow economic considerations of only incorporating the country's ability to pay without accounting for how debt servicing is undermining the ability to meet the needs of international human rights obligations. Importantly, a consolidated global consensus can help restore transparency via debt audits in order to generate a more publicly accessible registry of debt data that can improve the methodology of debt sustainability analyses. It can also identify, through impact assessments, the trade-offs between meeting on the one hand, debt obligations, and on the other, national objectives such as economic and fiscal justice, gender equity, human rights, and climate mitigation, and other interests directly relevant to ordinary citizens.

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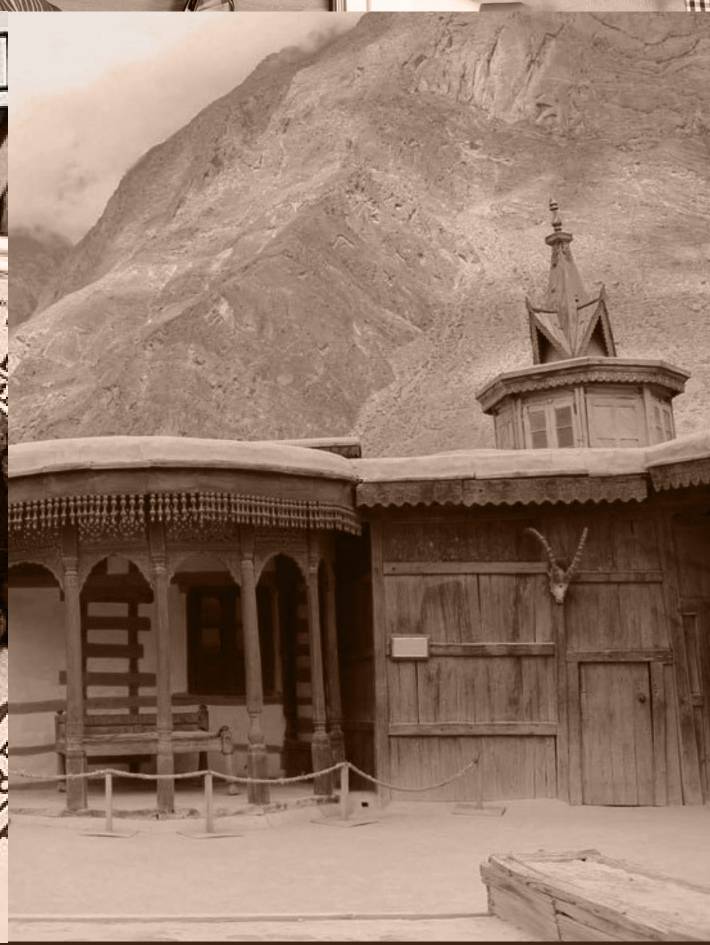
CURRENT AFFAIRS & INTERNATIONAL RELATIONS



THE SAUDI-IRAN RAPPROCHEMENT AND ITS IMPLICATIONS FOR PAKISTAN

Rabia Akhtar

On March 10, 2023, the two Middle Eastern rivals, Iran and Saudi Arabia, announced the resumption of their diplomatic relations after a hiatus of seven years. This breakthrough was achieved on the back of a dialogue process spearheaded by China, a country that is substantively increasing its economic and diplomatic footprints in the Middle East. While it is too early to assess the impacts and implications of this momentous deal, it is noteworthy that Tehran, Riyadh, and Beijing stand to gain a lot if this rapprochement translates into healthy relations between the two bastions of the region. For Tehran, this deal could help end its isolation and stave off pressure from the West. In addition, Tehran, by committing to the said deal in good faith, could signal its willingness to play a more constructive role in the Middle East. As for Riyadh, both normalisation of ties with Tehran and Beijing's role in enabling that are critical. Also, Saudi Arabia, it must be stressed, can focus on diversifying and reforming its economy if risks of confrontation with Iran reduce significantly. Also, Beijing's foray in the Middle East can help Riyadh reduce its reliance on the U.S. and modernize its economy through the transfer of technology. As far as China is concerned, midwifing the Saudi-Iran diplomatic embrace speaks to its growing heft in the Middle East. The media glare that China's mediation continues to receive casts a good light on its way of conducting international relations. Moreover, stability in the Persian Gulf will be a strategic win for China given that it will ensure the free flow of oil imports from there. Here, it is important to mention that China's success in reducing tensions between a U.S. ally and adversary means that the latter needs to recalibrate its policy in the Middle East.

So, one could argue that if the deal holds, China, Iran, and Saudi Arabia will be better off. Resultantly, Pakistan, a country that has cordial, religious, and enduring relations with Saudi Arabia and Iran, as well as a strategic bonhomie with China, will certainly be affected by this China-brokered deal. Therefore, it is reasonable to argue that given its relations with the said countries, there will be far-reaching implications of this diplomatic deal on Pakistan. Three among them, however, merit closer attention.

First, if Saudi Arabia and Iran remain committed to making incremental improvements in their relations, Pakistan will no longer be pushed to walk a tightrope in the Middle East. Over the years, Pakistan has tried its best to strike a balance between its relations with Iran and Saudi Arabia. For example, arguing that taking sides is not in its interests, Pakistan abstained from sending its troops to Yemen. Pakistan's Middle East policy was and is rightly guided by both economic and religious concerns, and therefore, at times, it has found it hard to remain fully neutral. The Saudi-Iran animosity has, on many occasions, stifled Pakistan's bid to advance its diplomatic and economic interests in the Middle East and the Muslim world. This is partly evidenced by Pakistan's decision to not partake in the Kuala Lumpur Summit in 2019. Therefore, if Tehran and Riyadh mend fences, Islamabad will be in a better position to not only strengthen bilateral relations with both these Muslim countries but also engage more positively with important actors like Qatar, Turkiye, and Malaysia. This is extremely important for Pakistan, not least because it needs new economic partners with whom it can establish win-win development partnerships. Hence, Pakistan not being expected to choose between Saudi Arabia and Iran will augur well for the country.

Second, China's inroads in Iran, Saudi Arabia, and other parts of the Middle East will provide more geoeconomic cushion to Pakistan, not least because of its location and economic relations with Beijing. Through the China-Pakistan Economic Corridor (CPEC), Pakistan gives China the easiest route to the Indian Ocean and West Asia. Therefore, Pakistan stands to benefit from the centrality of CPEC in China's Belt and Road Initiative (BRI). Further, with Iran and Saudi Arabia willing to start their relations afresh, China's strategic deal with the former, as well as the synergy between the BRI and the latter's Vision 2030, will create new economic opportunities for Pakistan. It could, for instance, help Iran and Pakistan take advantage of the proximity between the Gwadar and Chabahar ports. After all, both are separated only by 72 kilometres. It could also translate Saudi Arabia's promised investments in Gwadar into actual ones. China, for its part, could steer and push these economic moves for mutual gains. If anything, it has the potential to become a veritable catalyst of stability given its economic and diplomatic heft.

Third, as an oil-importing, energy-deficient country, Pakistan can ill-afford instability in the Persian Gulf. The country's proximity to the ever so vital Strait of Hormuz means that it cannot remain unfazed by any conflict that involves Iran and Saudi Arabia. That most of Pakistan's oil and liquefied natural gas (LNG) passes through the Strait is indicative of its importance. Therefore, any blockade or closure of the Strait will be disastrous for Pakistan. With the country economically in tatters, it should welcome any development that reduces the prospect of a major conflict between Iran and Saudi Arabia. Additionally, millions of Pakistani expatriates work in the Gulf; the remittances they send back home are the country's biggest source of foreign exchange. Hence, an improved security and economic milieu in the Middle East, not least its Gulf part, is good news for Pakistan. These interests, it must be stressed, had driven Pakistan's mediatory initiatives in the past. Here, it is important to also note that any escalation between Saudi Arabia and Iran, especially at a time when Pakistan is grappling with its biggest economic crisis, will wade the country into a deeper quagmire. So, a more stable and peaceful Persian Gulf is a boon for Pakistan.

Overall, it is befitting to say that Pakistan can gain tremendously from better ties between Saudi Arabia and Iran. A semblance of normalcy between the two poles of the Muslim world will mean that Pakistan may not have to make hard choices between the two, something which would open up avenues that are hitherto closed. Moreover, China's pronounced mediatory role in the Saudi-Iran deal has elevated its position and stakes in the region. Therefore, Pakistan, as one of the leading partners in China's BRI, should position itself to take advantage of the economic engagements that may happen after this deal. That said, while the rapprochement is a positive development, it does not guarantee peace and stability in the Middle East. A lot has to still be done from all sides, to make this deal a real success. Pakistan must carefully monitor how things shape up going forward.

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SUCKING PAKISTAN INTO A WHIRLPOOL OF RISING INTEREST RATES

Shahid Sattar and Ureeda Majeed

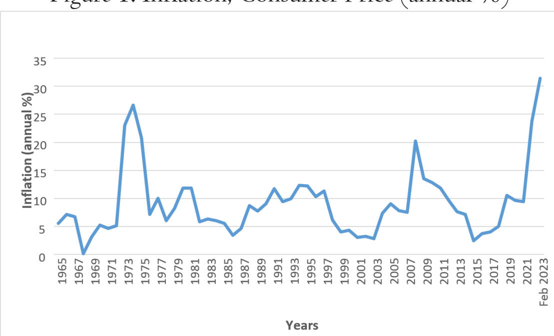
While inflation has become a major topic for debate in today's world politics, it is actually a tale as old as time. The world's first recorded hyperinflation came during the French Revolution. During the 20th century, seventeen cases of hyperinflation occurred in Eastern Europe and Central Asia, including 5 in Latin America, 4 in Western Europe, 1 in Southeast Asia and one in Africa. The US came close twice - during the Revolutionary War and Civil War - when the government printed currency in order to pay for its war efforts. As it turns out throughout history hyperinflation usually coincided with wars, natural disasters and a series of ill-advised fiscal and monetary policy decisions but at the core was a result of a rapid increase in the money supply that is not supported by growth in the economy.

Inflation can either be cost push (when prices rise because production costs increase, such as raw materials and wages) or demand pull (caused by strong consumer demand for a product or service). Another form of inflation is defined as built-in inflation which occurs when enough people expect inflation to continue in the future. Because of these shared expectations, workers may start to demand higher wages in order to anticipate rising prices and maintain their standard of living. Increased wages would result in higher costs for businesses, which may pass them on to consumers. Higher wages also increase consumers' disposable income, increasing the demand for goods that can push prices even higher. A wage-price spiral can then be set in place as one factor feeds back into the other and vice-versa.

Today, inflation around the world is being driven by high consumer demand and low supply in the economy. After the pandemic restrictions loosened up, the demand for goods skyrocketed while the supply couldn't keep up pace, and the war in Ukraine caused further interruptions to the supply chain and increases in the prices of oil and food.

According to PBS, Pakistan's consumer price inflation jumped to 31.5% in February of 2023, the highest rate since June of 1974, following a sharp depreciation in the rupee and as the government announced a rise in energy prices and taxes to meet the International Monetary Fund's loan conditions. At the same time, the consequences of last year's devastating floods have exacerbated economic difficulties. The Food and Agricultural Organization (FAO), in its recent Food Security Update, attributes the high prices to generally stagnant production since 2018, stock losses and disrupted trade flows due to the 2022 floods, high agricultural input and transportation costs, and high headline inflation. Inflation in the developing world is mainly linked to import dependence. As the dollar goes up imports become more expensive. As exports rely on imports, exports don't become competitive despite the rupee's decline which leads to more devaluation and more inflation. With the high inflation, the State Bank must push up the discount rate to restrict the supply of money which slows down the economy. The cost of working capital for exporters increase and finances are not available for exporters due to increased interest rates, thus failing to boost exports.

Figure 1. Inflation, Consumer Price (annual %)



Source: World Bank

The State Bank of Pakistan is raising interest rates to make lending and investing more expensive through its monetary policy in order to imprison the inflation genie back in the bottle. However, this text book solution might not work well for an economy like Pakistan. Raised interest rates can easily impact the labour market, causing unemployment levels to rise. Inflation in Pakistan is cost push and most important components of our Consumer Price Index (CPI) are Food, Housing, Water, Electricity, Gas & Other Fuels, Clothing & Footwear, and Restaurants & Hotels.

All of these remain unaffected by changes in interest rates. Higher interest rates are unable to do anything about supply chain issues (such as shortage of wheat or ghee which may give rise to food inflation or shortage of cotton) that cause inflation to rise. The cost of food, housing and clothing and foot wear will continue to increase irrespective of interest rates and consumers' basket will continue to become more expensive with standards of living continuing to decline.

At the same time the government is using fiscal policy to fix inflation by increasing taxes or cutting spending. Principally, increasing taxes leads to decreased individual demand and a reduction in the supply of money in the economy. However, taxing electricity, gas and fuel increases the cost of manufacturing for the industrial sector making our producers uncompetitive. Instead of fostering and nourishing healthy business and entrepreneurial practices the policies at present are stifling the economy. This burden of the increased cost is then transferred to the consumer through higher prices which further increases inflation. The increased taxes on energy are not only increasing household energy bills but also aggravating the situation by further increasing the cost of final goods and services, thus overall increasing the cost of consumer's basket and decreasing the purchasing power of individuals.

Perhaps the most devastating fact remains that the rationale behind increasing taxes and interest rates is to decrease demand however no matter how much the taxes are raised the aggregate demand of the country continues to increase because of the increase in general population. As our population continues to grow it is putting immense pressure on whatever is left of the dwindling resources of Pakistan. The demand for petroleum in Pakistan is price inelastic: increasing interest rates has no effect on its demand and consequently the economy continues in a downward spiral and inflation keeps increasing.

As the stock market awaits the finalisation of the IMF bailout package, only to be disappointed over and over again, the economic crisis in the country is constantly intensifying. With increasing political instability and declining reserves the country is on the brink of bankruptcy. While the ban on imports persists, consignments of raw materials stuck at ports await the release of USD 1.2 billion tranche from the IMF.

When the government increases the interest rates, the government – which itself is the lender of last resorts – becomes a borrower. Pakistan's government debt jumped by PKR 4 trillion or around 7.7% in January 2023 to reach close to PKR 55 trillion. Meanwhile, domestic debt rose to PKR 34.3 trillion by January end.

The high interest rates only serve to raise the country's own costs. In order to finance this debt, the government has to continue increasing taxes and the economy shrinks further. According to Moody's Analytics, inflation in Pakistan could average 33% in the first half of 2023 and a bailout from the IMF is unlikely to put the economy back on track.

PAKISTAN'S DEBT AND LAIBILITIES – SUMMARY (in Billion PKR)

	Jun-22	Dec-21	Sep-22	Dec-22
I. Government Domestic Debt	31,037.5	26,746.5	31,404.6	33,116.3
II. Government External Debt	16,747.0	14,796.5	18,004.5	17,879.8
III. Debt from IMF	1,409.6	1,188.4	1,731.4	1,724.8
IV. External Liabilities	2,275.6	2,055.0	2,440.3	2,486.5
V. Private Sector External Debt	3,596.3	3,029.6	3,900.3	3,799.2
VI. PSEs External Debt	1,675.7	1,205.3	1,805.8	1,792.3
VII. PSEs Domestic Debt	1,393.4	1,503.8	1,470.4	1,474.3
VIII. Commodity Operations	1,133.7	889.4	1,126.8	1,138.8
IX. Intercompany External Debt from Direct Investors abroad	905.1	785.0	997.5	931.2
Total Debt and Liabilities (sum I to IX)	**59,698.9**	**51,725.6**	**62,406.6**	**63,868.2**
Gross Public Debt (sum I to III)	**49,194.0**	**42,731.4**	**51,140.5**	**52,720.8**
Total External Debt & Liabilities (sum II to VI + IX)	**26,609.2**	**23,059.8**	**28,879.8**	**28,613.8**

Source: State Bank of Pakistan

The policy instruments used by the government are just not working and while the interest rates and taxes are increasing inflation in Pakistan continues to rise. One reason for why Pakistan is trapped in high inflation and spiralling interest rates be the structural issues in Pakistani markets. Pakistan's economy is haunted by ineffective market mechanisms, which cause disruptions to already volatile and sensitive supply chains – in turn susceptible to environmental changes and economic and political instability. Unstable markets are prone to shortages and surpluses. The matter is worsened by inelastic demand and consumption patterns which are deeply rooted in our culture and spending habits which cannot be changed overnight.

The old belief that invisible hand of the market will ensure efficient allocation is no longer in play because there are discrepancies in our system which prevent optimal allocation and efficiency. The government cannot rely blindly on market powers to play out anymore.

Instead of the invisible hand of the market what we need is perhaps a very visible hand of the policy makers to rescue the country out of this spiral of low growth and increased inflation. Government should immediately reduce the discount rates and let the economy breathe so that it naturally breaks free of this whirlpool of inflation. A controlled intervention by the government by reducing its spending would tamp down on demand-fuelled inflation, while at the same time restoring confidence in the ability of the federal government to pay down the debt and thus control inflation expectations. Policies such as reduction in import duties of critical raw material used for production will result in stability of final price of goods and services. Government can help control inflation by reducing tariffs and nontariff barriers that push up the price of goods, ending regulations that boost shipping costs, and encouraging production of renewable energy among other means. It can reform tax laws to increase tax base. The government can take practical steps towards making supply chains and demand systems more seamless and less prone to disruptions while promoting a healthy culture of savings and investments.

The authors are affiliated with the All Pakistan Textile Mills Association (APTMA).

Ayesha Malik

THE SAUDI-IRANIAN DÉTENTE

INTRODUCTION

The Chinese-brokered rapprochement between Saudi Arabia and Iran has been likened to a 'geopolitical earthquake' in terms of its seismic impact. These two countries have seen four decades of rivalry in what has been called a "destructive competition for leadership of the Muslim world, in which both countries wield, exploit and distort religion in the more profane pursuit of raw power". (Ghattas, 2020) The deal itself is as momentous as the broker – and this is a diplomatic win for China at the cost of the United States and also Israel. The US is seeing the rise of an anti-Western global order in which it is no longer in the room when things happen and Israel has much to lose given its Gulf allies are no longer as anti-Iran as it would like them to be. The biggest winner is arguably Saudi Arabia who can now leverage its closer relationship with China to get more out of the US. It is also a boon for Iran which was facing increased isolation and challenges on the economic and political front. However, Pakistan also has much to gain in this rekindling of relations between these two Islamic heavyweights as it has long been stuck in the middle of a tug of war between them. This article will look at the impact of the deal on all of these states.

IRAN-SAUDI RELATIONS

This Islamic Cold War has existed since the Iranian Revolution in 1979 after which Iran sought to export its revolution to the rest of the world and expand its influence. (Ghattas, 2020) This clashed head on with the Saudi view of itself as the natural leader of the Ummah, its Wahhabism, and the Kingdom's worries about Iran being a revisionist power attempting to create a Shia crescent of a 'new Safavid Empire' (Barezegar, 2008). This has resulted in both states constantly tussling for influence in the region. These tussles have played out in proxy wars in several different battlefields, notably, Iraq, Lebanon, Syria and Yemen where the two countries have varying interests at play. (Modebadze, 2018)

Iran and Saudi relations broke down officially in 2016 after Saudi executed the prominent Shia sheikh, Nimr al-Nimr following which Iranian protestors attacked Saudi Arabia's embassy in Tehran and consulate in Mashhad. (Ricotta, 2016) Relations further deteriorated when Saudi Arabia punished and isolated Qatar along with the other Gulf states for maintaining close ties with Iran and supporting 'terrorism' in 2017. (Modebadze, 2018)

So the new agreement comes after seven years of no diplomatic relations and states that both countries would reopen their embassies, exchange ambassadors, resume direct flights, and restart security and trade agreements. (Ward, 2023) It also highlights that it was due to the 'noble initiative' of Chinese President Xi.

The following is what the agreement means for all the key players in the region.

Iran had to agree to the deal as its economy is currently propped up by China which represents 30% of Iran's total international trade and enjoys a huge deal of leverage over it. (Spengler, 2023) Iran was facing serious domestic challenges due to nationwide protests after Mahsa Amini's death which led to the Riyal losing half its value against USD by March 2023. It was reported that within "two days of the announcement on rapprochement, the Riyal surged 12 percent against the dollar". (Gallagher, A., Hamasaeed, S., Nada, G., 2023) Iran is also seeking to counter its increasing isolation and wants to be brought in from the cold. China has said Iran will become a member of the Shanghai Cooperation Organization and this may signal the start of more countries being willing to trade with it. The win also allows Iran to shake its fist at the US. Khamenei in November 2022 had outlined his vision of a new order based on "the isolation of the United States, the transfer of power to Asia, [and] the expansion of the [anti-West] resistance front" led by the Islamic Republic. (Golkar, S., Aarabi, K., 2023) Moreover, it stems the tide of Gulf capitulation to relations with Israel which will no longer be able to enjoy an anti-Israel ally in the form of Saudi Arabia.

The main gains for **Saudi Arabia** are that it is able to indicate to the US, its long term ally, that it can collaborate with its rival and so up the stakes in ensuring the US seeks to court them. Saudi had bristled at American pressure over the murder of Jamal Khashoggi and looked at the sanctions placed on Russia with a degree of concern. It was also irritated by US attempts to stop its trade with China e.g., the US was uneasy with Saudi signing a memorandum with Huawei though Saudi went ahead and signed anyway. (Spengler, 2023) The key takeaway from this for the kingdom though may be the end of its proxy wars with Iran which both have been waging for many years, especially in Yemen. It has been reported that Iran will now no longer support the Houthis and a ceasefire could be in the making in Yemen.

Through this deal, **China** has emerged on the international stage as a peacebuilder and superpower offering an alternative to the US-led global order. An indication of China's plans for the future is seen in President Xi's visit to Saudi Arabia in December 2022 when he encouraged states in the Middle East to conduct their energy sales in the Chinese yuan. The petrodollar may give way to the petroyuan, as is already the case in Iraq, and may be the workable go around of US sanctions on Russia. China is also seeking to agree a 'peace plan' in Ukraine. While it has previously attempted to mediate conflicts (e.g., with North Korea, Myanmar and between Sudan and South Sudan) these were unsuccessful and had no concrete outcomes. (Campbell, 2023) However, with this diplomatic win, China may seek to use its soft power and economic leverage over countries to further deals which help its interests in the future.

The **United States** is unhappy with this deal and has doubted that Iran would be able to abide by it. Stephen Walt says it indicates a long-standing flaw in the US' policy in the Middle East in that China has good relations with every country in the region, whereas the US has 'special relationships' with some countries and no relationships with others, like Iran. As a result, he says "America's clients take its support for granted and America's adversaries have no reason to adjust their behaviour". (Belfer Center, 2023) This seems to be the case with both Saudi and Iran. Iran has nothing to lose through the deal whereas Saudi has something to gain: a US more anxious than ever at maintaining Saudi as an ally. Moreover, China has managed to slowly accumulate a large degree of power in the region, through trade and technology, rather than militarily. China has only one military base in the entire world, in Djibouti, whereas the US has bases everywhere. (Spengler, 2023) It remains to be seen how the US will lure Saudi Arabia back to their side.

Through the Abraham Accords, Israel established diplomatic relations with the United Arab Emirates and Bahrain and wants to do the same with Saudi Arabia. It hoped the US would facilitate this so that it could form an anti-Iran coalition with the Kingdom and at the same time, finally end its isolation with the Arab world. (Baker, 2023) However, the Saudis have asked for a lot in return for having relations with Israel, namely "security guarantees, help developing a civilian nuclear program and fewer restrictions on U.S. arms sales". (Baker, 2023) This deal is a blow for Israel which now loses a key ally and is a boon for its nemesis, Iran.

Pakistan has been involved in a zero-sum game in the rivalry and so welcomes the deal as it may lead to more trade with Iran and greater investment from Saudi. Pakistan borders Iran, is home to the world's second largest Shia population, and has been subject to decades of Wahabbism as a Saudi export after Zia's era. As a result, Pakistan has had to deal with religious and sectarian violence from extremists acting on the behest of both sides. (Siddiqui, 2023) Pakistan has a military alliance with Saudi Arabia which is a close ally and is also a frequent recipient of their bailouts. For this reason, Pakistan has been reluctant to get too close to Iran. Added to this is the fact that Pakistan blames Iran for harbouring militant groups which attack its territory. (Kugelman, 2023) Moreover, it may be due to Saudi pressure that Pakistan is not trading more with Iran and has been dragging its feet in completing the gas pipeline the two countries agreed to in 2013. Therefore, for Pakistan the deal may lead to developing regional connectivity which would help our energy needs, greater investment from Saudi, and a potential defusing of sectarian tensions.

CONCLUSION

Chinese leader Deng Xiaoping famously said "hide your strengths, bide your time", and it seems China has finally decided it is time to show its strength. This may see more aggressive action from China elsewhere (such as along the Line of Actual Control and the South China Sea). In Trumpian terms, this deal has key winners and losers. The winners are Iran, Saudi, China, and Pakistan, and the losers are the US and Israel. Time will tell how the latter respond to this quake in international relations.

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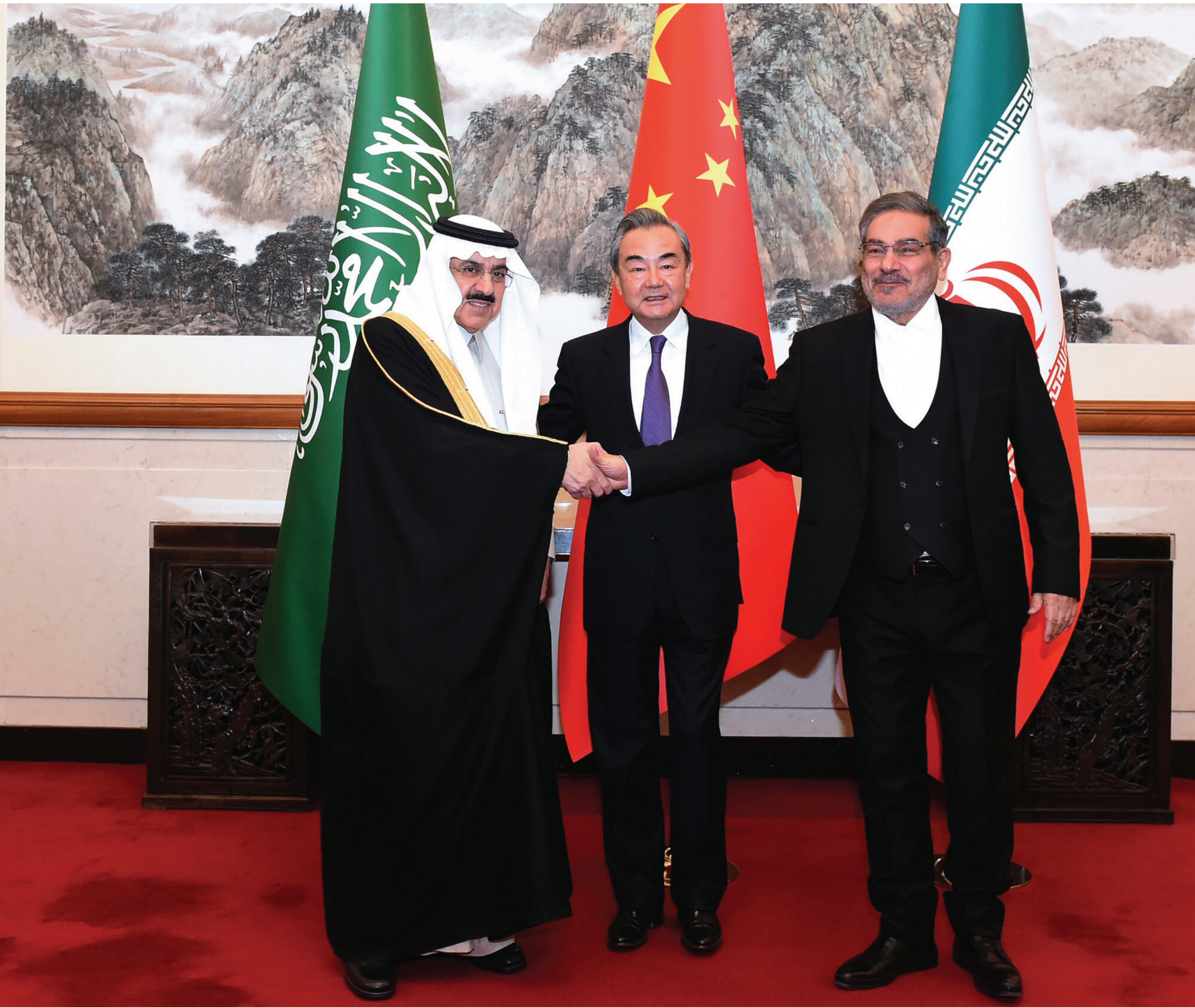

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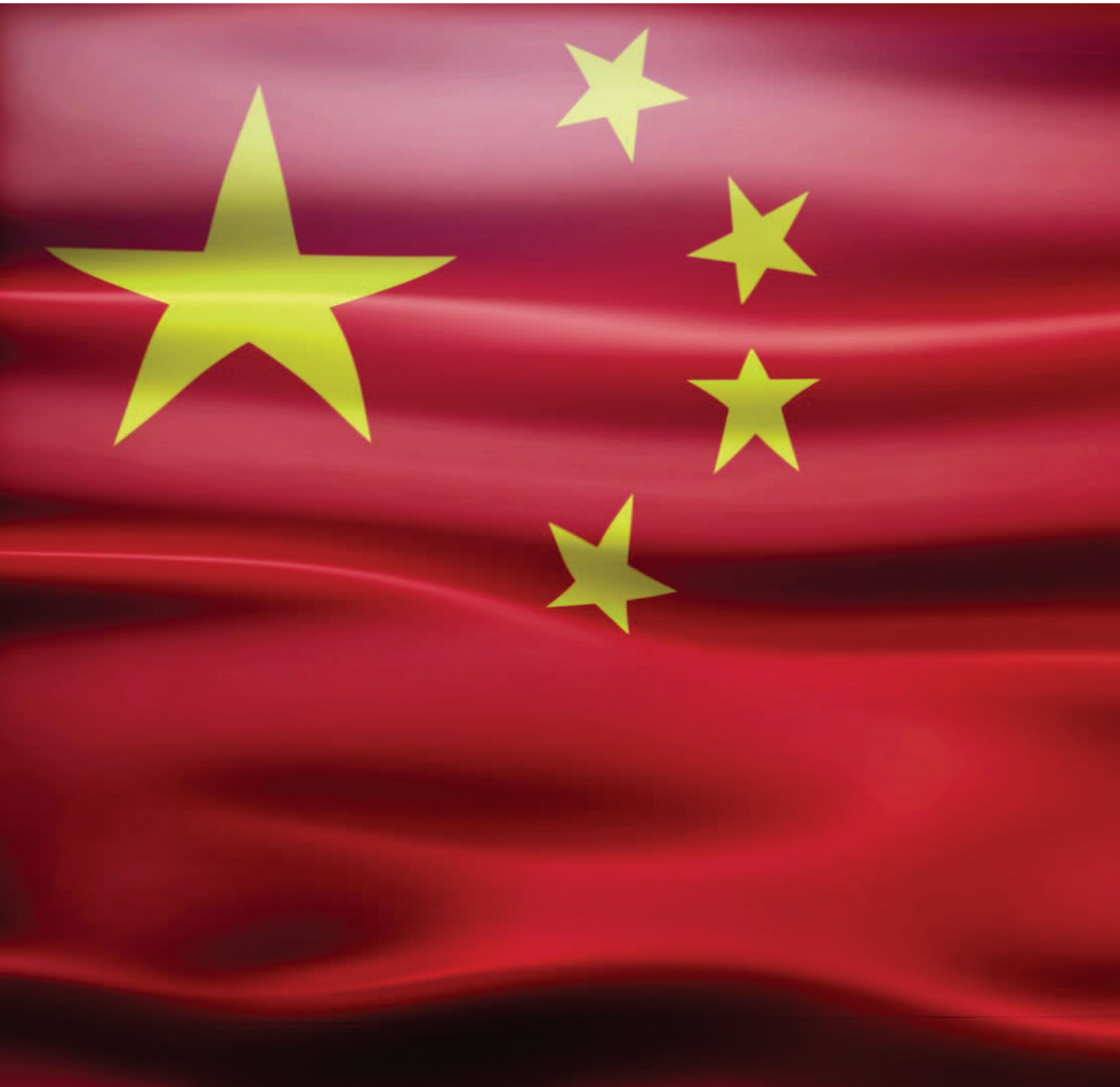
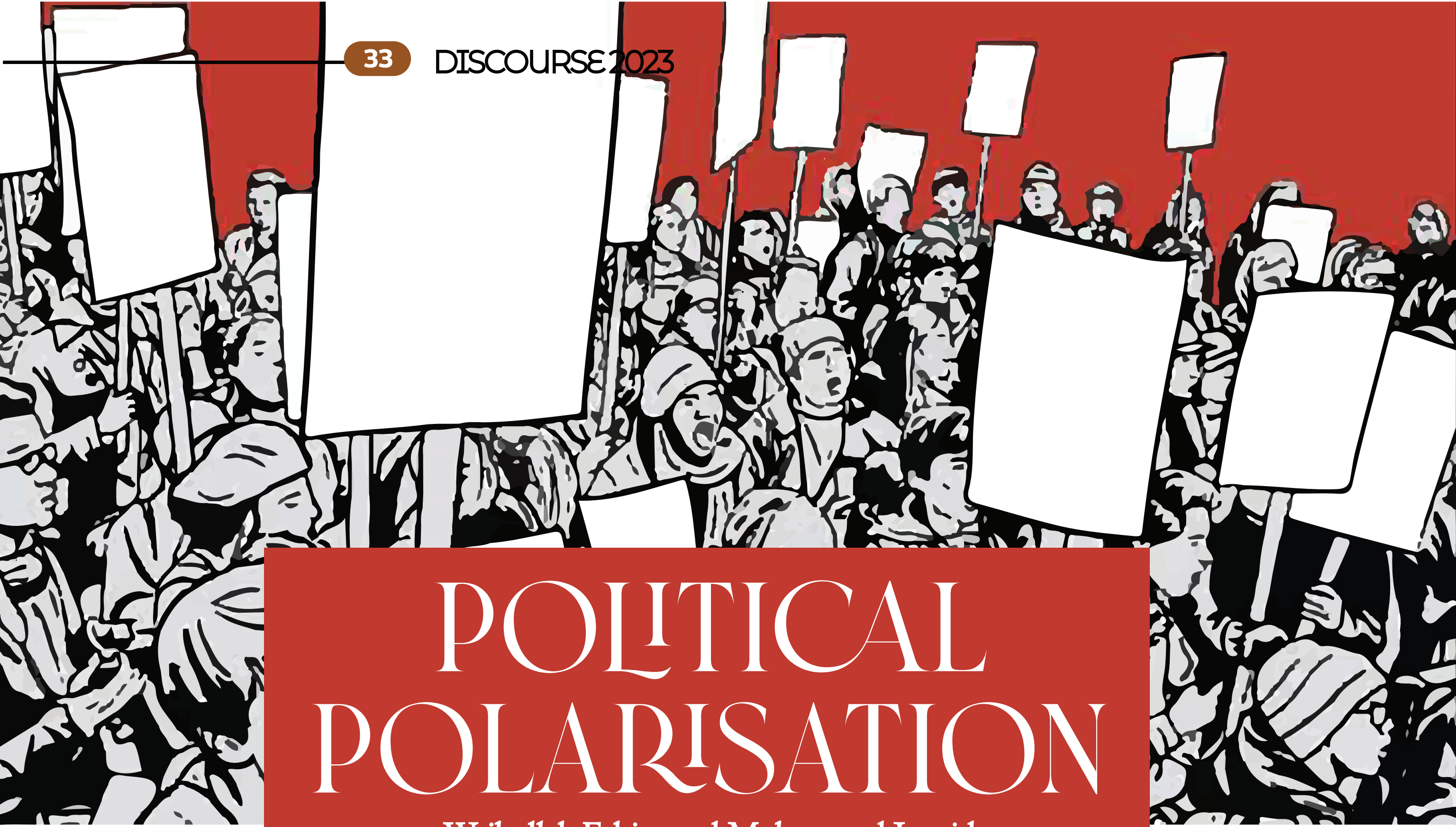




POLITICAL POLARISATION

Wajhullah Fahim and Muhammad Junaid

Pakistan since its birth has faced numerous socioeconomic and cultural crises, among which a highly polarised society may be seen as one of the worst. Various factors have contributed to polarisation such as religious extremism and radicalisation against minorities, and sometimes ethnic conflicts. Today our society is highly polarised not only by religious extremism and ethnic conflicts but also by the highly unpredictable political environment: challenging the social cohesion and fabric of society. Political polarisation is the process by which people start to follow only one person or ideology in a tunnel visioned manner. It is usually associated with high levels of disagreement on socio-economic and political issues, and characterised by the increasing gap between different groups in society due to divergences in opinions, beliefs, and general orientations. Political polarisation is classified into two groups. In the first group, it takes place between political leaders and their respective associations while the second type of polarisation takes place among the citizens. Unfortunately, today we are facing both types.

Politically polarised societies are not only a problem for developing countries but have also become a greater threat to global democracy. The progress of any society is largely dependent upon the collective actions of people and the social fabric that holds them together, and polarisation is the antithesis of that.

In Pakistan, high levels of polarisation are not new. During the 1960s, ideological conflicts between two schools of thought, socialists and conservatives, created a major rift in society. In the 1970s, it was predominantly an ethnic tussle between West and East Pakistan: eventually resulting in the separation of the two federating units.

In the 1977 election, the opposition parties (the Pakistan National Alliance) dominated by religious leaders started a campaign against Zulfiqar Ali Bhutto who had been accused of misuse of power and rigging in the election. The opposition parties hence started manufacturing divisions by using various tactics such as the opportunistic deployment of religious beliefs and larger cultural norms. The elected government of Mr. Bhutto was eventually overthrown by General Zia ul Haq, and religion was used as a tool in the entire process. The 'Islamisation' project of this period further added gaps among the people and exacerbated polarisation at large.

Our society is currently facing political polarisation not among supporters but also among politicians. During talk shows, interviews, and on social media, they are largely involved in mudslinging hardly anyone cares to listen to others' opinions. After the vote of no confidence against Mr. Imran Khan, he repeatedly spoke of a 'foreign conspiracy' and declared the PDM government 'illegitimate'. While he was Prime Minister, the opposition parties called him 'ladla' of the establishment and a selected Prime Minister, which fuelled the polarisation process further.

In Pakistan, there are many reasons for political polarisation. One of the main reasons is the status quo of all political parties in Pakistan where politicians belonging to different parties see their domain as a zero-sum game are not ready to accept the presence of – or even work with – the others. The denial and rejection of political legitimacy have increased political polarisation in Pakistan. While the supporters and workers of political parties on social media are competing on different trends, exchange of abuse is also frequently observed.

Social media is another possible reason for increasing polarisation in Pakistan. The government can easily regulate electronic media, but regulations over social media like Twitter, Facebook, and YouTube are weak. Due to this, different political parties have formed their social media teams so that they can easily spread their messages. The weak government regulation and formation of social media teams have also increased political polarisation in Pakistan.

In developed countries, particularly in Europe, political leaders strive for their national cohesion and an overarching sense of communal solidarity between groups. This is not the case in Pakistan, where ruling elites with backgrounds in feudal-tribal families are so entrenched in the political process that they have little incentive to focus on anything besides self-interest, which naturally results in little besides gimmickry within the corridors of power.

The de-facto institutions are also among the central actors in fostering political polarisation in Pakistan. In Pakistan, political parties are all affiliated with certain TV channels and when in power will invariably resort to blackmailing or banning platforms that are critical of them. In this way, only a handful perspectives are able to reach the masses – thus enhancing political polarisation. Similarly, due to the de-facto institutions, different organisations work in close coordination with each other to ensure a particular narrative emerges on top of media waves: functioning to create the impression that this alone is (or can be) the means through which Pakistan can take an exit from the quagmire it finds itself in.

National integration and sovereignty play an important role in all economic systems, which excessive levels of political polarisation badly affects. A democratic government is characterised by the presence of critical and heterogeneous views but this is impossible in the context of rampant polarisation – which inevitably leads to authoritarianism prevailing. A highly polarised society adversely impacts every element of society. Coordination between different institutions of state plays a vital role in the progress of the state, but due to polarisation the efficiency and productivity of institutions decline as they experience unnecessary hurdles in their functioning.

Political dialogue is commonly considered the best way of discussing different issues and problems in the economy, but declining levels of tolerance amongst politicians this has become virtually impossible. Such an environment leads to the use of power as a means to deal with serious crises such as limiting the freedom of expression.

Polarisation must be curtailed immediately. One way to do so would be by developing a system of political reconciliation in Pakistan. All political parties should work on the development of a political framework that can promotes genuine democracy, tolerance, and acceptance. When such factors are promoted, polarisation is automatically mitigated as a culture of debate and good faith exchange emerges.

Another way to reduce political polarisation is to enhance the interaction among various stakeholders who can play their role in fostering a cohesive society. Hence, the benefit of such interactions among different sections of society can not only aggravate social interaction but also enhance the genuine exchange of ideas among similar and different kinds of communities in society. It has also become the prerequisite for the policymakers to take perspectives from every member of the society which reduces polarisation.

The other way to deal with the issue of political polarisation is the adoption of the proportional voting system in which people decide on behalf of the political party manifesto rather than its behaviour in the future. After careful analysis, if people vote for the best policy option, not for the party then polarisation can be minimised. Further to these, awareness campaigns should be started immediately by using social media platforms and by starting such trends which are based upon realities and using appropriate language/messaging that people can easily understand, relate to, and benefit from.

The authors are MPhil Scholars at the Pakistan Institute of Development Economics (PIDE), Islamabad.

DEBATË

The Debate segment of Discourse seeks to initiate open, good-faith exchanges on 'big picture' questions of policy: in particular, ones that involve two consolidated 'schools of thought' that have each evolved in apparent isolation and become the antitheses of one another over time. This is due, of course, to ideology and the incentive structures of both media and academia – which are structured to foster the growth of echo chambers. Through this section of the magazine, the Pakistan Institute of Development Economics is attempting to lay out the two salience perspectives of a particular topic in a manner that centres our audience, allowing them to engage with both sides and arrive at their own conclusions.

SHOULD PAKISTAN MOVE TOWARDS EARLY ELECTIONS?

Over the past few months, Pakistan has seen a spike in the level of political polarisation – not just between various factions of the citizenry, but also among key institutions and organs of government. The judiciary, in particular, has played a key role in tilting the scales of power one way or the other depending on the prevailing circumstances, almost in a partisan fashion. The parliament has seemed powerless, watching on as the armed forces, media sector, and the PDM coalition have joined hands to oppose the Pakistan Tehreek-i-Insaf and its chairman, Imran Khan.

With economic devastation around the country, particularly following the recent floods, it is fairly self-evident that large swaths of the population are dissatisfied with the current status quo – with the PDM coalition at the helm. Rampant inflation, unemployment, and overall precarity has created popular discontent amongst the people: who seem to be gravitating towards the populist leader in Imran Khan in the hopes of seeing a return of some semblance of political stability. Prime Minister Shehbaz Sharif has picked up on these signs and has therefore adopted a strategy that is geared around ensuring elections do not take place earlier than absolutely necessary: in the fears of a dangerous clean sweep from the PTI, who many commentators expect would attain a strong majority in parliament should the country proceed to polls today.

The PTI, however, is determined to push for elections at any and all costs: regardless of the instability that may come as a result. It is a fairly understood fact across the country today that the security establishment plays a central role as a 'king maker' in the country – but despite its recent disavowal of Imran Khan, the party is adamant that it will win handsomely regardless. A one-point agenda from the 'captain' has thus come to the fore: elections now. The government has responded by accusing Khan of attempting to 'destabilise' the country by not respecting the stipulated 5-year terms of national assemblies, stating that in the interests of democratic continuity they ought to remain in power for the coming few months.

The outcome of this situation – in which parties, institutions, and people are at loggerheads with one another – is likely to prove pivotal for the nation. This is especially true given the possibility of sovereign default and general economic chaos, although the 'establishment' is likely to emerge victorious in any case. It is perhaps the first time in the country's history, however, that even the armed forces (particularly top brass) seem to be internally divided on the issue: which explains this prolonged impasse. It is important to note here that this is precisely one of the root causes of this situation: in which certain power centres have continued to meddle in political affairs when it is not in their domain of responsibility to do so. In the absence of clean, fair, transparent, and well thought-out incentive structures

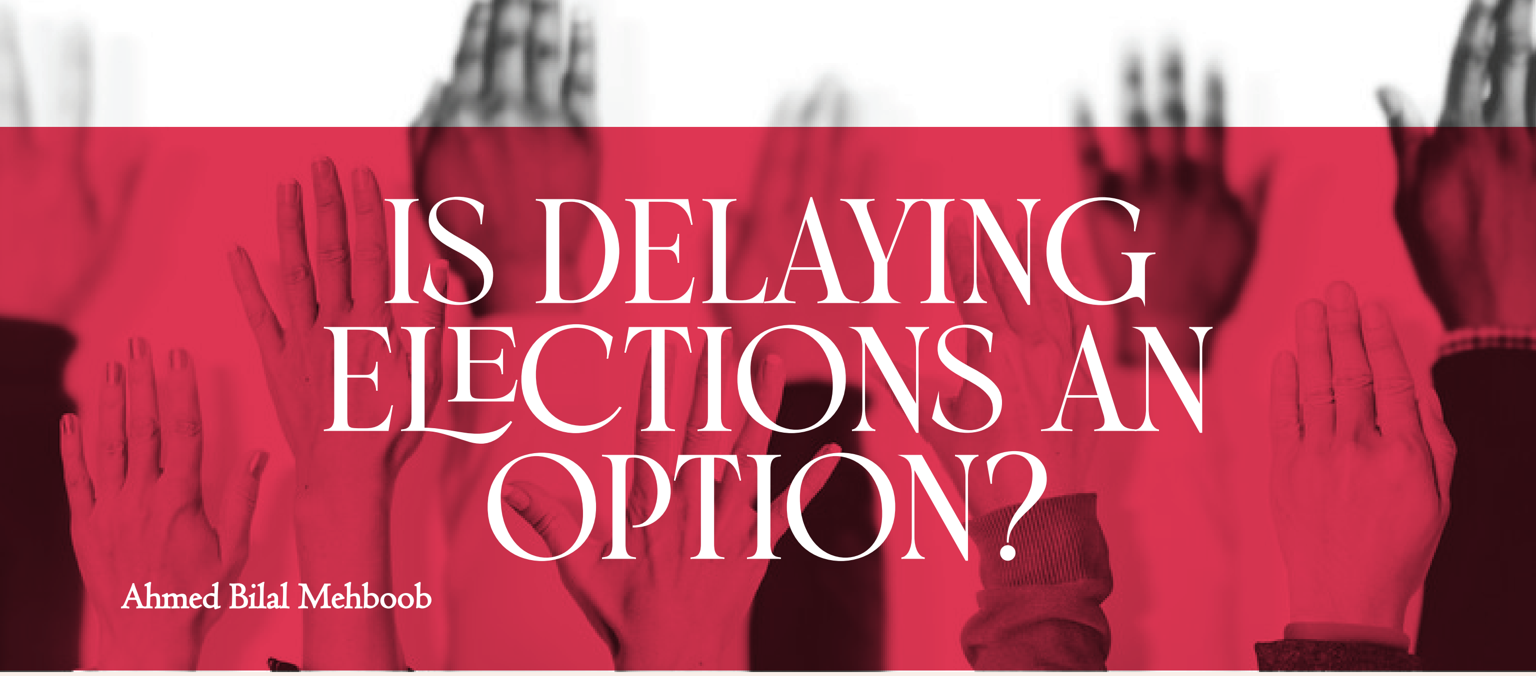
around which the political process functions, it is highly likely that the power corridors will continue to be populated by opportunistic 'leaders' who are less interested in the people's concerns than they are about engaging in patronage to line their own pockets. But we digress.
This issue's debate is centred around whether Pakistan should opt for early elections, with two overarching questions: a) whether there are legal stipulations that could allow for this, and b) if it is even necessary to do so. We are grateful to both our contributors, Ahmed Bilal Mehboob and Waqas Ahmed, who have graciously offered to articulate their strongest arguments for each of the positions. The purpose here is not to add further fuel to polarisation, but to encourage readers to engage with what the 'other side' has to say – a key facet of the democratic process across the world, particularly in developed countries.

We hope the debate offers useful information, and encourage you – our lovely audience – to chime in with your thoughts and feelings on the matter. Our social media platforms always welcome healthy, respectful, and fact-based exchange of ideas: regardless of how 'controversial' they may be. So hop on!

Remember to keep the discourse alive!

Sincerely,

Editorial Board
Discourse Magazine
Pakistan Institute of
Development Economics



IS DELAYING ELECTIONS AN OPTION?

Ahmed Bilal Mehboob

The year 2023 is supposed to be the year of National and Provincial Elections in Pakistan. The National Assembly and the four Provincial Assemblies were elected on 25th July 2018 and the members of these Assemblies took oath in August 2018 within a few days apart. The Constitution of Pakistan (Articles 52 and 107) sets a five-years term for each of these Assemblies from the date of the first sitting when members take oath. Since the current (15th) National Assembly held its first sitting on 13th August 2018, its five-years term is set to complete on 12th August 2023.

DEADLINE TO HOLD ELECTION IN NORMAL CIRCUMSTANCES:

The Constitution, in Article 224(1), also provides that election of the new Assembly must take place no later than 60 days following the completion of the five-years term of the Assembly. If the current National Assembly completes its term, the election to the next Assembly will be required to be held by 12th October, 2023. The same constitutional provisions apply to the provincial Assemblies.

PREMATURE DISSOLUTION OF AN ELECTED ASSEMBLY AND THE DEADLINE TO HOLD ELECTIONS:

The Constitution authorizes the leader of the house - Prime Minister (Article 58) in the case of National Assembly and Chief Minister (Article 112) in the case of Provincial Assembly - to dissolve the Assembly and call for fresh election anytime during the term of the Assembly at his discretion. In the case of premature dissolution, however, the fresh election has to take place within 90 days of the date of dissolution as per Article 224(2). The Prime Minister, therefore, may dissolve the National Assembly a day before the expiry of the term of the Assembly if he wishes to extend the election date and in that case the election date may be extended by about a month to around 11th November, 2023. The same scenario applies to the Provincial Assemblies.

SIMULTANEOUS ELECTIONS TO NATIONAL AND PROVINCIAL ASSEMBLIES:

Generally, the election to National and Provincial Assemblies in Pakistan have been held around the same time. The first direct election to the National and all Provincial Assemblies on the basis of universal adult franchise was held in 1970 when the gap between the National and Provincial elections was ten days. In the later elections, this gap was reduced to three days and since 1997, the elections to the National and all four Provincial Assemblies have been held on the same date. The elections to all Provincial Assemblies were always held on the same date for the past eleven general elections since 1970. Although there is no constitutional requirement that the National and Provincial Assemblies elections take place on the same date, the coincidence of holding of these elections simultaneously has resulted in financial savings and repeated deployment of police and other security forces (including the armed forces) has been avoided.

UNIQUE CONSTITUTIONAL PROVISION FOR CARETAKER GOVERNMENTS:

Pakistan seems to be the only country which still has a provision for appointing new caretaker governments during general elections. Article 224 and 224A, which were amended and introduced respectively as a part of the 18th Constitutional Amendment in 2010, lay down the details of the appointment of caretaker governments through a 3-step bi-partisan process involving Leader of the House and Leader of the Opposition in the out-going Assemblies in the consultative process. In most, if not all, other countries, the elected governments continue but their powers are significantly reduced and subjected to oversight by the Election Commission during the electoral process. The arrangement of caretaker governments in Pakistan is meant to guard against the political government's direct or indirect interference in the election process, which was sadly witnessed in a big way during the 1977 general elections – the only time the election was held without a caretaker government after the enforcement of the 1973 Constitution. The level of sensitivity about potential political interference by the political governments and their functionaries is so great that recently when elections for the Provincial Assembly of Khyber-Pakhtunkhwa (KP) were anticipated, the Election Commission suspended the Local Governments in the province although these were elected only about a year prior.

PREMATURE DISSOLUTION OF PUNJAB AND KP ASSEMBLIES:

In this background, when the two PTI-led Provincial Assemblies of Punjab and KP were prematurely dissolved on 15th and 18th January, 2023 by their respective Chief Ministers upon the direction of their Party Chief – Imran Khan – as a strategy to force early election to all the five assemblies, a number of technical questions were raised in addition to the political ones. The PTI strategy to push the federal and the remaining two provincial governments to announce fresh elections at the national and provincial level apparently did not work so far, as the federal government has resisted the pressure by the PTI and refused to dissolve the National Assembly prematurely, and so have the governments in the other two provinces – Sindh and Balochistan.

POSTPONEMENT OF ELECTIONS BY ECP:

Despite the fact that the Constitution stipulates elections to prematurely dissolved Provincial Assemblies within 90 days, the Election Commission (ECP) postponed the elections of the Punjab Assembly to 8th October, 2023 – about 6 months beyond the 90-days constitutional limit. The ECP based its decision on the refusal of the Government to provide the extra funds required to hold the elections in two batches instead of the usual simultaneous election to all five assemblies, due to, what the Government stated, the precarious economic condition of the country.

The federal as well as the provincial government of Punjab had also declined to provide the requisite police force and rangers to maintain peace and order during the elections. The military also regretted to provide its personnel for election duty as, according to the reported statement of Ministry of Defence, the armed forces personnel were committed to their primary duty of guarding the borders and fighting terrorism within the country. The ECP also mentioned in its order of 22nd March and the Chief Election Commissioner (CEC) in his letter (dated 10th April) that since the ECP, under the circumstances, cannot hold free, fair and transparent elections as required in Article 218(3) of the Constitution within 90 days, it has the constitutional power and responsibility to postpone the election to a date when it will become possible to hold elections in accordance with Article 218(3).

THE SUPREME COURT ORDER TO SETS ASIDE ECP ORDER TO POSTPONE ELECTION AND DIVISIONS WITHIN THE SUPREME COURT:

Although, the Supreme Court has cancelled the Election Commission order to postpone the election and fixed 14th May as the new date for the election to the Punjab Assembly, the federal government has refused to accept the order of the 3-members Supreme Court bench as the legitimate one because four judges of the same court declared the judgment of the 3-members bench as a minority opinion. The Parliament and the federal government do not accept the 3-member bench orders lawful and reject them. Despite the fact that the Supreme Court 3-members bench has ordered the State Bank to transfer the requisite funds of Rs. 21 billion and may issue similar orders to the security agencies to provide the requisite security cover to the election, it is not certain that the election to the Punjab Assembly will take place on 14th May.

UNPRECEDENTED STAGGERED ELECTION TO THE ASSEMBLIES AND THEIR RAMIFICATIONS:

If, however, elections to the Punjab Assembly alone or with KP Assembly take place much earlier than the elections of the National Assembly and the other two Provincial Assemblies, it would be the first time in the country's electoral history that segregated elections take place. This obviously leads to a situation that the entire country is not ruled by caretaker governments. The caretaker governments are appointed only in the provinces whose Provincial Assembly is to be elected. As the election process in Punjab is moving ahead and may soon make headway in KP as well, caretaker Chief Ministers and Cabinets have been appointed in the two provinces following the procedure prescribed in Article

224A of the Constitution. The federal government, however, which has its influence in all the provinces including Punjab and KP, continues to be ruled by a political government and may influence the outcome of the election. Similarly, when National Assembly elections take place in October or November later this year, Punjab and KP provinces whose population together constitutes about 75% of the entire country's population, will be ruled by political governments and not by caretaker governments. The National Assembly election in Punjab and KP at that time may be strongly influenced by the political Provincial Governments in the two provinces. In addition, the outcome of the election in the largest province, Punjab, is likely to significantly influence the subsequent National Assembly election in the province.

The staggering of election is not going to be a one-time affair; this will perpetually disrupt the election cycle and it will be almost impossible to return to simultaneous election mode.

CONSTITUTIONAL PROVISION FOR DELAYED ELECTION:

Although there is no express constitutional provision to defer the general election of a provincial assembly, Chapter X of the Constitution which deals with Emergency Provisions, provides a window of opportunity to the federal government commanding majority in the two houses of the Parliament to extend the term of the National Assembly up to a year and, therefore, postpone the General Election for the National Assembly by the same period. In this context, Article 232 (6) reads:

'While a Proclamation of emergency is in force, Majlis e Shoora (Parliament) may by law extend the term of the National Assembly for a period not exceeding one year and not exceeding in any case beyond a period of six months after the Proclamation has ceased to be in force.'

WHO PROCLAIMS EMERGENCY?

The proclamation of emergency may be initiated by the resolution of a Provincial Sssembly or by the President on his own (of course, upon the advice of the Prime Minister) but in the latter case the Proclamation will need to be placed before both houses of the Parliament for approval by each House within 10 days.

WHAT CONSTITUTES AN EMERGENCY UNDER ARTICLE 232?

The Proclamation of Emergency can be issued when the country or any of its parts are threatened by war or external aggression, or by internal disturbances beyond the powers of a Provincial Government to control. Apparently, it will be the threat of internal disturbances, which is likely to be invoked to proclaim Emergency under Article 232.

JUDICIAL REVIEW OF THE PROCLAMATION OF EMERGENCY:

In the past, almost all proclamations of emergency have been challenged in a court of law and in many cases, the proclamation was declared void by the superior courts. The current National Assembly may extend its duration by another one year during its life which means before August 12, 2023. Given the current state of relations between the Supreme Court led by Justice Bandial, the Honourable Chief Justice of Pakistan, and the federal government, one may assume that the Proclamation of Emergency, if issued, will face serious challenges in the courts and may be declared void. After the scheduled retirement of the current HCJP in September this year, the situation may ease for the federal government but that will be too late for the current National Assembly to extend its term as it will stand dissolved on 12th August, 2023 upon completing five years.

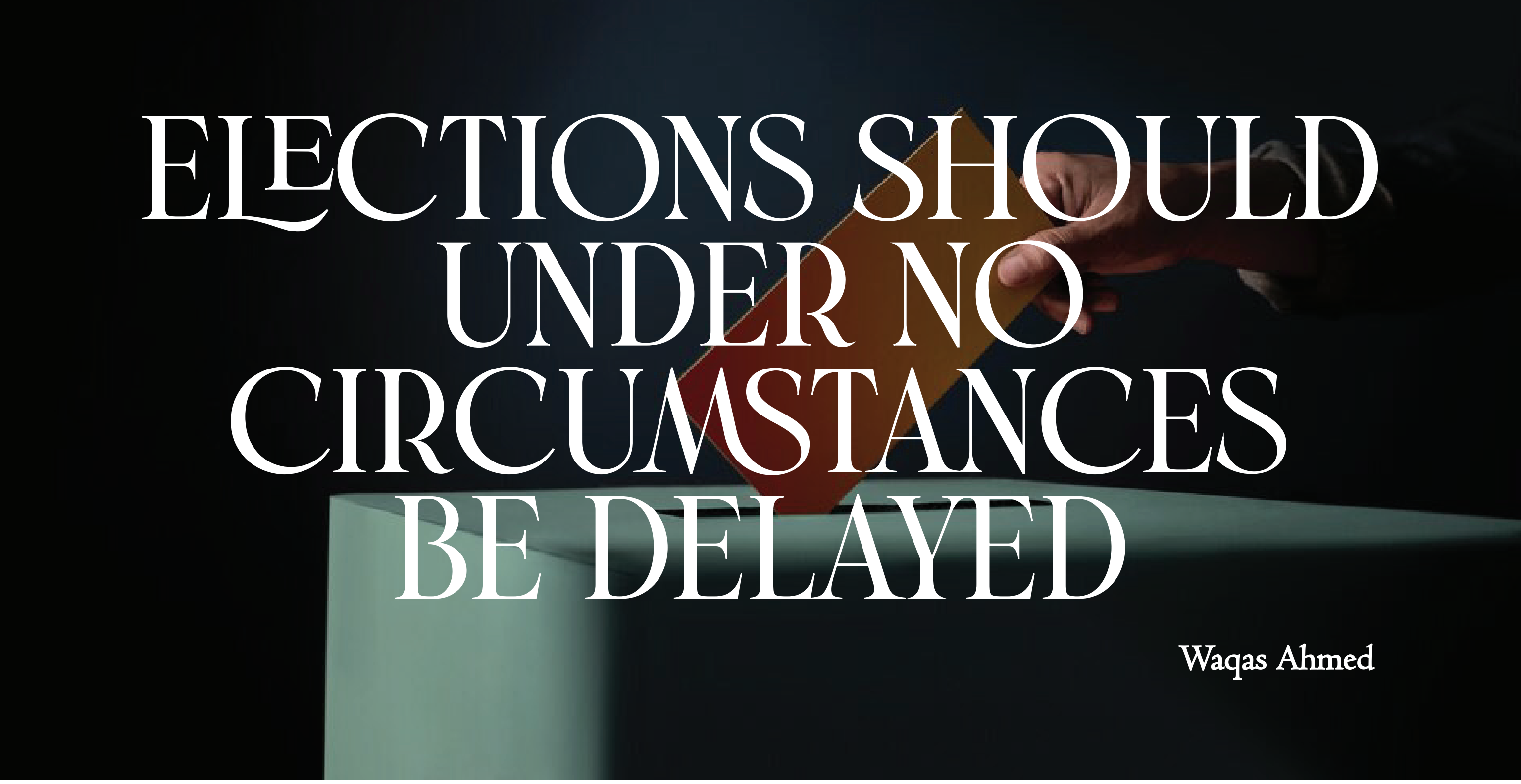
IMPLICATIONS FOR THE DELAYED ELECTION:

All three modes of general elections i.e. Early elections within 90 days of premature dissolution of one or more legislatures; On-time Elections within 60 days of the completion of 5-years term of one or more legislatures and, Delayed Elections using the Emergency provisions under Article 232(6) of the Constitution, conform to the Constitution but Early and Delayed Election may carry extra political and financial implications.

DELAYED ELECTIONS PRECLUDE SIMULTANEOUS ELECTIONS:

In both early and delayed elections, the simultaneous elections to all the five assemblies will be highly unlikely. In the case of delayed elections specifically, National Assembly elections may be delayed but it will not be possible to delay the Provincial Assembly elections. Despite the constitutional provision, Pakistan has never delayed its elections beyond five years term of the Assemblies over the past fifty years after the 1973 Constitution was put in place. Besides the challenges in the court, the delayed election may lead to street agitation and unrest, further exasperating the state of political polarisation. Many politicians and political scientists have suggested that even five-years terms of Assemblies are too long and should be trimmed down to four years. In such a backdrop, extending the term of the assembly to six years will be hardly acceptable to a majority of the people even in the garb of emergency.

The author is the president of Pakistan-based think tank, PILDAT; Tweets at @ABMPildat



ELECTIONS SHOULD UNDER NO CIRCUMSTANCES BE DELAYED

Waqas Ahmed

Why? Because it is unconstitutional to do so. The rest of this essay is redundant after that sentence. Yet we will carry on.

The operating word here is 'delayed'. Delayed from what? Delayed from its constitutionally mandated time. To argue for delaying a constitutionally mandated activity is tantamount to arguing for abeyance of the constitution. Cornell Law school legal dictionary defines 'abeyance' as 'a temporary suspension of activity while awaiting the resolution of some other proceeding without which the activity in abeyance cannot continue'. This is exactly what all arguments supporting the delaying of the elections sound like. Anyone who argues for suspension of or for 'holding [the constitution] in abeyance' flies too close to invoking the wrath of Article 6 of the constitution of Pakistan.

Article 6 reads: Any person who abrogates or subverts or suspends or holds in abeyance, or attempts or conspires to abrogate or subvert or suspend or hold in abeyance, the Constitution by use of force or show of force or by any other unconstitutional means shall be guilty of high treason.

For the past few months, the country has been drowned in legalese. One convoluted legal argument after another has formed a tangled web around the Pakistani public, making us all think that complex legal theories are being addressed in the state-of-the-art laboratories of the Pakistani parliament. When in fact, the question was, and is, fairly simple: Can the government hold the constitution in abeyance for any reason whatsoever? This is the question, everything else, all sideshows, all convoluted legal arguments about the rights and responsibilities of the CJP, about fissures in the SCP, about judicial procedures, are a distraction from the question and an attempt to wrest control of the public narrative about the question.

There are no other questions, just this. To answer this question by saying that there are some situations in which the government can hold the constitution in abeyance indefinitely should not only invoke the wrath of Article 6, but also the contempt of the public and the ridicule of history. Arguing this strikes at the heart of our most fundamental rights as citizens of Pakistan and what it means to be subjects of the Pakistani state.

There is an immense effort from the other side to complicate the arguments or drown them in the noise of everyday outrages. We should try to simplify it.

The government and the state are political entities that came to exist because people felt the need to pool their resources as well as decision making for the mutual benefit of society as a whole. The formation of the state is rooted in the social contract theory, as espoused by philosophers such as Thomas Hobbes, John Locke, and Jean-Jacques Rousseau. According to this theory, individuals voluntarily come together and give up some of their individual rights to create a political entity to safeguard their collective rights and promote the common good. When people's rights are not protected, and the social contract is broken by the government, the people have the right to replace that government. When it is broken by a person, that person must go to jail.

This became the central philosophy of Western democracies and, subsequently, all current political systems. Same is the case in Pakistan; arguing for people's voice to be excluded from the affairs of the state for an unspec

-ified period of time, for whatever reason, is to argue against the very basis of the modern democratic state.

A government that makes this argument carries an enormous burden. The burden of this argument means establishing the extraordinary circumstances in which it is willing to commit 230 million injustices and break 230 million contracts by suspending the rights of 230 million Pakistanis. I say all of Pakistan because I feel the PDM government, egged on by their sponsors, will not stop at delaying Punjab and KPK elections alone but would also ask the same for the Federal elections later. The government has clearly shown us that it's willing to violate all these contracts for reasons that have still not been explained to us.

They sometimes do give some vague reasons. Security. We have had worse. Money. That isn't a lot of money, it can be arranged. What else? All elections must happen at the same time. Not a constitutional requirement nor a frequent occurrence in other democracies. That's all? Even if faced with falling skies, or imminent nuclear war, or famines in the farms, or lava shooting out of the Karakoram, Pakistan must remain committed to its democratic principles by allowing its citizens to elect their representatives who will make decisions about the skies and the war and the farms and the lava on behalf of the people with their consent. If anything, the worse the situation is, the more sense it makes to go to the people rather than to run away from them.

By creating a constitutional crisis around something as basic as elections, many people have done a historic disservice to Pakistani democracy. These actions, whether done in naivety, fear, or even in genuine good faith, will bring shame and dishonor upon the people who are participating in them. They are depriving Pakistanis of their fundamental rights for the short-term benefit of the Pakistani feudal, political, and institutional elite, and they should feel bad for doing so. The success or the failure of their effort will be defined by the resistance to it. Which side we lend our voices to is consequential and those who expend their words in service of the powerful will have their own words testify against them when justice finally triumphs.

The author is the former Senior Head of Digital Content for Business Recorder in Karachi, Pakistan and has held digital strategy and editorial roles at the Daily Pakistan and Aaj TV. Most recently, he has developed a social listening tool for the Boston Globe and has provided digital strategy consultancy to the Asian Development Bank (ADB). He recently completed his Master's degree in Digital Media Innovation from New York University.

ECONFEST

This March, the Pakistan Institute of Development Economics spearheaded the first ever Economics Festival in the country's history. EconFest was jointly organized by the Pakistan Institute of Development Economics (PIDE), Research for Social Transformation and Advancement (RASTA), and the Pakistan Society of Development Economists (PSDE).

The topics of discussion were policy; reforms; building brands and franchising; foreign aid; taxation; local government; law, justice, and economy; the urgency of economic reforms; and other important topics.

Talking about branding and franchising in Pakistan, both are still in the earlier stages. However, there is great potential for building Pakistani brands that can create a name for Pakistan in international markets and also contribute to exports. However, many problems stand in the way of brand creation. The most critical issue that Pakistani brands and commerce face is the inconsistency of policy. Whenever a government or even a minister changes, the policies change which wastes businesses' investment.

Related to the above, the session on 'Sludge' covered the myriad bottlenecks in the way of business creation and engaging the public sector more broadly. Pakistan, it seems, has become Permissionistan - a permission based economy.

Countless permissions are required from different government agencies which amount to an invisible tax on transactions. The cost of regulations has deteriorated the investment climate of the country, acting as a disincentive for entrepreneurship and commerce in general. PIDE estimate, through various Sludge Audits, that this License Raj could cost as much as 40% of GDP.
Another important issue that Pakistani brands face is that of intellectual property rights. As far as e-commerce and online advertising are concerned, there are mainly two platforms for advertising, i.e., Facebook and Google, which are very expensive. Moreover, business-to-customer (B2C) transactions are concerned, there are issues of warehousing in international locations, returns, and payment mechanisms.

Next, the session on education was one of particular concern to our audiences at the event – most of whom were students enrolled or having recently graduated from Pakistan's higher education landscape. Unemployment among the educated youth has been on a constant rise and the quality of education has only declined over time. Empirical information from various studies has also shown that very few jobs of high quality are being created – which is linked to supply side pathologies. All this means very little opportunity for youth in the country. What is more, emerging technology is now

disrupting every sector of society including education. Our panel discussed how rapidly changing technology and globalisation should impact our education system and bring it to par with other countries in the region and, over the long run, the globe at large. This is crucial if we wish to incubate our human capital, a pivotal aspect of economic prosperity.

Naturally a large proportion of all this is linked to governance arrangements, the most basic unit of which constitutes local bodies which ensure the platforms that can signal information from the lowest rungs of society that authorities may then act upon. Indeed, many scholars have argued that there is no real democracy without local governments. In our session on LGs during EconFest, we covered the following salient questions:

- How and what kind of LGs should we get?
- Are LGs compatible with the inherited colonial structures? If not, what reform is required?
- How should financial and operational powers be devolved?
- How should cities and metropolitan areas be treated differently than
- rural areas in defining the role of LGs?
- What election systems should be used?

In the session on taxation for development the panellists said that because the tax system is complex, individuals prefer to invest in real estate. However, even if the tax system is simplified, the real reason real estate is an attractive investment is that it allows people to park their undocumented. The businessmen participants in the session argued tax collection in Pakistan is low because the system is complex and tax officials are overly focused on rent-seeking behaviour.

The former Chairman of FBR, Shabbar Zaidi, claimed that the reality is that only 300 corporations pay the bulk of the collected taxes. He said that there is a lot of wealth is parked in the real estate sector because it is undocumented and low tax rates are low. He said that land records are missing and inaccurate land records which contributes to low tax collection.

In the discussion on tech for change, a pertinent dialogue on the digital and technological landscape of Pakistan took place. The participants presented a holistic overview of Pakistan's tech realm and focused on the tech-related challenges in Pakistan. The panel discussed issues of design and interface, and the role of societal norms that contribute to the digital divide in Pakistan. They said that the current digital and technological infrastructure is based on Western models, and the usage is predominantly designed along the lines of western life. In Pakistan, the digital divide is a huge problem across social structures such as gender and class. The design and interface of the technology infrastructure are gender-blind and non-inclusive. The panel discussed the prospects of digital and financial inclusion through socially sensitive and contextually embedded tech solutions such as microfinancing and digital wallets. The discussion included the role of government and policy in designing interventions to incentivize digital inclusion.

Another crucial session in the conference was on foreign aid and its effectiveness. Foreign aid's contribution to economic growth and development is contested worldwide, as per several academic studies on the matter, and Pakistan appears to be an aid-addicted country, with every subsequent government adopting a Fund program from the IMF with little success. Instead of reform and well thought out policy, successive governments have chosen to beg for aid. There are about 40+ official donors in the country, all of whom confront policy-makers on a regular basis with their contrasting and competing priorities, overlapping project activities, and choice of aid modalities and instruments. Our policy capacity is incapable of dealing with the complexity of the aid delivery system. At the conference, we covered the following salient themes under the umbrella of foreign aid:

- Is Pakistan an aid-dependent country?
- What have we achieved with the help of development partners?
- What is the true cost of foreign aid?
- How to improve the effective value of foreign aid?

Next, the session on population and demographic transition was a pertinent one. Moderated by Dr. Durre Nayab, Joint Director PIDE, the discussion delved into how population growth can impact the economy in a negative or positive way depending on institutional arrangements. Growing populations tend to be linked with increased welfare to a certain point – beyond which the opposite holds true. Beginning with Thomas Malthus, this has been a long standing debate around the world for a long time. What we do know is that population growth must be accompanied by societal development that is capable of harnessing the capabilities of each subsequent generation. Without this, disaster takes place. The conventional view is that population can be controlled by fiat. In reality, however, family size is a choice, and varies with societal and economic development. Where does Pakistan stand on this?

Pakistan, since its inception, has struggled with notions of identity. PIDE's recent survey led by Dr. Durre Nayab, titled BASICS (Beliefs, Attitudes, Social Capital, Institutions, Community and Self) has sought to make sense of this conundrum – and one of the sessions (The Question of Identity) at EconFest was dedicated to it. As per the study, Pakistan has very low social capital, i.e., community sense, trust and the ability to collaborate. We have always struggled to establish a national identity. Data shows that we are fragmented and not engaged at a civic/political level – with a mere 3% of citizens claiming to be part of a club or voluntary association of some kind. What are the reasons for this and how it can be changed? The panellists attempted to break down the question, located at the roots of our socioeconomic and political trouble.

One of the most interesting sessions of the second day was an open mic session titled "Naukri Dou Ya Visa Dou" (give me a job or give me a visa) in which the youth were allowed to voice their views, concerns, and problems. Students spoke about the lack of jobs in the market. The industry cannot absorb the number of graduates being churned out of universities. Students also highlighted that educational curricula are not up to date with the needs of the industry. Universities are not equipping students with the skills needed in the fast-paced market. They spoke about the need for conducive conditions for entrepreneurial ventures. Students also highlighted the structural flaws that inhibit self-employment. Young graduates revealed that they were earning more through freelancing on the internet than they could ever earn through a job. The emotional and psychological burdens of having to move outside Pakistan were discussed. The students and the youth said that nobody wants to leave their homes, rather it is the inequality that they are running away from. Some students also highlighted the need to revisit our work ethic. It was highlighted that with the kind of attitudes our students embody, they would neither get jobs, nor visas. It was a heated and passionate discussion, filled with emotions, good dialogue, insights, ideas, and bitter hard facts. PIDE remains among thought leaders that initiate debate and open up academic discourse to real voices.

We hope all of you who attended the conferences had fun and found the sessions insightful. Stay tuned for more of the same: we do not intend on slowing down any time soon!


TECHNOLOGY
FREEDOM
HOPE
POLITICAL ECONOMY
POLICY
DEMOCRACY

OPINION

RETHINKING ECONOMICS

Sundus Saleemi

The textbook definition of economics is that economics is 'a social science directed at the satisfaction of needs and wants through the allocation of scarce resources which have alternative uses'. It is the study of the 'efficient allocation of natural resources to maximise the welfare of society'. It is then, rather ironic, that the mainstream approaches within the field do not take a holistic view of the processes that ensure human welfare.

Economics has two main branches, microeconomics and macroeconomics. Microeconomics is concerned with the theory and analysis of micro-units of the economy like individuals, households and firms – while macroeconomics is the study of aggregates, like national economies. Fundamental concepts of microeconomics and macroeconomics inform research in the field and the flaws besetting these fundamentals creep into all branches and research. Why do I say that economics provides a limited view of what constitutes societal welfare? Let's start with the fundamental unit of economic analysis – the economic agent. The economic agent of consumer theory is a rational agent whose aim is to maximize his utility (satisfaction) given a budget constraint. His utility depends on the consumption of goods and services; the more goods and services he consumes, the higher the level of utility he attains. His budget is constrained by his income and the prices of the goods and services that he consumes. This agent can sell his labour in exchange for a wage in the market. His income depends on the number of hours he engages in the labour market multiplied by the per-hour wage rate. This agent divides his 24 hours between paid work and leisure. Equilibrium is achieved by this agent between paid work and leisure depending on the existing wages.

The assumptions underlying the specifications of this economic agent are as follows.

1. The agent is an able-bodied adult of working age.
2. Agent can sell his labour in exchange for a wage.
3. The agent divides his time between paid work and leisure.

These specifications exclude children, people with differently abled bodies, people with disabilities due to old-age and physical and mental illnesses, and women who by virtue of their domestic and childcare responsibilities cannot divide their time only between paid work and work. These exclusions are not trivial. The majority of the world population is not able-bodied adult men. There are more women, children, infirmed and the elderly in the world than there are able-bodied men.

Beyond the agent, the processes through which human needs are met and thereby their welfare ensured are also not explored in totality. The theory postulates that the able-bodied adult man exchanges his labour in the market for a wage. This agent then buys goods and services from the market, satisfying his needs and ensuring his well-being. The theory does not dwell on how the agent became an able-bodied adult man; he is assumed to have come out of thin air. No one nurtured and raised him and there were no processes preceding his entry into the labour market. Not only was he never dependent on anyone, he will not be dependent on anyone in the future either. Moreover, the economic agent is assumed to maximise only his own utility through consumption; the agent has no children, no family, and no household. What processes allow children to satisfy their wants and needs? How do people who cannot work for wages satisfy their needs? How do people who are dependent on someone else's earned income attain their desired level of utility?

Why should it matter? An economist would retort that models are supposed to be simple. Except that these omissions matter for the welfare of all those excluded. Since the agent is assumed to be an able-bodied adult man, policy analyses foregrounded in mainstream theories overlook the welfare of women, children, the elderly, the differently abled, and the infirmed. Such analyses do not consider the effects policies and policy changes will have on these groups.

Take the example of women. Gendered distribution of domestic and care work means that, unlike the agent of economic theory, women must divide their time between paid work, care work, domestic work and, if they are lucky, leisure. Economic theory ignores women's work and the constraints on their participation in paid work by assuming that agents divide their time between paid work and leisure. During economic crises and rising prices, women employ multiple strategies in domestic work to ensure that their household's needs are met. They may replace purchased meals with home-cooked meals to cut household expenditures while keeping the amount of food available the same. They may lay off domestic help and hired caregivers taking over added responsibilities. They may start stitching and knitting their clothes and clothes for the children at home. On the one hand, these strategies have implications for women's ability to participate in paid work, and their lifelong incomes and welfare that a conventional analysis will ignore. On the other hand, women's labour produces goods and services for the satisfaction of their household needs which is not reflected in conventional welfare indicators. Moreover, what is further ignored is that by employing these strategies women effectively subsidise the state and its markets. This can be understood in two ways. One, able-bodied adult men exchange labour in the market while being sustained by goods and services produced for 'free' by women's domestic work. If they purchased all these goods and services from the market (cooked food, cleaning, laundry, household management, childcare, elderly care, etc.), they would require higher wages. Second, women also subsidise the state by providing childcare, elderly care and care of the ill members of their household, services that otherwise the state ought to provide. These subsidies to markets and the state are at the cost of their own well-being. Women are not remunerated for their work, and wages earned by able-bodied adult men undertaking paid work belong to them while women do not receive any employee benefits or pensions.

Similar omissions mar macroeconomic analyses. For example, the aggregate economy's health is measured by the Gross Domestic Product (GDP). GDP is the market value of all the goods and services produced in the economy in a year. The GDP is supposed to indicate how well the national economy can ensure the welfare of society. However, GDP does not include the value of all the goods and services produced by people in an economy. It only includes goods and services exchanged in the market. Hence, the GDP does not include in its valuations the goods and services produced by women inside their homes. All individuals in the economy especially children, the elderly, the sick and the disabled receive these goods and services and care and benefit from them. If these benefits add to well-being but are not counted in the GDP, then the indicator is naturally misleading.

Economics to a limited extent is adjusting to these criticisms. Several branches and sub-fields exist that are more cognisant of the realities of the world. However, the critique remains worth re-emphasising because the fundamental theories remain the same. The fields and sub-fields that attempt to broaden the purview of the field remain at the margins of the field. These continue to be considered 'softer' economics. Mainstream theories continue to be taught in universities. This results in the blindness of policy analyses and policy prescriptions to the needs and wants of the segments of societies ignored by mainstream economic theory. And as stated earlier, the world is not just inhabited by able-bodied adult men whose needs and wants are to be satisfied. For the 'maximisation of the welfare of society', fundamental economic theory needs to be cognisant of the ways that women, children, the differently abled, the elderly and the sick satisfy their needs and wants.

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WOMEN IN POLITICS & THE TRINITY OF MEN, MILITARY & MULLAH

Huda Bhurgri

Politics in Pakistan is of men, by men, and for men. This may seem like a sweeping statement, but a brief feminist analysis of political spheres in the past and present proves the accuracy of this assertion. Despite the constitutionally guaranteed rights and legislations meant to improve women's access to political participation, the patriarchal contradictions in Pakistan's politics have remained unaffected since 1947, maintaining the status quo of male dominance. To aid patriarchal hegemony in politics, the 'Men, Military and Mullah' trinity have played an essential role by enabling a hostile, intolerant and violent political environment for women rights activists, voters and leaders.

The feminist analysis of Pakistan's politics provides innumerable examples of increasing patriarchal anxiety, which resurfaces time & again after witnessing women occupying public and political spaces. It is not surprising since, in our society, women's existence is only accepted or encouraged in private or public domains when it appeases the male need and gaze. In case of doubt, watch any TV ad commercial on local channels. Women are putting on cancerous whitening creams, trying new toilet cleaning formulas, cooking, changing diapers, or wearing a beautiful bridal dresses while sitting on a mattress purchased for dowry by their beloved father. These ads show women's lives revolving around looking pretty or doing social reproductive labour so the men can fulfil their allegedly socio-economic & political duties. I still remember this shampoo commercial which showed a woman engaged in street politics, soon to be mansplained by a guy, 'We will take care of this dirty political business; you should rather look after your hair'.

The electronic and print media has maligned politics and restricted it to ultimately serving the broader interests of non-democratic entities in Pakistani politics. The notion that 'politics is dirty' has de-politicised the petty bourgeoisie middle class to a great extent and reinforced the misconception that politics is inherently wrong, exploitative and in contradiction to the moral sensibilities of the working class. Unfortunately, due to such narratives, politics has remained in the clutches of men from elite, urbanite, capitalist and feudal backgrounds. Interestingly, women related to male politicians by blood or marriage and with certain privileges tend to continue to participating in politics, making it exclusionary for working-class men and women altogether.

Additionally, the over-developed post-colonial military and bureaucratic oligarchies Pakistan had inherited at the time of partition did not leave any room for representative democracy to prevail[1] . These oligarchies suppressed grassroots politics and delayed constitutional development for nearly ten years to retain political power, denying the people of Pakistan the right to form a civilian government, which functioned to weaken political institutions. Finally, in 1956 the first constitution was approved, which adopted an adult franchise and allowed both women and men the right to vote through in the electoral process. However, the failure to address structural inequalities meant that the assumption of equal rights provisions in the bourgeoisie constitution overcoming patriarchy in political structures was soon proven wrong. Women from privileged upper middle class backgrounds started engaging in political activities, only to be disappointed nine years later when General Ayub Khan orchestrated the first nationwide defamation campaign against Fatima Jinnah. She was accused of conspiring with Khan Abdul Ghaffar Khan to build 'Pushtoonistan' and was later suspiciously killed. This time, the military instrumentalised the colonial sedition narrative to discredit a woman politician who garnered public support and campaigned for civilian supremacy.

Until today, these oligarchies have constantly rallied against civilian political leaders by deploying notions of 'corruption' to dismantle men in authority and backward patriarchal beliefs to tarnish the political image of women leaders. Therefore, the decades after Ayub in Pakistan's history can be termed the 'Reign of Misogyny'. Crimes against women multiplied amidst military coups. Around 200,000 women from East Pakistan were detained in Army rape camps during the 1971 war[2] . Later, after toppling Zulfiqar Ali Bhutto's government in 1977 through a coup d'état, General Zia-ul-Haq proclaimed himself a Muslim version of Nietzsche's Ubermensch (Mard-e-Momin), whose sole purpose became to play piety politics over the bodies of women.

Ironically, Zia aimed to save Pakistani society from the evils of Western culture while simultaneously fighting a proxy war for America in Afghanistan. He radicalised the masses using religion to achieve legitimacy for his dictatorial regime. Progressive writers and poets like Faiz Ahmed Faiz were imprisoned. At the same time, the likes of Bano Qudsia and Ashfaq Ahmed enjoyed favours in exchange for helping Zia demonise any modern or progressive political thought. He further strengthened religious patriarchy by controlling discourse concerning women's bodies and their appearances in public and political spaces by regulating their conduct through the imposition of anti-women laws such as Hudood Ordinance.

During his tenure, women in politics, media and other professions were required to dress up in 'modest' clothing. Rape survivors were detained for failing to provide four male eyewitnesses to prove whether rape was committed, putting the onus on the survivor and not the accused. Soon, jails were packed with women falsely accused of adultery (Zina), creating an uproar which resulted in the formation of Pakistan's third wave of feminism under the Women Action Forum & Sindhiani Tehreek[3] in urban Punjab and rural Sindh.

After Zia's fall in 1988, the Mullah-Military alliance levelled their patriarchal anxiety against Benazir Bhutto, Pakistan's first woman Prime Minister. The religious clerics issued fatwas (religious edicts) against her holding office, and her political adversaries doctored and disseminated pictures of her. Until her assassination, she faced scrutiny and demonization based on arbitrary moral yardsticks developed by men in power. The same yardsticks are still in use to gauge the righteousness of women and transgender rights activists/politicians.

Despite all the challenges women in politics have faced for years, no progress in addressing structural patriarchy has been achieved. In fact, discrimination towards women in political spaces has only intensified. Misogynist slurs, abusive placards and extremely violent Twitter trends have become the norm. The narrative of 'Chadar aur Char Diwarii' has gained traction again due to the vile campaigns against women political leaders by the media cells of political parties. The hatred towards women has also affected grassroots women's movements like Aurat March, which continues to suffer immense backlash from rightwing and state institutions across the country. From baseless accusations of foreign funding and baton charges by police to false blasphemy cases inciting mob violence, the organisers have fought legal battles and continue to face harassment in online spaces.[4]

[1]Alavi, Hamza. (1973). The State in Post-Colonial Societies: New Left Review, (74).
[2]https://www.theguardian.com/global-development/2019/nov/05/bangladesh-1970s-camp-survivors-speak-out
[3]https://www.jamhoor.org/read/2020/11/25/the-sindhiyani-tehreek-revolutionary-feminism-in-sindh
[4]https://www.bbc.com/news/world-asia-51748152

On the contrary, male politicians who have been caught consuming alcohol and drugs, having extra-marital affairs, fathering children out of wedlock, and being accused of sexual harassment by their fellow women party members have only received adoration from the masses. The public, military and judiciary have shown unique generosity and benevolence to such men: and this generosity has always been denied to women rights activists or politicians. Therefore, the trinity of men, military and mullah ensures that any personal act of a male political leader is separated from his politics. Yet, every single step taken by a woman politician is monitored so it can be used to discredit her political struggle.

In a nutshell, all recent attempts at re-imagining Pakistan need to consider how to remove patriarchal malice in politics to make it safe for working-class men and women to participate. The usage of religious and moral patriarchal beliefs against women politicians and their impact shall be taken into account by encouraging dialogue on the subject matter. Unfortunately, not a single resolution has been moved by women parliamentarians condemning the abusive Twitter trends and character assassinations targeted at women politicians. Nonetheless, a discussion on the dual standards in Pakistan's politics must be documented and discussed in detail to reveal patriarchal contradictions & alliances discouraging women in politics.

The author is a feminist activist and gender expert.

WANTED: A PAKISTANI COMMUNITY OF ECONOMIC HETERODOXY

Daniyal Khan

I will begin this article with a declaration of interests and intent. I am an economist by profession and training and as such my personal and professional interests are furthered by a healthier and more prosperous economics profession in Pakistan. I am a heterodox economist who, as he looks around, barely sees any serious challenge to economic orthodoxy in the country's public sphere. There are exceptions of course, but economic orthodoxy looms large. This is not simply a matter of like or dislike, but something which is consequential for my work: I cannot do my work alone. I need a community of economic heterodoxy. Such a community will also be good for economics as a scientific enterprise and as a profession in the country: economics is done better if it is done in a variety of ways. In this essay, I will first outline two related objectives – scientific and political – which I think Pakistani heterodox economists need to pursue. The essay will conclude with a comment on the ideological character of economics.

THE SCIENTIFIC TASK

The scientific task itself has two parts. First, following Kuhn (1962/2012) in the conviction that scientific work is social in character and is done in scientific communities, we need a deeper sociological understanding of the scientific communities which sustain and reproduce orthodox economic thinking in Pakistan. In addition, we need to figure out how these communities fit with global scientific communities. Haque and Khan (1998) and McCartney and Zaidi (2019) are good examples of the sort of work that will be helpful in this endeavour. For starters, it is possible to identify important scientific communities around particular universities and think tanks in the country; their private or public character should also be considered as it is meaningful and nontrivial in its impact on the research programme.
The second part of the scientific task, following the methodology of scientific research programs (Lakatos 1978/1989), "which analysed science in terms of continual competition between research programmes" (Backhouse, 1998, p. 353) concerns the prospect of a heterodox economics community in Pakistan. That is, what kind of community, with what kind of research program, could present theories and prescriptions which provide a healthy check on the dominance of prevailing ones?

THE POLITICAL TASK

Then there is the political task. It is my view that we do not necessarily need an infiltration of new ideas. Studying the communities within which economics is done and cultivating new communities might have a more significant impact. In other words, the issue is not so much that Pakistan needs a scientific revolution in the Kuhnian sense. Rather than trying to force a paradigm shift, the energy of Pakistani heterodox economists might be better spent on nourishing a community which may compete with and challenge the established intellectual communities.
This community must have its own research program which must be pursued without hesitation.
To this end, it is important that heterodox economists have a forum of their own: a working group at the bare minimum to begin with, and then perhaps a society or an association, like heterodox economics associations in other parts of the world. The working group might have a newsletter and a summer school in the beginning and then move towards an annual conference and journal of its own. Most importantly, its work ought to be driven by clear convictions and aims. In the minds of its own members (of both the association and the broader community which may not necessarily be active in the association), the strength of conviction about the intrinsic value of heterodox economics and its superiority over economic orthodoxy will play a big role. There must especially not be any kind of insecurities or qualms about social status compared to the status of mainstream economists. With this firm intellectual and psychological foundation, the association can help

connect heterodox economists in Pakistan to global heterodox economics communities, and develop and propagate a heterodox understanding of the Pakistani political economy.

Another factor that is likely to help a broader range of economic ideas to thrive in Pakistan is for heterodox economists to consider other social scientists including historians, sociologists and political scientists to be members of their scientific community since their work also highlights the socio-political and historically contingent character of capitalist economies. For instance, one key indicator of how serious an economic department is about teaching economics broadly and deeply, is its ability and willingness to teach Marx, and to a lesser degree, the ability and willingness to teach Keynes and Veblen. In this sense, history and sociology departments are likely to do a better job of teaching ideas which matter for heterodox economic research more broadly and deeply than economics departments themselves. Therefore, social scientists generally should be welcomed into the community of Pakistani heterodox economists. The outlining of a research program to allow for that should not be too difficult. The Society for the Advancement of Socio-economics (SASE) would be a good example to follow.

THE IDEOLOGICAL CHARACTER OF ECONOMICS

Economics is not a broad church, though it should be. Economics, a conservative profession, is tailor made for a conservative society like Pakistan. The ideological character of economics, lending legitimacy to the existing capitalist system and functioning as a means of deception was in Pakistan's case perhaps most nakedly and recently revealed in the much-hyped national security policy (Khan 2022b) and then the call for an economic security council (Khan 2022a). It would not entirely be wrong to compare economic orthodoxy with the Ruet e Hilal Committee: a priest-like group trying to keep the world covered in a veil of mystery in order to legitimise, control and maintain the world as it exists with all its injustices and problems. There is a lot of talk about crises, but very little about capitalism. That is because talking about capitalism would reach to the heart of the matter, and in so doing economic orthodoxy would undermine its role as the guardian of the ideological cornerstones which help sustain the system. So let this be a call to action and invitation for conversation and cooperation to all fellow proponents of economic heterodoxy. We are scattered on the intellectual battlefield, isolated and vulnerable when what we need to do is to stick together. Now is as good a time as ever to start.

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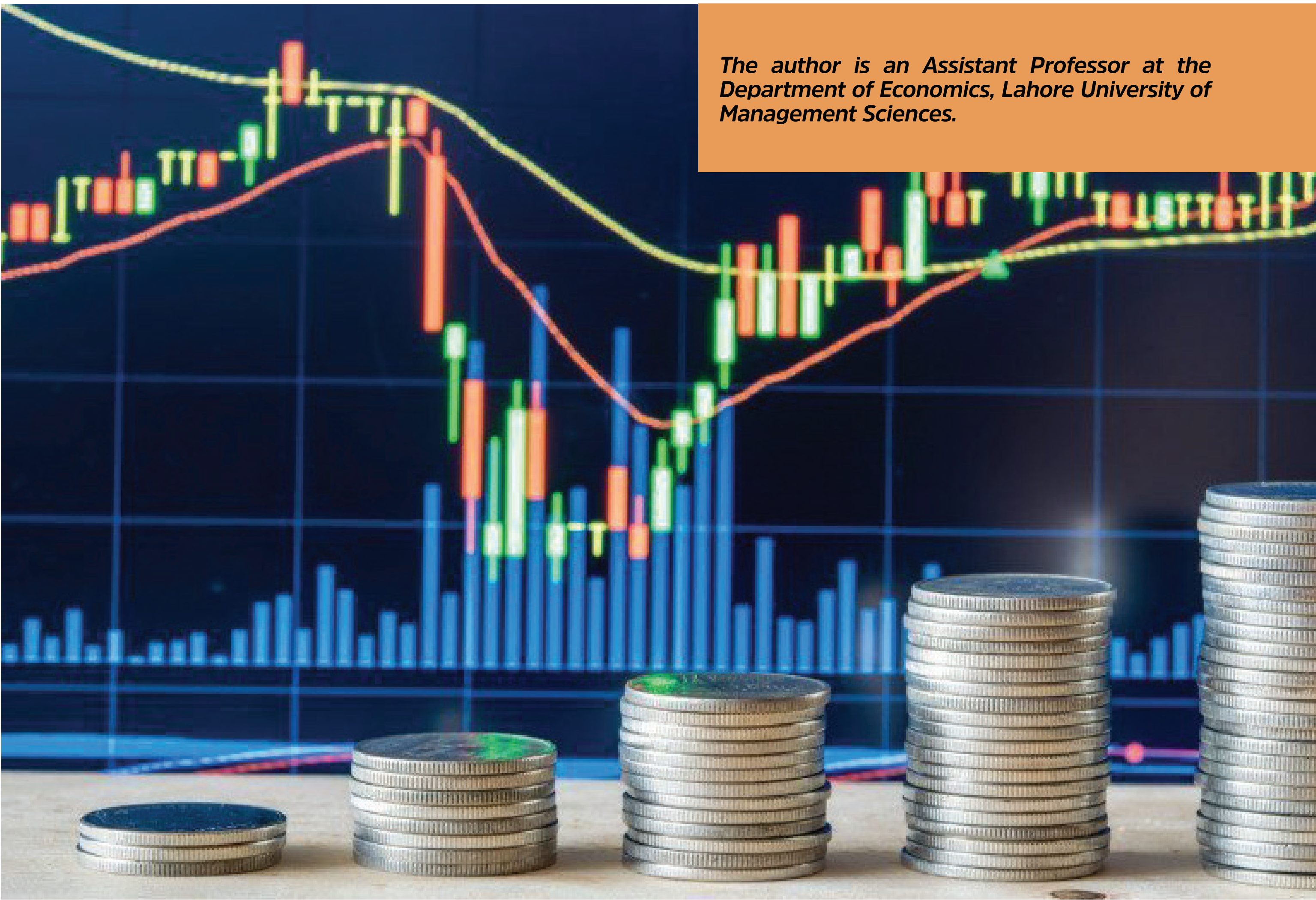

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PSDP IN PAKISTAN: A HISTORY OF UNFULFILLED SOCIO-ECONOMIC OBJECTIVES

Muazam Ali

Pakistan has faced significant challenges in achieving socio-economic development since its inception. To address these issues, various development boards and commissions have been established, with the first development board established in 1948 with the aim of investing public funds to improve people's lives. Over time, the planning board underwent structural changes before becoming the Pakistan Planning Commission in 2013, which now serves as the apex think tank for the government, responsible for national planning and resource allocation. Despite the significant annual investment of billions of rupees into PSDP projects, they have not achieved their intended goals. In 2022-2023, a total of 330 schemes, both federal and provincial, were funded through PSDP at a cost of Rs. 727 billion. These projects continue to face issues such as cost overruns, schedule delays, and lack of funds.

PSDP project failures in Pakistan have been extensively discussed, focusing on both internal management issues and external factors. However, project management tools, techniques and processes that are crucial for project success are often overlooked in managing large-scale projects. This article takes a project management perspective on PSDP. PMI define project management as 'the application of knowledge, skills, tools, and techniques to project activities to achieve project objectives'. The PMBOK serves as the primary guide for project management in Pakistan, but issues arise from the project design phase.

In Pakistan, projects are often designed hastily, with insufficient time devoted to assessing their economic and technical viability, resulting in poor project design. This issue is further compounded by political pressure, as politicians seek to gain public support by announcing new projects. As a result, politicians often issue directives to the planning commission to approve projects, even if they are not economically viable. To win public support, political leaders often set unrealistic timelines for project completion. For instance, the Peshawar BRT project was promised to be completed in just six months due to political reasons, resulting in schedule delays and cost overruns costing billions of rupees in public money.

In order to ensure that the benefits of a project outweigh its costs, a cost-benefit analysis (CBA) must be conducted once the project is conceived. However, in Pakistan, there is currently no proper mechanism at the government level for performing CBA. CBA is essential for the Planning Commission to select the most beneficial project, based on its return on investment (ROI). The government can then choose the project that has a high ROI and is growth-driven. Therefore, it is crucial for the Planning Commission to introduce a robust CBA mechanism into its system to help select the best projects.

The failure of PSDP projects can also be attributed to a lack of proper project prioritisation by the Planning Commission and its departments. To avoid this, the Planning Commission should first develop a project priority matrix. The priority matrix can be built based on multiple criteria, such as project impact, cost, complexity, time, and urgency. Each project should then be evaluated based on its significance, and the priority matrix should be used to rank the projects in order of importance.

This ensures that the planning departments and government concentrate on the most crucial PSDP projects, ultimately achieving the program's socioeconomic objectives. A well-defined project priority matrix allows for better decision-making, ensuring that resources are allocated to projects that offer the highest returns. This approach helps to focus on achieving the projects' goals and objectives effectively.

The success of a project largely depends on the human resources involved, and this is also true for PSDP projects. However, the availability of skilled personnel is a significant challenge. The workforce is experiencing significant technological advancements, and there is a dire need for individuals with the required skills. Unfortunately, employees are not provided with the necessary training to keep up with these technological changes. This lack of training results in employees being unable to use modern technology effectively in office affairs, which ultimately impacts project implementation. Additionally, organizations prefer hiring internal candidates as Project Directors or Project Managers instead of selecting qualified individuals from a proper hiring process. This decision leads to individuals lacking the required qualifications and skills, which ultimately affects the success of the project. Therefore, to address this issue, the government needs to prioritise the hiring of qualified and skilled individuals through proper hiring processes, along with providing capacity-building training to employees to enhance their skills to keep up with technological advancements.

Effective monitoring is a critical aspect of project management, as it helps the team identify potential issues and take proactive measures to keep the project on track. Unfortunately, monitoring is often overlooked in PSDP projects, and when it is conducted, it is often done manually, leading to delays. However, with the latest technological advancements, project teams can leverage software to obtain real-time data and information, facilitating effective monitoring and ensuring that the project stays on track.

In modern project management, stakeholder satisfaction is recognised as a crucial factor for project success, and stakeholders themselves play a vital role in achieving this success. However, in PSDP projects, especially those located in provinces, stakeholder management is often neglected. The Project Director fails to allocate enough time to engage and communicate with stakeholders, which can lead to delays and extra expenses. Active involvement and communication with stakeholders is critical to identifying and addressing market or organizational changes proactively.

Risk management is another critical aspect of project management that is often overlooked in PSDP projects. It is crucial to prepare a thorough risk management plan during the feasibility studies phase, well before commencing the project. Given the prevalent political and economic instability in Pakistan, a well-structured risk management plan is imperative to mitigate any uncertainties that may arise during project implementation.

In conclusion, the failure of PSDP projects in Pakistan is not solely due to external factors or internal management issues. Effective project management is crucial to the success of any project, and Project Management tools, techniques, and processes play a vital role in achieving success in mega-scale projects such as the PSDP. Improvements must be made in project design, prioritization, workforce, monitoring, stakeholder management, and risk management to increase the success rate of PSDP projects.

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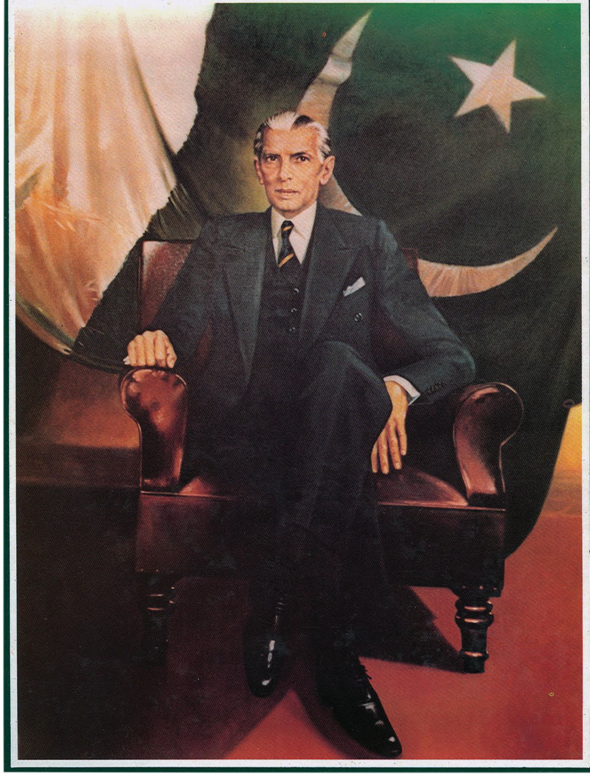
HISTORY

COMMUNALISM TURNED INSIDE: JINNAH'S PAKISTAN



Ishtiaq Ahmed

The creation of Pakistan was based on a confessional ideology which asserted that Indian Muslims, on the basis of their shared faith in Islam, were a nation apart from all other religious communities of India based on their faith in Islam. Such an ideology was in turn premised on the assumption that India comprised two nations – Hindus (about 70 per cent) and Muslims (25 per cent) who shared nothing in common and their worldview clashed on all levels of life. A Hindu variant of the Two-Nation Theory also existed. Both these versions of nationhood based on religious beliefs and faith were social constructs rather than some objective descriptions of Hindus and Muslims. While Hindus were deeply divided because of caste, Muslims were equally deeply divided because of sect and sub-sectarian differences. The politicization of religion inevitably led to the sacralization of politics. The generic name for such politics was communalism. Demonization and dehumanization of the Other was the hallmark of communalism.

Opposing the Two-Nation Theory was the Indian National Congress (founded 1885). Its construction of an Indian national was based on territoriality: all bona fide inhabitants of India were part of the Indian nation by virtue of sharing a common homeland. It combined the Western idea of individual rights with notions of inclusivity and pluralism representing traditional Indian communitarianism to advance the vision of a liberal, secular democracy as the basis of government for a free and independent India – which set forth the idea of secular democracy.

As it gained momentum and began to assume the character of a nascent nationalist movement, the British countered it by giving constitutional recognition to the separatist tendency prevalent amongst the Muslim gentry by granting separate electorates to them.

Electoral seats were reserved for Muslims and Muslim voters voting only for Muslim candidates. They were even accorded weightage (over representation than numbers) in 1909. Such a measure, irrespective of whether it was meant to separate Muslims from Hindus and others or was simply a response to give fair representation to Muslims in the long run, alienated the Muslims from the mainstream freedom movement. In 1919, the Sikhs in the Muslim-majority Punjab and Europeans and Anglo-Indians in Muslim-majority Bengal were granted separate electorates and weightage.

Muslim communalism moved centre-stage in the wake of the provincial elections of 1937 held under the 1935 Government of India. The electorate had been expanded and about 35 million or 10-11% of the total population of India was enfranchised. The INC performed impressively in the Hindu-majority provinces as well as in the province with the highest proportion of Muslims, 93 per cent, i.e., the North-West Frontier Province (now known as Khyber-Pakhtunkhwa). It won 903 seats out of 1500 general seats. In the Muslim-majority provinces of north-western India, Punjab and Sindh, regional parties led by Muslims made a clean sweep of the reserved Muslim seats. The Hindu Mahasabha which represented Hindu nationalism was ignored by the Hindus who voted overwhelmingly for the INC.

On the other hand, the Muslim League lost miserably: winning only two in Punjab and none in Sindh. In Bengal it secured 40 seats out of a reserved 114 seats. Its performance in the Hindu-majority provinces was somewhat better but nowhere did it win most of the reserved seats. Controversy surrounds what happened subsequently but the INC made it conditional that those elected on the ML ticket must first resign from it and join the INC if they wanted to be considered for a ministerial post in the provincial governments formed by it.

Such an ultimatum evoked an angry response from Mohammad Ali Jinnah who had emerged as the main leader of the ML in the 1930s. He confided to the Governor of Bombay, Presidency Lord Brabourne in 1937 that henceforth he would deploy the communalist card to arouse among Muslims fear and anger against the Indian National Congress describing it as a Hindu party which would enslave Muslims in a united India. His speeches, statements and messages from at least 22 March 1940 onwards when he delivered the presidential address at Lahore followed by the Lahore resolution of 23-24 March, ad infinitum demonized the INC, Hindus and Hinduism as veritable threats to Islam and Muslims. Interesting to note is that he described the INC as the soft face of the Hindu Mahasabha. Borrowing ideas and arguments from Choudhary Rahmat Ali, he described Hinduism and Islam as two diametrically opposite worldviews which could not be reconciled to ensure peace and harmony between Hindus and Muslims. Proceeding thus he demanded that India should be partitioned to create Muslim states in areas where Muslims were in a majority: north-western and north-eastern India.

What Jinnah successfully projected was the idea that Indian Muslims constituted a homogeneous community. The Congress could not counter such propaganda as the British, after World War II broke out, extended all help and patronage to the Muslim League because Congress refused to support the war effort. The 1945-46 election was charged with communalism (essentially by ML) and produced a polarised result. The Congress received a clear mandate to keep India united while the Muslim League won a landslide from the Muslim voters to create Pakistan. British efforts to broker a negotiated settlement between the INC and ML proved futile and in the end India and the two Muslim-majority provinces of Bengal and Punjab were partitioned to create the dominions of India and Pakistan. Since the 3 June 1947 Partition Plan did not include an exchange of population, minorities were left behind in both India and Pakistan. Communal riots had broken out in 1946 and spiralled in 1947. Consequently, the transfer of power by the British entailed communal riots and pogroms, resulting in the death of at least a million Hindus, Muslims and Sikhs. 14-15 million of them crossed the border between the two states largely in search of safe havens.

Now, Jinnah had successfully overcome stiff opposition from Muslim leaders, parties and sects who were opposed to the partition of India. Fears of Sunni domination were present among the Ithna Ashari Shia minority (about 10-12% of the total Muslim population) and the Ahmadiyyas of Punjab. More importantly, Sunni scholars Maulana Abul Kalam Azad, a leading light of the INC, Maulana Hussain Ahmad Madani, president of the Deoband Seminary, among many others, warned that the partition of India would mean the partition of the 1000-year-old Muslim community of India and Pakistan would become a battle ground for sectarian and sub-sectarian differences and disputes among Muslims.

Jinnah ignored such criticism of his Two-Nation theory, describing the critics as renegades to Islam. He convinced the Shias and Ahmadiyyas that Pakistan would be a non-sectarian Muslim state, and to counter the opposition of Azad and Madani he not only won over some dissident Deobandis but mobilised the Sunni-Barelvi ulema and pirs whose rivalry with the Deobandis and the smaller Ahl-e-Hadith sub-sects of Sunnism was proverbial. In the 1945-46 election campaign, ML gave a free hand to the Barelvis to project Pakistan as the panacea of all spiritual and material woes of the Muslims. Such a strategy worked wonders for Jinnah and Pakistan came into being constituted by two separate wings a thousand kilometres apart with India situated in between. Ironically, Jinnah had not demanded a complete transfer of populations and one-third of the Muslim population was left behind in India. In fact, he is on record for saying he was willing to sacrifice and get smashed twenty million Muslims of the Hindu-majority provinces to liberate seventy million Muslims of north-eastern and north-western India from the yoke of Hindu rule.

On 11 August, 1947, he made a momentary U-turn on the two-nation theory by declaring that in Pakistan, Hindus, Muslims and other non-Muslims will enjoy equal rights. However, on 14 August when the Pakistan Constituent Assembly was formally inaugurated, he returned to the organic connection between Islam and Pakistan by telling Mountbatten that Prophet Muhammad was the role model for Pakistan. Thereafter followed several other moves underlining the Islamic identity of Pakistan and Islamic law, the Sharia, as the source of constitution and law in Pakistan.

As long as Jinnah lived, the divisions among Muslims over belief and doctrines remained dormant. His early death on 11 September 1948 opened a pandora box of sectarian, sub-sectarian and linguistic differences and disputes which existed among Muslims. It started with the 7 March 1949 Objectives Resolution which called for Pakistan to be an ideal Muslim democracy upholding the sovereignty of God. How that would translate into a coherent, tangible constitutional formula and define the laws of Pakistan remained unclear. Already in 1953, the fissures within the presumed homogeneous Muslim nation took a violent form when Punjab was rocked by anti-Ahmadiyya riots. The constitutions of 1956, 1962 and 1973 not only retained the Islamic character of Pakistan but the 1973 constitution added more Islamic features. In 1974 the Pakistan Parliament unanimously declared the Ahmadis as non-Muslims.

Under General Muhammad Zia-ul-Haq, Deobandi ideas received state patronage and many controversial and outdated laws were imposed on Pakistan. Moreover, the Hudood and blasphemy laws and a number of misogynist measures rendered Pakistan intolerant and encouraged a mob mentality preying on those suspected of deviating from 'pure' and 'true' Islam. The Human Rights Commission of Pakistan publishes annually recurring violent mob attacks on religious minorities and free-thinking Muslims.

The introduction of zakat tax by Zia was rejected by the Shia minority which agitated for exemption from it. In the 1990s, a proxy war was fought on Pakistani soil between Shia Iran and Sunni Saudi Arabia through their sectarian affiliates in the form of armed militias. The terrorism which followed claimed hundreds of lives, but the upper hand belonged to the Sunni extremists who not only formed a majority of 85% but were supported by state agencies. Such a tendency even resulted in angry polemics and terrorism between different sub-sects of Sunnis.

Also, because of Pakistan's involvement in the so-called Afghan Jihad sponsored by the United States and Saudi Arabia and assisted by many other states, extremism, militancy and violence had become endemic to Pakistani state and society. After the Afghan Jihad so-called non-state actors carried out terrorist attacks in the Indian Kashmir as well as in several Indian cities.

Communalism which before 1947 had been directed against Hindus had also concealed another deep division among Muslims: that deriving from linguistic and centre-periphery tensions and disputes. Rather soon after Pakistan came into being, the West Pakistani rulers began to treat the Bengalis as lesser citizens even when they formed a 55% majority of the Pakistan population. Ultimately the former East Pakistan broke away after a civil war which claimed thousands of lives and became Bangladesh in December 1971.

In Sindh, the native population too developed many grievances against the Urdu-speaking migrants from mainly North India. The latter settled in large numbers in Karachi as well as in major Sindhi cities and towns and in the early years dominated the federal government. In the 1980s and 1990s ethnic conflict between the Urdu-speakers resulted in shocking cases of terrorism. Currently, separatist tendencies in Balochistan and in the tribal areas of Khyber-Pakhtunkhwa against the Punjabi-dominated Pakistan state has caused violence and terrorism on a large scale.

Considered in the light of the historical record, one can conclude that the logic of exclusion based on religion which underpinned the Two-Nation Theory and became the ideology upon which the partition of India took place turned inside and assumed a virulent form. If Pakistan was created for the Muslim nation of India, then inevitably the question, intellectual, theological and ideological, which followed from some reasoning was: who a Muslim is. Given the deep-rooted sectarian and sub-sectarian divisions as well as the existence of linguistic nationalities within Pakistani Muslims, the quest to find a pure Muslim identity has for all practical purposes resulted in the exclusion and alienation of non-dominant sects and linguistic nationalities from what in 1947 was projected as a homogenous Muslim nation. One can add that non-Muslim Pakistanis have always been marginalised and over the years their position has become increasingly vulnerable to majoritarian tyranny.

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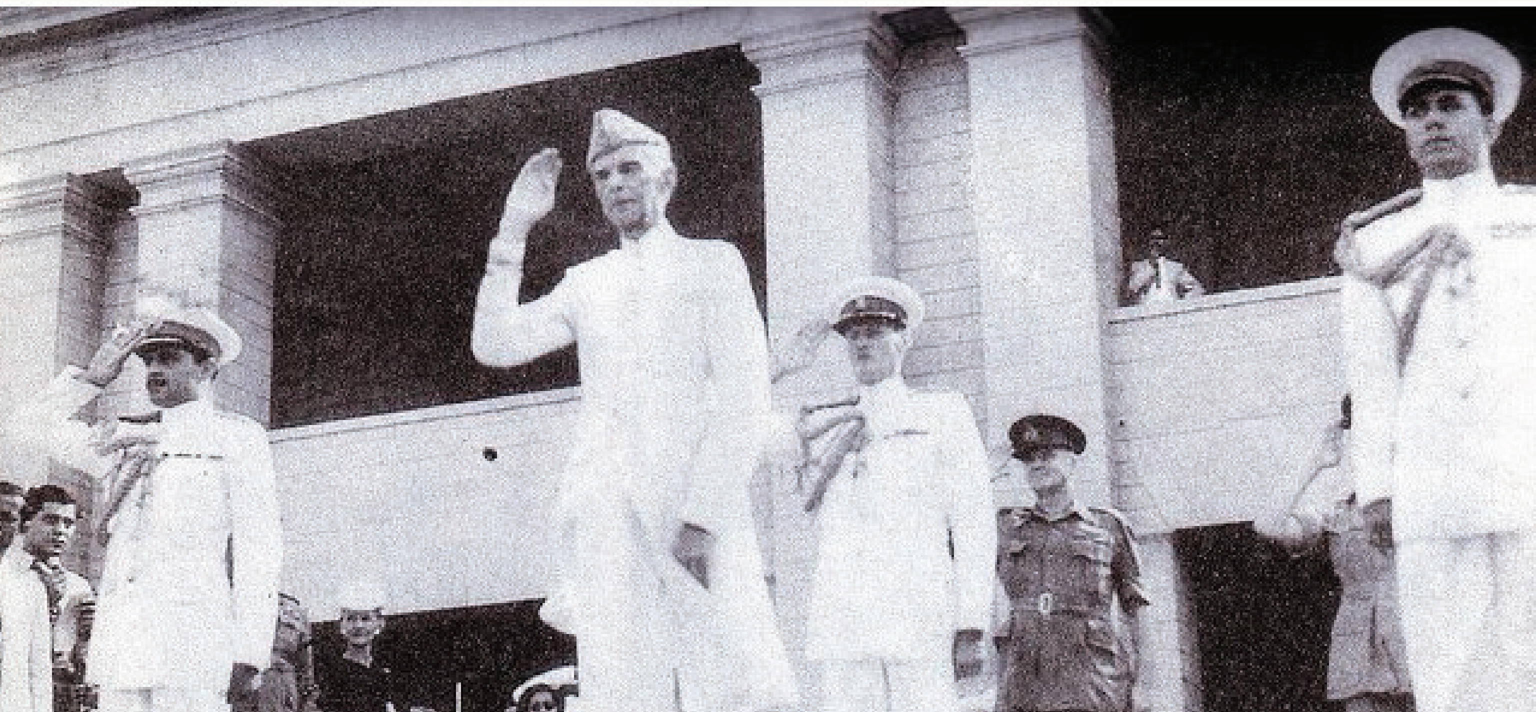

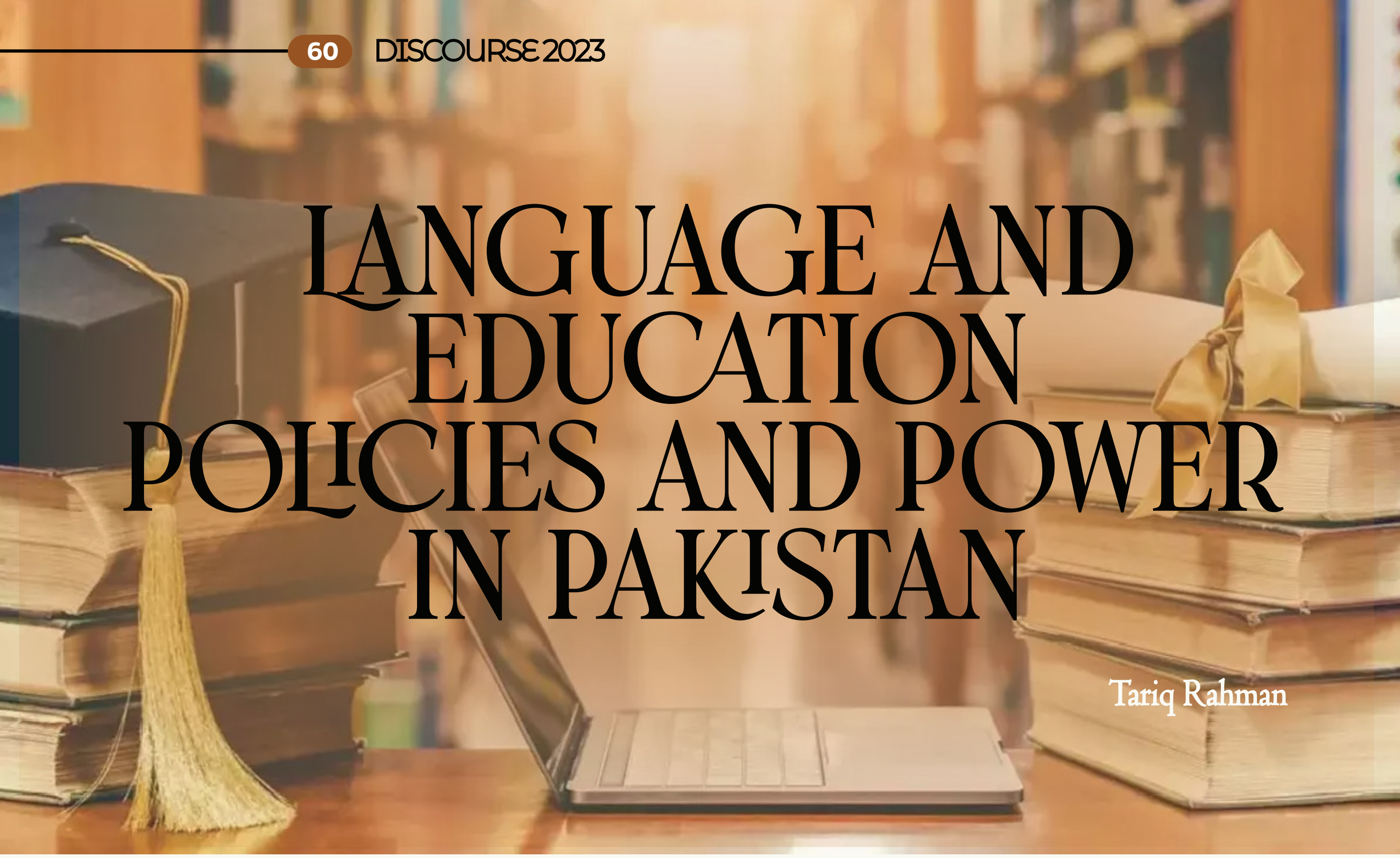

LANGUAGE AND EDUCATION POLICIES AND POWER IN PAKISTAN

Tariq Rahman

The latest published census figures of Pakistan relating to languages, though from 2017, are worth looking at to understand the status of languages in the country. If one were an outsider unaware of the history and politics—the structure and processes of acquiring individual and group agency or power-- in the country, it would be a bewildering exercise. The outsider would think that Punjabi, being the language of most citizens, would be the national language of Pakistan. When informed that Punjabis are the most powerful ethnic group in the country being represented more than any other in the army, the superior bureaucracy, the judiciary, the parliament, academia, the corporate sector and the media, the alien would also assume it must naturally also be the official language. But this is not true as we know. It is Urdu which is the national language and English is the official language despite the Supreme Court's orders (8th September 2015) that this violates the constitution of the country (which gave 15 years in 1973 to replace English with Urdu. Article 251 a). Why? This article will answer these paradoxical questions.

Pakistan Population by Language according to the 2017 Census

Language	1998 (in % of Total)	2017 (in % of total)	2017 (in millions)
Punjabi	44.15	38.78	80.5
Pashto	15.42	18.24	37.9
Sindhi	14.1	14.57	30.3
Seraiki (Siraiki)	10.53	12.19	25.3
Urdu	7.57	7.08	14.7
Balochi	3.57	3.02	6.3
Hindko		2.24	4.7
Brohi (Brahvi)		1.24	2.6
Kashmiri		0.17	0.4
Others	4.66	2.47	5.1
Total	100	100	207.65

LANGUAGE POLICIES ON PAPER

There have been statements concerning language policy in various documents, above all, documents relating to education policy which have been issued by almost every government. But more importantly there are gaps, silences and platitudes about pious intentions which tell us more about the actual policy relating to language of the ruling elites than the documents do.

LANGUAGE AND POWER

Language policies and practices are about the exercise of power which I define as the capacity to procure gratifications which, in turn, are defined as goods and services which give immediate or deferred pleasure(s). These may range from consumption to the exercise of authority (state, within a group or family or organisation). It may also be domination over others legally or illegally and the exercise of violence with impunity. It may, on the other end of the spectrum, be helping people, animals and the world.

Language is related to power in two ways. First, languages are used by the state in the domains of power (government, administration, military, commerce, judiciary, corporate sector, academia and the dispensers of goods and services). This empowers certain collectivities and, in multi-ethnic, multi-lingual nation-states, may lead to ethnic conflict. And, secondly, languages are used as a media of instruction or taught as subjects in educational institutions. If the language a student learns is also used in the domains of power, it empowers the individual as one can enter powerful jobs. If it is used as a cultural marker, it possesses cultural capital and opens the doors of drawing rooms and gives confidence enabling one to procure intangible capital (prestige, sophistication, a good image, etc.).

LANGUAGE AND ETHNICITY

The ruling elite of Pakistan declared Urdu as the national language as a linguistic device to counter what they considered fissiparous tendencies based on ethnic nationalism of which language was the major symbol. The ethnic nationalists challenged this status planning by the ruling elite of the centre in the interest of their own languages—Bengali, Sindhi, Pashto, Balochi, Siraiki, etc. The Bengali language movement (Bhasha Ondolan) was, in fact, the initial and most serious challenge in 1948 when it appeared since Jinnah nipped it in the bud by his speech declaring Urdu as the national language of Pakistan. However, in 1952, it came out in the open and the state confronted it by force, spilling blood and laying down the foundations of Bangladesh. The Sindhi movement, being localised in Sindh where it confronted the Urdu-speaking Muhajirs in 1970 and more seriously in July 1972, eventually facilitated the rise of the Muhajir Qaumi Movement (MQM) which is still the main contender of power vis-à-vis a dominant Sindhi-speaking majority. The Pashto language movement got weakened as the Pashtuns got their share in the military, truck-driving, migration to Arab countries and the name Khyber-Pakhtunkhwa instead of the colonial NWFP was conceded. In any case, now the Pashtun divide is between those who want to impose their interpretation of Islam (loosely called the Taliban) and those who resist them. As for the Siraiki language movement, it too has converted itself into a demand for more development and employment for South Punjab and, above all, for making it a province. The Balochi-Brahvi language movements have always been weak but Baluchistan remains a very troubled province and demands for autonomy there but are militant and suppressed by military force. Some of the Pakistani nationalists also opposed the continued elite status of English, supporting Urdu both against the claims of the ethnic counter-elites and the English-using elite of the country. Though functionaries of the state paid lip service to this demand, English remains the language of investment by the English-using elite and by those who want to climb into it; those whom Hamza Alavi called the salariat and its hangers-on.

LANGUAGE IN EDUCATION POLICIES

As language policy is intimately related to education which, in turn, is connected to socio-economic class, most studies of language policy were focused or at least concerned with education and the medium of instruction. Basically, English is the preserve of the upper-middle and upper classes in education; Urdu that of the lower-middle and the middle classes while the working classes and the peasantry either have had no education at all or have been educated in Urdu (and in Sindhi in the province of Sindh). English is also used in higher education and is the preferred language of the students, their parents and teachers because they are all aware that it can lead to lucrative jobs within the country and facilitate international mobility. Seeing this injustice even in providing equal opportunities there was a popular demand that there should be a uniform educational system in the country. What happened to it in the last few years?

The PTI cashed in upon this popular demand and, true to the modus operandi of populist leaders made textbooks for the whole country except Sindh where the ruing PPP rejected the Single National Curriculum (SNC). Since all students, including those from religious minorities, will be taught Urdu and these textbooks have many references to religion, we shall be imposing a religion which is not theirs in the name of Urdu. Secondly, schools will teach the Quran up to Class 5. Students will learn to read the Arabic script but not understand the language (Nazra). This by itself would be completely acceptable—it is the general practice anyway—but it used to be done by parents who hired teachers and it was done at an easy pace. Once it is left to teachers they make the children follow their pace and very often interpret the verses. The traditional Sunni exegetes, the modernists (progressives) and the radical Islamists (among whom are some militant groups also) will interpret the same verses in different ways leading to controversy. Suppose some of these interpretations are radical or militant. And further suppose some students prefer the more radical interpretations they hear or read. Besides, as yet it is only until Class 5. Later, suppose religious texts are taught in senior classes, sectarian interpretations may increase polarisation and, of course, one cannot rule out militant ones either. In fact, the expenditure on state schools (not even 2% of the GNP) has not changed nor has the English-medium schooling been abolished. In fact, English-medium schools prescribe the textbooks of the SNC but emphasise the ones the students will need most for their British O and A level examinations. Hence this increases polarisation or is a mere eyewash; just political optics.

HIGHER EDUCATION

At the higher level of education, there are more than two hundred universities dishing out what sells in the market including sub-standard doctorates. The military has taken over a significant part of higher education where the standards of technical subjects might be satisfactory but where the concept of academic freedom stops when it comes to the military itself.

Moreover, through a slew of laws at least in the Punjab, the most populated province, Islamisation has increased. This is in the tradition of Zia ul Haq, an attempt at legitimising the rulers (the last government of the Punjab was proactive in this matter). The control by the Higher Education Comissions (central and provincial) and also by the government's own departments of higher education have done away with academic freedom. One finds the same people being chosen as vice chancellors in different universities while the most competent scholars and scientists, even if they want this position, are generally ignored. There are exceptions to this general tendency but the number of academically bright CEOs of academic institutions is negligible. This has the symbolic effect of denying power, and hence prestige, to the academics in the only domain where they could legitimately claim it.

CONCLUSION

Policies on paper, at least about language and education, are not implemented in the interest of the ordinary people of Pakistan. Their major feature, no matter which government came to power, was to consolidate a unitary form of rule while paying lip-service to federalism. In this form of rule, the Punjabi politicians, military and bureaucracy (supported by the Muhajirs until 1970), used Islam and the Urdu language to deny power to the federating units. After 1970 this Punjabi hegemony was maintained through mainly military backing as the bureaucracy lost power to the military and the Muhajir presence in the bureaucracy was reduced. However, Urdu is still a language of countering the forces of ethnicity.

In education, it is still English which dominates and is, therefore, in more demand than ever before as the middle class has expanded and parents are prepared to spend disproportionate amounts of money as future investment on their offspring. In this matter, Urdu takes a second place, while all the indigenous languages of the people except Sindhi, are taught as elective or easy subjects in universities. Urdu, however, is an ideology-carrying language and its textbooks have more lessons on Islam and Pakistan—both used to construct a Muslim nation opposed to peace with India and believing in its Middle Eastern rather than Indic identity—which are also imposed upon religious minorities. To sum up, the state has chosen to increase Islamisation which has the potential to create sectarian conflict and even radicalism and militancy. Further, the state has allowed the private sector to control education which decreases state expenditure, further squeezes out Urdu and other indigenous languages and polarises society according to class.

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BUSINESS

WHY SCALE MATTERS

Shahid Sattar & Amna Urooj

Industrial economic size refers to the scale or size of industrial activities within an economy, typically measured by the total output, employment, or capital investment of the industrial sector. It is a key indicator of the level of economic development and competitiveness of a country or region. The size of the industrial sector can vary greatly between countries, depending on factors such as natural resources, labour force, technological advancements, infrastructure, and government policies.

A larger industrial economic size can provide several benefits, such as higher productivity, employment opportunities, and economic growth. However, it also requires significant investment in infrastructure and technology, as well as skilled labour force to sustain its operations. Some of the features of the economic size of Pakistan's textile industry include:

1. LIMITED SCOPE:

Efficiency, innovation and sustainability are the key elements that indicate the scope of an industry. An efficient industry can produce high-quality textiles at a lower cost, allowing it to offer competitive prices in the international market. In contrast, an inefficient industry may struggle to compete, leading to lower revenues and reduced growth potential. Innovation is also critical for the textile industry's long-term success.

Limited access to capital in the industrial sector of Pakistan, coupled with unprofessional managers, results in low productivity for several reasons. Firstly, without adequate access to capital, industrial units are unable to invest in modern technologies, equipment, and infrastructure that can boost productivity.

Secondly, unprofessional managers may lack the necessary skills and experience to manage operations effectively, resulting in inefficiencies and waste. In addition, limited access to capital often leads to a reliance on informal financing sources, such as family and friends, which may be insufficient to support the growth and expansion of industrial units. This results in a lack of competitiveness and innovation in the market.

Firms in Pakistan have not achieved the same level of growth and competitiveness as those in India or other regional players, due to various factors such as political instability, regulatory unpredictability, limited access to finance, and lower levels of human capital development. The 'seth culture' has hampered the country's productivity and competitiveness. It has contributed to a lack of competition and innovation in the Pakistani economy, as businesses are often owned and operated by a small group of individuals who prioritise their own interests over those of the broader economy. This has led to a concentration of wealth and power among a few elites, which has limited economic opportunities for others and stifled entrepreneurialism contributing to a low level of productivity, with the country's workers producing far less output per hour than workers in other countries. This, in turn, has limited the country's ability to compete in the global market and attract foreign investment.

Pakistan has a high prevalence of zombie firms, a decline in private investments, and a limited presence of large firms, which suggests inefficiencies in resource allocation. The low presence of high-growth firms (HGFs) and a small number of superstars (top exporters) impede growth and diversification of exports. Furthermore, the crowding-out of private sector credit by government borrowing has reduced incentives for innovation.

The differences in productivity explain variation in standards of living among countries, with productivity limiting distortions being high in Pakistan. Some of these distortions include size-dependent policies, high import duties, and entry-level distortions. These distortions create barriers to entry, reduce the number of firms in the market, limit innovation, and stimulate informality. Removing these distortions could potentially increase aggregate productivity by 40%. Pakistan faces productivity challenges, with publicly listed firms experiencing a decline in aggregate total factor productivity over the period 2012-2020. Poor managerial practices and limited technology adoption are some of the reasons for this decline. Innovation and productivity are strongly linked, and patent applications and investment in R&D have declined in Pakistan in the past decade. Growth in international trade and global value chains have significant effects on development.

In Pakistan's case, its per capita GDP growth has been inconsistent and generally low for the past two decades, with occasional periods of rapid growth interrupted by external vulnerabilities and Balance of Payments crises. The country's growth model is centred on consumption and government expenditure rather than investment andexports, leading to a lack of investment, savings, and export culture. With limited foreign direct investment and low exports, financing the current account imbalance has become a challenge, resulting in foreign exchange shortages and a depreciation of the Pakistani rupee. As a result, Pakistan is facing challenges in liquidity, debt sustainability and therefore a limited scope.

In Pakistan, small industrial unit sizes have been identified as a major factor that hamper productivity and innovation in the industrial sector. Small industrial unit sizes in Pakistan limit access to resources and economies of scale, hindering investment in research and development, technology, and expansion. Initiatives to promote the growth of small and medium-sized enterprises aim to increase productivity and competitiveness.

2. VARIATIONS IN INDUSTRY STRUCTURE

The structure of Pakistan's textile industry refers to the various stages involved in textile production, such as fiber production, spinning, weaving, knitting, dyeing, printing, and finishing. The structure of the textile industry can vary from country to country, depending on factors such as access to raw materials, labour costs, and technological advancements.

For instance, Pakistan's textile industry has a significant focus on the production of cotton yarn and fabric, with the country being one of the largest cotton producers globally. This structure reflects the abundance of cotton as a raw material in Pakistan, making it an attractive location for textile manufacturing. In contrast, some other countries may have a more diversified structure, with a focus on producing finished garments or value-added products, such as high-end fabrics or technical textiles.

Comparing the economic sizes of textile industries across different countries can be challenging due to these structural differences. However, since different countries have different industry structures, this measure may not accurately reflect the relative competitiveness of their textile industries. For example, if a country produces a high volume of raw cotton, it may have a larger economic size than a country that specializes in producing high-end fabrics, even if the latter's textile industry is more advanced and technologically sophisticated.

When comparing the economic size of Pakistan's textile industry to other countries, it is essential to consider the specific structure of each industry to make a fair comparison. This means looking at metrics beyond just the value of goods produced, such as employment levels, export volumes, or technological advancements. By doing so, we can gain a more nuanced understanding of the textile industry's performance in different countries and identify areas for improvement.

3. DIFFERENT ECONOMIC ENVIRONMENTS:

The economic environment in which the Pakistan textile industry operates refers to the various factors that impact the industry's performance, such as trade policies, labour laws, and infrastructure. These factors can vary significantly between countries, creating different economic environments that can influence the industry's economic size and overall competitiveness.

Trade policies, for example, impact the Pakistan textile industry's ability to compete in the global market. Tariffs, subsidies, and quotas can affect the cost of imported and exported goods, making it more or less attractive for businesses to operate in Pakistan. Changes in trade policies can lead to fluctuations in demand for Pakistani textile products, affecting the industry's economic size and growth potential. The recent discontinuation of the ZRI Package, for example, has created an economic catastrophe for the industry, closing 20% of the industry due to higher electricity tariff.

Labour laws are also an essential factor in the economic environment that can impact the Pakistan textile industry's performance. The cost of labour, labour regulations, and the availability of skilled workers can all affect the industry's competitiveness. In some countries, labour laws may be more restrictive, leading to higher costs and potentially reducing the industry's economic size.

Infrastructure is another critical factor in the economic environment that can influence the Pakistan textile industry's performance. The availability and quality of transport networks, power supply, and communication systems can impact the industry's efficiency and productivity. A lack of infrastructure can lead to delays in production, increased costs, and reduced competitiveness.

Different economic environments can create different challenges and opportunities for the industry, impacting its economic size and overall competitiveness. To address these challenges, policymakers and industry stakeholders need to work together to create an enabling environment that supports the industry's growth and development. This may involve reforms to trade policies, labour laws, and infrastructure development initiatives to support the industry's economic size and competitiveness. Restoration of the ZRI Package in this scenario is necessary.

4. CHANGING GLOBAL MARKET CONDITIONS:

The global textile market is subject to constant change, driven by factors such as evolving consumer preferences, technological advancements, and changes in international trade policies. These changes can have a significant impact on the performance of Pakistan's textile industry, both positively and negatively.

Consumer preferences are a major driver of change in the global textile market. As consumers become more aware of sustainability and ethical issues, they may demand eco-friendly and socially responsible products. This can create opportunities for Pakistan's textile industry, which has been working towards sustainability and ethical production practices. On the other hand, changes in consumer preferences towards new materials, designs, and styles can also pose challenges to the industry, requiring businesses to invest in research and development to stay competitive.

Technological advancements are another major factor that can impact the Pakistan textile industry's performance. Innovations in production processes, such as automation and digitalisation, can increase efficiency, reduce costs, and improve product quality. However, these advancements also require significant investments in technology and skilled labour, which can be challenging for smaller businesses in the industry.

For Pakistan to attain higher economic growth, it must enhance its textile sector by incorporating value addition, specifically in the highly productive cotton-focused industry. The Pakistani textile millers need to concentrate on specialized yarn to cater to the burgeoning market for athleisure and sportswear. Nevertheless, the country's fixation on short staple fibre raw cotton and the existing MMF tariff regime impedes its ability to keep pace with the rest of the world, causing it to disregard the rapidly expanding MMF market that dominates more than 70% of the global textile trade.

International trade policies are also an important factor that can influence the global textile market and, consequently, the Pakistan textile industry's performance. Changes in trade policies, such as tariffs, subsidies, and trade agreements, can affect the cost of imports and exports, creating opportunities or challenges for businesses in Pakistan. For example, the recent trade tensions between the US and China have created opportunities for Pakistan's textile industry to increase exports to the US market.

Therefore, it is crucial for Pakistan's textile industry to stay informed and adaptable to changing global market conditions. By monitoring trends in consumer preferences, investing in new technologies, and keeping up-to-date with changes in international trade policies, the industry can remain competitive and adapt to changing market conditions, maintaining its economic size and growth potential.

In conclusion, Pakistan's growth model, which relied on state intervention and protectionist policies, has hindered its industrial sector's growth, leading to a narrow export base and limited diversification. The country requires policy reforms to promote competition and innovation, such as improving access to finance for small and medium-sized businesses, reforming regulations, and investing in education and skills development. The textile industry is vital to Pakistan's economy, but it faces challenges such as limited scope, low productivity, and declining investment and exports. To address these, the country must remove entry barriers, promote innovation, productivity, and sustainability, and prioritise transparency and accountability in business operations. By implementing these policies, Pakistan can promote growth in its industrial sector and continue to make a positive impact on the economy.

The authors are affiliated with the All Pakistan Textile Mills Association (APTMA).

MISGUIDED ATTACK ON TERF

Gohar Ejaz

There have been a lot of discussion of late about the Temporary Economic Refinance Facility (TERF) in WhatsApp groups and talk shows. A member of the Standing Committee on Finance of the National Assembly announced that USD 3 billion was disbursed as interest-free loans during the previous government's tenure purely on a political bias. Ill thought out allegations such as those on TERF which are politically motivated and illogical not only impede initial investments but also have a detrimental effect on future investment prospects.

Pakistan has been facing a persistent problem of Balance of Payment, as the country lacks sufficient surplus capacity for exporting. To achieve sustainable economic growth in the medium to long term, export-led growth is the only solution. This requires creating the necessary capacity for exporting to overcome the problem and improve the country's economic prospects. One initiative that aimed to address this issue was the TERF, which provided financing to businesses to increase their exporting capacity. TERF was a laudable scheme that has been replicated globally. Prioritizing initiatives that encourage and support the development of export capabilities is essential for achieving long-term economic growth and stability.

However, it's important to note that TERF was only available for the import of machinery, and other investments such as land and building costs were not eligible for funding. While TERF was a sizable fund of USD 3 billion, it only covered a portion of the costs involved in expanding exporting capabilities, with other costs estimated at around USD 2 billion. Additionally, some critical machinery is still stuck at ports due to import restrictions, due to non-retirement of LCs. Various factors such as energy issues, liquidity crises, high policy rates, and a challenging business environment for industrialists have hampered the project's success. Therefore, attacking the TERF scheme may not benefit anyone, as none of the industrialists have gained benefit, given the many challenges and limitations involved in actually implementing it. The very purpose of the expanded capacity has been defeated in the process.

Central banks around the world have had launched or reinstated funding-for-lending programs to provide credit to the non-financial sector as a response to the pandemic. Examples include the Central Bank of Brazil's 'Working Capital for Business Continuity' program and the European Central Bank's provision of over 1 trillion Euros to commercial banks for credit facilities. The State Bank of Pakistan (SBP) has also launched its own concessionary refinance facility, the TERF, which provided liquidity to help businesses combat economic implications due to COVID-19. The TERF aimed to help businesses and industries stay afloat during the pandemic, protect jobs, and stimulate economic growth. TERF has led to an increase in economic activity and created jobs. This can be supported by the fact that, according to PBS's Labour Force Survey 2020-21 annual report, the number of employed people rose by 3.22 million, from 64.03 million in 2018-19 to 67.25 million in 2020-21. This indicates an annual addition of 1.61 million people to the employed workforce since the scheme was announced on March 17, 2020.

The government's proactive approach in introducing the TERF was correct and demonstrated its commitment to supporting the industry and laying the foundation for sustainable economic recovery during the pandemic. Despite this, misinformation is being spread about the program. The TERF has been instrumental in laying the groundwork for significant increases in exports and industrial expansion, and it is widely considered a brilliant step taken by the SBP. The trade figures show a clear upward trend in the growth rate of the textile exports over the past few years. In the fiscal year 2020, the textile exports stood at USD 12.5 billion, which is a relatively moderate rate owing to the onset of COVID. However, the textile exports in the fiscal year FY21 increased to USD 15.4 billion, indicating a considerable improvement in the overall economic performance of the country. The trend continued for FY22 as well whereby the textile export figure equalled USD 19.4 billion – an increase of 55% in just two years. TERF has played an instrumental role in this.

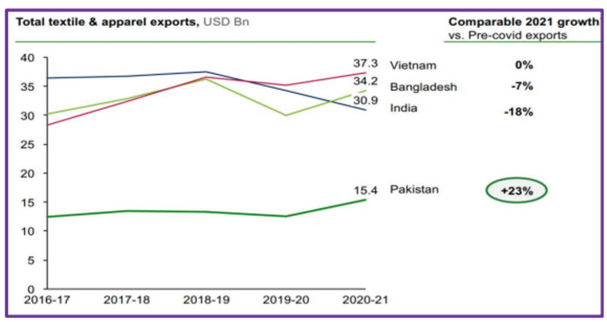
The eligibility criteria for the TERF scheme were not limited to large industrial units only, but also included small and medium-sized enterprises (SMEs). In fact, according to the SBP, the scheme was designed to provide support to all types of businesses affected by the pandemic, including micro-enterprises, SMEs, and large corporations.

There is a proposition that the TERF program led to a surge in investment, causing an increase in demand for imported machinery, which in turn triggered a current account deficit. However, this argument overlooks the fact that the pandemic had already caused a significant reduction in imports due to reduced economic activity. The increase in demand for imported machinery was a result of the recovery in economic activity, which was also a positive outcome of the program. One billion dollars of imported machinery can generate over 1.5 billion dollars of exports each year, making the trade-off very clear and in favour of importing machinery. It is unclear why the basis for capacity enhancement, which is machinery imports, is being portrayed negatively.

It is being implied that TERF did not generate significant exports. However, this claim is not supported by any data. In fact, an op-ed article, published this week against TERF, itself estimates that the scheme could have generated annual exports in excess of USD 6 billion per annum once all projects were operational. One of the most critical points that is often overlooked is that while some investments have been made in Pakistan through TERF, its partial impact was only seen in the fiscal year 2021-22 as explained above. It is important to recognise that although Pakistan's export growth has been impressive, it is not continuing at the same pace for a few reasons. One of the reasons is the opening restrictions on L/Cs. Additionally, the failure of the cotton crop and the availability and pricing of energy pose significant challenges, which immediately put Pakistan's exports at a competitive disadvantage.

The country has been facing challenges related to energy supply, with frequent power outages and load shedding causing significant disruptions to businesses and households. These energy issues have a direct impact on the productivity of the workforce and discourage foreign investment, which is crucial for sustained economic growth.

Pakistan has been facing a rising import bill, with a significant amount of foreign exchange reserves being spent on essential goods. This has resulted in a trade deficit, which has further strained the country's economy. The TERF scheme was implemented to help address this issue by replacing outdated industrial machinery with newer, more modern equipment to increase production capacity. However, the delivery timelines for the imported machinery were affected by supply chain disruptions caused by the COVID-19 pandemic. Moreover, Pakistan's economic conditions have continued to deteriorate, and import restrictions have further hindered the import of machinery ordered under the TERF scheme. As a result, the expected growth rate was not achieved. Nevertheless, there is hope that once the import and energy issues are resolved, the imported machinery will help to revitalize the economy on a sustainable export led growth basis.



Source: PBS, Vietnam Stats Office, Bangladesh EPB, Indian Commerce Dept.

It is essential to recognise the multiplier effects of value addition, as a single textile unit can create up to 5,000 jobs, and the establishment of a hundred units can potentially create up to 500,000 new jobs. This investment has been instrumental in enhancing productivity in the textile sector, from spinning to stitching. In addition, capacity utilization and price increases in international markets have helped to increase textile exports.

This USD 5 billion investment in 2021 by the textile sector through TERF and LTFF programs has brought about tremendous opportunities for growth and development in the sector, adding to the export potential by at least USD 5 billion per annum.
As a direct result of this investment, the sector has significantly expanded its production capacity, with 1.25 million spindles, 6,000 air jet looms, and 3 million square meters of fabric being installed. These new investments have enabled the textile sector to produce a wide range of high-quality textiles, from yarn to finished fabrics, to meet the growing demand of international markets.

The investments made by TERF/LTFF in the textile sector have had a significant impact on Pakistan's economy by providing new employment opportunities, increasing exports, and boosting the country's GDP. This has also helped the country to improve its trade balance and reduce its reliance on imports. The investment in the textile sector through TERF/LTFF has been a game-changer for Pakistan's economy, enabling the country to strengthen its position in the global textile market and further enhance its reputation as a leading textile producer. The textile sector is a significant contributor to the global economy, and this investment is expected to have a positive impact on Pakistan's economy.

It is also worth noting that there are significant differences in investment subsidies among various Asian countries, as illustrated in the table below. In Pakistan, only direct exporters are subject to a 1% liability tax, while indirect exporters, who comprise 70-80% of the supply chain, must pay all taxes in full.

Investment Subsidies: Regional Comparison

India	China	Bangladesh	Vietnam	Pakistan	Turkey
▪ Under Central Govt. scheme (TUFS), the Central Govt. provides 10-25% capital subsidy on plant & machinery excluding Spinning. ▪ Depending on project & location, the State Govt. gives 10-45% additional State subsidies ▪ In lieu of capital subsidy, the Interest Rate subsidy is 5-8%.	▪ A target of 20 million spindles were accomplished till 2017 only in selected provinces such as Xinjiang. ▪ Under government plan, bank financing of priority zones is done.	▪ There's a complete repatriation of capital and dividend.	▪ For complete duration of investment term or part thereof lower tax rates are imposed; in the form of exemption from and reduction of tax rates. ▪ For fixed assets, import duty is exempted. ▪ There's exemption/reduction of land rental.	▪ To offer interest and capital Subsidy, Technology Upgradation Fund (TUF) is available.	▪ If there is no well-defined minimum investment amount, it is; ▪ In defined Regions I and II, it is US$180 thousand. ▪ In Regions III, IV, V and VI, it is US$90 thousand. ▪ Rate of Contribution to Investment is 15%-60%. ▪ Tax Deduction Rate is 50%-90%. ▪ On their machinery and equipment expenditures, there are customs duty and VAT exemptions.

Source: Gherzi Germany

During the pandemic-induced financial crisis, central banks used traditional tools but with greater speed and scope than in past crises. They cut interest rates, created lending programs, and changed financial regulations to support businesses and reduce long-term economic damage. However, economists warned that the quick increase in the money supply and debt accumulation could lead to stagflation. The SBP responded quickly with measures such as lowering policy interest rates and offering loan extensions and employment protection schemes to mitigate the economic consequences of the pandemic. Overall, the monetary policy response has significantly contributed to reducing potential long-term harm to economies and financial systems.

Pakistan's government support schemes for exporters are necessary to keep the industry competitive with regional competitors. The supportive policies, including competitive energy, have enabled the industry to attract investment and expand its capacity and technological capabilities. However, systemic inefficiencies, administrative delays, and the high cost of doing business have contributed to an unsustainable business environment. The private sector's ability to stimulate economic development has been limited due to the high interest rate. Textile exports were growing consistently and persistently, but hindrance to its operations have now led to a drop in exports leading to a failing economy, increased unemployment, and the need to borrow from the IMF. Supporting export-led growth is crucial for sustaining Pakistan's economic and political sovereignty, and any attacks on the industry may be motivated to undermine its operations and discourage investments. It is important for all parties to avoid making attacks and arguments that can have a catastrophic effect on the economic and political sustainability and sovereignty of Pakistan. This is necessary if Pakistan is to look towards a brighter future.

The author is an industrialist, entrepreneur, and philanthropist. He is currently serving as the Patron-in-Chief of the All Pakistan Textile Mills Association (APTMA).

SPORTS

THE EVOLUTION & FUTURE OF PAKISTANI CRICKET

A Fireside Chat with Mirza Iqbal Baig

What did you make of the recent series with Afghanistan, in terms of standout performers, squad selection, and areas for improvement?

As far as that particular series is concerned, the standout performers for me were Saim Ayub, whom I saw a lot of potential in, Imad Wasim was extraordinary, and Ehsanullah on his debut was tremendous – he was deemed the 'find of the series' by many in the cricketing world. Ehsanullah in particular reminds me of Waqar Younus in 1989, who debuted against the West Indies in an ODI and was also referred to as a key finding in the tournament at the time.

On the other hand, personally I don't understand the decision to field Azam Khan as a wicketkeeper at the international level. I think that is where we lacked. We could have won the second T20 in my opinion, but Azam seemed to be the weak link: giving away far too many runs. Our middle order batting was also quite vulnerable – and I've also mentioned my grievances with the wicketkeeping. When our senior players return for the series against New Zealand, I think we ought to focus on these areas when considering room for improvement.

What was your assessment of the recent iteration of PSL and how do you evaluate the evolution of the franchise, in terms of its growth over time, sponsorships, and potential to incubate new/emerging talent?

This year's PSL was notable because matches were played in four major cities of Pakistan: Karachi, Lahore, Rawalpindi, and Multan. When the PSL first started off, no one would have thought the tournament would grow to the extent it has – with 8 years of the tournament in the books so far. Hardly anyone was interested in investing in the PSL franchise at the outset, but over time more and more individuals have gotten involved – which has led to a quadrupling of its value. Corporations now wish to be attached to the PSL via sponsorships, and I think the boom in the franchise will further attract great talent. In order to make the most of this trajectory, we need to focus on improving the quality of our pitches around the country – which are far too dull at the moment and likely discourages emerging talent. We have seen our younger lot shine on other pitches such as Sharjah, and I reckon we will see the same here if we can improve our pitches. Ehsanullah, Abbas Afridi, and Saim Ayub are for me Pakistan's shining stars in terms of emerging talent.

What measures would you take to rethink the role and domains of responsibility of the Pakistan Cricket Board: should it be less politicized and what are some key performance indicators that can be used to measure its performance under a specific chairperson?

I agree. Compared to Sri Lanka, and even Bangladesh, Pakistan's cricket board is overly politicised. Appointments really should stop being made on the basis of political affiliation – which we've seen constantly in Pakistan's history, with chairmen being replaced whenever new governments come in. This cannot continue. In India, for instance, presidents of the BCCI come in at the back of formal electoral processes – and good people attract others. Following Ganguly's departure, Roger Binny came in. Jagmohan Dalmiya served as chairman for a considerable time period. Sharad Pawar's tenure was significant, as was Shashank Manohar's. In Pakistan, appointments are made on the basis of politics – which is why we have not seen this sort of continuity in terms of leadership ability. In my opinion, the board should be assessed based on the performance of the team alone – and little else. If the PCB operated on the basis of merit, we will see an improvement. Furthermore, I believe a culture of internal democracy within the PCB should prevail – whereby all stakeholders have a fair hearing and involvement in key decision making.

How do Pakistani cricket players differ from their international counterparts in terms of playing style, training methods, and overall approach to the game?

Our players are lagging far behind in comparison to their international counterparts. Don't get me wrong, we have an immense amount of talent. We see the 'street talent', following years of playing with taped balls, in our players. Having said that, our playing style and training methods – as well as overall approach to the game – are all sadly far behind. Furthermore, we seem to be overly defensive in our orientation. We are afraid of defeat, and if that psychology continues to prevail we can never be successful.

You look at England, for instance, in terms of how its team moulded itself over the years. Since Brendan McCullum came in as head coach, they have adopted what is known as the 'Bazball' approach: which is a courageous style based on offense and determination. They are not afraid of playing cricket, and we can learn from that. We have our own unique style, sure, but even our training methods are questionable – and they need to be enhanced. Our players naturally also need to take an interest in these domains and adopt a collaborative approach. Overall, my advice to the team would simply be to not be so afraid of defeat!

What role do domestic cricket leagues and tournaments play in the talent pipeline for the Pakistan national cricket team, and how can these leagues be optimized to develop and showcase talent effectively?

Across the world today, we see the emergence of leagues. In 2005, when T20 began, most did not appreciate it but from a financial standpoint they were quite lucrative and consequently grew at a rapid pace. In our case, however, we seem to base our approach on inducting whoever performs well in the T20 format. Personally, I don't think we should be overly focused on leagues when it comes to developing our first teams. Those who perform well in T20 leagues can be inducted into the T20 international squad, but not in ODIs or Tests. Our talent will emerge when we improve the quality of domestic cricket as a whole. What we did last time, for instance, when we had 6 teams was poor because our domestic cricket was constrained to a total of 194 cricketers. If we do not expand the scope of these initiatives, then we will not be able to improve. Domestic cricket can play a pivotal role in that regard. T20 leagues have their own place, and a lot of youngsters – both Pakistani as well as international – are interested in partaking in these because of the financial incentives. They can earn more in less time and do not have to invest too much time and energy into the endeavour. You see a lot of players taking early retirement from Test cricket, and in some cases ODI even, because of this. Again I say: improve the domestic structure of the game.

Why do you think women's cricket has taken so long to get off the ground in Pakistan, and what are some strategies you may have in mind to promote it going forward?

There was a time when women cricket had to really struggle, particularly in the early stages in 1996-97 with the Khan Sisters (Shahiza and Sharmeen). Since then, women cricket has entered the fold of Pakistani cricket with funds being allocated by the PCB. However, despite these positive developments I think the domain of women cricket in Pakistan operates almost like a mafia – with excessive levels of 'groupbandi' (tribalism) whereby nepotism tends to reign. If the Chief Selector puts together a team, like in the case of Jalaluddin, the captain would say things like, 'You may have selected the team, but I will play them.' Things of that sort. The number of coaches that have been disposed of in an arbitrary fashion in this domain is also a case in point. As long as this mafia system prevails in women's cricket, and merit is not granted top priority, things will not improve.

There is a significant audience for women's cricket. People enjoy watching it. They can, and should, explore remote areas to promote women's cricket. There are efforts being made in this direction, and funds are also available for it – but naturally it should be used in an efficient manner. As things stand, the culture of favouritism holds women's cricket back. We cannot be satisfied when our women's team beats teams like Sri Lanka and Bangladesh, we need to set the bar higher for ourselves and aspire for greater heights and eventually get to the point where we are competitive with teams like India, England, Australia, etc.

Journalists covering cricket are generally seen as overly focused on gossip and politics, not enough on the technical aspects of the game. Why do you think this has happened and how can this culture be replaced with one that prioritizes productive discussions?

With the rise of social media, every person in the country with a camera and microphone is now a cricket 'journalist' – and the ethics of journalism have taken a back seat as a result. That is why we see an excess amount of gossip and politics in the domain today. A significant number of 'journalists' simply operate as mouthpieces for certain organisations or individuals. Even when it comes to more serious journalism, most attempting to engage fail to articulate their stances or findings in a technical manner – which is a real shame. I like seeing the emergence of youngsters in sports journalism, but I fear that a lot of them are in it for the wrong reasons – such as tours, scoops, 'breaking' news, etc. This is disappointing. They are also quick to be political. If a player refuses to give them an interview, they will make it a point to attack them: sometimes in an unprofessional manner. They should learn from other countries – which also have elements of gossip, mind – where there are certain standards and rules of operation. I think young journalists have to be groomed by their seniors, who are in the position to inform them about what to prioritise and what not to. You do not just become a 'journalist' if you own a camera/microphone or pen/paper: you have to go through all the difficult phases of the discipline.

What are your thoughts on infrastructure? Youngsters often complain of not having access to any pitches or training grounds in their neighbourhoods, which prevents them from developing their abilities. Is this not a major reason why we have been struggling to produce superstars in the game?

This is the bane of Pakistan's cricket. Look at IPL, the quality of their stadiums. Extraordinary. The recent renovation of National Stadium, Karachi involved an expenditure of Rs. 1.5 billion – only to install a new ceiling and some seats. We do not seem to prioritise the development of infrastructure. Look at Faisalabad's, for instance. Or Rawalpindi's. There are only two proper stadiums under the PCB today in my opinion, Lahore's and Karachi's. Multan's cricket stadium, which is under the district administration, is too far away and difficult to access for most people. The PCB ought to develop the infrastructure. Youngers are right to complain about the lack of accessibility. Turf wickets in Karachi and Lahore require players to rent out the space – and even here, for instance, they are not allowed to wear spikes while fast bowling. All these little things add up to make a huge difference. Take the example of India, where infrastructure is superb. Over here, we are just engaged in politics all the time – about who gets to be on the Board, etc. You ask about superstars: I don't see any with the exception of Babar Azam and Shaheen Afridi. We can only produce superstars when we begin offering accessible facilities to youngsters and arrange for proper training procedures for them. Our National Cricket Academy in Lahore is used for boarding and lodging! You might have access to great food and accommodation there, but little else. These spaces ought to be used better.

How did the relocation of the Pakistan national cricket team to the United Arab Emirates between 2009 and 2019 impact the sport's development and fan base in Pakistan, and what are the implications of this relocation for the future of cricket in the country?

Naturally this was based on necessity after the attacks on the Sri Lankan team around the time. When we shifted over the UAE, we saw that their pitches were not anything extraordinary: not suitable for spin bowling and generally quite dull. I do not think we particularly benefitted from the UAE in that regard. It was not a positive development for the sport as I see it. When you play in your own country, it attracts fans and inspires youngsters to take up the game. In the UAE, the bulk of fans are simply the expats who live there – most of whom are not particularly interested in becoming cricketers themselves. I think the relocation was not beneficial. But now that international cricket has begun again in Pakistan, with teams like Engalnd, Australia, New Zealand, South Africa, etc. having played recently – I think this will be good for Pakistani cricket, especially for youngsters. When they go see all these talented players, they will derive a sense of inspiration from it and can learn a lot. The recent PSL was packed – most games were attended by huge numbers of fans. This is great and should continue.

From among Mohammad Rizwan, Azam Khan, and Sarfaraz Ahmed, who do you believe is the best wicket keeper batsman for T20?

At this moment, there is no doubt that Mohammad Rizwan is the best wicketkeeper batsman in the T20 format. Sarfaraz is also good, but he has been confined to Tests for the moment. Azam needs a lot of time, I think: he must work on his fitness. He batting was impressive in the recent PSL – he was seen as a 'power hitter' – but if he isn't keeping then where are they going to hide him in the field? For the time being, we have Rizwan at the moment. In the future, Mohammad Haris can be a good wicket keeper batsman but he is already– at this early stage – trying to be overly smart about things. He should focus on his game: he has a lot of potential and can go far.

There has been a lot of criticism around Babar Azam and his captaincy, where do you fall in that debate?

The PCB handed over captaincy duty to Babar in 2019, and there is already so much criticism. Sometimes the Chairman puts forth statements about it, other times it's the press, etc. We recently saw a 'war of captaincy' take place against Afghanistan prior to the series. They forcefully gave Babar a rest period and news was spreading that Shaheen would be made captain. Some said it could be Imad Waseem, others said Shan Masood has a chance. Still others rooted for Shadab Khan – who eventually assumed the duty. I think the criticism around Babar's captaincy should end: it is not the right time for it. He has been doing well as captain in white ball cricket. We have two major events coming up: the Asian Cup and World Cup. This debate about Babar's captaincy should cease for the time being, and the decision from the board on this should come after October. At the moment, it is counterproductive in my opinion.

If you were made PCB Chairman today, what are some courses of action you would take to strengthen the Pakistani team - in all formats?

First of all, this is never going to happen. If it does, the first thing I would do is to completely depoliticise regional and club cricket – in terms of the nepotism/favouritism that tends to prevail. I would ensure that the most talented and dedicated players from their respective regions rise to the top. All things will operate on the basis of merit. If someone is the PCB Chairman, they cannot have a free hand in employing people purely on the basis of connections and friendships. Excessive politicisation has ruined us. We won the Champion's Trophy in 2017, and have failed to win anything since. Prior to that, it was the World Cup of 1992 and the T20 World Cup of 2009. These are the only three major titles under Pakistan's name. If we can rid ourselves of the politics, prioritise merit, develop infrastructure, and invest in the right things rather than on fancy tours and dinner parties etc. Those are the kinds of things I would personally focus on and which I feel will be of immense benefit to Pakistani cricket over the long haul.

[*The above was a conversation that took place between Mirza Iqbal Baig and Abbas Moosvi, Editor of PIDE's Discourse Magazine. We are grateful to Mr. Baig for taking out the time for us.]

The interviewee is one of Pakistan's top cricket journalists, analysts, and cricket commentators. He is a renowned name in the realm of sports journalism, and journalism more generally – and has been a key voice in the coverage of Pakistani cricket for several decades.

EVOLUTION OF CRICKET: FROM A GAME OF AMATEURS TO A BILLION-DOLLAR MARKET

67

Waseem Abbas

The media rights of the Indian Premier League (IPL) for 2023-27 are worth USD 6.02 billion, an incredible feat given that the Board of Control of Cricket in India (BCCI) had to pay broadcasters, just forty years ago, to telecast its matches live. There are currently dozens of international players playing in the ongoing IPL, skipping their national duties, which would have been unthinkable just a decade ago. The change was imminent given the massive market that IPL has become and the million-dollar contracts it offers to the players.

It is intriguing to understand how a game that emerged in the United Kingdom around the 16th century became a global phenomenon and a highly lucrative sport.

Cricket began in the United Kingdom in the 16th century (some accounts trace it back to the 13th century) as a leisure game for kids, which adults adopted later on. The laws of cricket were first written and adopted in 1744 by 'Star' and 'Garter Club', the precursors of the Marylebone Cricket Club (MCC), which is the custodian of the game of cricket since its foundation in 1787 at Lords. The first international match was played in 1844 between Canada and the United States of America, while the first recognised Test match was played in 1877 between England and Australia. Professional County Championship in England began in 1890, which helped the game evolve into a big market.

Any sport can become a global phenomenon if it is followed by a huge chunk of the world's population. The globalisation of cricket came about with the rise of colonialism, and one of the consequences of British colonisation was the spread of cricket in its colonies. British colonialists introduced cricket in North American colonies in the 17th century, while the East India Company familiarised it in India.

By the 19th century, cricket had spread to every nook and cranny of the world with a huge fan following. But it was not until the dawn of the 20th century that cricket was played by many nations under one umbrella organization that could institutionalise the game.

The cricket boards of England, Australia and South Africa cofounded the Imperial Cricket Council, the governing body of international cricket in 1909, which was later renamed as International Cricket Council (ICC) in 1987. Many countries joined soon afterwards, including India in 1932 and Pakistan in 1953. Currently, ICC has 108 members, with 12 Test-playing nations and 96 associate teams. Cricket was still a game of semi-professionals as late as the mid-1950s, as the revenue-generating mechanisms were not yet developed. With half of the world's population following the game, it was imminent that money will follow it.

Limited overs (One Day Internationals) cricket began in 1971 to cater to the changing demands of the audiences, who wanted to witness more drama and suspense in a limited time span. ODI World Cups started from 1975 onwards that modernised cricket according to the demands of the day. However, it was Kerry Packer and the World Cricket Series (1977-1979) that revolutionised the world of cricket and modernised it to attract large audiences through live telecasts and other technical changes to the game.

Kerry Packer, an Australian Media giant and the owner of Channel Nine, wanted to telecast Australia's Test matches and made a startling bid of USD 1.5 million for three years, but his offer was refused. He famously said to the representative of the Australian Cricket Board: "There is a little bit of the whore in all of us, gentlemen. What is your price?" Failing to attain media rights, Packer contacted international cricketers individu

-ly and offered them lucrative sums to join his newly formed 'World Series Cricket'. As many as 35 famous international cricketers signed deals with Packer, including Australian Skipper Greg Chappell, West Indian Captain Clive Lloyd, England's captain Tony Grieg and Pakistan's Imran Khan. ICC retaliated and banned the WSC, barring them from using its grounds, rules, or nomenclature. Packer came up with the idea of drop-in-pitches to host matches on football grounds. Other changes WSC introduced were colourful kits, white balls, day-night matches, amongst many others. Four teams were made: Australia XI, England XI, West Indies XI and World XI, and the test games were named 'Supertests'. Although Packer's moves were driven by profit motives and he discontinued WSC after gaining media rights from Cricket Australian in 1979, it benefited the game in many ways and it can be said without an iota of doubt that from a financial perspective, no one was of more benefit to cricket more than Karry Packer and his WSC.

ODI World Cups were one of the main introductions that revolutionised the game from a financial viewpoint. Before the 1983 ODI WC that India won, India was bound to pay the broadcasters to live telecast its matches, but after being crowned as the champions, money started pouring in. Within thirty years, by the early 2010s, India was the richest board in the world and the world cricket hegemon.

ODI cricket became an instant hit, as it was less time-consuming than Test cricket but had more drama and suspense. It paved the way for T20 cricket, further condensing the game to appeal to the huge populace that is too busy with their lives. Batting-friendly pitches and shorter grounds made the game further interesting as people could enjoy batting exploits in just four hours. T20 Cricket was being played in Karachi's North Nazimabad region, primarily the Ramadan Tournament that featured international cricketers. The first professional T20 game was played in England in 2003 while the first international game was played between Australia and New Zealand in 2005. The first T20 WC in 2007 paved the way for T20 leagues on the model of football leagues, and it was here the rebellious Indian Cricket League (ICL) emerged, the WSC of the late 2000s.

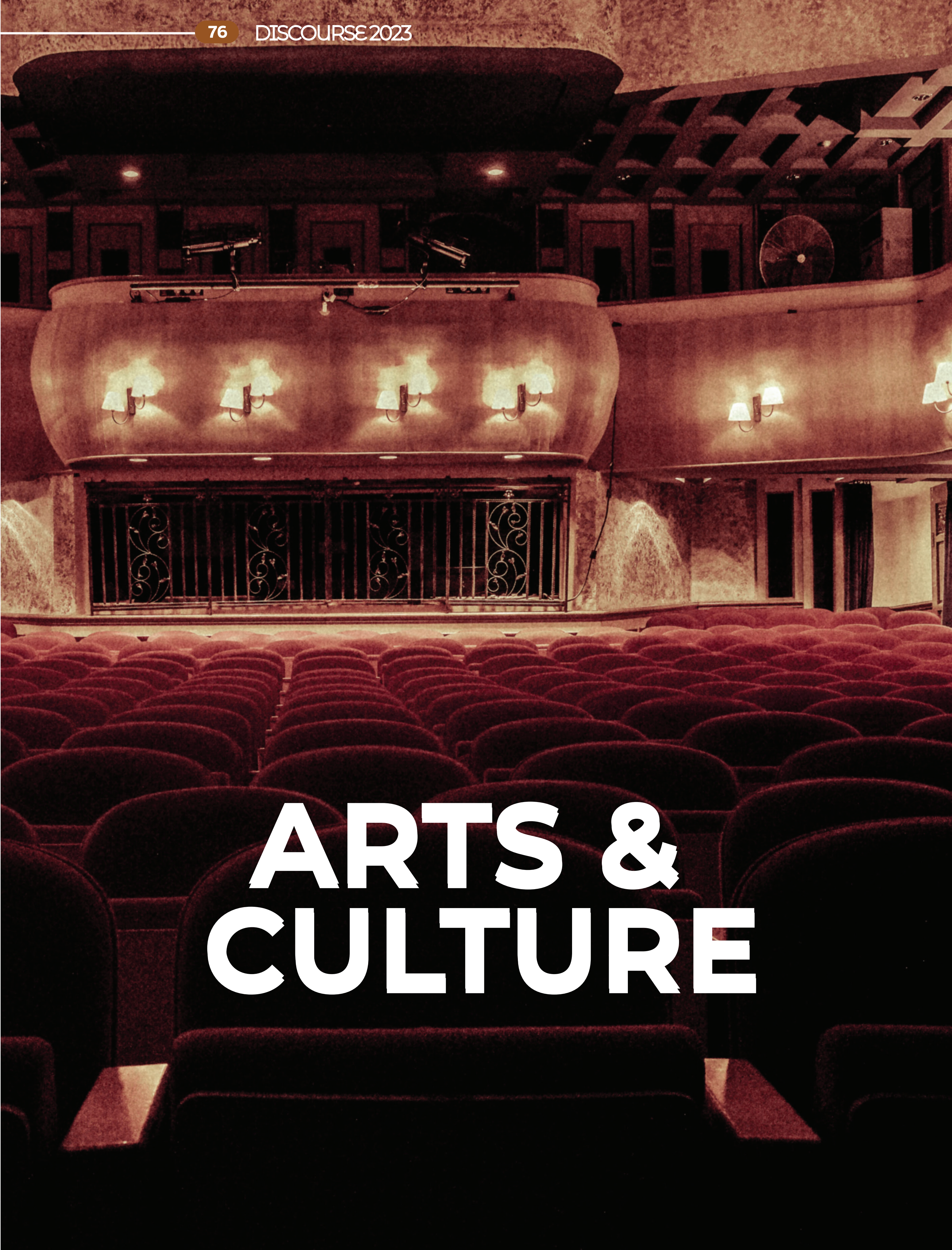
ICL modelled itself around Kerry Packer and invited teams from around the world to participate in a T20 league, where teams from Pakistan, India and Bangladesh participated, wherein many international players were part of the Indian teams. The Indian cricket board outlawed the ICL and initiated its cricket league, the lucrative Indian Premier League (IPL) in 2008. The emerging markets and large population of India coupled with the popularity of cricket in India made IPL a brand name. Within five years of its inauguration, IPL had replaced the hegemony of the ICC – and ICC doesn't host matches during the IPL anymore. Many of the famed international players interestingly prefer the IPL over national duties. It should not come as a surprise if within a few years, international cricket is pushed to only WCs and leagues occupy the whole year.

As ODI cricket is on the brink of collapse and Test cricket is on the ventilator, oxygen is being provided through the Test Championship, an integrated cycle of two years' test matches where the top two teams play the final at Lords.

As ODI cricket is too boring for the new audience who want to see a flurry of sixes and fours, leagues like IPL are the answer. A 20-second ad in an IPL match costs around 8 lakh Indian rupees, which is what drives the popularity of the league. Money buys talent and talent attracts viewership, and the viewership, in turn, attracts money, and the cycle keeps repeating. Before the advent of the IPL in 2008, India generated 98% of its revenue through the broadcasting of international matches. Today, it has dropped to only 29%, as IPL generates 71%. Similar cases can be seen in Pakistan (PSL), Australia (Big Bash), West Indies (CPL) and others, where domestic leagues have surpassed the popularity of international games.

With ICC's revenues shrinking, many countries, which are dependent on ICC for revenue, such as West Indies, are experiencing challenges in paying salaries to their players. Players from these countries resultantly prefer lucrative leagues over national duties, which brings disparity amongst different teams. It remains to be seen what the future holds for the game of cricket and its lucrative leagues, whether they completely replace international matches and push it to the background like football or if the increasing number of leagues would eventually bore audiences and pull them back towards international matches.

The author is an Assistant Editor at Youlin Magazine.



ARTS & CULTURE

DEBATING FESTIVALS: DO WE NEED MORE?

Jasir Shahbaz

In the last few years the big cities of Pakistan have witnessed a new season: the season of literary festivals. It usually lasts from December to February but some late spells can be seen as late as March. All the major cities like Lahore, Karachi, Quetta and Peshawar now have a literary festival to their name. Other than the literary festivals there is Faiz Festival, Asma Jehangir Conference and Think Fest, which organise public dialogue on literature, history, law, politics, environment and governance. While Lahore Literary Festival (LLF) has been around for a decade, the newest additions to the mix have been Pakistan Literature Festival (PLF) and Econfest in 2023. Even though every festival promises to be distinct and they are quite different in their scope, organisers and agenda, all of them can still be clubbed under the umbrella of public dialogue. Another common theme in all festivals has been a focus on reaching out to the young population and reflecting on the future of Pakistan. The festivals have been successful in attracting large crowds but at the same time they have been criticised for being exclusive, elitist and existing in a bubble. With all their failings, the festivals offer much needed platforms of public engagement in the absence of a functional public education system.

Festivals have been around for long enough to provide ample opportunity for evaluation. Although we generally don't wait too long to criticise anything, there has been a repeated critique of these public events, which awards it merit to be considered. The events have been called out for being exclusive, elitist and divorced from reality. Every year like clockwork, we see the same critique in print and online, along with dismay over some controversial opinion shared in one of the sessions in any of the events. While I don't outrightly reject these claims, I also find it lazy to reject any project of public engagement without deeper introspection.

We will first talk about the 'exclusivity' of these events. In economics there is a concept of public goods, which are non-exclusive and non-rivalrous. In simpler terms, you cannot obstruct anyone from consuming these goods and consumption by an individual will not diminish the amount of goods available to others. Imagine a self-replenishing public pool of water. In principle any event that has free entry is non-exclusive. However, there can be invisible barriers to entry. As Ahmed Shah, the organiser of Pakistan Literary Festival, shared on bringing the inaugural edition to Lahore,

"If there's an event about poetry at a five-star hotel, even if it is free, a poor man would think twice before going to it. They'll feel weird about it," he said. "That hesitation is what I wanted to lose with this event."

While I agree with his point of view the events can exude exclusiveness even more subtly than by just their location. The major point of exclusivity in my opinion is the discussion. If the topics are obscure or the medium of discussion is only English, then it's quite possible that the organiser does not intend to open the event to everyone. While the entry is indeed free, there seems to be gatekeeping in the choice of panellists. If one looks at the lineup of all festivals you can clearly carve out a new profession, 'serial panellists'. Regardless of the location or scope of discussion, you will find 70% of similar faces in every festival. The festivals will mention the young generation in their agenda, speeches and discussions but you will hardly see any young people leading the discussions. This not only makes young people feel left out but also reduces the exercise to a dining table discussion between family elders.
Another repeated point is that these festivals are an elitist exercise. Again reiterating the point made earlier that any event which is open to 'public' can't be confined to one class. This also holds true for the diversity of audiences at these events. I can only vouch for the Faiz Festival, where there is considerable participation of students from public universities, families, and people from the different echelons of society. However, you don't see this diversity on stage. From the panellists to the management there is absolute control of people from an English speaking upper middle class. There are no sessions on trade unions, student unions or farmers' collectives. The only permanent participation of students in the event is in the form of a classical dance performance of Lahore Grammar School. It is heartening to see students from public universities in the audience but isn't it condescending to limit them to be passive recipients of the wisdom and art shared by the elites. Perhaps due to this 'elite capture' of Faiz, there is a parallel celebration of the poet and his work at Bagh i Jinnah, every year under Faiz Aman Mela. Zooming out of the literary events, another criticism of these events is that they are divorced from reality. One of the most common arguments against any intellectual exercise is pitching it against the darkest face of reality. There would always be someone complaining about dedicating time and resources to a discussion on the latest trends in

poetry when millions are struggling to be fed in the country. I think this debate will always be there but some of these discussions do become hollow when there is a deliberate attempt to circumvent certain topics. All events have very clear redlines not only regarding the panellists but also the topics of discussion. If these events are also going to be subjected to the same censorship as the media, then what is the point of having these live discussions? In the past, we have seen speakers were uninvited at the last minute, or discussions were interrupted in the middle or panels were cancelled after being advertised. This is one of the reasons that young people don't look favourably at these events because the scope of the discussion is limited in ways similar to the mainstream media. It is part and parcel of organising an event in urban centres with active participation from the government.

If the issues with these events look obvious and have been present for years then why do we not see any effort from the organisers to fix it? I believe that results of events can only be tested against the objectives of the organisers. We can hold these events against our own ideals of inclusivity but maybe it is not the concern of the organisers. We have to consider that any event open to the public doesn't necessarily make it a public good, and organisers being private individuals only have their own best interest at heart, which can be projecting Lahore as a literature city in the international world, to showcase their own work, to expand their network, or to simply talk about the things which they deem important.

The state has the responsibility to curate inclusive platforms for public engagement. Similarly, the universities are the right place to hold debates and discussions on matters of public and intellectual importance. The public universities are busy cutting costs under reduced funding from the Higher Education Commission and policing the lives of students. The private universities as any other private business are focused on reporting profit at the end of the year. The mainstream media is completely overtaken by power politics. In these circumstances these festivals are an exception.

It is most heartening for me when I see young people attending these festivals. If not anything else, they are at least learning how to amicably listen to an opposing view and hold contradictory positions in their minds without clutching to any extreme. With more than 64% of the population under the age of 29, Pakistan is heading towards an uncontrollable crisis of youth management. If anything we need more such festivals to engage our young people in non-violent activities. However, this doesn't mean that there is no room for improvement in the ongoing festivals. They must make an effort to include young people not only as an audience but also as active planners and speakers.

How can we attempt to address the problems of youth if we don't listen to them or give respect to their opinions as valid? The younger people also need to take more responsibility than cancelling everything on the internet.

They can also organise to curate alternate platforms for sharing art and opinions on cities, politics, history, environment and law. They don't have to create something on the same scale but anything which is more inclusive and participatory for groups who are otherwise not represented in these festivals. It would be amazing to see smaller festivals in villages or little towns organised in the local language with a focus on local artists and issues. We just need to stay true to our vision as Sahir Ludhianwi said,

لے دے کے اپنے پاس فقط ایک نظر تو ہے

کیوں دیکھیں زندگی کو کسی کی نظر سے ہم

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DIVIDED CURTAINS AND SWEET SYMPHONIES:

PRE-PARTITION PUNJAB'S CONTRIBUTION TO INDIAN CINEMA

Waqas Manzoor

The book, Pre-partition Punjab's Contribution to Indian Cinema by esteemed Professor Dr. Ishtiaq Ahmed is a distinguished juxtaposition of some first-hand interviews of actors, directors, song writers, producers, composers, music directors and research about the places where these cinephiles once lived, before the divide. The book is the second edition as it was published in Delhi 2022 Aakar Books and this year it published and launched on 17th March, 2023 here in Lahore, Pakistan with some additions to the previous publication. The book is mainly a collection of newspaper articles that the author had been publishing in Lahore based papers: Friday Times and Daily Times. I believe the book portrays the romantic relationship of the author with his hometown, Lahore and it also can be called a memoir about cinema viewing as he has expressed his love for cinema at several places in the book that he has watched Awara (1951) more than 25 times. The book also offers insight on 3-4 decades of Hindustani cinema and its makers from Punjab. It draws a sad as well as a sweet picture of Indian cinema, shedding light on the many hears that were broken during partition – in which entire communities were compelled to leave the places they cherished living in and having to settle in unfamiliar settings. For example, in the book the author recounts an interview (October 1999 & 2001) with Dr. Ramanand Sagar, who was an accomplished director and producer living in Lahore before partition. He shared, "I worked for a while in Delhi but then came to Bombay. I have been in the city for 52 years now. I have achieved outstanding success in film industry, but I still feel like a refugee. The feeling of being a refugee never lets go of you. It is a constant part of one's existence…" He wrote a novel on the incident of partition as well titled, Aur Insaan Mar Gaya – in which he had written his story of partition in the novel. Dr. Ramanand's wife who belonged to Shahalmi Gate of Lahore also shared with the author, "Mulk te saadha Lahore hee hai. Aithy te asi pardesi hee aan." (Our homeland is Lahore after all. Here, we are just strangers).

Dr. Ishtiaq also luckily happened to meet another shining star of Indian Cinema, Sunil Dutt, actor, director and producer. He wrote about the story of meeting to Mr. Dutt. It was initially planned as a 20 minutes meeting, but later on with the arrival of Mr. Ishtiaq – knowing that he himself is a Punjabi – the conversation lasted longer than two hours as the strings of love had not been cut by the drawn borders between.

The author also wrote about his meeting (October 2001) with Raj Babbar, a magnificent Bollywood star whose ancestors once lived in Jalalpur Jatta of Punjab Pakistan. He shared his experience of visiting his ancestral house, "Some years ago I visited Pakistan to attend a Punjabi conference. The receptions at the airport and in the hotel were memorable. I felt that I was at home among my own people. I expressed a desire to visit my hometown and this was immediately arranged. The news spread quickly to Jalalpur Jattan. Some young men from there came to Lahore and escorted me to Jalalpur Jattan. They formed a caravan of motorcycles as we drove into the small town… I was told that a mosque had been built in the courtyard our old house and therefore I was not sure if I would like to go there. I said to them, 'I would be very pleased to go there if you have no objection. Now I know secret of my success. If people pray five times a day in the courtyard of my house obviously then their blessings help me become so successful."

During the British period there were four cities that came forward as urban hubs: Bombay, Calcutta, Madras and Lahore. It is interesting to note that all four, where initial art schools were opened in colonial India, three - Bombay, Calcutta, Madras - became film production centers, with Lahore joining soon afterwards and becoming second base for film-making after Bombay. It was further supported by the claim as Lahore had 9 film theatres in the early 1920s. The first silent film was shot in Lahore by G. K. Mehta in 1924 titled, The Daughters of Today, and a few years later (in 1929) another film, Husn ka Daaku, was produced by Ravi Road Studios in which the acting as well as directorial directed was led by A.R. Kardar, a renowned name in the pioneers of Indian cinema. Also noteworthy in the context of colonisation, "During the British epoch, when films emerged as a brand-new entertainment in the Indian subcontinent, colonial authorities ensured that Indian cinema did not address themes related to the ongoing freedom struggle. So, we were left with boy meets girl themes to enjoy on the curtains."

It is interesting to note that two of the ethnic groups have been dominant on Indian cinema, Punjabis and Bengalis - and the presented book closely traced Punjabi's contribution towards Indian cinema. To my wonder, the Punjabi films were not only being made in undivided Punjab, their viewership was ranging from Delhi, Calcutta, Bombay to Kanpur. A.R Kardar, who had shifted to Calcutta, did not stop making films in Lahore. He produced the first talkie on the folk story of Punjab, Heer Ranjha, in Punjabi. "We Punjabis are people of rivers who have been living on the banks of 5 rivers since centuries and we have a dynamic relationship with music and singing while we have been drinking sweet water of these rivers that has produced the timeless melodious voices". An interesting thing about Hindi Cinema is the inclusion of songs as an added value in the plots of films which stand apart from the music score of the overall film. These Geets are part and parcel of Indian films to date. While discussing music, the author wrote that Kundan Lal (K. L.) Saigol was one of the popular actor-singers of early 1920s. He was born into a Punjabi family and played the lead in the first Devdas. The author mentioned that although he was a Punjabi, he sang 28 Bangla songs and only two songs in Punjabi are on his credit. When a Punjabi singer coming from a nearby place to Jalandhar came to know about this he remarked, "Hun Tussi Punjabi wich wee gana shuroo kar dita a, assi te tan bhukhe marr jawaan ge" (Now you have started singing in Punjabi as well, we will be starved to death). But Saigol was man of his word and he promised to him that he would not sing in Punjabi again, and he never did.

Female actors and singers were also making their name on the playground of Indian cinema. The author dedicated an entire chapter to Lahore born refined actress Kamini Kaushal, documenting her contribution towards Indian cinema. She was part of the films that won the Grand Prix at Cannes Film Festival as the 1st Asian Film, Neecha Nagar (1946), and she also worked in many other popular movies. The author has penned down a couple of telephonic conversations with Kamini jee as she shared, "Lahore is home and it will always be. It always remains with me as a constant companion wherever I live. Often times, I wander away in my thoughts to Lahore because so many finest memories are associated with that petite city." The author writes about one of her memories, "It was the city of cycles; everywhere you could see people on cycles, we girls went around on the cycles." There is a long list of brilliant actresses and playback singers and the author has given detailed accounts of Shyama Arain, Khurshid, singer Suraiya, the melody queen Madam Noor Jahan, Mumtaz Shanti, Ragini, Munawar Sultana, Swaran Lata, Veena, Manorama, Meena Shorey, Begum Para, Chand Burke, Geeta Bali, Bina Rai, Asha Mathur, Kuldip Kaur, Shamim Bano, Shamshad Begum, Pushpa Hans and many more. All these superb actresses belonged to Punjab, mostly from Lahore, and had ruled on Indian cinema: either this side of border or the other.

You all have heard this well-sung Punjabi song "Chan kithan guzari ai rat wey", which was sung by an illustrious actress and playback singer Pushpa Hans. The author has included an interesting interview with her that shows how we have lived with a communal harmony and in a cosmopolitan environment before the divide. She says, "I started my singing career from Lahore Radio station… Mian Hameedudin from Ferozepur lived on 13 Fane Road (Lahore). His daughter Kishwer was one of my best friends. I used to observe roza along with her." The interview also shows how art forms do not care about all these borders, "When I sang the famous Punjabi song, 'Chan kithan guzari aai raat wey' listeners from Pakistan sent requests for it to be played many times on All-India Radio. In fact, once I performed for jawans on the Jammu border. The Pakistani troops on the other side requested that one of the loudspeakers should be turned in their direction. This was done and we all had great time." The author also gave another example of the significance of music that I believe brings all of humanity to one place no matter which part of the world they belong. He shared an anecdote of a Nepali Hindu who was mesmerised by the Bhajan 'mun tarpat Hari darshan ko aj' a music piece from the all-time classic film Baiju Bawra (1952). The Nepali Hindu wanted to pay a tribute to the makers of this Bhajan and he intended to travel to Bombay. To his wonder when he came to know that the Bhajan was composed by a Muslim, Naushad, lyrics also by a Muslim, Shakeel Badayuni, and devotionally sung by one of the best singers of the world, Rafi, so he could not leave before kissing their feet. The art forms build capacities to be pluralistic, promoting coexistence and the embrace of diversity that we have been shown in the book artistically. It doesn't take much effort to follow the path of humanity, it reminds me an opening lyric of a film (Devta, 1956) song written by Sahir Ludhiyanvi and sung by Muhammad Rafi:

تُو ہندو بنے گا نہ مُسلمان بنے گا

انسان کی اولاد ہے انسان بنے گا

The author is a photographer and visual/performing artist – and his works may be accessed at https://visura.co/waqasmanzoor/about.

PIDE BI-MONTHLY ROUNDUP

WORKING PAPERS

- Is the Decision to Obtain Higher Education in Pakistan Worth Repaying? New Evidence from Returns on Education for Paid-Employees – Ghulam Mustafa
- The Impact of Railway Development on Economic Growth through CPEC – Abida Naurin and Shahbaz Gul

KNOWLEDGE BRIEFS AND POLICY VIEWPOINTS

- What's Your Degree Worth? Return to Education, Employability, and Upskilling Workforce in Pakistan – Saman Nazir and Hafsa Hina
- Disaggregating the Graduate Unemployment in Pakistan – Henna Ahsan and Muhammad Jehangir Khan
- What are the Factors Making Pakistan's Exports Stagnant? Insight from Literature Review – Ghulam Mustafa and Saqib Hussain

BASICS

- A Reflection on Spiritual Beliefs – Durre Nayab

EVENTS/WEBINARS

1. Gilgit Baltistan Beyond Mountains: Exploring the Vision for Tomorrow (Conference)
2. Pakistan's First Ever Think Tanks Moot: Collective Thinking, Collective Action
3. Attracting Investment through Better Legal/Regulatory Framework – Charles Schneider
4. EconFest Lahore: Pakistan's First Ever Economics Festival
5. Seaports of Pakistan and Regional Connectivity
6. The Big Con: How the Consulting Industry Weakens our Businesses, Infantilises our Governments, and Warps our Economies
7. Austerity in the Context of a Developing Country
8. The Rise and Fall of the Neoliberal Order: America and the World during the Free-Market Era
9. Disorder in the 21st Century: The Systematic Problem of Energy
10. NADRA and Digital Pakistan
11. Recent Economic Developments: Outlooks and Risks
12. Impact of Climate Change: On Rainfall Patterns and Water Resilience
13. Soil Health and Food Security in Pakistan
14. Training Superhero Leaders
15. Islamabad's Urban and Architectural Genesis
16. Future of Public Education in Pakistan

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