

Governance: a hard reset | The Express Tribune

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Since independence, Pakistan has largely operated as a rentier state, leveraging its 'geostrategic' location to attract resources from the global economy — particularly Western powers. With the abrupt death of Muhammad Ali Jinnah following the partition, a leadership void presented itself. This was, for a while, held at bay by Liaquat Ali Khan, but was soon permanently filled by the security apparatus. About 33 years of Pakistan's 75-year history have been spent under outright military dictatorship, the remainder of which can be described as governance through proxy. No wonder the country is on the brink.

One reason for why the men in uniform have been able to assume a 'steering role' in Pakistan's governance — whether through explicit or implicit means — is the narrative surrounding the nascent state in the years leading up to the partition, in which all definitions of 'national identity' were negative in their orientation. Pakistan was to be the opposite of whatever India, the moral enemy, represented. This naturally incubated constant paranoia around 'perpetual threat from the Eastern border', granting the khakis a convenient justification for continued expansion, formalisation and extraconstitutional adventures.

While Nehru's India was experiencing rapid state-led industrialisation, Pakistan was undergoing its proverbial 'Green Revolution' whereby funds were funnelled into the agricultural sector by the Ford Foundation in the US for tractors, fertilisers and irrigation systems. Touted to this day by mainstream economists as the 'decade of development', this particular initiative only benefitted large landholders belonging to families that had been granted plots during the colonial administration in exchange for participation in WWII. In the absence of effective land reform, these families maintained coercive power over the communities they lorded, granting them influence over the process of political contestation via an intricate system of clientelism.

Capitalising on the foreign assistance received under the Ayub Khan regime, these landholders increased their exploitation of the labouring classes in their regions who were eventually compelled to abandon their deep roots in the countryside in favour of city centres. This was the first wave of large-scale urbanisation in Pakistan in which vulnerable communities flowed into cities only to be met with hostile receptions from xenophobic elites who used capital development authorities to create precarious conditions for them at every turn. Under the garb of 'anti-encroachment', these influential circles clamped down on the poor, evicting them

from their informal settlements and clearing the streets of all enterprising street vendors to make room for cars. This was (and is) even more so the case in 'posh' areas — private, gated housing societies reserved exclusively for the ultra-rich that uses them either for speculative trading or to remain insulated from the harsh realities ordinary citizens have to face.

Fast forward to the 80s. Under the military dictatorship of Zia ul Haq, Pakistan involved itself in the Soviet conflict along the western border in exchange for huge economic and military assistance from the US. Not only did this kick-start the process of radicalising society along hyper-conservative lines via directed funding for training, recruitment and ideological brainwashing, it also resulted in a vast, intricate drugs and armaments trade that adversely impacted the youth in particular. A powerful force in the 'mujahideen' was painstakingly incubated, one that eventually (and unsurprisingly) went rogue. The consequences of the terrorism that proliferated across the country following the end of the Cold War cannot possibly be overstated, triggering mass unrest, political instability and capital flight that directly constrained economic growth and development.

This was the same decade in which Pakistan's first structural adjustment programme from the IMF was initiated, advancing the neoliberal troika of privatise-liberalise-deregulate — conditions that were stringently imposed in exchange for funds disbursements. In the years that followed, policy making was slowly but surely forfeited to international financial institutions and multilateral donor agencies whose representatives and affiliated consultants were essentially granted charge of the governance of key sectors of the economic sphere.

The Washington Consensus and neoliberal turn more generally triggered wide-scale deindustrialisation: with international financial institutions compelling the privatisation of state owned enterprises in manufacturing during the 90s. According to the Asian Development Bank, however, only 9 of the 38 denationalised enterprises it studied were found to have improved in terms of efficiency.

The Energy Policy of 1994, on the other hand, ensured guaranteed rates of return of 15-18% (regardless of fluctuations to oil prices and exchange rate) to international power producers: multinational corporations that were subsidised by the Pakistani government for setting up shop and carrying out operations. This agreement was tethered specifically to output, whereby IPPs were paid per kilowatt produced, naturally incentivising them to maximise production which the government could briefly keep up with by taking on loans. When this proved unsustainable, power producers cut back output, leading to rampant load-shedding amounting to annual average losses of approximately 2-4% of GDP since.

Finally, the privatisation of the financial sector also fell dismally short in meeting its stated promises. GDP levels did not rise following this particular development (what is the function of a financial sector if not to boost economic activity via ease of transactions?), and only 1 in 5 people own a formal bank account in 2023. Commercial banks, however, have benefitted enormously, with the 5 largest ones (owned and controlled by certain families) holding approximately 60% of total deposits and 80% of total profits in the sector today.

The recent issue of Discourse, a bimonthly magazine by the Pakistan Institute of Development Economics, has highlighted the need to adopt a bird's eye view of Pakistan's political structure — in terms of its institutional arrangements, legal and

economic framework, electoral behaviour/preferences, etc — to understand the root causes of its current socioeconomic and political situation. It offers key insights into the political economy of malgovernance in Pakistan, identifying the factors responsible for obstructing nuanced, context specific and effective policy.

The overarching outcome of global powers working closely with opportunistic domestic elites to advance imperial agendas under the garb of ‘technical assistance’ has been a fragmented, polarised and extractive polity that largely only functions for a tiny minority.

A hard system reset seems increasingly unavoidable, and time is of the essence.

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