

**PAPER BY**

**MR. SHAHID HAMID  
FORMER GOVERNOR PUNJAB  
AND  
FORMER FEDERAL MINISTER FOR  
DEFENCE, LAW & ESTABLISHMENT**

**ON  
SOME ASPECTS OF THE ECONOMIC AND  
POLITICAL CHALLENGES FACING PAKISTAN**

**AT THE  
WOODROW WILSON INTERNATIONAL CENTER FOR  
SCHOLARS**

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1. Our national vision is enshrined in the Objectives Resolution, which forms an integral part of our Constitution. The Resolution proclaims the sovereignty of Almighty Allah over the entire universe. It states that the authority to be exercised by the people of Pakistan, within the limits prescribed by the Almighty, is a sacred trust. It proclaims the will of the people that they shall exercise such authority through their chosen representatives. It envisages a federal democracy guided by the principles of freedom, equality, tolerance and social justice, a Pakistan in which Muslims are able to live their lives in accordance with the teachings and requirements of Islam while minorities are able to freely profess and practice their faith and to develop their cultures. It envisages a democratic order in which there is equality of status and opportunity, economic and social justice, freedom of thought, expression, belief, faith, worship and association, and in which all these fundamental rights are guaranteed and safe-guarded by an independent judiciary. Finally, it envisages an independent Pakistan with full safe-guards for its territorial integrity and sovereign rights, which has an honoured place amongst the nations of the world and is capable of making its full contribution towards international peace and progress and the happiness of humanity.

2. During the 55 years of our independence we have made insufficient headway towards realization of the vision contained in our Objectives Resolution. This has been caused in part by the threat to our external and internal security on account of the unrelenting hostility of our eastern neighbour. Our ability to respond to the numerous economic and political challenges with which we are faced at the dawn of the 21<sup>st</sup> Century is constrained by this continuing threat, which has been aggravated during the last 5 to 10 years by the revival of Hindu fundamentalism. In a country that claims to be

the world's largest democracy, the majority party is a Hindu fundamentalist party. In Pakistan, the combined vote polled by the religious parties has never exceeded 5%.

3. Our lack of success in making meaningful progress towards realization of our national vision is also the result of the neglect of our institutions. We crave leadership, for another leader such as the Quaid-e-Azam to lead us to the cherished goal of a just, prosperous and democratic Islamic society. Many of our political parties are based on individuals who claim to be such leaders. Whoever comes into power in Pakistan is gradually convinced by those around him that he is such a leader. There is now a growing realization that, while continuing the search for honest and dedicated leadership, we need to give far higher priority to the building and strengthening of institutions. The message to build strong institutions was given to us 1400 years ago by Almighty Allah Himself when through verse 159 of *Sura Al-Imran* He made it obligatory on the Holy Prophet (Peace Be Upon Him) to seek counsel in all affairs. In the context of our Islamic faith our institutions need to be built and strengthened on the basis of *adl wal Ihsan*. *Adl* regulates selfishness and self-interest while *Ihsan* acts to protect against injustice and helps those in need. Strong institutions built and functioning on the principle of *adl wal ihsan*, and not ideal leaders, are the pre-requisite for good governance, and it is continued good governance for sustained periods of time, which is essential for both progress and prosperity.

4. Amongst the many challenges faced by us I propose to touch on four: the social sectors, the Kashmir dispute, the civil-military interaction and the devolution of power.

5. Since 1947 our gross domestic product (GDP) has grown 10 times. During this period the average rate of economic growth has been between 5-6% per annum. We are not 10 times richer because during the same period the population has more than quadrupled – from about 33 million to over 140 million today. As a consequence, our per capita income has increased two and a half times. During this same period, the Human Development Index (HDI) which measures a country's wealth in terms of not only its per capita income but also its literacy rate, infant mortality rate and life expectancy, has increased by 75% only. The reason why our HDI has lagged behind is because we have not invested nearly enough in education or health. Our education and health indices are lower than all the countries in the South Asian Association for Regional Cooperation (SAARC) area with the exception of Nepal.

6. We spend 2.2% of our GDP on education, 0.8% on health. By way of contrast, expenditure on defense accounts for between 4.5 to 5.0% of GDP depending on how you treat military pensions. This is not enough. The goal of universal literacy is not going to be achieved in our generation because most of those who have missed receiving an education during their childhood and teens are condemned to remaining illiterate. It would be more realistic to have a target of about 80% literacy within the next 25 years. This would mean a virtual doubling of the present literacy rate, which is optimistically estimated at 46%. Even this modest target cannot be achieved without doubling the percentage of national resources for education with an even higher percentage of the increase committed to primary education. The allocation for the health sector also needs to be doubled with practically all the increase ear-marked for population welfare and

preventive medicine – prevention against the major killer diseases such as malaria, T.B. and hepatitis.

7. When East Pakistan separated from us in 1971, it had a population 10 million more than that of West Pakistan. Today we have a population 10 million more than that of Bangladesh. At the estimated growth rate of 2.3% per annum our population will double within the next 30 years. In 1947 annual per capita water availability was 7200 cubic meters; today it is 1500 cubic meters. A country is considered water deficient when the per capita availability falls below 1000 cubic meters per annum. The rate at which our population continues to grow may create scarcities in food-grains apart from aggravating the scarcities that already exist in educational facilities, health care, housing and other sectors impinging on the life of the common man.

8. We need international assistance to fund our population welfare programme on a far more generous scale and try, like our neighbours Iran and Bangladesh have successfully done, to obtain the cooperation of our *ulema* for population control measures. We must also think of fiscal and other incentives to reduce family size.

9. The grants from the USA, the debt swap arrangements with Canada and some other countries, the increased access allowed by the EU for our exports, the debt relief negotiated with our bilateral creditors and the IMF and World Bank loans have made our foreign exchange position more comfortable than before. However, this has not translated into higher allocations for the social sectors because the fiscal space created by debt relief has been offset by higher defence expenditures and lower tax revenues.

10. There can be no meaningful increase in the allocations for the social sectors without reducing the burden of defence expenditure. Obviously this is not possible so long as the present confrontation with India continues. For the present we will have to maintain defence expenditures at their present level, perhaps even increase them, but sooner or later the required re-adjustments will have to be made. This will need amongst other things the creation of informed opinion within the armed forces that national priorities require re-adjustment. This is beginning to happen.

11. An end to the confrontation with India requires the resolution of the Kashmir dispute. This dispute has simmered at different temperatures since 1947. In 1989, the Kashmiris in Indian Occupied Kashmir took up arms to affirm their right to determine their own destiny. India alleges that Pakistan encouraged them to do so and has aided and abetted the struggle through means other than Pakistan's declared policy of diplomatic, political and moral support. As far as we concerned, these allegations are not germane to the central issue, which is the right of the Kashmiri people to decide their future through a plebiscite guaranteed to them by the resolutions of the UN Security Council. India has lost the hearts and minds of the Kashmiri people because of the innumerable human rights violations committed by its Security Forces such as custodial killings of innocent civilians, rapes of married women and young girls, destruction of houses, businesses and mosques and various other acts of brutality, intimidation and harassment. No one in Pakistan can be expected to forget the sacrifice of 70,000 Kashmiris who have laid down their lives in their struggle for freedom. If we do so we will lose a part of our national vision, that part which is enshrined in our Constitution through the words

*“the unremitting struggle of the people against oppression and tyranny”*

12. For the USA to say to Pakistan that you (Pakistan) lack the military capability of securing to the Kashmiri people, through use of force, the rights guaranteed to them by the UN resolutions, is sensible advice. Many of us had come to this realization when we initiated the Lahore Declaration process in early 1999. Others have reached the same conclusion in the light of the events that followed Kargil and the new world order that has emerged after September 11. But for the USA to say to us that we should agree to the conversion of the Line of Control into the international frontier is to ask too much. The USA has the leverage to persuade India to enter into meaningful result-oriented negotiations for a solution to the Kashmir dispute in accordance with the desires and aspirations of the Kashmiri people on both sides of the Line of Control, a solution that does not rest on the premise that Indian occupied Kashmir is an integral part of the Indian Union. The US could, for example, deny India recognition as a regional power with all that such lack of recognition entails, including denial of a permanent seat in the UN Security Council, till such time as India has resolved its disputes with its neighbours including the Kashmir dispute. If the US is thinking of imposing, in your terminology “facilitating,” a peace in South Asia, let it be a peace with honour for any peace without honour will not be a permanent peace.

13. If for any reason the USA is not willing to use the power it has for a solution acceptable to the Kashmiri people then the best course would be to work out temporary arrangements for a period of, say, 5 to 10 years or more and to defer the final solution of the Kashmir dispute to some future date. To reduce tensions between the two countries these temporary arrangements must include the withdrawal of a substantial part of the

Indian occupation forces from the Kashmir valley. It will not be easy to arrive at such temporary arrangements because the armed freedom struggle within Kashmir is unlikely to abate. Indian propaganda notwithstanding, the fact is that the majority of those who have taken up arms were and are indigenous Kashmiris, and not cross-border infiltrators.

14. I would like at this stage to say a few words about the role of the armed forces in the context of the civil-military relationship in Pakistan. During the 55 years of our history the armed forces have performed four roles. First a quiet background role of giving advice whenever asked or whenever needed. Second, a participatory role in permitted fora such as the Defence Council headed by the defence minister and the Defence Committee of the cabinet chaired by the prime minister. Third, a role in implementation of policy as aid to civil power, for example, the induction of military personnel into the national Water & Power Development Authority and the survey of the ghost schools in the Punjab Province. And fourth, an extra-constitutional role in which the armed forces have taken over the control and command of the federal government.

15. Every civilian government has readily conceded to the armed forces the first three of these four roles. The army chiefs have, regularly, advised the civilian governments on the policies they deem to be correct and necessary. From 1985 onward, the army chief was one of the key players in the troika that took the final decisions of state at times of crisis. On one particular occasion the then president and the then prime minister, at loggerheads with each other, agreed with the army chief that, in the national interest, they should both go. There has been minimal civilian input with regard to the details of the defence budget and no debate worth the name in the National Assembly on either the quantum or the particulars of defence expenditures. The army did not volunteer

to take over our national Water & Power Development Authority. A civilian government invited the army to do so. It was again a civilian government, which 4 years back asked the army to set up military courts in a particular province. 25 years ago another civilian government invited the Army to impose localised martial law in the major cities of the country.

16. Because of their structural and organizational strength, the armed forces in Pakistan have their own interests. They are sensitive to threats, real or perceived, to their autonomy and cohesiveness. They want institutional continuity and progress. They also want a monopoly over matters requiring military expertise, and control over policies that affect their present or future operational activities. In times of internal or external crisis they see themselves as the final arbiters of national security.

17. What happens when the values of the armed forces are not in harmony with those of the civilian government? What happens, when a significant body of political and public opinion shares the perception of the armed forces that the government of the day is following a course detrimental to the national interest? What are the service chiefs to do in such circumstances? Are they the servants of the state or of the government in power? Should the army chief have intervened to prevent the storming of the Supreme Court on the basis of the letter written to him by its Chief Justice? If there is a perceived clash of loyalty between the State, on the one hand, and the elected government, on the other, what should the Army Chief do — make his views public and resign or intervene?

18. There are no easy answers to these questions. The previous Army Chief resigned, the present one intervened. This is the background, the reality, the thinking, on

the basis of which the present government has made proposals for various constitutional amendments to strengthen the powers of the President viz-a-viz the Prime Minister and the Parliament. I am not an apologist for the government and nor do I agree with many of the proposed amendments which will convert our parliamentary form of government into a quasi-presidential form of government, but I am a realist. We are not likely to see a situation in Pakistan, in which the military is subordinate to the civil power in the manner seen and understood in the West. It appears to me therefore, that the political parties should seek to work together with the Commanders of the Armed Forces to bring about a strengthening of the institutional structures relating to the civilian-military interaction in the constitutionally permissible roles, and in ensuring an ever increasing degree of transparency and open public debate with respect to defence expenditures. Increasing degrees of civilian control will automatically follow in the wake of greater transparency and public debate.

19. At the same time there are many of us who constantly remind our Armed Forces that Pakistan itself may not have come into existence if the Muslim League had not been allowed to function as a political party. At a reception in honour of his birthday on 25<sup>th</sup> December, 1942 the Founder of Pakistan Quaid-e-Azam Mohammad Ali Jinnah said

“The position of Muslim India during the last 200 years has been that of a ship without a rudder and without a Captain floating on the high seas full of rocks. For 200 years it remained floating, damaged, disorganized, demoralized, still floating. In 1936 with the cooperation of many others we salvaged the ship. Today the ship has a wonderful rudder and a

Captain who is willing to serve and always to serve. Its engines are in perfect working order and it has got its loyal crew and officers. In the course of the last 5 years it has turned into a battleship.”

The freedom allowed to the Captain and the loyal crew of the Muslim League was essential for the creation of Pakistan. The free interplay of political forces including the participation of all political parties in elections that are not only free, fair and transparent but also perceived to be such both at home and abroad, is essential for the maintenance and health of our parliamentary system of democratic government.

20. We are a Federation. The Objectives Resolution, which forms an integral part of the 1973 Constitution, envisages a Pakistan in which the various Provinces form a Federation, a Pakistan in which these Provinces are autonomous with such boundaries, powers and authorities as may be prescribed. Under our Constitution, a Provincial Assembly has exclusive power to make laws in all matters not included in either the Federal or the Concurrent Legislative List. A Provincial Assembly also has power to legislate in any matter included in the Concurrent List, but if Parliament passes a law in such a matter, the law passed by Parliament prevails and the Provincial law is void to the extent of its repugnancy with the Federal law.

21. The ground realities are not in accord with the Constitutional provisions. There is a large measure of Federal interference in many matters falling within the purview of the Provincial Governments. Take, for example, the administration of law and order. It is the duty of the Federal Government to protect every province from internal disturbance and to give directions to a provincial government for the purpose of

preventing any grave menace to the peace or tranquility or economic life of any part of Pakistan. Subject to these Federal powers, law and order and the police forces are provincial responsibilities. The law and order administration in the Provinces comprising the District Magistrates and the Executive Magistrates has been abolished under orders of the Federal Government. The Chief Secretaries and Provincial Secretaries, the Provincial Inspector Generals of Police and other senior police officers are drawn in the main from cadres recruited, trained and maintained by the Federal Government and who look to the federal authorities and not to the provinces for their promotion and other career prospects.

22. The President has spoken more than once of the need to promote harmony with and between the provinces, as also of the need for meaningful devolution of power. Any such exercise has to commence with the exercise by the provinces, without interference from the federal government of all powers, functions and finances that fall within their executive authority as per the existing constitutional provisions.

23. The difficulties in doing so are two-fold: first, political-cum-administrative and the second, financial. Federal Ministers, whether political or non-political, elected or appointed, do not like any reduction in their powers. The various federal services are also determined to preserve and protect the perks, positions and privileges enjoyed by them at Islamabad. Only a strong and determined political will can overcome such opposition.

24. The greatest hurdle in any scheme for devolution of functions and powers from the centre to the provinces is financial. Federal revenues are insufficient to meet the responsibilities of the federal government, which is why we have gotten into the debt trap both internally and externally. This is equally, if not more, true of the provinces. The

difference is that as there are restrictions on a provincial government's ability to borrow, except with the permission of the federal government, the provinces have not gotten into the same debt trap. Instead, for lack of sufficient revenues, many provincial functions have either not been performed or performed inadequately. The sectors that have suffered the most have been education and health. If functions and responsibilities are transferred from the centre to the Provinces without commensurate transfer of revenues the exercise will be meaningless and the standard of governance and services in respect of the transferred matters will deteriorate instead of improve.

25. There is a considerable body of opinion which presses for an even greater degree of autonomy than that envisaged by the present constitutional dispensation. Let me try and give you the historical perspective for the proper consideration of this issue. In the Government of India Act of 1935, which was the Constitution for Pakistan up to 1956, there were a total of 98 subjects in the Federal and Concurrent Lists, and 55 in the Provincial List. In the 1956 Constitution, the Federal and Concurrent Lists had a total of 49 subjects while the Provincial List increased to 94. In the 1962 Constitution, the Federal List comprised 49 subjects, there was no Concurrent List and all the residuary powers were reserved to the provinces. In the present 1973 Constitution, there are 114 subjects in the Federal and Concurrent Lists while there is no Provincial List. It would thus be evident that the federal government has, since 1973, far greater executive authority, as compared to the provincial governments, than in any previous period of our history. Many of the matters currently being dealt with by the federal government, for example environmental pollution, social welfare, labour exchanges, boilers, books and

newspapers, tourism, to name just a few, could be better handled by the provinces provided that such transfer was accompanied by a commensurate transfer of revenues.

26. The present government seeks to make a meaningful devolution of power from the centre to the provinces as a follow up to the devolution already made from the provinces to the local communities. This devolution will become effective only when there are elected provincial assemblies and governments who are the recipients of such power because military government, by its very nature, has the effect of converting Pakistan from a federal to a unitary state. A democratic dispensation and the free inter-play of political forces are the sine-qua-non for inter-provincial harmony and for national integration. Let us hope and pray that this becomes reality with the elections scheduled to be held in October this year.

27. We are a hard-working and resilient people. We are conscious that other nations have successfully met challenges more serious than those with which we are faced. We too shall prevail because we believe in the rule of law and have an independent judiciary and a well-settled legal system. We have a sound and expanding agricultural base and more and more of our industries are achieving the quality and efficiency standards required under the WTO regime. We have a free and vibrant press, which will be fortified soon with the re-enactment of the Freedom of Information law first promulgated in 1997. Since 1996, we have set in place an accountability system that spares no one, not even Prime Ministers or service chiefs. We have the economic potential, given good governance, to achieve high rates of economic growth and because we have good friends such as the USA who are ready to walk the same road with us.