

IT IS RIPE TIME TO HAVE INDEPENDENT  
FOREIGN & ECONOMIC POLICIES

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## **IT IS RIPE TIME TO HAVE INDEPENDENT FOREIGN AND ECONOMIC POLICIES.**

By Professor Khurshid Ahmad

After passing through early formative stages, General Pervez Musharraf's civil-military government is now assuming a shape. The Chief Executive has highlighted his aims and objectives through his policy statements both inside and outside the country. The features of the new federal and provincial governments are now somewhat clear. Some statements given in haste and measures taken in hurry have been explained and corrected in varying degrees and the official stance is now presented with more prudence and confidence.

Though the incumbents assumed power only a few weeks ago, it is quite natural to expect that they must have by now developed a better understanding of the state of affairs in the country. Freedom of the press and opportunities for political activities can play an important role in restraining the new setup from wandering uselessly and in preventing unnecessary experiments. While international pressure not only persists, it is becoming a complex issue to deal with. This necessitates the need for open discussion and debate at national level and keeping the spirit and process of accountability alive so that the leadership can benefit from advice, guidance and force to remain steadfast to national objectives and not to commit mistakes owing to its lack of experience and external pressure.

In fact, General Pervez Musharraf and his team have a unique opportunity for reforms and system's overhaul. The nation as a whole has welcomed the October 12 takeover. Despite some foreign powers' strong reaction or the apathy of traditional power centers, the common Pakistanis, expatriates and to an extent the Muslims all over the world have expressed good wishes for the new leadership. This is because of two main reasons: first, criminal performance and unpardonable failures of the past regimes, and second, good opinion about the army and the mention of those issues and objectives in General Pervez Musharraf's statements which make the real agenda of Pakistanis in particular and of Ummah in general. The ethically and politically nefarious game that forced the army leadership to take action before it could get too late on October 12 also accounts for turning the public opinion in army's favor.

Put together, these factors have created a favorable atmosphere for the new leadership not only to set things right at the home-front, but also to remove peoples' grievances, and to realize the historical objectives behind the creation of Pakistan. It is an opportunity like that of 1947 (in a congenial atmosphere in the wake of independence) or that of 1972 (in a heavy atmosphere after suffering defeat at the hands of India and losing East Pakistan) which the then leaderships could have availed of for nation building. Unfortunately, the demise of Quaid-e-Azam and usurpation of the League's leadership by self-serving civil, military and political elements in the earlier phase and Z.A. Bhutto's lust for power and infatuation with foreign ideologies in the later phase spoiled the opportunities for reform and reconstruction. Frustrated, after experiencing the now past civil and

military regimes, the nation was once again up for revolution when the tide of time compelled the military to step in. Now, if the new leadership correctly identifies the challenges of the time and national aspirations, the derailed system can be put back to the right path. What is, however, clear is that this objective can neither come on its own nor any advance towards this can be made as long as there are reservations, distrust, lack of consultation and external pressures to persist. It is, therefore, the demand of well-wishing and good intentions that priority issues are presented and highlighted before the nation and its leadership in clear terms and with absolute honesty knowing that 'Deen is well-wishing and right counseling'.

The foremost thing is that a Muslim's abiding link with Allah Almighty, Deen and Ummah is his real source of power. Iqbal has just summed up the whole of our history by saying that 'I have learnt a lesson from my study of history: it were not Muslims who protected Islam but it was Islam that always saved Muslims and provided protection to them'.

Presently, the country and its new leadership face three major pressures. One, the international political pressure which is a part of the US' global aims and designs according to which it cannot let Pakistan emerge as a strong Islamic state equipped with nuclear power. Two, the economic pressure which has precipitated because of the wrong economic policies of the past and has greatly undermined country's ability to withstand external pressures. Three, the lobbies, which are influential despite their being diminutive as well as in minority. Working for narrow secular objectives or for foreign agencies against the faith, goals and aspirations of Muslim masses, these lobbies do not want to see the army of the country as a strong Jehadi force. Their suggestions are such that acting upon them may lead to army's abdication of its cherished motto of Faith, accountability before Allah and Jihad in His way. They want to drive a wedge between the army and the people and to tarnish the existing harmony between the two.

What is needed for a correct perception of these three trends, rather threats, and to face them? Trust in Allah, completely and absolutely, adherence with the Faith, organization and galvanization of peoples' power.

It is a matter of satisfaction that the new leadership has declared in clear terms that the Objectives Resolution remains the cornerstone of national integration, that Holy Qur'an and Sunnah shall be the source for policy making, and that Pakistan's goals and targets shall be the same as were championed by Allama Iqbal and Quaid-e-Azam and the Muslims of the sub-continent had raised the Pakistan for. Like the past, this remains the objective of the Muslims of today's Pakistan. There should be absolute unanimity and single-mindedness in this regard and the door for perverted and confused thinking, self-contradictory views and unfounded reservations should be closed once and for all. Within the bonds of Islam there is immense freedom for thinking and action. Islam provides guidance for the best consultative and welfare system. Muslim Ummah does not need any other system or ideology. Nor foreign ideologies can find acceptance here. To attempt to start discussion afresh on this consensus-point is a sure recipe for anarchy and disaster. Therefore, this trend of

wayward discussions must end and the whole of attention should be focused on the formation of policies and working on them with sincerity and painstakingly in accordance with the principles of Islam and in the light of the pledges and assurances of Iqbal and Quaid-e-Azam to the nation.

Iqbal in his letter addressed to Quaid-e-Azam in 1937 wrote: "After a deep study of Islamic laws I have reached the conclusion that if this law is thoroughly comprehended and acted upon, at least the right of everybody to the livelihood is secured. But the enforcement of Islamic Shariah is not possible without the establishment of a Muslim state." Quaid-e-Azam also had said in clear terms that establishment of Pakistan was not the end in itself, the real objective was enforcement of Islamic ideology." Not one but as many as 200 statements of Quaid-e-Azam, from 1937 to 1948, are on record wherein this has been stated in unequivocal terms. In an interview, Mr. Sharifuddin Pirzada has answered with compelling arguments the observations and suspicions in this regard and said unambiguously that Quaid-e-Azam remained steadfast to the stand till his last that Pakistan should be built up in the light of Islamic principles and that Pakistan should be an ideal not only for the Muslim world but also for the Third World deriving inspiration from the model of governance of Caliph Umar.

Quaid-e-Azam once quoted Mustafa Kamal before a Turk delegation meaning that Turkey was forced to accept secularism due to its weakness after the First World War. Moreover, before his death, while speaking about the efforts for the establishment of the state of Israel in Palestine, Mustafa Kamal said that if this happened, he would wage a war against it like Salahuddin Ayyubi. **(Interview of Sharifuddin Pirzada, Impact International, London, August, 1995)**

Another important thing to note is that along with trust in Allah and gaining strength from Islam, the next preference is winning peoples' confidence, giving due regard to their aspirations and feelings, respect for their wishes and desires, a resolve to solve their problems and difficulties and to organize and mobilize them. This country belongs to 140 million people and not to a few influential feudal, capitalists and bureaucrats. We seek Allah's pleasure and subordinate and conditioned with this is peoples' pleasure - not that of influential classes or external forces. In our view, the most important source of our strength in mundane terms is unity of the army and unity of Pakistani nation and harmony between the two. The secret of our progress and strength lies in maintaining this unity and harmony. The adversaries would try to create differences among the people and rifts within the army as well as to destroy harmony between the army and the people.

It is feared that some inexperienced individuals in the government may commit such blunders in this regard which may entangle the new leadership. It is time to underline the importance of peoples' confidence and harmony between the army and the people. This is possible only when people are trusted and consulted and their difficulties, problems, sentiments and feelings are understood and a contact is maintained with them. To keep in contact with the nation is much more necessary than to visit foreign lands. There have been enough visits. If there is any pressing need, visits may be arranged and restricted only to important countries (e.g. China and Iran). This

change in priorities is the need of the hour. The real field is Pakistan and its people are real strength, success lies in achieving their pleasure and support and in their service.

For winning the support and cooperation of the people, it is essential to ensure that:

- a. No unnecessary discussion be allowed with regard to Islam and national objectives. What is needed is to act on Islam rather than making it a topic for discussion. Steps should be taken in this direction.
- b. The process of accountability should be transparent and across-the-board. While injustice should not be done to any, it is also necessary that all those who are responsible for looting the country and undermining its foundations, must be duly punished, however strong and cunning they may be. They should be brought to book within the shortest possible time. This is a popular desire.
- c. Oppression, injustice, lawlessness, exploitation and usurpation are rampant from top to bottom in the country. This sorry state of affairs must be dealt with an iron-hand. The entire force may be put to the strengthening of institutions and enforcing the writ of law. Thus the culture of accountability, good governance and service be introduced. This process should start from top but eventually be made effective at every level. This needs a push to start, and then it would continue on its own. The first drop of the rain heralds the change and ends the dry spell.
- d. Peoples' rights, freedom of the press and of the electronic media, early devolution of power, provision of facilities of education, food and health must be given due attention. The entire administrative machinery be engaged for the provision of these services so that people could feel the change.
- e. For the economy's revival, self-reliance should be declared cornerstone of the economic policy. Such a decision needs lot of courage, and has to be made. Self-reliance has been much talked about but policy-making has been directed towards foreign aid, loans and attracting capital since 1955 and thus our economy had been chained down to an oppressive system of subjugation. Now this vicious circle must be broken.
- f. Electoral reforms, preparation of a practicable system for the implementation of sections 62 and 63 of the Constitution and holding of fresh elections under the new arrangement.

These are the minimum measures needed to be taken for winning peoples' confidence, to ensure their participation in running the affairs of the country, and for making them a useful effective force. Also, it should be stressed that the present rulers should not get involved in amending the Constitution. The objectives can be pursued and realized under the Constitution. If any constitutional amendment is at all needed, this should be done by the people under the procedure for constitutional amendments after the elections. Opening the door for amending the

constitution or attempting to create it anew prior to the elections would do great damage. This must be avoided.

The third main issue that requires single-minded approach is about relations with and reliance on foreign powers. In the contemporary world, each country needs friends and none can withstand isolation for long. Obviously, Pakistan wants friendship with all, but this friendship has to be within the framework of its security and interests. Unfortunately, our foreign policy has been hostage to US' and its interests since long. Our economic policy was run in a fashion that US' grip tightened day by day on our economy as well as on foreign policy. Time has come for a fundamental decision. While confrontation or tension with any country is to be avoided, it is necessary that our foreign policy on the one hand is based on facts and, on the other, protects our political, economic and cultural freedoms and safeguards national objectives and interests.

The negative attitude of the US, the Commonwealth and the European nations has provided us with a historic opportunity. Friends and foes now stand exposed. It is time to do away with illusions and unfounded perceptions. Pakistan is a nuclear country and if it gets the economy freed from foreign grip, there are enormous possibilities for framing and running the foreign policy independently. Muslim masses are our real friends and Muslims even of those countries that are under external influences love Pakistan. If achieving the support of these people becomes a target of the foreign policy, then even the governments of these countries would not be able to ignore internal pressures. Unfortunately, the 'clerks' who have been entrusted with framing the foreign policy could not comprehend this revolutionary aspect of foreign politics. This was evident during General Musharraf's recent visit to Turkey. Turkish people are with us but our policy makers commit blunders that frustrate peoples' expectations. The editorial of Turkish Daily News of Nov. 10-11, and the report of its correspondent reveal the extent to which our diplomats are unaware of the ground realities and unacquainted with the feelings of Ummah. Owing to their lack of touch with reality, they are wasting golden opportunities. Without changing the direction of foreign policy, we cannot hope to get rid of the new net of global slavery.

We need a clear thinking about the US. Though US' global objectives and our national objectives have never been identical and in harmony as US always used us for its ends, this has never been so clear as it is now. In the hour trial, the US invariably undermined our interests and let us down. There is, therefore, no alternative but to base our foreign relations on new footing. Recently published *The American Papers: Secret and Confidential - India, Pakistan, Bangladesh Documents 1965-1973* (Oxford University Press, 1999), compiled by Roedad Khan, should serve as an eye-opener. It reveals that every American Secretary of State, from Dean Rusk to William Roger, reckoned India as the most important country for US' interests and preferred India whenever faced with a situation to choose from Pakistan and India. Ironically, this was the time when we enjoyed special relationship with the US. We were indispensable for them because of the cold war while India was Russia's ally! Now the world scenario has entirely changed and US' preferences have

become clearer. India's bigot and dogmatist government (of BJP) is considered liberal and democratic ally, while Pakistan's is condemned as a fundamentalist and a terrorism-sponsoring government. Despite all this, there is no fresh thinking for being free from the clutches of dependence on the US. Now that circumstances have changed, we have to formulate the foreign policy realistically. It should base on self-reliance, unity of Ummah, strengthening of regional systems, awakening of people and their mobilization and collective self-reliance of Pakistan and Ummah as against the Western globalization espousing its dominance. This is ripe time for devising foreign policy on new lines. Though we are already late, but further delay would be simply disastrous. It needs deep deliberations so that a new mechanism is evolved. Here, too, we can seek guidance from Iqbal and Jinnah.

We have reached a stage where there is no way out except through economic self-reliance and independent foreign policy. It is now time that the government and the nation act with single-mindedness and whatever price it demands should be paid willingly. We should be masters of our own destiny and determine our course of action knowing that it is no use living with reliance on others.

From whichever angle the present situation is analyzed, it ultimately leads to the economic condition. Seeing the horrible economic distress, some short-sighted persons suggest resorting to the begging bowl and further subjugation as the only alternative. In our view, such an approach cannot provide a way-out; it aggravates the situation and amounts to committing suicide. Therefore, the new leadership should realize that there is no alternative but to reshape the economic strategy altogether.

Let us here recall certain basic facts: For the last 13 years there has been no noticeable addition to the basic industries and economic infra-structure of the country. Instead, the number of sick industries increases each year. Public sector is shrinking and suffering losses. Agriculture has helped the nation to survive but itself is faced with crisis. Presently our imports worth \$2 billion comprise food items and edibles. In regard to oil, retrogression has set in after a good progress. After attaining one third self-sufficiency in country's requirements of oil, advancing steps have been retracted and annual import of oil costs \$1 billion. Exports could not rise despite repeated devaluation of rupee, rather are stalled at the level of \$8 billion annually for the last four years and resulting in increased trade deficit. External debts are touching new heights and the irony is that new loans are since long obtained simply to pay back a portion of the earlier ones. External loans now stand at \$32 billion and if expected loans and other liabilities are added then this touches the figure of \$42 billion. The amount that is earmarked for retiring the external and internal loans during the current year exceeds 300 billion rupees which accounts for about 60% of the Federal income. If the defense expenditure, which is half of this, is added to it, then 90% of the total income goes as interest on debts and defense. What is then left for administrative expenditure and development plans? Certain ailments add to the injury. On top is corruption, commission and loan-



default. Whatever scanty services exist in regard to education and social development yield little benefit to people because of inefficiency, nepotism and irresponsible handling.

Under these circumstances if we succeed in getting some new loans or extend some special concessions to investors (as has been done in the case of IPPs and Daewoo) then what we gain?

It is clear that continuation of whatever has been happening till now provides no solution to our problems. There is no room for 'more of the same'. We cannot get out of this whirlpool without basic changes. Then what is the way out?

1. It is a fact that 40% of Pakistan's economy is informal economy which to a great extent is not counted in determining Gross National Product (GNP). This informal economy is our wealth and our precious asset. It is due to this that country survived absolute ruination and people did not suffer from poverty and hunger. It is the source of our strength. It should not be destroyed in the name of documentation; rather it should be thought as to how it can be strengthened. Government's function is not confined to tax collection only, it has to promote the economic activity in the country that may create opportunities for employment, utility goods and services are provided so that people meet their needs. In the industrial sector, the rate of production in large industries has been half or even less of that of small industries for the last 15 years. Interestingly, there is no scientific method for determining the rate of production of small industries as it is 'assumed' by and large. The fact is that it is the small industries that lent life to the economy of the country. If correct incentives are provided to it, the country can proceed not only towards self-sufficiency but even exports can be augmented. The share of small industries in total exports is nearly 20% in India but it is not more than 2% to 4% in our case. The growth of small industries and informal economy should be accorded high priority.
2. Agriculture has always been neglected. Feudalism is in vogue even today and about six thousand families occupy 40% of the total cultivable land. There is no retrieval policy in regard to the agricultural inputs. The cost of seed is four times higher than its production cost. Irrigation system also is all upset. Per acre productivity of Punjab and Haryana in India is four times higher than that is in our Punjab and Sind. Land and tiller's toil is the same but the difference in policy, facilities and other factors account for this disparity. We can be self-sufficient in agriculture within 2 to 3 years but today 20% of total imports comprise agricultural cereals. On the one hand there is the common cultivator who finds it difficult to meet his expenses, on the other hand there is a particular class that is not only engrossed in wealth but also supports the oppressive and unjust system. There is no doubt that basic agricultural reforms and new agriculture policy can turn the tide within a few years.



3. Debt burden has reached a stage where further payment is becoming impossible. The situation calls for political struggle both at individual and collective level. A moratorium on loans and preparation of new schedules for payment after 5 years can be a rational approach. Several countries of the world took this recourse. Thirteen countries of South America jointly exercised pressure and got their loans rescheduled. According to a recent World Bank analysis rescheduling was got done by the World Bank, IMF, IFC, regional banks and other institutions as many as 132 times. Pakistan has to take a major decision in this respect. Dependence of our economy on the external world is limited. The total imports and exports if put together constitute 15% of the national wealth. Huge amounts are being spent on four items of imports: edible goods and edible oil (nearly \$2 billion per annum), oil and petroleum products (\$1 billion per annum). Roughly speaking, this \$3 billion is our trade deficit. If our imports and exports are made equal then we shall be spending that much of foreign exchange that we would earn. Thus dependence on external resources can come to an end.
4. The real issue of the country's economy is not how to procure new loans but how to increase the produce and achieve higher productivity, and how to strengthen and develop the infra-structure. For this purpose the foremost need is to restore the confidence of our people, businessmen, cultivators and industrialists and to engage them in productivity process. Having studied the economy of the country and global trends, the writer has reached the conclusion that blind privatization presents no solution to problems. When the country is faced with a banking crisis and the Stock Exchange's base is very short, mere avowals for privatization would not do. Converting the public sector into private sector is not going to be beneficial for the country. Public sector has a role to play and it cannot be ignored but the style of its working has to be changed. It needs restructuring through inducting new management teams and institutional reforms keeping in view the various experiments in the world. With adequate safeguards, the public sector can become a motivator for economic development and can be prudently opened up for internal and external competition. A large institution can be divided into several smaller ones for inculcating internal competition. The merger of WAPDA and KESC is not a good strategy. WAPDA itself can be re-organized on regional and functional basis and, thus, be made more efficient and competitive. For economic development, both private and public sectors need to be motivated and organized. We have already wasted as many as 12 years on privatization, but neither we achieved privatization nor any effort could be made to organize the public sector on new basis. It is now essential to get out of this dilemma.

5. Banking system's reforms, accountability of the central bank and its new role, and alternative system for small loans to small cultivators, traders and industrialists are all the need of the time. A radical change can come with the abolition of the curse of interest and building up of the financial system on alternative foundations. An entirely new chapter can be opened provided this work is done with absolute honesty, diligence and with the cooperation of the people.
  
6. Elimination of corruption and recovery of the looted wealth should be accorded high priority in the economic strategy. In my view the existing state revenues can be augmented from 25% to 50% if corruption is controlled. The real need is not to impose more taxes but to collect them in a proper manner and to create environment for the payment of taxes. It would be possible only when the tax-payers are invited to participate in decision-making and tax income is spent in such a transparent manner that the tax-payer and the people feel it's positive effects. A basic principle of tax is the consent of the people and 'no taxation without consent' is a fundamental principle. Therefore, imposition of taxes is the right of the elected representatives in a democracy and the purpose is to secure consent and cooperation of the tax-payers. As this relationship no more exists in our society, it needs to be restored. If the tax system is cleansed of malpractices, there is no reason why it should not be possible to get more income despite low rate. What is needed is deliverance from the ways and manners of the colonial period and a fresh tax culture so that tax-base could be broadened. Rate of tax should be adequate. State spending should be reasonable and meant for the welfare of the people. And all this should be open for people to see for themselves.
  
7. Deliberations on economic planning and organization on regional basis are essential to safeguard against international economic influences. Pakistan enjoys very strategic position. There are many economic complementarities between Iran, Afghanistan and Pakistan . There is a great possibility for economic cooperation from the Central Asia and West Asia. Economic cooperation between China and Pakistan has not been sought as much as had been done in political and military spheres. In view of the present trends of the global economy, it would be indispensable for all these countries to check the onslaught of Western capitalism and economic imperialism through regional cooperation in order to save themselves. The earlier it is planned and negotiated the better it would be.

These are the few guidelines on which an alternative economic strategy can be formulated and this is the way through which we can get out of the existing mire while "more of the same" means that we go further deep into the mire.

This goes without saying that this cannot be done with a slavish mentality. Technocrats cannot do it. The cooperation and experience of technocrats is essential for policy making, but, as two legs are required for walking, it is required to have contact with the people and to comprehend their thinking, circumstances, trends, feelings, wishes, apprehensions and reservations in addition to the technical skill and experience. Policy is neither framed in a void nor is enforced in a void. The decision-making without interaction with the people remains one-sided and unrealistic. This very thing has been our drawback. The contact between leadership and the people and their feedback remained almost non-existent even during those governments that are regarded as democratic. In a military government this situation becomes all the more serious. Therefore, freedom of the press and media is not enough. Participation of people and devolution of power is needed. At every level participation of those persons in policy-making is essential who are from amongst the people, mix up with them and who could gauge the policies' impact on public and who could influence policy-making in the light of their observations.

As much as 80% of the powers and autonomy allocated to the provinces in the Constitution have never been implemented. If these are implemented, then as many as 14 existing ministries in the center would have no justification for existence. Devolution of power would be meaningless unless the process of levying taxes and spending of tax proceeds and its accountability reaches the provincial and local level.

Two basic reforms are urgently needed: One, the establishment of an effective system at the federal, provincial and district levels, without disturbing the constitutional structure that may take political decisions, levy taxes, execute development programs, and undertake social services in an almost self-contained way. At the district level such an electoral system be set up wherein the Chief of the district (Administrator/Deputy Governor) should be elected and re-election be held after every two years. The administration should be under him and his elected council. The administration, development, health and transport systems should work at this level through proper authorities. Levying of taxes at this level may be authorized. All this can be done through adequate legislation without constitutional amendment. Above it should be the provincial system.

The center should confine itself to the subjects allocated to it in the Constitution. Along with these institutional and structural changes, public participation should be ensured at every level: center, province and the district. A good system can be evolved and made to function with, initially and for the time being, participation of persons of impeccable character enjoying good reputation in the policy-making and ultimately by the restoration of electoral system at every level where technocrats and peoples' representatives work jointly.

The most important aspect is that whatever may be the system, it should be transparent and the responsibilities of government are discharged with a spirit of service in an open manner. System of accountability should flourish. Toil should be fully rewarded and corruption eliminated. This should not happen under coercion, but with peoples' consent

and material incentives along with giving expression to ethical, religious and national sentiments. However unfavorable the situation may become, we should neither lose hope with Allah nor with our nation. If nation's good sentiments and feelings are respected and galvanized, it gets prepared for striving to achieve high objectives. If you talk in a language that the nation understands, strengthen those sentiments its historical traditions are woven with, infuse hope for change of the circumstances for good where its desires and wishes shall be fulfilled and not be used as a vehicle for others to ride but instead they would themselves enjoy riding it, then the people shall be prepared to set high targets and the nation would be able to climb up to new heights.

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