

## **Pakistan's Development and Security Challenges - An Outsider's Perception**

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- I would like to first thank the organisers for giving me the opportunity to address the National Defence University today. It is a great honour and pleasure to be here.
- It is particularly pleasing to be here because I have been associated with the equivalent institute as this one in Australia - the Australian Defence Academy. And over the last few years I have supervised a number of colonel-level officers in the drafting of their master's thesis. Some of those students may even be in the audience today.
- I have been associated with Pakistan for well over 25 years, when I first did research on your country during my masters and then my doctoral thesis on national integration in Pakistan. I spent some 6 months travelling the country during my field work in 1983-1984.
- However, over the years, as I was following developments in Pakistan, I've come to realise that many people around the world, including amongst highly-educated people, have very little knowledge of Pakistan. And this is most unfortunate because Pakistan is an important country and a critical member of the international community.
- So why is Pakistan important to the world? There are 6 broad reasons:

- First, its geographic position next to Afghanistan makes it a critical player in three areas:
  1. finding a solution to Afghanistan's insurgency problem, including ending the Taliban's continued attacks against Coalition forces from the Tribal areas;
  2. contributing to the "War on Terror", particularly in hunting down al Qaeda operatives hiding in western Pakistan; and
  3. providing shelter for some 3 million Afghan refugees.
- Second, its strategic location at the crossroads of South Asia, the Middle East and Central Asia, makes it a pivotal player in a region with much potential but also one with unresolved conflicts and various degrees of instability.
- Third, its nuclear status makes it a member of a very exclusive club. And given that it is neighbour with nuclear-armed India with which it has a 60-year old unresolved dispute, notably Kashmir, means that its concerns must be heard.
- Fourth, its size with some 165 million people makes it a very big country in its own right even if relative to India it only has a bit more than 10% of its population and 25% of its land area. But by 2050 it is estimated that it will have over 300 million inhabitants, making it the 4<sup>th</sup> most populous country in the world after India, China and the United States.
- Fifth, its leadership role within the Muslim world means that its voice must be heard in the world.
- Sixth, its very significant contribution of manpower to UN peacekeeping operations makes it an important player in the international community's search for peace and security around the world.

- Accordingly, because of Pakistan's inherent importance to the world, it is vital that Pakistan be able to address successfully the twin and inter-related challenges of development and security with which it is now confronted.
- I will now turn to them and examine the development issue first.
- The country is going through its worst economic crisis in a decade, with massive trade and budget deficits, high unemployment, high inflation (some say up to 60%), plunging foreign currency reserves and capital flight. And even though the International Monetary Fund has recently agreed to lend Pakistan \$7.6 billion over 2 years to avoid what most fear is an imminent economic collapse, Islamabad needs billions of dollars more – probably about 10 to 15 - to stabilise the depreciating rupee, restore investor confidence and jump-start the economy.
- While over the last few years Pakistan's human development indicators have generally improved, they largely lag behind other countries in the region. Key challenges facing Pakistan include a poorly targeted social safety net, an infrastructure deficit – particularly in energy, transport and irrigation, and poor delivery of social services.
- Since 1990 the World Bank has been publishing the Human Development Index (HDI) which looks beyond GDP to a broader definition of well-being. The HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary, secondary and tertiary level) and having a decent standard of living (measured by purchasing power parity, PPP, income). The index is not in any sense a comprehensive measure of human development. It does not,

for example, include important indicators such as gender or income inequality and more difficult to measure indicators like respect for human rights and political freedoms. What it does provide is a broadened prism for viewing human progress and the complex relationship between income and well-being. The HDI for Pakistan is 0.551, which gives the country a rank of 136th out of 177 countries with data. Put differently, while the South Asian region has seen a reduction in poverty since 1990, Pakistan's poverty has stagnated at around 33 percent (using national poverty lines). Pakistan's per capita Gross National Income (GNI) calculated according to Purchasing Power Parity (PPP) is \$2,160 compared to India's \$3,100.

- It is a well know simple fact that if a country is serious about tackling poverty it must reduce its population growth. As it stands today, Pakistan which has a population of about 170 million has an average annual population growth of 2.4% (compared to India's 1.4%). If this rate continues, Pakistan which is now the 6<sup>th</sup> most populous nation in the world will by 2050 have over 300 million people, pushing it up to the 4<sup>th</sup> place, after India, China and the United States. In purely economic terms, this is bad news for Pakistan.
- It is generally agreed among experts in the field that an important tool for dealing with the population issue is improvement in the literacy rate of the country. Unfortunately, on that score, while Pakistan has made some progress, it is still lagging behind. As it stands now, the national literacy rate for youth male (% of males aged 15 - 24) is 77 per cent and for youth females it is only 43 per cent. Whilst this is an improvement since 2000, when literacy rate in both categories was 10 per cent lower, it also means that at this rate Pakistan will not meet one of its UN Millennium Development Goals, that is, the overall goal of achieving universal primary education, by 2015 – the target date set by the international community.

- Of course, some areas are doing less well than others, and the Federally Administered Tribal Areas (FATA) is one of those parts of Pakistan not doing well at all.
- FATA is one of Pakistan's most economically backward areas. Per capita income is half that of the national per capita income; some 60% of the population lives below the national poverty line. Per capita public development expenditure is reportedly one third of the national average.
- Social development indicators are shockingly low. The overall literacy rate is 17.42%. Male literacy is 29%, female literacy a mere 3%. There are only 41 hospitals for a population of 3.1 million. FATA has a per doctor rate of 1:6,762 compared to the national 1:1,359. Natural resources, including minerals and coal, are under-exploited. Most locals depend on subsistence agriculture since there is little industrial development and few jobs. This situation is made worse by the fact that about 15% of the population is between the ages of 15 and 22.
- And to make things worse, the economy is completely distorted by the thriving trade in arms, drugs, as well as other cross-border smuggling. These are a direct consequence of the events in neighbouring Afghanistan. Of course, this trade provides the Pakistani Taliban and other jihadist extremists with funds and arms. Moreover, poor law enforcement at FATA's borders with Afghanistan encourages lucrative smuggling of luxury consumer goods, causing significant revenue losses in uncollected duties and taxes for the Pakistani state.
- This dire socio-economic situation in FATA naturally leads me to what I perceive to be Pakistan's second major challenge: the security issue.
- In a recent interview with "60 Minutes", President Zardari has admitted that the Pakistani Taliban had "a presence in huge amounts of land",

forcing the country to fight a war against the hardline Islamists that is about Pakistan's own survival. They have been assisted by the Afghan Taliban who have crossed over the border, mainly from Bajaur province, to assist their brothers-in-arm fight the Pakistani state. The 3,500 square-mile Swat valley, which is only about 150 kilometres away from Islamabad and which used to be a favourite tourist destination, has to all intents and purposes fallen to the Taliban. This was acknowledged by the Senate in the Pakistani parliament on 27 January 2009. This is despite the fact that the valley had witnessed some of the fiercest fighting between the army and the Taliban militants in recent months.

- Opinion remains divided as to whether the recently signed agreement between Sufi Muhammad and the government will bring genuine, long-term peace to Swat and end the Taliban's eastward march or will it only bring a temporary peace before fighting resumes.
- This "Talibanization" of the tribal areas and into the settled areas has been facilitated by the combination of three factors: poor socio-economic environment of the area, the presence of al-Qaeda and the Afghan Taliban, and the increasing number of cross-border strikes by US Predators. And while some of the Predator strikes have successfully hit their targets, on the whole, the number of civilian 'collateral damage' has been particularly high. This has, in turn, fuelled greater militancy and anti-Americanism. Similarly, while the Pakistan army has suffered a very high number of military casualties and fatalities, in the process of using military means it also killed many innocent civilians and forced hundreds of thousands to flee their homes. This has provided political ammunition to the Pakistani Taliban.
- This "Talibanization" has included imposing Sharia law, attacking music and video shops, closing barber shops, killing women working in schools

or for NGOs, and blowing up scores of schools for girls. The Pakistani Taliban has ruthlessly used terrorist tactics to impose its own parallel system of administration, justice, summary trial courts and taxation in the Tribal areas. These have included murdering politicians and tribal leaders, killing innocent civilians, attacking army personnel and assassinating government officials, including by using suicide bombers.

- The Taliban militants use typical guerrilla tactics. They have undermined public faith in the government, sown distrust and made the police fearful for their lives. They have been targeting the police and army, two important pillars of the state, for special attention. And Peshawar is now in their target sight. For example, the army headquarters in the center of Peshawar was struck in 2007 by a bomber who was hiding explosives under her burqa that were set off by remote control. The popular police chief was assassinated in 2007 while on duty trying to control a religious procession in one of the bazaars. In November 2008, a suicide bomber narrowly missed the governor and some ministers of North West Frontier Province (NWFP) as they were leaving a stadium in Peshawar after the closing ceremony of national games.
- Of course, these militants do not only target state institutions. They deliberately target innocent civilians as well to further undermine public confidence in the state's ability to counter the militants' advance. For example, at least 22 people were killed and over a hundred were wounded when two bomb blasts struck crowded markets in Peshawar on 5 December 2008 as shoppers were preparing for the Eid festival.
- In light of the militants' successes, it is generally acknowledged by analysts that Peshawar – a city of close to 3 million people and Pakistan's 3<sup>rd</sup> largest - could quite easily fall to the Pakistan Taliban. Even Malik Naveed Khan, the inspector-general of the police, agrees with that

assessment. But no one expects the Taliban to attempt a direct assault on Peshawar but rather anticipate a campaign of intimidation and fear and the positioning of heavily armed men at strategic points. They are already at the outskirts.

- But like a cancer, this type of urban terrorism has not been limited to Peshawar; it has also spread elsewhere, demonstrating that these extremists can strike just about anytime and anywhere at will. For example, on 10 October 2008, while Parliament was meeting in a special session to debate the security situation in the country and the fight against al Qaeda and the Taliban, a suicide bomber struck the police headquarters in an area of Islamabad where security had been tightened since a suicide bombing killed more than 50 people and injured over 250 at the Marriott Hotel the previous month.
- The truck bombing of 600 kilos of explosives, which devastated the Marriott Hotel in Islamabad, was Pakistan's 9/11. The timing of the bombing said it all: it took place a short while after the newly-elected President, Asif Ali Zardari, had for the first time addressed a joint sitting of both houses of Parliament relatively nearby.
- Two other spectacular terrorist actions demonstrate the reach of these Taliban militants in an urban setting. First, the assassination attempt against Benazir Bhutto upon her return to Karachi in October 2007 after eight years of self-imposed exile overseas. This suicide attack killed over 120 people. This would confirm the assessment of Ishrat-ul Ebad Khan, the Governor of Sind province, that Taliban elements have infiltrated the population of Karachi and have raised funding from criminal activities to finance terrorist activities. Second, the assassination of Bhutto by a suicide bomber two months later in Rawalpindi on 27 December 2007.



- So what do these developmental and security challenges mean for Pakistan and the international community?
- It means, in a nutshell, that what is happening internally in Pakistan can no longer be ignored nor isolated from developments in neighbouring Afghanistan and beyond. Put differently, Pakistan's problems are no solely its own; they are now fast becoming issues for the international community. President Obama has acknowledged this as much when he stated that Pakistan was "endangered as much as we are". That is a very important message. Now the US administration needs to act on it.
- If President Obama wants Pakistan to fight the terrorists effectively and efficiently, it needs to provide it with the tools and means to do it. And this means that the US must be ready to disburse a very substantial amount of economic aid over a sustained period of time. Combating and rolling back religious extremism will not only be a difficult task, it will require a long-term and determined combined effort from the part of Pakistan and the international community. This will include giving Pakistan substantial assistance and training in counter-terrorism, counter-intelligence and policing techniques.
- It is evident that the government of Pakistan will need to use a combination of well-targeted military strikes, political and socio-economic programs to bring the tribal areas into mainstream Pakistan political and economic life and negotiations with Pakistani militants willing to put down their arms. The militants are divided, so there is an opportunity for the government to take advantage of that weakness.
- President Zardari, in a recent article he wrote in the *Washington Post*, correctly assessed that for democracy to succeed, Pakistan must be economically viable. Moreover, he stated that assistance to Pakistan was

not charity but that the creation of a politically stable and economically viable Pakistan was in the long-term strategic interest of the United States. And I would add for the international community as a whole as well.

- Accordingly, he has encouraged the US Congress to pass the Enhanced Partnership with Pakistan act. This multi-year, \$1.5 billion annual commitment to social progress would help Pakistan improve its education, housing and health care sectors. It would not only be the best tool to combat extremism but it would demonstrate to the people of Pakistan that the US genuinely cares about the future well-being of Pakistan.
- And it would appear that senior members of the US administration are already thinking along the same lines. For example, Richard Holbrooke, the Special Envoy for Afghanistan and Pakistan, stated recently that Pakistan needed “international assistance, international sympathy and international support”. Similarly, General David Petraeus, the head of the US Central Command, is expected to recommend major increases in US aid to Pakistan in areas such as public education, health care and good governance.
- So if the US administration does decide to contribute a substantial amount of development funds over a long period – and reportedly the Obama administration is promising to triple economic assistance, it would signal that the bilateral relationship is based on the long-term development of Pakistan and is not simply a relationship of convenience between the leaders of the two countries. And this would be good news not only for Pakistan but for the region and the world as well.
- I am pleased to read that Japan is likely to host a “Friends of Pakistan” donor conference in April 2009. President Zardari is apparently hoping to

attract \$50 billion. Unfortunately, given today's global economic downturn Pakistan will be lucky to receive 10 to 20 per cent of that.

- Still, it is becoming increasingly evident amongst analysts and policy-makers that there needs to be a comprehensive regional approach to dealing with the security issue of terrorism in Afghanistan and Pakistan. The new Obama administration has repeatedly made statement along those lines.
- In that context, Pakistan's Foreign Minister Qureshi stated at the recent 45<sup>th</sup> Security Conference, which was held in Munich on 9 February 2009, that it was important that the international community when implementing a regional approach focus generously on reconstruction development and social welfare. And while the conference was mainly focussed on developments in Afghanistan, he stressed the need for a regional approach because peace and security of Pakistan and Afghanistan were interlinked.
- The Americans have even coined a new term for this inter-linkage – AfPak – confirming that they consider the two countries intimately interconnected not only by their problems but also by the need to find a regional solution.
- The international community must not forget that Pakistan still hosts some 3 million Afghan refugees. And the Afghan conflict has cost Pakistan's economy – directly and indirectly – more than \$35 billion. These are financial resources which could have been directed more productively to the socio-economic development of Pakistan.
- One important initial step the international community could take would be to urge the Afghan government to formally agree on making the Durand Line the international border between the two countries. In return the

Afghan government could be guaranteed that this would not affect the existing movement of people and goods over the border. Importantly, this would put to rest once and for all any suspicions Pakistan might have about Afghanistan supporting a greater Pushtunistan which would encompass parts of western Pakistan. Certainly, it would assist in improving bilateral relations. While this may be difficult for President Karzai to 'sell' to the Afghan Pushtun, particularly given the number of non-Pushtun in his government, the international community should be able to assist this process with, for example, guarantees of financial assistance for the development of the border area.

- In conclusion, I believe that, with the favourable combination of a relatively new democratic government in Pakistan and a new administration in Washington, there is a real opportunity to address these twin inter-related issues of security and development in Pakistan and its impact in the region. Pakistan has been paying a very high price for joining the War on Terror; it must now be fully supported in countering its own terrorist threat – one that cannot be separated from the one in Afghanistan and one that could have repercussions far beyond its borders if not stopped soon.