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EDITORS **Muneer Ahmed, Munir Ghazanfar**

EDITORIAL ADVISORY COMMITTEE **Ha-Joon Chang**, University of Cambridge; **Vandana Shiva**, Research Foundation for Science, Technology and Natural Resource Policy; **Shahid Amjad Chaudhry**, Lahore School of Economics; **Shigemochi Hirashima**, Meiji Gakuin University; **Rashid Amjad**, ILO; **Kamal A. Munir**, University of Cambridge; **Gerry Rodgers**, ILO; **Karamat Ali**, Bahauddin Zakarya University; **Theresa Thompson Chaudhry**, Lahore School of Economics.

EDITORIAL ADDRESS Lahore Journal of Policy Studies, Lahore School of Economics, 19 km Burki Road, Lahore-53200, Pakistan
Tel and Fax: +92-42-6560954
ljps@lahoreschool.edu.pk
www.lahorejournalofpolicystudies.edu.pk

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Nasir Islam: Public Policy

With the changes in global economy, policy making is no longer the prerogative of the government. Now the policies are being made with an interactive input from the government, the market and civil society, with the market defined by the interest of the multinational investors, playing a leading role. This is the basis of the second tier of the World Bank-supported institutional reform, in areas like local government, civil service and law.

Riaz Hassan: Philanthropy in Muslim Societies

Philanthropy in Muslim Societies is grounded in religion as *zakat*. Is this giving primarily motivated by personal salvation or is it perceived to have a strong collective and strategic orientation? Does it achieve any social justice or economic development?

Gerry Rodgers: A Social Dimension for Globalization

Realizing a widespread concern ILO appointed World Commission on the social dimension of globalization. Calling for an integration of economic and social policies the World Commission made decent work the focal global aim. But is a fair globalization possible?

Muneer Ahmed: Representation, Participation, Empowerment

A study of the Devolution Plan in the microcosm of Union Council Bhangali in the district of Lahore. If the aim of devolution was a continuation of the local government institutions delivering minor development projects as in the past the plan is successful. If the aim was to create an enabling environment for significant citizen empowerment, participation and representation making the government increasingly bottom-up and responsive, it has failed.

Rashid Amjad: The Musharraf Development Strategy

The assessment of a Third World country's economy is a difficult task. One moment, it seems all ready to take off, another, it could collapse with people out in streets. Pakistan under Musharraf has systematically followed deregulation, liberalization and privatization consistently for many years through mega projects in infrastructure, higher education, knowledge economy and a devolution plan. Rashid Amjad takes a critical look.

Munir Ghazanfar: The Kashmir-Hazara Earthquake

In the Muslim society of Pakistan earthquakes have been traditionally interpreted as the wrath of God. But the Kashmir earthquake killed the most vulnerable including

thousands of children and not the most sinful. The state on the other hand tried to ascribe the huge casualty to the magnitude of the natural calamity ignoring the experience that destruction is a function of vulnerability related to poverty, social organization and levels of preparedness.

Asad Zaman: Developing an Islamic World View

Many have attempted the Islamization of knowledge but have failed to address the central issue of an Islamic world view. If asked to describe the golden periods in Islamic history, Muslims will mention the intellectual and scientific achievements at Baghdad and Granada. It is only on reflection that we realize the golden age of Islam was the time of the prophet “*Khairul-Quroon Qarni*”.

Fayyaz Baqir: People Centred Development

What people need is more than the power to vote and elect. What mechanism can ensure the exercise of power by people over their so-called representatives? There is only one mechanism-organization of the people for their own development. Community organization provides continuity of people’s power in time and space.

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The developed world which itself climbed up the ladder behind the high walls of tariff and protectionist policies is now actively trying to enforce an opposite policy framework on those behind.

Munir Ghazanfar on Robert Weil: Working Classes in China

The death of Mao in 1976 ended in the triumph of the market economy in China. Thirty years after, Robert Weil finds the state of the Chinese economy, described as vibrant, totally unrelated to the dismal state of the working classes.

Tariq Abdullah on Noreena Hertz: Debt Threat

Noreena Hertz in “The Debt Threat” presents the debt problem as an unintentional consequence of economic policy and that reforms in the international capitalist system can and should banish the threat in future. The reviewer, Tariq Abdullah considers the debt problem systemic and chronic and in line with the logic of the growth of capitalism.

Munir Ghazanfar on Mahmood Mirza: Development Dilemma of a Muslim State

A critique of Pakistan’s socio-political travails in Urdu holds the *ulema* (clerics) and their impracticable political and socioeconomic ideals responsible for the backwardness of the country.

ABOUT THE CONTRIBUTORS

Nasir Islam: Adjunct Professor at the School of Management, University of Ottawa, Canada.

Riaz Hassan: Professor Emeritus at Flinders University, Adelaide, Australia.

Gerry Rodgers: Director, International Institute for Labour, ILO, Geneva.

Muneer Ahmad: Director, Centre for Research, Lahore School of Economics, Lahore; Former Professor at Punjab University.

Rashid Amjad: Director, Policy Planning (Employment), ILO, Geneva.

Asad Zaman: Director General, International Institute of Islamic Economics at the International Islamic University, Islamabad.

Fayyaz Baqir: Senior Advisor (Policies, Partnerships and Outreach), UNDP, Islamabad.

Munir Ghazanfar: Senior Research Fellow, Lahore School of Economics, Lahore.

Humeira Iqtidar: Doctoral Candidate in Politics, University of Cambridge, U.K.

Tariq Abdullah: Senior Research Fellow, Lahore School of Economics, Lahore.

NASIR ISLAM

RE-CONCEPTUALIZING PUBLIC POLICY PROCESS: REVIEW OF CONCEPTS AND MODELS

Abstract

Policy relates to political decision making generally at the level of the government. Policy analysis starts from the vague goals identified by the politicians and involves defining the problem, the objectives, the alternative means or courses of action, the availability of resources and the evaluation of effectiveness. With the changes in the global economy policy making is no longer the prerogative of the government alone. Now the policies are being increasingly made with an interactive input from the government, the market and the civil society especially in the Third World. With the declining power and scope of the government and the absence of powerful local civil society, the market with its interests defined by the multinationals is playing an increasing role in policy formulation. The spread of poverty in the wake of IMF's Structural Adjustment Programmes is being explained as the result of poor implementation, corrupt governments and weak institutions. Such an explanation is the basis of second tier of World Bank supported institutional reform in areas like local government, civil service and law. The purpose of these reforms is to make the institutional and legal frameworks of the countries market friendly and consistent with the demands of globalization.

Policy science or policy studies developed as an academic discipline after the Second World War, as a result of the quest for understanding of the relationship between governments and citizens. Scholars were either concerned with normative questions of political philosophy or focused on micro level operations of public institutions. Policy Studies that emerged in the post World War era were to fill the gap between prescriptive political theory and the practice of state organizations. At various times, many approaches, including elite studies, behaviourism, political cybernetics and political culture, became popular among political scientists (Mead 1985, pp. 319-322). Perhaps the one approach that stood out and continues to be in vogue was pioneered by Harold Lassewell and others in the US and the UK. This approach centered on public policy making itself. According to Lassewell, it was explicitly normative in character, multi-disciplinary and problem solving. Lassewell's policy science would embrace sociology, economics, law and politics. It would endeavour to find solutions to real world problems and would not hide behind the mask of scientific objectivity. It would accept the quasi-impossibility of separating means and ends, values and facts and policy and administration (Lassewell 1951, pp. 3-6).

Over time the Policy Science has developed as an academic discipline on its own, containing a large body of scholarly literature. The original problem solving

orientation has been found wanting because of the immense complexity and intractability of public policy issues. There has been a realisation that in the real world of policy, technical superiority of analysis often gives way to the political expediency. Though policy studies scholars are relatively less focused on remaining explicitly normative, yet they refuse to exclude the evaluation of policy goals as well as the public policy processes. Policy tends to be evaluated in terms of efficiency or effectiveness (Howlett and Ramesh 1995, pp.3-4).

Policy definitions vary widely in their scope and usefulness. Thomas Dye's (1972, p. 2) oft quoted description – “anything a government chooses to do or not to do” – is perhaps the most simple and broadest. Its simplicity and scope is paradoxically its Achilles' heel. It is not very useful for theory building or empirical research. It is however important to note that Dye includes ‘doing nothing’ as a policy choice. Jenkins' definition is a little more precise and comprehensive. For him public policy is “a set of interrelated decisions taken by a political actor or a group of actors concerning the selection of goals and means of achieving them within a specified situation where those decisions should, in principle, be within the power of those actors to achieve” (Jenkins 1978). Though it is not explicitly stated, this definition views policy as a choice process – choice of goals and means to achieve them. Anderson provides a little more generic definition when describing public policy as a purposive course of action in dealing with a problem chosen by an actor or a set of actors. (Anderson 1984, p. 3). Leslie Pal gives a similar definition: “A course of action or inaction, chosen by public authorities to address a given problem or an interrelated set of problems” (Pal 1997, pp. 1-2). Pal's definition refers to policy as a guide for related actions. It provides a framework for further actions that are undertaken in pursuit of resolving public problems. Policy thus always begins with a problem or set of problems that requires a public solution. Policy represents a solution and provides the means to resolve the problem as well as a guide to action. Pal therefore emphasizes the instrumental nature of public policies in the sense that policies are not ends in themselves. And yet policy is not devoid of values. Policy makers define problems and choose means in relation to goals that public values. It is also difficult to separate values and fact; policy / politics and administration or means and ends. (Pal 1997, pp. 3-4)

Perhaps the best way to define policy is to identify its essential elements or ingredients. First, a policy must clearly define the problem or problems it aims to address. Second, it must describe the objectives that need to be accomplished to solve the problem. Third, it must spell out the means or a course of action or programme that needs to be carried out to accomplish the stated policy objectives. Fourth, it must identify estimated resources that would be available to carry out the policy. Fifth, it must include some criteria of evaluating the success or failure of the policy in light of the objectives to be achieved. Public policy statements often do not contain all of these ingredients. They rarely include criteria of evaluation. Many policies are framed without reference to the availability of resources. Even problem definition which is central to the understanding of policy (and more important to its implementation) is often not well articulated.

Policy Analysis: its theoretical underpinnings

Governments in today's global environment face highly complex and often intractable problems. Promised solutions and contingency plans turn out to be disappointing as we have recently witnessed in the wake of hurricanes Katrina and Rita in United States, perhaps the most advanced nation in the world in terms of analytical capacity and resources. There are perhaps many reasons for policy failures. An important reason among these is the lack of appropriate analysis and adequate understanding of the policy problems.

Policy analysis implies the application of reasoning to the definition of public problems, choice of objectives and courses of action and finally the evaluation of accomplishments. Policy analysis emphasizes the reflective and cognitive aspect of policy. It involves the application of knowledge to the policy content and process. Some policy scientists view it as applied research carried out to acquire a deep understanding of issues and problems. The objective is to assist policy makers in resolving the problems they face. It is not undertaken to create knowledge for the sake of knowledge or merely to explain actions and behavior. Its main objective is to help policy makers make optimal choices.

Policy analysis is carried out under many guises and many names. Most policy analysis that goes under rubric of operations research, systems analysis, management science, benefit cost analysis, or cost effectiveness analysis is economics oriented. These techniques depend heavily on economic theory. Economics based analysis deals best with maximization problems where objectives can be clearly defined and solution is embodied in the data. Consequently, operations research and systems analysis tend to focus on doing something better and doing something better as well as cost effective.

The problems that involve choice of an objective or an appropriate mix of objectives ultimately depend on value preferences. Sophisticated costing, quantitative data and systems analysis are helpful but do not offer the final solution. Economics based techniques also share their lack of attention to socio-political variables that cannot be easily quantified. Policy analysis goes beyond and deals with equity and distributional aspects of policy. It includes the implementation of policy and its political and organizational implications. Policy analysis is therefore a broader concept encompassing approaches based on economic theory as well as law, politics and other social sciences (Quade 1982, pp. 23-24).

Policy analysis may follow many approaches: explanatory, descriptive, applied or prescriptive. It may be a combination of these approaches. As Howlett and Ramesh point out, simply describing a government policy is a relatively simple task compared to knowing why the policy makers did what they did. (Howlett and Ramesh, 1995, p. 6). Exploring the reasons for initiating a policy, how a policy was implemented, evaluating its consequences and determining whether it achieved its objectives or not, are far more complex issues. Explanation of public policy is often a function of the

analytical framework used by the analyst. While the objectives, academic training, experience and value preference of the analyst influence the choice of a framework Leslie Pal posits an interesting fourfold typology of analytical approaches (Pal 1997, p. 17). Normative analysis measures policies in terms of some over arching code of moral standards: the holy Qur'an or Shari'a, the Bible or secular morality. Legal analysis would emphasize the constitutionality and consistency of policy with legal codes, conventions and charter of rights. Empirical analysis focuses on the results in terms of effectiveness, efficiency and costs and administration.

In the end, one must realize that analysis is clearly not sufficient to provide solutions to some questions. For example, how much of a country's budget should be allocated to national defense and how much should be spent on education? Whether the traffic congestion in a city like Lahore would be better addressed by more and better road system or a rapid transit? These represent political choices. Analysis can help but policy makers have to make the choices. Policy analysis is more a means for investigating problems than resolving them. It helps in understanding the complexities of public problems. Despite the excessive claims of some experts, policy makers should not expect too much from policy analysis. It is after all not a perfect science. As Quades admits, "We have not been and never shall be able to make policy analysis a purely rational, coldly objective, scientific aid to decision-making that will neatly lay bare the solution to every problem to which it is applied"(Quade 1982, p. 11).

Policy Process: Formulation, Implementation and Evaluation

Political Science scholars studying public policy predominantly focus on policy process. For these analysts the policy makers play a crucial role in shaping policy and its outcomes. The process through which the problems and issues arrive on government agenda, through which policies and courses of actions are designed, deliberated and approved in government forums, is critical in shaping the content and outcomes of policies. In most modern governments, policy process is a complex puzzle and involves a large number of actors and institutions. To make the study of the policy process more manageable, it is usually deconstructed into what look like discrete stages in a linear process. In reality, however, the "stages" mesh into and overlap each other and policies proceed through the policy cycle in an iterative rather than linear fashion. Harold Lassewell was perhaps the first scholar to disaggregate policy process into conceptually discrete stages (Lassewell 1971). Policy process consists of the following stages: agenda setting, policy formulation, policy implementation and policy evaluation.

Agenda Setting

A government faces myriad of problems and issues at a given time. It usually does not deal with all of them. It may not have resources or time to do it. Problems may arrive on the formal agenda of governments following different paths. The choice of public problems or issues to be placed on the formal agenda of a government

often results from interaction and bargaining among the interest groups, civil society organizations, policy experts, bureaucrats and politicians. Problems are chosen for action on the basis of policy makers' perceptions of what constitutes a problem for society or government. Political scientists have tried to model this process in an attempt to develop a theory (Kingdon 1984; Cobb, Ross and Ross 1976; Simeon 1976). Sometimes sudden events 9/11 or Katrina bring issues to the attention of the politicians and trigger a process to develop new policies. At other times, feedback from already existing government programmes brings problems to the public agenda. Many governments have formal mechanisms of agenda setting. In Canada, for example, the Speech from the Throne, read by the Governor General at the inauguration of a new parliamentary session contains the formal agenda for governmental action. Election manifesto of the party in power contributes to this formal agenda.

Policy Formulation

Once the problems have been recognized and the policy makers are committed to resolving them, problems need to be defined as clearly as possible. This is the first step in policy formulation. The problem definition requires developing logical argument about the nature of the problem and proposed solution. A definition should include the causes of the problem, its severity or intensity, its scope and who is affected by it. It should also point out whether the problem presents a crisis situation and needs to be resolved immediately. It should identify the potential target groups for policy interventions and point out to the potential solutions. In reality sometimes solution precedes a problem and hence helps shape its definition. (Rocheffort and Gibbs 1994, pp. 1-31). As Leslie Pal points out, there is no science of defining problems. It is a matter of developing a logical argument for persuading relevant policy makers to recognize the gap between what is and what is desirable. In a resource constrained environment, government actors are not often very keen to identify problems because it would also require identifying the source of funds. Therefore it becomes a problem of trade offs (Pal 1997, pp. 92-93).

Ideally, after the problems have been defined, the policy makers would spell out the objectives that need to be accomplished for the resolution of a policy problem or problems. Clarity and precision in spelling out the objective are essential for designing courses of action and implementing them. Politicians often vaguely know what they want to accomplish. Analyst's job is to determine with as much precision as possible what the politicians really want. It is their job to translate a relatively vague goal into an operational objective. When a problem entails multiple objectives and multiple decision makers, as often is the case in public policy formulation, it becomes very difficult to determine the trade-offs and a hierarchy of objectives. To accomplish objectives, policy formulation involves exploration of various options (courses of action) and elimination of the undesirable ones. This entails an analysis of options for determining what is feasible and what is not, what is more efficient and what is more effective. In practice, the rejection of an option is not always based on analysis or facts. An option may be dropped if a significant actor in the

policy sub-system considers it unworkable or unacceptable (Howlett and Ramesh 1995, pp. 123-124). In most governments now, policy formulators are required to identify the measures of performance that would be used to evaluate the results. Some governments even oblige the formulators to identify the funding sources, particularly if the policy environment is highly resource constrained. It should be noted that policy formulation process is far from orderly and clear-cut. It is rather messy and iterative with great deal of bargaining and exchange. Formulation may sometimes proceed without clear definition of problems or spelling out the goals with any precision (Quade 1982, p. 85).

The locus of policy formulation usually depends on the nature of political regime. In an autocratic regime policy formulation is highly centralized while in democratic regimes the policy formulation system is relatively decentralized and open. The content of policy also determines where the policy would be formulated. Technical and economic policies are often formulated by technocrats and experts in specialized government departments in consultation with outside experts in think tanks. Policies that impact industries, trade or commerce are formulated in consultation with relevant business interest groups. While social policy is formulated with a great deal of consultation with other departments, civil society organizations and experts, bureaucracy plays the dominant role in formulation. A lead agency is responsible for moving the policy proposal through the maze of government bodies until it is approved by an authoritative forum such as the Cabinet in the parliamentary system or the President under the American system. A new policy proposal which does not fall under the rubric of any existing law has to be enshrined in an act of parliament. In most parliamentary democracies, the legislatures do not play a dominant role in the formulation process. By the time a policy is drafted in the form of a bill by the government in power, there is very little scope for any major change. In the presidential system where the executive does not control the legislature the law makers have the power to initiate policy.

Budget and Public Policy

The real test of whether a public policy represents a priority for government and would be implemented is the inclusion of the policy proposal in the annual expenditure budget. Many governments suffer from a gap between policy and resources and many a policy proposals die a silent death at the altar of budgetary politics. In governmental systems where policy approval cycle moves parallel to the budgetary cycle and there is little coordination between the two many an approved policies never reach the implementation stage.

The budget document attaches actual funds to policies and programmes. Budget establishes the link between financial resources and governmental action to accomplish policies. It attaches price tags to policy goals. If policy process represents the bargaining and conflicts over the policy preferences that would prevail, budget is the final outcome of the process. Wildavsky in his classic treatise on budgeting pointed out that budget can serve as a plan of action if policy and

programme choices are well coordinated. It may also serve as a tool for efficiency and effectiveness if the emphasis is placed on achieving policy objectives for a given amount of funds or accomplishing desired policy objectives at the lowest cost. Budgeting officials do not try to maximize, they satisfice. In other words they do not look for the best possible policy option; they are satisfied with the one that appears to be good enough. Budgeting is also incremental in the sense that the largest determinant of size and content of this year's budget is the last year's budget. Incremental budgeting means that the existing programmes are not evaluated in comparison to all possible alternatives (Wildavsky 1964, pp. 2-3).

Implementation

The implementation stage of the policy process is usually critical for the success of policy initiatives. Implementation frequently ends up with unintended and unanticipated outcomes. Literature on implementation points to the complexity of the process and frequently faulty implementation (Bardach 1977). Until relatively recently, the policy scientists ignored implementation and considered it a given. They tended to believe that once policies were formulated, implementation follows. Though Public Administration dealt with issues related to implementation at length, Pressman and Wildavsky's classic study of the federal job creation programmes in Oakland, California, brought about a major turnabout in scholars' view of implementation. They pointed out that policies imply theories. Whether stated implicitly or not, policies point to a causal link between some initial conditions and desired future outcomes. According to them unless the required initial conditions are created policy cannot be implemented. Implementation is the ability to accomplish predicted outcomes once the initial conditions are met. It consists of transforming the inputs (initial conditions) into outputs and outcomes (the predicted conditions) and delivering them to the target groups. This does not mean that the initial conditions are written in cement. Implementation process often changes and transforms the initial conditions. The transformation is achieved through resources, programmes, tasks and activities. Constraints and problems often emerge during the implementation phase when resources are used to accomplish programmes, tasks through activities. It is impossible to predict all the possible obstacles in the design phase. As Majone and Wildavsky (1978, p. 113) have pointed out: "constraints remain hidden in the planning stage and are only discovered in the implementation process". It should be noted that Pressman and Wildavsky do not include the assembling of resources, authorization of funds and passing or requisite legislation in implementation (Pressman and Wildavsky 1984, pp. xxii – xxiii). They consider such activities as initial conditions included in the policy design.

In practice implementation cannot be divorced from policy design. It should not be viewed as a phase that follows after and independent of the policy design. Policy makers should close the gap between design and implementation by gearing programmes more directly to the requirements of effectively executing them. Closing the gap between the two would require the reduction of decision points to minimum and paying attention to the creation of the organization machinery required to

implement a programme. If a policy is highly technically oriented it is necessary that the experts who have designed the technical aspects of the programmes stay around for their execution (Pressman and Wildavsky 1984, pp. 143-144).

Policy studies sometime emphasize a top down or bottom-up approach to policy implementation. Top down approach posits a cascading chain of command. Policy maker's intent is clearly specified then proceeds through a series of specific steps to determine what is expected at each level of the organization. This procedure has been referred to as "forward mapping". While bottom-up approach or backward mapping begins with establishing what is required as actual behavior at the very bottom level of the implementation process. Then the approach requires asking each agency involved what ability and resources they require to affect the target behavior (Elmore 1982 pp. 19-21; Sabatier 1993, pp. 266-293). However, if one views policy-implementation as a continuum or iterative overlapping cycle then both of these approaches are irrelevant. Perhaps the better approach is to combine the forward and backward mapping.

Depending on the size of the target group, complexity and diversity of the problems that are targeted to be resolved, a policy can be more or less difficult to implement. The nature and extent of behavioral change required of a target group for implementing a policy is a critical variable. The socio-economic policies that require a change in deep rooted customs, traditions and beliefs are difficult to implement (Howlett and Ramesh 1995, pp. 153-155). A host of exogenous factors – social, economic, technical and political changes – can also affect implementation. These factors may require a redesign of objectives, choice of means and implementation strategies.

Policy Evaluation

The term policy evaluation is used by different scholars in various different ways. Some authors use the term in a broad generic manner. Howlett and Ramesh, (1995, pp. 173, 175) for example, extend it to judicial review and what they refer to as 'political evaluation'. The former deals with legality and constitutionality of governmental actions or laws, while the latter is broadly described as opinions voters formulate about government leaders on election time. In this paper, evaluation does not have such a broad and generic connotation. Sometimes evaluation is used as synonymously with policy analysis where very similar methodologies are used to formulate policies and programmes. This is also referred to as *ex ante* evaluation often undertaken to compare policy options, programmes or projects. The major objective in this kind of evaluation is to improve allocative efficiency. Benefit-Cost Analysis (BCA) is perhaps the most powerful technique used to compare the rates of return of various projects/programmes.

Formal evaluation is related to on-going, existing programmes or *ex post* evaluation done after the programmes have been completed. It is the on-going programmes or programme that have been already implemented are the object of evaluation.

Evaluating policies and programmes is a part of assessing government performance. Evaluation would answer such questions: did the government promptly identify social needs and propose innovative solution? Did they succeed in implementing the intended policy goals? Putnam points out that evaluators must be careful not to blame governments or give them credit for matters beyond their control. To avoid this he suggests measuring outputs and not outcome – health care provided and not the mortality rates (Putnam 1993, pp. 65-66). Often evaluators do this because they cannot establish a causal relationship between the policy intervention and outcomes and control non programme variables which may have impact on outcomes.

Peter Rossi and Freeman define evaluation as “the systematic application of social research procedures for assessing the conceptualization, design, implementation and utility of social intervention programmes.” According to them the *raison d’être* of evaluation is to improve the way in which policies and programmes are conducted (Rossi and Freeman 1989, p 12). This definition suits experimental methodology to establish the causal relationship between the programme intervention and its outcomes. This, however, is small but very important part of evaluation. Evaluation also includes: “the measurement of programme performance – resource expenditures, programme activities and programme outcomes—and the linking of causal assumptions linking these three elements” (Wholey 1944, p 15).

The success or effectiveness of a programme is perhaps the central question in evaluation. This kind of evaluation is often referred to as impact evaluation. The evaluator’s prime objective is to find out whether the programme under evaluation achieved its intended effects or not. Did the programme make a difference? Or conversely whether the programme outcomes/effects were in fact the result of the programme interventions? Ideally randomized experimental design is the most suitable methodology for evaluating the impact of a programme. In such a design, a control group is used to compare the results of the programme intervention and the programme targets are assigned randomly. Experimental designs are not easy to implement, therefore quasi experimental designs are used more often (Staisey and Rutman 1992, p 226). Evaluation has many purposes and uses. It is carried out to improve the efficiency in programme delivery and how the programme is being managed. It is often undertaken to provide information for accountability (Hudson, Mayne and Tomlinson 1992, p. 5).

Policy evaluation is often initiated by the management of the department or agency responsible for the implementation of the programmes. It may be carried out in-house or contracted out to consultants. More elaborate, impact evaluations are often contracted out because of lack of technical expertise or human resources. Often agencies having oversight role also initiate policy evaluation. The Office of the Auditor General in Canada (OAG) carries out programme evaluation for providing information about accountability or efficiency. In North America, particularly in the US, independent think tanks like the Brookings Institute or the Rand Corporation carry out quite elaborate policy evaluations. The Institute of Research on Public Policy in Canada undertakes similar evaluative studies. In the US, the General

Accounting Office carries out evaluations on behalf of the US Congress. Such non-government evaluations are rather rare in developing countries. The fundamental challenge in policy / programme evaluation lies in quantification, particularly in developing adequate measures of performance.

Public Policy Dynamics: how policy choices are made?

Pluralists view public policy arena as place of conflict, bargaining, compromise and coalition building. This arena is populated by a myriad of organized groups who try to influence public policy, promote, and protect the interests of their members. The US founding fathers considered competing interests as a safeguard for democracy and the rights of individuals (Hamilton, Madison and Jay 1961, p. 361). More recently pluralist scholars viewed state as an arena of conflict where state plays the role of a neutral broker or arbitrator among the competing interests that shape public policy. State institutions set the procedures and the rules of the game and facilitate conflict resolution (Truman 1951; Dahl 1971). Others have pointed out that well organized groups with more financial resources, expertise and access to politicians have more influence on policy outcomes (McConnel 1966, Lowi 1969). Pluralist view is based on the market analogy where competition ensures economic efficiency. They believe that the role of policy makers in designing, implementation and evaluation of public policy is determined by the interest groups and how they organize and articulate demands of their constituents. According to Grindle and Thomas, pluralist model is not easily applicable in many developing countries where societal preferences are not determined by votes and lobbies and where much policy may not be discussed outside the halls of government (Grindle and Thomas 1991, p. 24).

Public Choice Theory

Public Choice theory begins with similar assumptions like the pluralist model. It assumes decision makers as self-interested individuals who form groups around issues based on common interests for the purpose of acquiring public resources (Olson 1965). These groups then use their resources – votes, political contributions, and political connections, money – to extract benefits and rents from government (Colander 1984, pp. 1-13; Srinivasan 1985, pp. 38-58). While the interest groups compete to secure favorable outcomes from public arena, the elected officials desire to hold on to power and get elected and re-elected. They use public resources – expenditure, goods and services, rules and regulations – to benefit those groups who they believe could help them stay in power and get them elected.

The motive of raising funds for re-election may often result in public policies that are detrimental to broader public interest. Organized interest groups further aggravate the problem. These groups often represent the interests of the suppliers who constantly seek favorable policies, laws, rules and regulations to fortify their market ‘niches’ and avoid costly competition. The rewards of seeking political intervention through lobbying are massive for the few suppliers while the costs are

thinly spread amongst the large number of buyers. Investing a portion of their gains in lobbying and bribing political parties, politicians and bureaucrats is of great advantage to the supplier groups. Thus the interplay of supplier lobbies and political parties greatly influences public choices (Kasper and Streit, 1998, p. 291). In Canada, from time to time there have been complaints against lobbyists skewing the public policies to their advantage. Recently Democracy Watch, an advocacy group, demanded strengthening of lobbying restrictions, enforcement systems and penalties for violators (Conacher 2005, p. A21).

The bureaucrats participate in targeting resources at these interest groups to maximize their budgets and build their careers by pleasing their political masters. Public choice theory is popular with neoclassical economists because of its coherence and relatively parsimonious explanation of public decisions. As Grindle points out while in the market place self-interest and competition produce efficiency, in the political arena they generate negative outcomes – capture of state by self seeking narrow interests and distorted policies (Grindle and Thomas 1991, p. 25). Policy makers become trapped in a cycle of declining legitimacy and increased expenditures and are unable to alter the status quo because of the entrenched vested interests. In developing countries this process leads to economic inefficiencies, political instability and widespread corruption. Public choice theory thus promotes a view of politics that is both negative and cynical (Srinivasan 1985, p. 45).

State Centered Models of Decision Making

While the Political Scientists and Political Economists have posited society centered models of policy choices, the Policy Scientists and Economists advocate the policy oriented to individuals or organizations as unique decision makers. They accord the policy maker a substantial amount of autonomy over decision choice. The Rational model begins with clearly a defined objective, and proceeds with options, consequences, a utility function and optimum choice. It assumes that the decision maker is a unique individual or an organization. He/she has clearly defined objectives. He/she can generate all the possible options for achieving the objectives. He/she can predict all the possible consequences both negative and positive. He/she has a utility function to quantify and compare the options in terms of the consequences. Finally because he/she is rational, the option chosen would be optimum or best means to attain the given objective. This is pure theory. In practice objectives are multiple and often not clearly defined. It is costly to generate all the options. It is not possible to predict all the consequences and quantification is often difficult particularly in social policy sectors. The model is useful in first stages of policy formulation where analysts take a first cut at defining the problem and proposing a solution. They choose a few feasible options, often three or four. They can only predict a few major consequences and put dollar values on those.

Decision theorists later modified the rational actor model to “satisficing” and “bounded rationality” models as well as ‘incrementalism’ (See March 1978; Kinder and Wiess 1978). One cannot deny some modicum of rationality in public decision

making and the utility of incremental and ‘satisficing’ models. Pure rational actor model however does not leave much scope for the role of interest groups and other actors outside the bureaucratic organizations. Allison tried to explain the decisions taken during the Cuban Missile Crisis using modified version of rational actor model. He posited Governmental action as choice as the basic unit of analysis and assumed the nation or government as a rational unitary decision maker. Action is chosen in relation to a strategic problem. Rational choice is value maximizing in the light of goals, options and their consequences. Allison’s discussion of soviet and US actions shows that the rational actor model only partially explains the actions of the two adversaries (Allison 1971, pp. 33-35). Organizational Process model goes beyond the top level – state as unitary actors – and focuses on the governmental action as organizational output. According to this model the formal governmental choice is a function of information provided by various organizations. In this model options are limited by the existing capabilities. The decision maker is not a unitary actor. Instead there are multiple decision makers sitting on top of several loosely aligned organizations. Decisions are shaped by the already existing routine -- standard operating procedures, parochial priorities and perceptions of the actors and thus the governmental action is organizational output rather than individual choice (Allison 1971, pp. 78 -87).

More recently we have witnessed a renewed interest in rational decision making due to governments’ search for efficiency and performance measurement. Partially the focus on results is also due to citizens’ demand for accountability and transparency. Over the last decade the governments have focused on tangible results. Agencies are obliged to pay attention to goals, missions, strategies, plans and obtaining results. Government agencies are obliged to publish results oriented performance reports and put them on the internet. Many of these measures in both Canada and the US resemble the efforts of the previous generations of reformers – Planning Programming and Budgeting Systems (PPBS), Zero Based Budgeting (ZBB), Management by Objectives (MOB) and Policy and Expenditures Management System (PEMS). It is not clear to what extent this new emphasis on rational decision making and results has achieved credible results in allocating resources and choosing policy options (Nelson, Robbins and Simons 1998, pp. 478-79).

Governance Paradigm, Public Policy and Civil Society

As the Corporate Governance switches away from the entity of the corporation to what C.K. Prahalad (2000) calls “the networks of dialogues”, the focus of public governance is steadily shifting away from the state to civil society. The role of policy makers – politicians and bureaucrats – is undergoing a change. The rulers or the governors may provide the playing field but they no longer have the monopoly to invent the game or prescribe the rules of the game. The latter have to be negotiated with other stakeholders in the civil society. Governance is no more regarded as the sole monopoly of the government. As Etzioni pointed out, it is the value creating institutions in business and civil society that really govern us and not just the state (Etzioni 1993, pp. 42-43).

Governments, markets and civil society participate in the formulation, implementation and evaluation of public policies. Governance is very much to do with the relationships of the three sectors. This relationship determines how the governments exercise their authority. Mere reforms of the organizational structures and administrative processes are no longer adequate for good governance. Linkages with the civil society have to be developed and promoted. The state actors have to negotiate protocols and disciplines and norms with the civil society. It is these protocols and norms which will determine the tenor of good governance in decades to come.

In developed countries, the concepts of stakeholders, policy network and policy community is taking hold. Partially it is because the civil society organizations are demanding participation in policy formulation and implementation. Partially it is due to the increasing complexity of public policies and dwindling resources of governments, the latter find themselves lacking expertise and information needed for policy design, implementation and evaluation. Sometimes the civil society organizations not only possess required information or expertise but they lend legitimacy to public policies. The role of interest groups in public policy has long been recognized. The influence of business lobbies in Washington, Ottawa and other capitals of the world has been documented.

More recently policy literature has given more attention to policy communities and policy networks. These concepts try to capture the degree to which any policy field or sector is populated by a host of government agencies, interest groups, advocacy groups, civil society organizations and social movements. A policy community is constituted by the government and non government actors in these agencies. They all have common interest in a given policy sector and they compete and cooperate with each other to influence policies. Within policy communities there are network of actors who coalesce around various issues. The emergence of internet, web and email has made it easier for these networks to mobilise a policy community for or against specific policies. Strength or weakness of the state agencies and the non-governmental actors determine the nature of networks that emerge. Leslie Pal asserts that the nature of these policy communities is crucial to policy formulation and implementation. In the formulation phase, the governments often do not have the specialized information and expertise that the non governmental actors have. On the implementation side the more coherent the policy community the easier it is to implement policies targeted to their sector (Pal 1997, p. 187). The success of social policies where implementation requires behavioural change or cooperation on the part of the target groups often depend on the support of civil society groups as intermediaries.

In Canada, government sought to enhance the participation of Non Government Organizations (NGOs), academic institutions and business organizations in foreign policy by creating a Centre for Foreign Policy Development. The Centre organizes annual National Forums to consult a wide range of interested actors (Lee 1998, p. 60-65). A spectacular example of open public policy initiative is the "Ottawa Process" that resulted in the signing of the Convention against the Anti-Personnel

Mines in 1998. The demand came initially from the non-government organizations like the Vietnam Veterans of America Foundation. They were able to develop a huge international network of NGOs including Human Rights Watch, Physicians, the Handicap International and the Mine Advisory Group under the umbrella name of International Campaign to Ban Land – Mines (ICBL). The ICBL pressured the governments in various countries that led to the Ottawa Process.

Over the last two decades the World Bank (and other bilateral aid donors) has promoted good governance as a conditionality of financial assistance. The failure of Structural Adjustment Programmes (SAP) particularly in Sub-Saharan Africa convinced the Bank officials that ‘good’ policies cannot be implemented effectively without the presence of stable governing institutions. Despite the first generation SAPs and accompanying Public Sector Reform programmes, an enabling environment conducive to effective development management was not created. The impediments include weak institutions, closed system of decision making, pervasive corruption, patronage and waste. In view of these experiences the Bank came to the conclusion: "Underlying the litany of Africa's development problems is a crisis of governance" (World Bank 1989, p. 60). This was further strengthened by their assessment of the East Asian Miracle which in their view succeeded because of “a strong institutional framework” that provided the foundations for the economic success (World Bank 1993). Efficient functioning of market economy requires a framework of clear laws and effective legal institutions. This framework is essential for business transactions to take place between individuals. It provides the stable and predictable environment essential for economic interaction. The legal framework refers to the basic set of rules concerning property rights, civil and commercial behaviour and the limits on the authority of the state. The existence of these fundamental “rules of the game” and effective institutions to apply and enforce them is most basic element for any governance system.

A World Bank document defines governance as the manner of exercising power in managing a country’s economic and social resources for development (World Bank 1992, p. xiv). There are three distinct aspects of governance: the forms of political regime, the process of exercising authority, the capacity of government to design, formulate and implement policies and discharge functions. Design and implementation of policy thus depends to a large extent on the type of political regime and the manner of exercising authority (Shah 2002). Governance thus is a broader concept subsuming policy capacity as a subcategory. The nature of political regime and the manner of exercise of authority provide enabling environment surrounding the policy process – design, implementation and evaluation. The effectiveness and efficiency of policy process depends on the nature of political regime and the manner in which authority is exercised. However good the policies they may not survive or be implemented effectively in a politically unstable or a dictatorial regime.

The World Bank’s approach to good governance is wedded to promote a market friendly state – less government and better governance. To accomplish this, the

Bank has undertaken massive programmes of privatization, deregulation, trade liberalisation, currency reform. The civil service reforms and policy capacity programmes have been focused to help the economic reforms. They have focused on legal frameworks – property laws, contract laws – size and wage bill reduction and expenditure management. What is required is to co-opt the competence of the citizens and the civil society organizations to design and implement public policies in the social sectors.

Conclusions

Despite a huge amount of literature from various disciplines policy analysis as a field of inquiry still suffers from a relative lack of conceptual clarity. It has generated many important propositions. It is not clear to what extent the models, theories and propositions are useful to the policy makers. The definition of public policy varies with disciplines and analysts. There is no general theory that explains the entire policy process. Different models and approaches are useful for partial explanations. Policy Process Model conceptualizing the process as stages is useful with certain important caveats. The stages or phases are more conceptual than real. In practice they would overlap and their boundaries are fuzzy. The process appears to be conceptually linear but in reality it is iterative. But the model's simplification of reality is useful for the analysts and policy designers. The Rational Actor model of decision making is an ideal type. Its assumption of decision maker as a unique actor is problematical. It is, however, very useful when policy analysts prepare a first draft of a policy proposal to be considered by political decision makers. It is a good framework to work with. The rational actor model made a sort of comeback because of the emphasis on recent performance measurement and results. Organizational process model is useful to understand the role of agency structures, standing operation procedures and rules and regulations. It is very useful to understand how the decision proceeds within one large organization. The Bureaucratic or Governmental process model explains rather well the situation where a number of heads of agencies come together to make a decision. Finally, though Public Choice approach is somewhat cynical, it does however explain the motivations of various actors and how they influence the decision outcomes.

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RIAZ HASSAN

GIVING AND GAINING: PHILANTHROPY AND SOCIAL JUSTICE IN MUSLIM SOCIETIES

Abstract

*There is a longstanding tradition of philanthropy and charity in Muslim societies which is grounded in religion. As part of their religious duty Muslims are required to give a proportion of their income to provide for the welfare of the socially and economically disadvantaged in society. This 'giving' is known as *zakat* and is a universally observed duty among Muslims around the world. This paper will examine the motivation for 'giving' and what Muslims perceive as 'gaining' from it. More specifically the paper will explore whether 'giving' is primarily motivated by personal salvation or whether it has a strong collective and strategic orientation aimed at promoting the quality of human capital and institutional development. The paper will discuss the sociological implications of these orientations for social justice and economic development in Muslim societies.*

Introduction

Like other world religions Islam is opposed to great inequalities in the distribution of material resources. Some of its key teachings relate to reducing, though not necessarily eliminating, social and economic inequalities. Islam enjoins its followers to 'give' for individual and collective well being. The three main institutionalised instruments of Islamic philanthropy and redistribution of wealth are *sadaqa* (charity), *zakat* (poor tax) and *waqf* (trust). These traditions of philanthropy have been shaped by Islamic history. At the time of the rise of Islam in Mecca the spread of commerce and rapid urban development had changed the social organization of Meccan society from nomadic kin based to class like groupings. This transformation had resulted in social upheaval and general malaise. Islam arose as a moderating religious and ethical movement under these social conditions (Wolf 1951; Watt 1954, 1955, 1962; Armstrong 2000; Rahman 1994; Denny 2005).

Islam addressed these conditions by placing special emphasis on distributive justice. The main principle laid down in the Quran for promoting distributive justice is, '*wealth should not circulate only among the rich*' (59:7). The Quran envisages the task of the Muslim Community as 'commanding good, forbidding evil, establishing prayer, and paying *zakat*'. One of the persistent themes of the Quran is to command Muslims 'to establish a political order on earth for the sake of creating an egalitarian and just moral-social order' (Rahman 1994, p. 62). This paper will focus on *zakat* as an instrument of Islamic philanthropy and redistribution. After examining its genesis

and institutionalization, the paper will review evidence of its practice and the motivations associated with *zakat* giving. It will conclude with a brief discussion of their implications for promoting social justice in contemporary Muslim societies.

Genesis of *Zakat* as an Islamic Institution

The Arabic word *zakat* derives from the verb *zaka*, which means purify and also connotes growth or increase. The norms of pre-Islamic Meccan society urged rich people to use portion of their wealth on 'good causes' in order to purify their wealth. Islam continued this tradition and made it a religious obligation. In the formative years of Islam *zakat* signified an act which purified the soul. The moral element was conspicuous whereas the element of legal compulsion and official pressure to give was missing (Hamidullah 1993, p. 234; Denny 2005 p. 115-16; Al-Shiekh 1995). In 9AH/631CE, after the establishment of an Islamic State in Medina, *zakat* became a mandatory tax obligation. It was confirmed as part of one's service to God, as a technical part of the worship in the sense of *ibada*. For Muslims *zakat* became closely linked with prayer and is held to purify both the givers and the wealth which they give (Denny 2005, p. 115; Benthall 1999; Hamidullah 1993).

The Islamic law stipulates that the sum above the minimum expenditure remaining for a whole year with the owner becomes liable to charge of two and half per cent which goes towards meeting the social welfare needs as stated in the key Quranic verse about *zakat*: *The zakat is only for the poor and needy, those who work to collect them, those whose hearts are to be won, the ransoming of slaves, debtors, in Allah's way [for good works like scholarship, missionary projects, charitable, cultural, and educational institutions] and the wayfarer (9:60)*. The rates of *zakat* are not uniform. Different commodities attract different rates and the computation on various types of properties can be complicated (Denny 2005; Hamidullah 1993).

Money, gold and silver are taxed at the rate of two and half per cent per annum. Agricultural produce is taxed at the rate of ten per cent and other forms of properties are taxed at different rates. The categories of properties liable for *zakat* are: 1.cash, gold and silver; 2. merchandise used in trade (but not personal possessions used in ordinary living, like automobiles, clothing, house and jewellery); 3. mineral extracted from the ground; 4. ancient treasure; 5. cattle; 6. crops from tilled land. Before *zakat* is owed, a minimum amount of each type of wealth must be owned, called *nisab*. In general *zakat* is to meet the local needs and once that have been met, it is permissible to spend it on distant causes and needs (Denny 2005, pp.115-116; Benthall 1999; Hamidullah 1993 pp. 234-44; Kuran 2004 pp. 19-28).

Until the advent of colonialism *zakat* was collected by the government and distributed according to set patterns among the various categories of recipients in all Muslim territories. Because of its place in Islamic theology the general populace considered *zakat* giving as a religious and moral duty, authorities had few problems in collecting it. Colonialism heralded the introduction of secular system of government and tax and authorities in most Muslim states largely abjured Islamic

codes of law, including *zakat*. As a result *zakat* lost its once prominent position in Muslim life (Al Sheikh 1995; Benthall 1999; Bremer 2004; Hamidullah 1993). In the words of one prominent Muslim scholar, 'were it not for the concern of some Muslim individuals and institutions, *zakat* would have been completely eradicated from Muslim life' (al-Qaradawi cited in Al Sheikh 1995, p. 368).

In the post colonial Muslim societies the situation has changed and we see a spectrum between complete incorporation of the *zakat* by the state and its marginalization to the individual conscience, with a number of intermediary solutions. Several Muslim countries including Pakistan, Sudan, Malaysia, Saudi Arabia, Kuwait, Libya, Jordan and Iran now have institutionalised some form of centralized *zakat* collection by the government. Pakistan and Saudi Arabia have also introduced some major innovations concerning coverage and rates.

Traditionally *zakat* was levied only on individuals but Pakistan and Saudi Arabia have extended the obligation to companies on the grounds that companies are juristic persons. They have imposed a flat *zakat* levy on certain types of deposits. Saudi Arabia levies *zakat* on imports at rates varying from commodity to commodity and Pakistan levies *zakat* on all farm output at the rate of 5 per cent regardless of irrigation mode. Other Muslim countries continue to follow the traditional model of *zakat* collection and distribution but even they are obliged to introduce some innovations. For example, the Malaysian system exempts industrial workers, bureaucrats, businessmen, and shopkeepers, along with rubber and coconut growers, none of whom are mentioned explicitly in classical texts (Kuran 2004, pp. 21-22). A critical evaluation of these systems will be provided in a following section of the paper.

Zakat Payment in Contemporary Muslim Societies

In the early history of Islam *zakat* was a centrally administered obligatory system. But for much of Islamic history it has been administered in a decentralised manner enforced by fear of God, an individual's own conscience and peer pressure (Kuran 2004 p. 22). How widespread is the practice of *zakat* in modern Muslim countries? Until recently there was no reliable comparative evidence to answer this question. However, a recent Ford Foundation funded study of Muslim philanthropy has indicated that 43 per cent of Egyptians, 40 per cent of Turks and 61 per cent of Indonesians report as having paid *zakat*.

The findings of another survey of seven countries, which surveyed over 6000 Muslim respondents and reported in Table 1, reveal that between 80 to 90 per cent Malaysian, Egyptian and Indonesian Muslims reported *zakat* payment compared with 50 to 60 per cent in Kazakhstan, Pakistan and Turkey. Only one third of Iranian respondents had done the same. The data also show that age appears to be positively related to *zakat* payment in all countries. Why do older people tend to be more inclined towards religiously mandated giving? It is most likely due to the fact that wealth accumulation usually occurs with age thus making older people both

eligible as well as able to pay *zakat*. What these findings show is that *zakat* giving is a widely practiced religious duty among Muslims globally.

Table 1: Percentage Performing *Zakat* in the Past Year*

Countries		Egypt	Indonesia	Iran	Kazakhstan	Malaysia	Pakistan	Turkey
All		89	94	44	49	80	60	64
Sample group	Religious elite	91	94		57		59	69
	Muslim professional	91	97			88	66	58
	Public activist	75	94		57	80	55	
	Student					90		
	Working class					52		
Gender	Male	90	95	52	52	87	60	62
	Female	85	93	34	45	72	58	67
Age Group	<26	61	91	39	38	65	34	53
	26-40	86	94	46	48	85	58	65
	41-55	97	97	51	54	94	78	79
	56>	98	95	48	55	97	79	68
Education Group	< High school	90	91	55	64	84	70	69
	High school	94	95	46	46	77	48	67
	Tertiary/ Professional	86	95	40	63	77	62	52

Percentages rounded to nearest whole number

Empty cell = no data available

* The past year refers to the 12 months prior to the date of survey.

Data from author's unpublished research. The surveys from which these data are extracted were carried out in Indonesia, Pakistan, Egypt and Kazakhstan in 1997-1998 and in Iran, Turkey and Malaysia in 2002-2003.

The Scale of *Zakat* Receipts

There is again scarcity of reliable data about how much money is given through *zakat*. The Istanbul conference in August 2004 on The Ford Foundation study (Tusev/Ford Foundation 2004) of Muslim philanthropy provided some rough estimates of the amount involved. In Indonesia the study estimated that the cash value of Muslim philanthropy was US\$ 1.65 billion and it is reasonable to assume that a significant amount of it was in the form of *zakat*. In Turkey the *zakat* payments were estimated to be US\$ 214 million (Carkoglu 2004). Estimates from Malaysia indicate that *zakat* collection over the five years from 2002 would exceed RM 378 million (Hasan 2004) and in Pakistan these totalled four billion Pakistani rupees. While these amounts may appear to be large they are only a very small fraction of the country's GDP. In 1987-88, *zakat* collected in Pakistan was only 0.35 per cent of GDP and the corresponding estimates for Saudi Arabia for 1970 were between 0.01 and 0.04 per cent of Gross Domestic Product (Kuran 2004, p. 21).

The proceeds from *zakat*, as mentioned earlier, are earmarked for specific categories including the needy poor and disadvantaged persons. The evidence from countries for which data is available shows that in Turkey the most common category of *zakat* recipients was a 'needy acquaintance or relative' (Carkoglu 2004). Indonesians gave *zakat* mainly to *zakat* based charity organizations or directly to individuals who presumably were known to the *zakat* giver (Center for Languages and Cultures 2004, p. 8). Similar patterns are likely to prevail in other Muslim countries. In Pakistan *zakat* collection has been centralised and carried out by the state since 1980, and is widely perceived as a government tax. By 1999 there were 40,000 local government-run *zakat* committees. Their operation is so corrupt and non-transparent that devout Pakistanis feel obliged to contribute a second time to ensure that their *zakat* obligation has indeed been met (Aga Khan Development Network cited in Bremer 2004). The problem of corruption in *zakat* collection and utilization unfortunately exists in most Muslim countries but it is especially noticeable in countries which have centralised state based *zakat* systems.

Malaysia, Saudi Arabia, and Pakistan are among the countries where *zakat* is administered by the state. In all three countries there is evidence of widespread corruption and *zakat* evasion. In Malaysia restrictive coverage and substantial evasion constrain the yield. Furthermore, the burden of *zakat* almost exclusively falls on rice growers, most of whom lie below the country's poverty line. In 1988, the rate of compliance was only 8 per cent. In the state of Perlis, rice growers accounted for 93 per cent of *zakat* collection in 1985. In Malaysia *zakat* does not necessarily transfer resources to the poor; it may be transferring resources away from them. (Kuran 2004, p. 21-22). A detailed study of *zakat* collection of a village in the Malaysian state of Kedah the rate of compliance between 1977 and 1979 was only 15 per cent, which means that majority of the farmers evaded their *zakat* obligation. The evasion took the form of disguising or under declaring one's cultivated acreage, under-reporting one's crops, and handing over spoiled or adulterated grain to the *zakat* collector (Scott 1987).

In Pakistan there is widespread *zakat* evasion because the public does not trust the government's *zakat* collection and distribution. According to some estimates the total amount donated to charity in Pakistan was estimated to be Rs 70 billion (Aga Khan Development Network 2000) per annum whereas the total *zakat* collection amounted to only 4 billion which signifies the low credibility attached to the government-run *zakat* system by Pakistanis. The *zakat* system in Pakistan has about one million beneficiaries, which represents only 10 per cent of Pakistanis situated below the official poverty line. The government's own reports suggest that the state administered system has had little impact on the reduction of inequality. The corruption, evasion and mal-administration of *zakat* in the country is making people lose faith in the system. In addition to the traditional sources Saudi Arabia levies *zakat* on imports at rates varying from commodity to commodity. The total *zakat* revenue in Saudi Arabia in the 1970s, ranging between 0.01 to 0.04 per cent of GDP, is evidence of restrictive coverage, evasion and extensive loopholes.

Motives for Giving

As mentioned previously Islam is opposed to great inequalities in the distribution of resources and from the very beginning introduced some of the remarkable instruments to reduce these inequalities if not to eliminate them. *Zakat* is one of these instruments. At the macro level *zakat* serves as an instrument to create an egalitarian and just moral social order as repeatedly emphasized in the Quran. Another macro sociological rationale for *zakat* is to heighten and strengthen social cohesion. *Zakat* strengthens horizontal relationships between Muslims through the giving of one's wealth. At the cognitive level if *zakat* is paid according to Islamic law it 'purifies' both the givers and the wealth which they give. The recipient, likewise, is also purified from jealousy and hatred of the well-off. In theory at least if *zakat* is observed widely the rich do not become poor but the poor cease to be poor. All these would contribute to heightening social solidarity and a sense of belonging to the ummah – a community of believers. These are powerful symbols of Islam's sense of community (Denny 2005 p. 115).

The studies of individual motivations for paying *zakat* show that the spiritual and religious motives dominate giving of *zakat* among Muslims. Indonesians pay *zakat* in order to 'purify body and soul' and to meet the obligations to the poor (Center for Languages and Cultures 2004). In Egypt the main motives are the promotion of religious values, purification of soul and wealth and rights of the poor (Center for Development Services 2004). Similar motivations have been reported in a Pakistani study (Civil Services Academy, Lahore, 2004). In Jordan and Palestine *zakat* is widely viewed as building 'communal trust' and as 'door to door welfarism' (Benthall 1999). The predominance of individual and parochial motivations has led some researchers to observe that such giving leads poor people to help the poor and rich to help the relatively rich. This parochial orientation to religiously motivated giving may prevent the poverty from exploding but it is not likely to have any significant impact on social justice (Carkoglu 2004).

The institution of *zakat* is frequently claimed by Muslims as a major instrument for promoting social justice through a more equitable redistribution of wealth and resources which prevents concentration of wealth and reduces poverty. The Islamic writings present *zakat* as almost a panacea for the world's ills. For Islamists like Sayyid Qutb, and Mawdudi, *zakat* is superior to the Western concept of welfare state. For Islamists *zakat* is the outstanding social pillar of Islam, enabling individuals' efforts to be steered towards the creation of a just and equitable society, the Muslim ummah (Benthall 1999; Mawdudi 1975).

Critical Assessment

How effective is *zakat* as an instrument for promoting redistribution of resources and social justice? This question is often raised and discussed in Islamic discourse. Muslims everywhere see great merit in this religiously mandated philanthropy. But this tends to be more an expression of their faith than an objective assessment.

Obviously for the individual giver there is a genuine sense of psychological satisfaction after having fulfilled a deeply held religious obligation which prima facie contributes to promoting social well being of the receiver. But can we go beyond this individual psychological and spiritual experience and offer a grounded assessment of this act of religious philanthropy.

We can glean some assessment from the media reports. In Pakistan, where *zakat* collection has been centralised as a state activity since 1980, there are frequent reports on its operation and they are almost universally critical of the system. The criticism relates to failure of the system to reduce poverty, massive *zakat* evasion and bureaucratic corruption. These types of criticisms are also common in other countries with centralised *zakat* collection. The figures from Malaysia for the early 1980s show that the poor received only 11 to 13 per cent of *zakat* disbursement, with *zakat* collectors and religious causes claiming much of the rest (Mustapha 1987).

Perhaps the best analysis of *zakat* collection and the impact of *zakat* on social justice has been reported by Kuran (2004). After examining the records from different countries he concludes that decentralised voluntary *zakat* collection tends to be biased against poor people without proper connections and has little or no effect on poverty alleviation. The centralised system also has the same flaws. The essential difference between the two modes lies neither in fairness nor in ability to reduce poverty. "It lies, rather, in the connections to which they confer value. Decentralised *zakat* confers value to economic connections, especially ones based on employment; state administered *zakat* confers value to political connections, particularly ones touching on religion. Thus, under Malaysia's old decentralised system the surest way to obtain regular *zakat* payment was to work loyally for a wealthy landlord; under the current centralised system it is to enroll in a religious school or work for the *zakat* office" (Kuran 2004 p. 26).

Kuran's analysis also leads him to conclude that *zakat* has not made a major dent in Muslim poverty and inequality. While it has obviously redistributed some income and wealth, it has not conferred substantial benefits on the poor as a group. According to Kuran, "One must recognise in this connection that in its Islamist interpretation *zakat* constitutes a rather conservative means of redistribution. Touching neither on productive assets like land and physical capital nor on consumption good like housing and furniture, it allows limited transfers involving a restricted menu of goods and assets. Even in the best of circumstances the distributional impact of such a scheme would be modest. Poor management has compounded the disappointment" (Kuran 2004, p. 28). Almost identical conclusions have been reported in a report on the utilization of *zakat* in the health sector in Pakistan (Civil Services Academy, 2004).

What is Gained by *Zakat* Giving?

In the light of the above the following observations can be made; 1. A significant proportion of Muslims continue to pay *zakat*; 2. For individual Muslims religious

and social motives – meeting religious obligations and helping the poor, are the main reasons for paying; 3. When *zakat* collection is centralised and its collection and utilization become the state responsibility it leads to evasion, corruption, mismanagement, misallocation and delivers no greater tangible benefits to the poor than the voluntary system; 4. In early Islamic history *zakat* was one of the main sources of state revenue for looking after social welfare but now the revenue from the state taxation system performs the same functions, making payment of *zakat* problematic. This may be one reason why *zakat* payment rates are lower in Muslim countries; 5. The existing evidence indicates that *zakat* is mainly given on parochial rather than strategic grounds; 6. Finally, while Islamists and even some Islamic economists have touted *zakat* as an unmatched instrument of inequality reduction, careful and grounded analyses indicate that it has made no significant dent in Muslim poverty.

Zakat is probably an anachronistic tax given the taxation and welfare systems of modern states and their role in redistribution of income and wealth and public welfare. *Zakat* obviously redistributes some income and wealth but it does not confer substantial benefits on the poor. The amount of *zakat* collected in the Muslim countries runs into billions of dollars. This may be insignificant as a proportion of their GDP, nevertheless the sum involved is substantial. Why do significant numbers of Muslims from all walks of life continue to pay *zakat* over and above the taxes they pay? All available evidence suggests that people in the modern world go to extraordinary lengths to evade paying taxes. They will take any opportunity to minimise their tax payments. Economic analysis also suggests that lower tax rates make people work harder and happier and this is not related to cultural differences or institutional factors (Prescott 2004).

To explain the practice of *zakat* in contemporary Muslim societies we need to use the Durkheimian perspective and ask what is the symbolic meaning of *zakat* for the Muslims? The answer will involve not a cost benefit economic analysis but an understanding of the experience of social reality of the society. As believers they envisage Islamic society to be a society which is fair, just and ethically grounded as enunciated by the Islamic doctrine. But the social reality they experience is anything but that. The government is seen as instrumental in creating or at least allowing the existence of a system which is unjust, corrupt and consequently ineffective in delivering social justice and thus contributing to undermining social cohesion of the ummah. They may resist payment of *zakat* through the government because of this perception and not because they are not charitable for that is obviously not the case. It may also be due to their orientation to fulfilling their religious obligations through orthopraxy and not through orthodoxy. In Pakistan the government *zakat* collection of four billion rupees per annum pales into insignificance when compared to the 170 billion rupees Pakistanis give in charity each year.

Islam places great emphasis on communal solidarity and social cohesion as embodied in the concept of ummah – a community of believers. For Muslims ummah is a social reality whose well being has been divinely ordained. A strong

ummah is sign of the true expression of the faith. Islam's ritual richness creates and reinforces a strong sense of fellowship among the believers, a kind of ummah consciousness which is free from class and social distinctions. Islamic ritual of prayer (salat / namaz), performed collectively five times daily, is an eloquent symbol of that.

However the existential reality of ummah, at the local and global levels, as experienced by ordinary Muslims is that it falls short of the idealised state it should be in. Poverty, lack of social justice and class divisions are some of the manifestations of that. The cause of this is seen not in its flawed conceptualization but in the failure of the public authorities to create the conditions conducive to its existence. The act of *zakat* then becomes both an indictment of the government as well as a personal contribution to strengthen the ummah through a shared fellowship of common faith. This transforms *zakat* into a powerful symbolic act for creating a strong community of believers as ordained by Islam. Its practice by the individuals is also compatible with the tradition of orthopraxy rather than orthodoxy in Islam.

For Muslims then the meaning of the act of giving *zakat* is symbolic as well as instrumental. The symbolic content has to do with the expression of their faith in the existence of a strong, just, fair, and ethical community of believers – the ummah. The instrumental meaning of the act is that it is contributing to the creation of such a community. The instrumental meanings exist only because the government have failed to establish the ideal Muslim ummah. The ultimate symbolism of *zakat* giving is 'doing good' by fulfilling the divinely ordained commitment to the ummah. It is more than the pleasure or usefulness of accumulating wealth. What is gained by giving then is the creation of an ideal ummah, the fellowship of shared faith and the belief that doing good matters.

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GERRY RODGERS

A STRONGER SOCIAL DIMENSION FOR GLOBALIZATION

Abstract

There is widespread concern that the current pattern of globalization does not adequately support major social goals such as employment and social protection. The World Commission on the Social Dimension of Globalization, which was established by the ILO, analysed the different perspectives on globalization and the ways in which the inequities and imbalances of globalization could be overcome. If the potential for good globalization is to be realized, the Commission argued, improved governance is needed at all levels, and coherent policies designed to make decent work a global goal. This paper explores the impact of globalization on work and employment, including not only the volume of employment but also its quality in terms of conditions of work, rights, protection and incomes. Major new developments, such as the rise of global production systems, and intensified competition in global markets, call for new policies at both national and international levels and for a reassessment of the role of different policy actors – the state, business, labour, civil society and international organizations – and more reflection on the policy instruments that are needed for action at the international level to find policies, rules and mechanisms by which economic and social goals can be coordinated in the global economy.

Introduction

The Report of the World Commission on the Social Dimension of Globalization was widely welcomed when it was released in early 2004. There were positive responses from many governments, from parliamentarians and trade union organizations, from business, from national economic and social councils and other non-governmental organizations. At the United Nations, the General Assembly adopted a resolution that called for countries and multilateral organizations to consider the report. The Secretary General of the UN, the President of the World Bank and the heads of other multilateral organizations all welcomed the report. There was strong support for its recommendations from the European Commission and the African Union, and from Heads of State and Government around the World. Negative reactions, such as they were, came from economists such as Bhagwati or Wolf, and some sectors of business, who saw the Commission's recommendations as unrealistic or counterproductive interference in global markets.

An initiative of the International Labour Organization, the World Commission was an independent group of eminent people chaired by two Heads of State in office,

the Presidents of Tanzania and Finland. It was a deliberately non-like minded group, “broadly representative”, as they themselves put it, “of the diverse and contending actors and interests that exist in the real world ... we came from countries in different parts of the world and at all stages of development. Our affiliations were equally diverse: government, politics, parliaments, business and multinational corporations, organized labour, academia and civil society”. The group included civil society representatives active in the World Social Forum, distinguished academics such as Joe Stiglitz and Deepak Nayyar, leading figures from international business including the president of the International Organization of Employers, as well as well known trade unionists and politicians.

Their Report analysed the different perspectives on globalization and summarized the evidence on its impact. In this it was able to draw on a growing literature on globalization, which the Commission reviewed and summarized. But most of the report focussed on the ways in which the inequities and imbalances of globalization could be overcome, in particular through improved governance at all levels. Arguing that concerted action was needed on a broad front the Commission made 57 recommendations, addressed to a diversity of actors. They ranged from the need to strengthen the capabilities of the state to promote employment and social protection, and to ensure that countries had the policy space to promote their own goals, to a stronger foundation of freedom of association and expression and the rule of law, fair rules for international markets in goods, capital and labour and more accountable international institutions. In particular, the World Commission argued that decent work should become a global goal, and coherent policies should be built around that goal.

Why was the message of the Commission and its analysis so well received? After all, there have been many reports on globalization. There is surely no simple answer, just as there is no simple solution to the problems of globalization. But there were a number of key elements, which seemed to fit together.

First, the diversity and balance of the Commission’s membership helped to build a consensus to which others could adhere. There was a search for common ground with dialogue between, say civil society and international business, which is often difficult to achieve. As a result, the analysis was balanced, critical without being shrill, recognizing the positives as well as the negatives. The recommendations were realistic and responded to the diverse goals and needs of a range of actors.

Second, the Commission clearly met an urgent need. The tensions over globalization had not been resolved by the competing forums around the world. There was little overlap in participation between the World Social Forum and the World Economic Forum, the former embracing civil society, organizations of workers and a variety of social groups, and protest movements calling for a different world order; the latter reflecting the concerns and interests of top political actors and the business community. Attempts at dialogue between these two forums had been

unproductive. Yet there was a growing fatigue with unproductive conflict and a sense that the time was right to find reasonable answers.

Third, the Commission built its argument on the idea that the potential of globalization for good was being seriously underutilized, and focused its attention on the reforms that were needed if this was to change – an idea with widespread appeal.

Fourth, the Commission called for a focus on people, their aspirations and insecurities. That led it to insist on the need for greater voice for people in the path of globalization, better institutions for representation and dialogue, and a particular focus on work, which for the majority of people is a source of both income and social integration. Decent work was a compelling goal.

Finally, the Commission insisted that globalization had to be fair, and this too struck a widespread chord. Fairness implied both fair rules, and greater solidarity and sharing – globalization could not be built on the principle of winner takes all.

What is the Social Dimension of Globalization?

The preamble to the ILO's constitution includes the following phrase: "Whereas also the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries".

In 1919, after the First World War had marked the end of the phase of – largely colonial - globalization of the 19th and early 20th centuries, it was apparent to the founders of the ILO that the increasing interdependence among countries extended to social goals, expressed as humane conditions of labour.

At one level this is obvious. When national policies must increasingly adapt to global economic forces, and economic and social policies are intertwined, then interdependence in economic policies must imply interdependence in social policies too. The argument for a social clause in international trade, making trade dependent on respect for certain social minima, is built on this foundation.

But the debate on the social clause over the last decade or two has made it clear that the connection is not simple. Progress has been made in defining a set of fundamental enabling principles and rights at work, which can be seen as the social floor of the global economy. The ILO's 1998 Declaration on Fundamental Principles and Rights at Work proclaims the universal validity of rights to freedom of association, freedom from child labour, forced labour and discrimination. But beyond this level there are strong disagreements among countries and economic actors. Attempts to make a wider range of social standards a precondition for access to global markets are viewed with deep suspicion by countries where standards are lower, on the argument that social progress depends on economic progress, and

cannot be imposed by external fiat. Nor can it be reduced to a single model. While some goals are shared, there is also a wide range of national social priorities, responding to the history, culture and political environment of the countries concerned, rather than a uniform vision of social progress.

Alongside this debate over the social floor for globalization, there is an equally intense debate over the social impact of globalization. The word social covers a lot of ground. Education and health are social, as are political rights and collective organization. The social dimension of globalization includes issues of social inclusion and exclusion, inequality and discrimination, culture and identity, rights and responsibilities. These are the everyday concerns of people and the priorities of the societies in which they live. Globalization affects them by opening new spaces, but also by restricting options. State autonomy to pursue social goals may be restricted by the need to attract international investors, or by the effects of social regulation on production costs. Whole communities may suddenly find that shifts in the global economy take away their sources of livelihood, while the expansion of market forces can devalue the assets and identities of particular ethnic groups and undermine stable communities built around traditional production methods. But globalization also supports thriving communities built around new markets and technology, and provides enormous new economic opportunities to those with the capabilities and resources to take advantage of them.

Within this complex interaction between globalization and social goals, work and employment play a central role. Work is where the social and economic aspirations come together in peoples' lives. Work is about production and income. But it is also about identity and social integration. Many of the social impacts of globalization come through geographical and skill shifts in the demand for labour, through changes in the organization of work and production, through the effects of changing product markets on returns to labour, through the security and protection of workers. In other words, work and employment, and the conditions under which they are performed, are one of the principal means by which the effects of globalization, both positive and negative, reach people. The social dimension of globalization is, to a large extent, concerned directly or indirectly with work and employment, along with all that goes with employment in terms of its content and value, rights at work, protection and representation.

The Impact of Globalization on Work and Employment

The dynamics of international integration generate vast differences between countries in opportunities and in the ability to take advantage of those opportunities. Some countries have succeeded in making globalization a force for development. Higher rates of economic growth and poverty reduction in East Asia, notably in China, and to a lesser extent in South Asia and a few countries in other parts of the world, cannot only be attributed to globalization, for many other factors were involved, but successful exploitation of global economic opportunities clearly played an important role. Meanwhile, in other parts of the world, notably but not

exclusively in Africa, growth has been low and poverty increasing. Latin America has shuttled between these extremes, with periods of growth interspersed with periods of stagnation and growing poverty, and diverse national experiences. It is hard to generalize from these patterns, for national and regional structures, institutions, capabilities and policies have a major effect. But as in all walks of life the new opportunities are disproportionately captured by those with the capabilities, the resources and the power to do so. Globalization may well be a positive sum game, but that does not mean that all benefit.

The impact of globalization on work and employment illustrates this well. Successful integration in the global economy can lead to increased employment and rising wages. This was the experience of several East and Southeast Asian countries, at least until the financial crisis of the late 1990s. Chile, Ireland and a number of other small, open economies have likewise experienced periods of sustained employment creation associated with growing international integration. At the same time, there are a number of ways in which different aspects of globalization have adverse effects on the labour market.

First, the increased economic and financial volatility noted above, associated with the liberalization of international financial markets, has led to more frequent economic crises, with significant consequences for unemployment. In many countries a ratchet effect can be observed, in which unemployment does not fall to pre-crisis levels in the recovery (World Commission report, figure 14). Thus in Latin America, open unemployment rose through the 1980s and 1990s to reach historic highs of around 10 per cent for the continent as a whole in 2003.

Second, increased competitive pressures in global markets are widely believed to result in erosion of labour protection or the informalization of employment relationships. There are frequent reports of restrictions on trade union rights or other exemptions from labour laws in export processing zones, for example. Workers who are essentially organized at the national level find their bargaining power weakened in the face of mobile enterprises.

Third, increased international tax competition results in lower rates of taxation of high personal incomes and of corporate profits (KPMG, Corporate Tax Rate Survey, 2003, quoted in World Commission Report), and the liberalization of trade reduces government revenues from tariffs – all of which is likely to reduce the resources available for government social expenditure, and to put pressure on public sector employment.

Fourth, globalization leads to increased restructuring of production, involving relocation and outsourcing, substantial job loss in some countries and labour market instability. While the adverse impact in industrialized countries is given most coverage by the global media, developing countries are not always beneficiaries. For instance, changes in the rules of the international trading system for textiles and

garments may lead to substantial job losses in Bangladesh and some other low income countries, to China's advantage.

Fifth, and most obviously the capability of countries to take advantage of global market opportunities is highly polarized. In many countries there is little opportunity for employment creation though participation in global markets. On the contrary, liberalization tends to undermine some existing employment because of import competition and the pressures for productivity growth. Low productivity national industries in low income countries may collapse when exposed to international competition, enterprises close and jobs are lost. On the other hand, some countries have been able to take advantage of a reservoir of natural resources, skills or entrepreneurial capabilities to generate substantial employment growth – the software industry in India is a good skill-based example.

All this implies that globalization can and often does increase decent work deficits. This is not an inevitable outcome. There are examples of countries which have successfully used the space for national policy and taken advantage of global opportunities. But there is a tendency to polarization rather than convergence, and the simultaneous creation of groups of both winners and losers.

The Space to Make Decent Work a Global Goal

The World Commission, then, in searching for the instruments which could lead to a stronger social dimension of globalization, turned naturally to work and employment as the crucial domain for action. The issue was in part a question of the overall level of employment. Globalization without jobs was clearly not going to lead to a fair and balanced distribution of its benefits. But it was equally obvious, once a broader concept of the social dimension was acknowledged, that the issue was not only a question of the quantity of jobs. Globalization had to create productive jobs, which generated adequate incomes and security, and supported social integration. Rights of workers and enterprises had to be respected, and the voices of both had to be heard. Institutions and policies had to be in place to provide protection and ensure decent working conditions. In other words, the global goal was decent work.

But it was clear that in the current path of globalization, these are not central policy goals. The global economy is driven by competitive forces, in which employment is a cost. Because innovation is concentrated in high income, high labour cost countries there is a bias in technological progress towards labour saving investment, spread throughout the global economy through global production chains. Mainstream macro-economic policy prescriptions aim to resolve imbalances through deflationary policies in deficit countries, rather than expansionary policies in surplus countries. Shifts in global markets lead to the destruction of employment in one location and its creation in another, but there are no global instruments to promote compensation of the losers by the winners. Within countries there are mechanisms (of variable effectiveness) for sharing, solidarity and protection but these have no

real counterparts at the global level. In general, this can be summed up as a lack of coherence between economic and social policies at the global level. It can be seen, for instance, in the failure of the poverty reduction strategies promoted by the Bretton Woods Institutions to pay enough attention to employment, even though this is the primary route out of poverty.

The World Commission argued that it was both necessary and possible to make decent work a global goal. It made recommendations in a number of areas:

Embedding employment goals in policy formulation. The Commission argued that international trade, finance and other economic policies need to more effectively integrate employment goals. Increasingly, countries cannot achieve employment goals alone, for arguments similar to those in the preamble of the ILO's constitution, but there is little effective international coordination of employment policy. Higher priority should be given to countercyclical macro-economic policy and to maintaining adequate levels of demand in the global economy – in other words there should be a global growth strategy. Trade negotiations too should take into account the employment impact of changing trade regimes. This was one of the key areas for policy coherence among international organizations, which should “deal with international economic and labour policies in a more integrated and consistent way”.

Decent work in global production chains. The Commission argued that the goals of employment and decent work need more attention in the rapidly growing global production systems. The problems of employment quality are often found not in multinational firms or even their immediate suppliers, but further down the subcontracting chain where controls are weak. The Commission called for stronger efforts to raise labour standards at the base of these production chains, and argued that social dialogue among organizations of workers and employers was an important means to this end. It noted that there were encouraging signs of a growth of global agreements between global unions and multinational firms around respect for basic rights at work and other key issues.

Strengthening national policies for decent work. In line with the basic argument that a stronger social dimension requires action at all levels, from the local to the global, the Commission placed a great deal of emphasis on local and national policies for decent work. It argued first of all that it was important to preserve the national space for policies to achieve national goals, and that the rules of the global economy needed to take that into account. Within that framework, it highlighted the range of possible national policies to promote employment creation and social protection, noting in particular the importance of a free and independent labour movement and organizations of the poor, policies to support enterprise growth, commitment to a “high road of business-labour collaboration” as well as the need for better governance of the informal economy. It called for a focus on local action, both in order to respect and protect local communities, and also because action at that level

can more easily respond to the specific needs and aspirations of the communities concerned.

The Commission was concerned to find the right balance between the creation of opportunities on the one hand, and the need to deal with vulnerability on the other. It argued, for instance in favour of a rights-based multilateral framework for the cross-border movement of people which could encompass both opportunity and protection. It also argued for more work on the design of a socioeconomic floor, which could provide greater economic security and a more effective instrument for poverty reduction.

The obstacles to such policies, the Commission argued, lay mainly in the spheres of political will and governance. It argued that the process of globalization had run ahead of the development of economic and social institutions necessary for its smooth and equitable functioning. The deficiencies included asymmetrical effects of the rules of the global economy as between rich and poor countries, and a serious democratic deficit in the setting of those rules. In many countries the rule of law and the representation of key interests were weak, and the capabilities of the state and other actors needed to be reinforced in order to manage economic growth and social progress in the interests of all. And at the global level, the multilateral system was not sufficiently accountable to people and there was considerable imbalance in the voice and power of the actors concerned. These were general concerns, but they explained the failure to develop adequate policies to promote employment and decent work.

Improving Governance

What, then, might be the key governance issues that need to be addressed to make decent work a global goal? The Commission explored two aspects of this question. The first concerned the key actors: their goals and capabilities, their behaviour, their accountability. The second concerned the instruments through which better governance could be achieved.

Actors

The state: At the national level, the Commission argued for an effective and democratically accountable state that can support high economic growth through appropriate macroeconomic policies, provide public goods and social protection, raise capabilities of people and enterprises and deal with vulnerability. Contrary to the prevailing fashion to downsize the state, it argued that there is a great deal that the state can do to promote decent work, and that this is a widespread political demand in the democratic process. The State should, for instance, provide and enforce fair rules of the game across the economy, and in particular protect the rights of both workers and enterprises in the informal and rural economies – a key issue for decent work. A range of specific policies can aim to both maximise the rate

of growth of new jobs that yield incomes above the poverty line, and raise the productivity and incomes of those in informal employment.

The responsibilities of the state do not however end at the national level. There is a clear responsibility to build global policies in ways which take into account the interests of others, rather than to pursue narrow national interests. There are in practice many difficulties in achieving coordinated action on social policies between states. They include problems of monitoring and enforcement, democratic deficits in the reaching of agreements and the obvious tendency for the agenda to reflect power relations as much as real needs. But the interdependence between states implies that the gains from co-ordination are large. Too little effort of international coordination addresses the social goals of countries, and employment and decent work in particular.

Key private actors: By its nature, many aspects of the global economy lie beyond state regulation or – because of weak international coordination – respond poorly to national policies. This makes it all the more important to consider the role of other actors.

The enterprise. Given the limits to public action and regulation in the global economy, voluntary enterprise behaviour will inevitably play an important role in achieving social objectives, as it does within national boundaries. Deep rooted differences in corporate culture make it difficult to establish a common global model, but there are diverse ways in which decent work and other social goals may be embedded in corporate behaviour – through various approaches to corporate social responsibility, many of which embrace rights at work and working conditions; through the synergy between social and economic goals, since many aspects of decent work contribute to the stability and sustainability of the global economy, and often directly raise productivity at the enterprise level; and through the development of new institutional forms for private economic activity in the “social economy”. The latter in particular may help to reinforce the capacity for local action in the face of globalization.

Organized labour. Globalization and informalization have clearly affected the capability of the trade union movement to promote national social agendas. But in recent years there has been a growth in cross-border trade union organization, and attempts in some sectors to engage in regional or global social dialogue over wages and working conditions. The global trade union federations actively pursue the social agenda around major negotiating forums such as the World Trade Organization, and pursue a dialogue with the Bretton Woods Institutions. In some sectors, such as the maritime sector, there has been definite progress towards global agreements. There is resistance to this movement, but the development of cross-border social dialogue between representative organizations of workers and employers may well grow in importance.

Civil society is an increasingly visible actor, or rather multiplicity of actors, since this term embraces a wide variety of citizen actions, organization and advocacy. Organizations of civil society are a powerful source of ideas and debate, and effective mobilizers of minority groups and specific interests at both national and international levels. Within the framework of the market economy, non-governmental organizations have led the movement to take social criteria into account in consumer and investor choice. Socially responsible investing is now big business. Consumers too are widely willing to pay a premium for goods that are certified free of child labour or based on the payment of a living wage. Major civil society organizations are active in monitoring how far governments, enterprises and other organizations live up to their commitments, and so make important contributions to ensuring accountability.

The multilateral system: Perhaps the most obvious actors, when we speak of globalization, are the organizations of the multilateral system. Different parts of the UN system have responsibility for major fields of global social action – human rights, international labour standards, education, the environment, development more generally – which need to be embedded more deeply in the process of globalization. Two key issues here concern coherence and accountability.

The mechanisms for governance of the global economy are concentrated in the international economic and financial institutions – the IMF, the World Bank and the WTO – where financial and economic commitments generally take precedence over social ones. This is part of a broader problem, in that there is a tendency for the economic and social institutions of the multilateral system to operate independently of one another, so that the negotiations over international trade, for instance, do not explicitly take employment and other social goals into account. This lack of coherence is not only a problem of the institutions themselves, but often reflects different perspectives in the national ministries that are responsible for the governance of these institutions. A more effective role for the multilateral system in pursuing social goals clearly requires greater coherence across its different fields of action. The World Commission report points to these problems, calling for specific initiatives to promote greater coherence and greater accountability through, for example, parliamentary oversight. It argues that because of the central role of employment in both economic and social goals, more attention should be paid in global economic management to ways to promote employment.

Instruments

The World Commission report insisted on the responsibility of these different actors in the social dimension of globalization. But this responsibility can only be exercised if the instruments of governance are adequate to the task. The goal of policy coherence requires agreed policy frameworks and institutions within which the actors can work, and the mechanisms by which they can affect economic and social outcomes. The World Commission highlighted a number of key domains

where reflection is needed on how to make the existing instruments more effective, or develop new ones:

The Commission highlighted the weakness or unfairness of multilateral frameworks in certain key areas with a major impact on social goals. It notably pointed to the imbalance between the strong international regime for trade, compared with the weaker regimes for capital flows, financial markets and international migration. The development of new multilateral instruments in these areas is exceptionally difficult because of the strong interests involved, but would be of great importance for a wide range of social goals.

Mechanisms for macroeconomic coordination at the international level are notably weak, and – as noted above – more work is required on the design of instruments for coordination which can more effectively incorporate employment objectives.

The role of international labour standards in competitive labour markets is sometimes questioned, but they retain a considerable degree of legitimacy. Longstanding voluntary methods of application of these standards in the ILO have proved their worth, but there is a case to explore additional means for their effective enforcement, especially as concerns the key enabling standards. There is also a need for a broader reflection on the role of legal instruments of different types in this domain – both “soft” and “hard” – which might expand the possibilities for action. Instruments such as the Declaration on Fundamental Principles and Rights at Work may provide a model that can be emulated in other domains.

Better mechanisms and institutions to support the initiatives of the key economic actors, enterprises and workers, are also likely to increase their effectiveness. That includes both the frameworks for corporate social responsibility and the mechanisms for social dialogue at the international level. These are issues on which research is required to explore the demands and interests of the actors concerned, and the real effectiveness of different existing and prospective instruments for the promotion of decent work.

More generally, the policy instruments for social protection and solidarity at the global level are exceptionally weak, and there is a need for frameworks which can provide resources and redistribution towards this goal.

In important ways, the regional space provides an important first step towards these goals. Attempts at building a common set of social standards, better macroeconomic coordination and a degree of redistribution through social or restructuring funds are clearly much easier to launch at the regional level, and the European Union offers the best example both of what can be achieved and of the difficulties of rapid progress. Outside Europe there is a clear global trend towards stronger regional frameworks, with growing attention to the incorporation of social goals. This process is most evident in the Americas, where the experience of Mercosur and more recently at continental level has demonstrated a widespread commitment to

building decent work goals into a regional agenda. But there is progress in Africa, and more slowly in Asia, as well. These are the testing grounds for future global policies.

In all of these fields, the experience of the World Commission itself in dialogue and consensus building provides a model for progress. The engagement of a wide range of actors in the construction of these frameworks and instruments is an essential condition for their viability, whether at regional or at global level. That is the logic behind the idea of a Globalization Policy Forum, still under discussion in the ILO, which could bring together a wide range of networks of important social actors around the global goal of decent work.

Conclusion

The World Commission argued that a fair globalization is possible, indeed that it is essential for global stability. And that while a range of different actions are needed, the key lies in stronger and more systematic policies and institutions for decent work. A focus on work illustrates a more general principle: a fairer globalization needs to be built on a better integration of economic and social policies. The challenge is finding the policies, rules and mechanisms by which economic and social goals can be coordinated in the global economy, whether through social legislation or through other means, in the common interest. That is a long term agenda. But there is growing recognition that it is an essential task if the process of globalization is to respond to the expectations and aspirations of people.

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MUNEER AHMAD

**REPRESENTATION, PARTICIPATION,
EMPOWERMENT**
**Assessment of Devolution in Union Council,
Bhangali**

Abstract

This is a piece of process research which studies the much publicized devolution of governance plan in the microcosm of union council Bhangali in the district of Lahore. The structure and operation of devolution at the smallest unit level is documented in the fifteen attached annexure. Two conclusions appear to emerge, first, the elected representatives do their bit but their means and mandate are limited. Second, the hope that devolution would ignite the latent creativity and energies of the people has proved nothing more than a figment of imagination.

Introduction

The new local government system introduced in 2001 envisions the Union Council as the first level of government administration. Its main function presumably is to identify the urgent needs of the local people and to prepare development projects to address those needs (PLGO 2001, Section 76b). The most important function of the Union Nazim is to provide leadership for Union-wide development and to prepare the annual development plan (PLGO 2001, Section 80a).

One of the distinctive features of the new local government system is that it recognizes the Union Administration as a body corporate. The new system ensures the financial viability of the Union Administration. It provides for regular supply of specified, formula-based funds every month to meet the routine and development needs of the Union Administration (PLGO 2001, Section 120-D). In addition, it also confers taxation powers on the Union Administration to enable it to mobilize its own financial resources. By making the Union Nazim ex-officio member of the District Council and the Naib Union Nazim the ex-officio member of Town Council, the new local government system endeavours to provide an inbuilt mechanism for communication and coordination between different levels of government administration. By skillful lobbying the Union Nazim and the Naib Union Nazim could secure favours for their Union.

One of the important functions of the Union Administration prescribed in the Local Government Ordinance is to identify deficiencies in the delivery of services

and to make recommendations for their improvement to the upper levels of government (PLGO 2001, Section 76c). For this purpose the Union Council is required to appoint monitoring committees (PLGO 2001, Section 88k). The Union Council itself is expected to scrutinize the performance of the Union Administration as well as to review the performance of the Union Monitoring Committees (PLGO 2001, Section 88(o)).

A Union Administration is also expected to encourage amicable settlement of disputes among the people in the Union through conciliation. Conciliation is to be achieved through a conciliation committee, called Musalihat Anjuman, to be constituted in each Union from amongst the residents of the Union who are known for their integrity and good judgment (PLGO 2001, Sections 102 & 103).

The Local Government Ordinance also provides for involvement of public-spirited individuals and groups for community development work (PLGO 2001, Section 98i). Such individuals who are supposed to be persons other than elected officials are to be grouped in the form of NGOs called Citizens Community Boards. A powerful incentive is provided for this kind of community work by requiring that twenty-five per cent of the annual development budget of the Union must be spent through CCBs (PLGO 2001, Section 109(5a)). Up to eighty per cent of the budgeted amount of an approved development scheme of a CCB can be provided by the Union Administration (PLGO 2001, Section 119(2)).

Thus a community of up to fifty thousand people (approximately 17000 voters) i.e a Union Administration has the potential to mobilize pressure for good governance in its area. Such a role of UC assumes the existence of a spirit of teamwork between the Nazim and Naib Nazim as well as an ethos of cooperation among the members of the Union Council (GOP 2000 p.14, para 2.3.1). For this purpose, the Union Nazim has to display high qualities of leadership and the Union Council has to act as a vigilant and resourceful oversight and deliberative body. The monitoring committees should be functional and effective. Musalihat Anjuman and CCBs should be properly constituted and operated in a manner to win the confidence of the general populace.

General Profile of UC Bhangali

Bhangali is predominantly a rural Union Council. It covers twenty large and small villages (Annexure I). Its population in 2006 was estimated to be over 50,000. The major occupation of the local residents is agriculture. Many are also engaged in fruit growing and milk selling. Bhangali is connected to national electricity supply network of WAPDA as well as to the national telephone network of PTCL. In addition, use of mobile phone is common. The Union Council has yet no access to piped natural gas nor does it have a network of piped drinking water supply. Almost all the people get their drinking water from turbines installed in their own homes. Two government dispensaries and one Basic Health Unit (BHU) have been set up to attend to medical needs of the local people. Of course, now a considerable number of physicians have

also set up private clinics in the area. The UC has one government – run (previously provincial government and now City District Government) middle school for boys and two middle schools for girls. Almost every village has a government primary school for boys and girls. Since 2000, a private philanthropic organization The Citizens Foundation (TCF) has set up three high schools for boys and girls in the UC (two near village Bhangali and one near village Nathoki). Besides, dozens of schools of different levels both for boys and girls have now been set up in the UC by the private sector. Many parents in the UC prefer to send their children, mainly boys, to a distant but well-regarded private school, Ikhwan High School in Burki.

A review of the four year performance of the Union Administration (2001-05) indicates that it tried, though unsuccessfully, to fulfill the barest minimum legal requirements. According to PLGO 2001 the Union Council must meet at least once every month. Thus it should have met at least thirty times between 14 August 2001 and December 2003. However, it met, in fact, for sixteen times (see Annexure II). The Union Council was, however, able to maintain the quorum in all the meetings. The minutes of *Ijlas Karmai* (session), as recorded by the Secretary, indicate that the Union Council deliberations proceeded smoothly without noisy disagreements. There are also indications that the members looked upon the monthly sessions of the Union Council as unwelcome diversion from their daily chores and not as a welcome opportunity to get together in order to deliberate upon pressing issues of the community.

Resolutions Passed

In two years (2001 and 2002) UC Bhangali passed 35 resolutions as recorded in the minutes (Annexure III). Five of them may be described as procedural resolutions. They dealt with matters of “housekeeping” such as purchase of furniture of UC office, purchase of bicycle for the UC Naib-Qasid. Two resolutions were political in nature – both extended support to the President of the country in his campaign for election. Twenty-eight resolutions i.e., 80 per cent, dealt with substantial issues. The most frequent subject in these resolutions referred to soling (brick lining) of streets. It was followed, in frequency, by soling of open drains. The third in order of frequency was construction of boundary wall for a graveyard, a school or a pond. The fourth most frequent issue addressed by UC resolutions was construction of metalled road. For other priority issues perceived by union councilors of Bhangali see Annexure IV.

Committees Constituted by UC Bhangali

The PLGO 2001 requires the Union Council to elect from amongst its own members seven committees called Monitoring Committees. They are (1) municipal services (2) finance (3) public safety (4) health (5) education (6) literacy and (7) works and services. The UC is also supposed to elect a code of conduct committee which is responsible for enforcing the code of conduct for regulating the conduct of members of the Union Council. The Union Council must also elect a Union

Accounts Committee which is responsible for examination of audit reports. The PLGO 2001 requires the UC to appoint one more committee – Insaaf Committee which selects the panel of Conciliators of Musalihat Anjuman for out of court amicable settlement of disputes. In the first term (2001-05) the Bhangali UC had appointed only two of the mandatory committees, namely Insaaf Committee and Education Committee. None of the remaining three committees appointed by UC Bhangali related to subjects prescribed for appointing monitoring committees. Only two of the five committees (Development and Education) included, at least, one woman member. Inquiries revealed that none of the committees was truly functional. In the second term (2005 - 09) the Bhangali UC appointed only three of the mandatory seven monitoring committees (see Annexure V).

Musalihat Anjuman

In spite of the constitution of *Insaaf* Committee in February 2002 (on the directive of the provincial government) it did not select a panel of three *Musalebeen* (conciliators) from amongst the residents of UC to form a *Musalihat Anjuman*. Under the PLGO 2001 the Union Nazim, the Naib Union Nazim or the members of the Union Council are not eligible for appointment as *Musalebeen* (PLGO 2001, Section 102(1)). In Bhangali, the UC Nazim acted as convener of conciliation council. He convened meetings of conciliation council at the office of the UC once a week, on a fixed day. He asked the parties to the dispute to nominate two persons each as conciliators. This five member conciliation council then tried to arrive at an amicable settlement of the dispute through conciliation. In most cases the disputes brought to the conciliation council related to *nan nafqa* matters i.e claim of an estranged wife against husband for maintenance expenses. This conciliation council derives its authority from the Muslim Family Laws Ordinance 1961 (MFLO 1961).

Annual Budget Management

Under the PLGO 2001, funds are transferred from the provincial government to the local governments on the basis of a formula worked out by the Provincial Finance Commission (PLGO 2001, Section 120-D(ii)). During the first four years UC Bhangali received an amount of Rs.145,000/- to Rs.180,000/- per month (see Annexure VI) out of this sum an amount of over Rs.40,000/- per month was spent on salaries, office rent and honoraria for UC Nazim and Naib UC Nazim. The honorarium of the UC Nazim is Rs.3000/- per month and that of the Naib Union Nazim Rs.2000/- per month. The three secretaries of the UC are in Basic Pay Scale-5 and the two Naib Qasids in B-1. Their salaries are also paid out of the UC budget. The UCs are required to show a surplus of at least 5 per cent in their annual budget. The balance in the budget is available for expenditure on UC development schemes.

Pattern of Development Expenditure

UC Bhangali had available to it an amount of rupees over one lakh (one hundred thousand) per month or rupees over one and a half million per year for development work. Barring an expenditure of nearly three lakh rupees on the UC office, rupees 281,000/- on construction of culverts and rupees 250,000/- on boundary wall and latrines of schools all the remaining amount (approximately rupees 65 lakh) was spent on soling of streets and brick lining of open drains between 2001 and 2005. The largest amount of money (nearly Rs.14 lakh or 1.4 million) was spent on streets and drains in village Mandianwala. It was followed by village Tehra (over rupees 12 lakh or 1.2 million). Nearly one million rupees were spent on village Bhangali. For total expenditure on other villages see Annexure VII. All this expenditure of nearly rupees 73 lakh (7.3 million) over four years made little impact on the most pressing problem of most of the villages namely drainage of waste water. Most of the villages present an ugly sight of heaps of filth and stagnant water. The UC leadership has shown no capability of addressing this problem. The City Government or the Provincial Government would need to seek the advice of specialists to tackle this widespread noxious problem.

Citizen Community Boards

In a period of over five years, only one Citizen Community Board was set up in UC Bhangali. CCB titled Bhangali Welfare was registered with EDO (CD) City District Government Lahore in 2003. In three years, the CCB is not reported to have undertaken any welfare or development work. A possible reason could be that the UC had earmarked no fund for CCBs in the first four years. Another CCB registered with City District Government Lahore (CDGL) in 2003 under the title of Rural Area Development Committee undertook a development project involving construction of a dual carriageway road from Bao Wala to Kalas Mari in UC Bhangali. The total cost of the project was estimated to be over 64.3 million rupees (CDGL 2006). Construction work was started in 2004. However, in a period of nearly three years only part of the road was completed. Differences were reported to have developed with the contractor over rates of construction. As a result only a single carriageway road was constructed from Chungi Gujjar Pura to Dograi Khurd. In addition the contractor left a substantial part of this portion of the road unmetalled which caused great inconvenience to commuters for almost two years. The contractor also failed to construct a *nala* (drain) along the entire length of the road to drain the waste water of the adjacent houses.

The Rural Area Development Committee offers an illustration of a CCB which was not motivated primarily by the welfare of the public at large but by the self-serving pecuniary advantage of a land developer. A single carriageway road in good working condition already existed. There was no pressing need felt and articulated by local residents for constructing the dual carriageway. The land developer assembled a list of thirty-one individuals in December 2003 and succeeded in registering the new CCB with CDGL. He was able to go through with ease the formality of observing

the remaining procedures such as certification by a relevant government department of the estimates of the cost of the scheme, certification that the scheme met other requirements laid down by law and proof of deposit of CCB's share of the cost with the concerned Local Government. The Chairman of the Rural Area Development Committee as shown in the application of registration happens to be a partner of the developer of the Green City housing scheme. The construction of the Bao Wala – Kalas Mari dual carriage way stops abruptly in front of the main entrance to the Green City housing colony. It is obvious that the dual carriageway is primarily aimed at serving the financial interests of the land developer and not “to energise the community” for its welfare. This case also illustrates that elaborate guidelines and rules for CCBs failed to check the misuse of a public spirited initiative.

Poor Management of Municipal Services

The Burki Road which passes through the entire length of Union Council Bhangali also showcases the ineffectiveness of the Union Administration in tackling residents' problems. The place where the newly constructed dual carriageway joins Burki Road created two difficulties for the commuters. The newly constructed dual carriageway is at a slightly higher elevation than the Burki Road. The contractor failed to connect the two by a suitable sloping joint. By constant use the road wore out uncovering stones used to construct the road. The vehicles had to slow down in order to negotiate this hazard. The second difficulty at this point relates to waste water overflowing and thus washing away this part of the Burki Road. This condition continued for years with no sign of the Union Administration taking any notice. The waste water comes from a *nala* flowing from Kalas Mari along Burki Road. One possible remedy is to direct the flow of the waste water of Kalas Mari in the opposite direction by extending the existing *nala* to a larger *nala* a few thousand feet away close to Mahfooz Shaheed Garrison. A *nala* along Burki Road from Kalas Mari to Dograi Khurd needs to be constructed and extended to Mahfooz Shaheed Garrison. This project may not be within the financial resources of the Union Council. In that case the UC has the option to agitate the matter at the level of the upper echelons of Local Government. It is also likely that the construction of the *nala* was included in the construction estimates of the dual carriageway project but the contractor failed to do so and the CCB failed to enforce the implementation of the project.

Poor Management of Public Funds

In the third meeting of UC Bhangali (10 October 2001) in the first term, Naib Union Nazim tabled a motion in the House that the UC office temporarily be shifted (from village Bhangali) to a conspicuous place on the main Burki Road. He was seconded by Ch. Shaukat Ali of Dograi Khurd and M. Ashraf from Nathoki. The minutes of the meeting record that the motion was unanimously approved. In reality, two members, Haji Ghulam Mohyuddin from village Bhangali and Arif Hussain from Nathoki were opposed to this decision. The two, reportedly, declared in protest not to attend the meetings of the Union Council in future. The UC

already has a spacious and well-furnished office building in village Bhangali. In addition the Union Administration spent around rupees three lakhs (three hundred thousand) on that office building in the first term for its expansion and renovation. A second storey was added to the existing building. However, the Union Administration continues to use the temporary office even in the second term for holding the meetings of the Union Council and for other official business. The Naib Union Nazim of the first tenure has now become the Union Nazim. The temporary office consists of a small room in the office of a relative of the Union Nazim who is engaged in real estate business. The Union Administration pays a monthly rent of Rs. 5,000/- to the owner. This case illustrates a number of things regarding the functioning of the UC under the new local government system. Firstly, it exemplifies the tendency of UC Nazim and his faction to bulldoze decisions in the Union Council. The spirit for consensus and desire to take the members along by persuasion seems to be lacking. Secondly, it shows that in incurring expenditure, financial propriety is not observed. In this case, on the one hand, the Union Administration spends lakhs of rupees on the expansion of the existing office building and on the other hand, displays no hesitation in paying rent for the temporary office. Thirdly, it demonstrates that an overriding concern of the elected officials in Local Government remains pecuniary advantage even at the expense of public interest. Fourthly, the existing political and administrative mechanisms offer practically no safeguards against abuse of authority and misuse of public funds. This case also shows that the Union Council as a body has acted as a rubber stamp and not as a vigilant watchdog of the interests of the community. It is reported that the two dissenting members of the Union Council sent a written complaint to the DCO but political pressure was applied to cover up a blatant violation of the principles of financial propriety (PLG 2001). According to some people one of the reasons for shifting the UC office from village Bhangali was that in the election the residents had in a majority voted for the opponent of the UC Nazim. If true, it reveals another dark side i.e., factionalism of local politics which devolution hoped to but has failed to control.

Social Background of Members

In the first term, four seats of the Union Council, all reserved for women, remained unfilled. Two of these were Muslim (General) Female seats and two were Peasant/Worker (Female) seats (Annexure I). Thus, the total strength of Union Council Bhangali for the first four years remained 17 and not 21 as prescribed by the PLGO 2001. The average age of the member of the Union Councils worked out to 43 (Annexure VIII). 5 councilors (29 per cent) were engaged in agriculture related occupations. Four (or 23 per cent) of the councilors pursued activities related to the occupation of property dealing, two were petty contractors, three operated some kind of store (motor cycle spare parts, carpets and needle work) and one was a housewife. In terms of education six or 35 per cent were illiterate, five or 29 per cent had gone through 4 to 8 years of schooling and six had had ten or more years of schooling (Annexures IX and X).

In the second term the average age worked out to 38.6 years. A little over thirty per cent of the councilors in the second term were engaged in agriculture related occupations. Two or 15 per cent were contractors, three operated some kind of store (cloth bags, needle work, grocery), three were housewives and one was engaged in work relating to property dealing. In terms of education the illiterates comprised 23 per cent. Those with four to eight years of schooling constituted 38 per cent and those with ten years or more of schooling were also 38 per cent. In the second term the union councilors were relatively younger and better educated.

Women Members

In the first term, there were only two women members in UC Bhangali. One was illiterate and the other had received up to eight years of schooling. The lack of interest on the part of women in local politics is demonstrated by the fact that both women were elected unopposed in the first term. In the second term, both the lady councilors were re-elected. Two others were elected this time to fill all the four women seats. One of the new lady members was illiterate and the other was educated up to college level. Although it is urbanizing rapidly, UC Bhangali is still rural in character. One indicator of the conservative outlook of the area is that at least in one case the lady councilor was represented in UC sessions by her husband (Annexure XI).

Pattern of Voting in UC Elections

In the first term the total number of valid votes cast for the office of Nazim and Naib Nazim was 8608. The winning team for the office of Nazim and Naib Union Nazim obtained 5124 votes or 59.5%. In the second term, the total number of valid votes cast was 7409. The winning team secured 2858 votes or 38.5 per cent. In both terms, the winning general councilors secured their seats on the Union Council by polling only 5 to 9 per cent of the total valid votes. Most of them, in both terms, polled most of their votes in the villages of their domicile (Annexures XII and XIII).

In the first term, Saeed Dogar, the UC Nazim bagged 90 per cent of all the valid votes in his village Tehra. The Naib Nazim, Farman Ali bagged 50 per cent of all the valid votes in Phularwan. General Councilor, Ch. Shaukat Ali's votes in Dograi constituted 72 per cent of all the votes polled by him. Haji Shaukat Ali's (General Council) votes in Tehra constituted 70 per cent of all the votes polled by him. General Councilor Haji Ghulam Mohiyuddin's votes in Bhangali, General Councilor Fiaz Ahmad's votes in Nathoki and General Councilor Rasheed's votes in Nathoki constituted over 90 per cent of all the votes polled by each.

In the second term, Farman Ali, the UC Nazim bagged 30 to 41 per cent of all the valid votes in Phularwan. The Naib Nazim Mushtaq bagged 79 to 83 per cent of the valid votes in Nathoki. A similar pattern of voting was observed in the case of the four general councilors, the four women councilors and the two peasant and worker councilors (Annexures XIV and XV).

A Union Council-wide political loyalty seems not yet to have developed. Voters tend to vote largely on the basis of village affiliation. In the first term ten of the twenty villages were represented in the Union Council. The large villages (Tehra, Nathoki, Phularwan) captured ten of the 21 seats. Bhangali, though a populous village, was represented by a single (general) councilor. In the second term, only eight of the twenty villages managed to send one or more councilor to the Union Council. Phularwan, Nathoki and Mandianwala captured eight of the thirteen seats of the Union Council (Annexure I). Apart from the ten smaller villages, two large villages – Tehra and Bhangali went completely unrepresented. The reason probably is that the larger villages put up too many candidates who split one another's votes. In the Union Council sessions, members acted more as representatives of their villages than as representatives of the entire Union. Allocation of development funds was also done on village basis. Hardly any Union-wide development scheme was proposed (Annexure III).

State of Community Mobilization

The values of the traditional village community seem to have withered away. For example, voluntary communal manual work by village community for the benefit of the entire village is now unthinkable. The villagers of Padri were not able to produce such a voluntary force for the de-silting of 1000 feet long water channel running from Padri to village Bhangali. This work was executed through hired labour at considerable cost. The nature of the silting process is such that it requires de-silting once every year for which funds may not be readily available.

Another example of lack of a spirit of enlightened self-interest is also provided by Padri. We were told that a few years earlier the village had managed to set up a public system of supply of piped drinking water. The system failed as users delayed or declined to pay water bills. Now every household has its own electric turbine for supply of drinking water with which the residents seem to be satisfied.

Citizen-Politician Interface

An illustration of representative system producing public services in response to popular pressure was witnessed in UC Bhangali but outside the framework of local government system. The residents of National Assembly Constituency NA 130 that includes UC Bhangali badly need a connection to the national gas pipeline. This service was being arranged in Nathoki by the local MNA. The supply had not yet started but the pipes were being laid. The people acknowledged the services of the lady MNA and showed appreciation for her efforts. On her part the MNAs conduct shows that she realized that she had to provide the required service in order to win a seat in the National Assembly. A complex process of interaction between the people and the MNAs, MPA's and local councilors seems to be at work. The local voters are using their citizen power to vote skillfully to secure benefits from elected representatives. At times, the public representatives appear to be in stiff competition with one another to win the favour of the electorate. If allowed an uninterrupted

operation, the democratic electoral process shows promise to yield an accountable and responsive service delivery system.

The pattern of allocating funds for development work illustrates the sensitivity of elected representatives to the demands of their voters. The councilors tended to sponsor development work for their own villages (Annexure III). Hardly any member suggested union-wide development projects. They were keen to live up to the expectations of their electorate as well as to provide benefits and services which were visible in concrete form to the residents. Almost all the development funds have been expended on soling (brick-lining) of streets and drains. The central problem of draining waste water has, however, remained unsolved. The Nazims or Councilors seem to have taken no initiative to seek expert advice on tackling the problem. They have also shown no capability of mobilizing the residents for waste water management or for mobilizing community resources for that purpose. They seem to view their role merely to channel government funds (but not community resources) into areas of need identified by them.

Public Service Delivery

The City District Government Lahore has allocated eighteen sanitary workers to Union Council Bhangali. They are headed by a *Darogha*. They report daily to the UC Nazim at his residence. The *Darogha* marks their attendance. The Nazim directs them, for that day, to proceed to one of the twenty villages for sanitary work. It is for the first time that sanitary workers have been assigned for sanitary work in these villages. Visits to the villages revealed that the CDGL sanitary workers have no special know-how or equipment to collect and dispose off the village garbage. Most of the residents throw their garbage in open spaces in the village where it piles up in large heaps. The villagers also drain the waste water from their houses to some open space where it accumulates over years into a filthy pond. The rural Union Councils need to consult sanitary experts in order to find inexpensive and effective methods for disposing off village garbage and waste water. The existing arrangement is not effective. The villagers are highly dissatisfied with the existing unsanitary and unhygienic condition.

The government primary school for boys in Dograi Khurd is not equipped with electricity supply. It has no fans. It has also no supply of drinking water. A hand-pump was once installed in the courtyard of the school, but it has been vandalised and therefore non-functional. Two latrines were constructed sometime ago but they are also not functional. The school has two teachers who claimed that seventy students were admitted to the primary school. On the day of our visit the number was not more than thirty.

The condition is, more or less, similar in other government primary schools. The boys' school at Kalas Mari does have desks. It also has electricity and fans. The head teacher stated that it had been arranged on 'self-help' basis. This school claims to have 120 students. The actual number on the day of our visit was less than half of

that number. The school has five teachers. All the teachers are trained; three are regular employees in basic pay scale 7 to 14. The remaining two work on contract. The inspection of the primary schools has been assigned to retired, non-commissioned officers of the army. They are provided with motor cycles and they check on the attendance of pupils and teachers.

The condition of the government primary schools for girls is similar. The primary school for girls in Phularwan, for example, is located in the same enclosure as the primary school for boys. Both the schools have no electricity supply or functional latrine. A hand-pump exists and works but has no proper arrangement for waste water drainage.

As the subject of education is not within the jurisdiction of the Union Administration, the primary schools despite devolution appear to be distant and thus “out of sight” of the District Government. In the first term (2001-05) Union Administration provided boundary wall to one or two government primary schools and helped with the construction of a latrine in a girls’ school. But it attracted objection from the auditors. The appearance of better equipped private schools has also adversely affected the government primary schools. The better off people tend to send their children to private schools. Only the children of poorer parents cluster in the government primary schools. For this reason, these schools suffer from government neglect.

The UC Bhangali has within its territorial limit one Basic Health Unit (BHU) and two basic health dispensaries. In view of frequent complaints of absenteeism on the part of the medical staff and of non-availability of medicines the provincial government has associated the Punjab Rural Support Programme with the day to day administration of the BHU and the dispensaries. As a result of an agreement the PRSP monitors, on a daily basis, the attendance of the medical staff. The PRSP also supplies medicines to the dispensaries and the BHU. Thus in the field of health also, the Union Council appears to be playing no meaningful monitoring role.

Transport facility in Union Council Bhangali is provided entirely by the private sector. It has a reasonably good and inexpensive system of bus transport. Auto-rickshaws and tongas are also available. A sizeable section of the population owns bicycles, motor cycles and cars. At one time, small scale entrepreneurs, plied wagons on Burki Road. A big bus transporter, using his political influence, persuaded the provincial government to ban wagon transport service. After a few months of operation and finding it not lucrative, the bus transporter stopped his bus service. Fortunately for the local residents, small scale enterprising private bus transporters stepped in and filled the void. This case, however, illustrates how, occasionally, some affluent people engage in power play to the detriment of the ordinary people.

Conclusion

The first principle on which the strategy for devolution of power is claimed to be based is to make politics and development process people-centred. It seeks to create

an enabling environment for significant citizen empowerment, participation and representation making government increasingly bottom-up and responsive. Deriving inspiration from Orangi Pilot Project (OPP) and AKRSP the authors of devolution hoped that in the enabling environment of new government system people will be empowered to solve their problems through their initiatives with their own resources. People-centred development and governance, they hoped, would 'ignite the latent creativity and energies of the people of Pakistan'.

The devolution plan is also based on the principle of rights and responsibility. Under devolution strategy every village and town has the right to organize itself to directly undertake developmental activities and channel government and community resources into areas of need identified by them. Elected representatives have the responsibility to promote the formation of organizations for community development. The citizens have the responsibility to collect and channel information on local conditions and government performance.

The devolution strategy views elected representatives primarily as political leaders and not as managers of functions. They are expected "to create progressive mindsets, develop enthusiasm for the right initiatives and dissuade people from regressive tendencies". Compared with the above principles of devolution the performance of UC Bhangali does not come out to be as very impressive. These objectives have hardly been fulfilled. The project aimed to mobilize the people through the process of election and responsibility but it is clear even the elected representatives are not mobilized not to speak of the general public. The elected representatives are not keen to attend and participate in the few meetings held during the year. The attendance was less than two-third most of the time. The attendance and participation of women and special groups like minorities representatives is poorer. Many-a-time women were represented by their husbands and they failed to identify any gender issues.

This failure to mobilize and activate the general public is most notable. Even the incentive of the government contributing 75 per cent to all local public initiatives has failed to mobilize. The only initiative on record is the widening of a section of the Burki Road which was motivated more by the commercial consideration of a housing society developer. The Union Council on its part for the first 4 years did not earmark any funds to be used through the citizen community boards. Only one CCB was formed which remained practically inactive. It seems community spirit and volunteerism are on the decline and the devolution plan has failed to counteract the rising current of individualism and commercialism generated by the fast moving privatization and the refrain of globalization in the society. In fact, even the elected representatives showed more keenness in getting an honorarium than working in the spirit of public service.

The Union Council as a collective body failed to monitor the performance of government offices in its territorial limits. Monitoring committees did not produce

any monitoring reports. The Union Council also completely abdicated its functions relating to conciliation of disputes in civil and criminal matters.

The local bodies are not a new phenomenon. They have existed under different names since before the creation of the country. However, even today these bodies continue to address the same old issues of street and drain lining. The far more significant issues of education, healthcare, transport, security, policing, justice and employment, are outside the purview of the union council, a level where the people can actually participate in the delivery and monitoring of these services.

Traditionally, the local bodies system has provided a useful means to extend political control to the grass root level and receive favours in lieu of votes for the ruling party. The current devolution set up has been no exception.

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Annexure I

Representation of Villages in UC Bhangali
(2001-05 and 2005-09)

Sr. No.	Village	2001		2005	
		Categories	Nos.	Categories	Nos.
1.	Tehra	Nazim, Gen. Councilor, Minority Councilor	3		
2.	Brahmanabad	-		Minority Councilor	1
3.	Bhagwanpura	-		-	
4.	Labour Camp	-		-	
5.	Phularwan	Naib Nazim, Labour Councilor	2	Nazim, 2 Gen Councilors, Labour Councilor	4
6.	Dogarai Khurd	Gen Councilor	1	Woman Councilor	1
7.	Bhangali	Gen Councilor	1	-	
8.	Burj	-		-	
9.	Wara Mohle Wasian	Gen Councilor	1	Gen Councilor	1
10.	Wara Shah Muhammad	-		-	
11.	Wara Jamiata	-		-	
12.	Nathoke	3 Gen Councilors, 2 Labour Councilors	5	Naib Nazim, Woman Labour Councilor	2
13.	Mandianwala	Gen Councilor	1	Male and Female Labour Councilors	2
14.	Kalass Mari	Gen Councilor	1	-	
15.	Dhori	Woman Councilor	1	Woman Councilor	1
16.	Padri	Labour Councilor	1	Gen Councilor	1
17.	Rakh Padri	-		-	
18.	Dhur Wala	-		-	
19.	Chughal Pura	-		-	
20.	Hera Singh Wala	-		-	
Total:			17		13

Annexure II

Meetings of Union Council Bhangali (2001-2003)

Date	Present	Quorum
17.08.01	16	94%
11.09.01	13	76%
10.10.01	13	76%
15.11.01	09	52%
10.12.01	09	52%
23.01.02	12	70%
08.02.02	11	64%
01.04.02	13	76%
06.04.02	13	76%
25.06.02	10	58%
30.06.02	15	88%
30.07.02	11	64%
08.01.03	12	70%
19.05.03	9	52%
02.07.03	9	52%
03.09.03	9	52%

The actual total membership of the UC was 17.

عملدرآمد رپورٹ بابت منظور شدہ بقراءد بائے یونین کونسل بینگالی لاہور

2001-02

نمبر	امس مسترد	قرارداد نمبر	موضوع قرارداد	محرک	فیصلہ کیفیت
1	10.10.01	1	ہیڈ سٹریس کے چارہ کا مطالعہ	شوکت علی جزل کونسل (ڈاگر اے خورد) تائید نائب ناظم	مشغورہ مشغورہ مشغورہ اور فیصلہ ہوا کہ ڈی۔ ای۔ ای۔ او ایس سی ایچ کیشن کو خط کھلا جائے۔
2	10.10.01	2	علاقہ مشہدیشیوں کو بخسین (Vaccine) لگانے کا مطالعہ	تعمیر محمد جزل کونسل (کلاس ماڈی) تائید شوکت علی (ڈاگر اے خورد)	مشغورہ مشغورہ مشغورہ اور فیصلہ ہوا کہ وڈی ای سی ہسپتال کے انچارج کو خط کھلا جائے۔
3	10.10.01	3	ای یون کونسل کے نائب صدر کیلئے سائیکل خریدنے کا مطالعہ	سید احمد جزل کونسل تائید شہد احمد	مشغورہ مشغورہ مشغورہ
4	10.10.01	4	حکومت کی ہدایت پر پانچ گھنٹہ سائرن کی خریدی اور ڈنگل کیلئے جوڑ	ناظم ای یون کونسل	مختلف دہات کے پانچ گھنٹہ کے گھنٹوں میں سے ایک ایک فریڈ سائرن اور ڈنگل خریدنا جائے گا۔
5	10.10.01	5	ای یون کونسل کے دفتر کو مشین روڈ لے جانے کی جوڑ	نائب ناظم تائید محمد شرف (تھوکی او) شوکت علی (ڈاگر اے خورد)	مشغورہ مشغورہ مشغورہ
6	15.11.01	6	ای یون کونسل کے دفتر کیلئے فرنیچر خریدنے کی جوڑ	نائب ناظم	مشغورہ مشغورہ مشغورہ
7	10.12.01	7	بجٹ ای یون کونسل 1991-92 2001-02	ناظم ای یون کونسل	مشغورہ مشغورہ مشغورہ
8	23.01.02	8	ای یون کونسل کے دفتر کیلئے سامان خریدنے کیلئے خرید (purchase) کسٹمی کی لنگھیل کا مطالعہ	شہد احمد جزل کونسل تائید نائب ناظم و مشتاق احمد	تین آرگنیزر کسٹمی لنگھیل دی گئی
9	23.01.02	9	ای یون کونسل کے 10 کلاس روم سے 12 کلاس روم تیار کرنے کا مطالعہ	محمد شہد (تھوکی) تائید ای ایچ (تھوکی)	مشغورہ مشغورہ مشغورہ
10	23.01.02	10	آفت زدہ علاقوں کے زرعی سالہ جات سٹاف کرنے کا مطالعہ	محمد شہد (تھوکی) تائید میاں نہاش (تھوکی)	مشغورہ مشغورہ مشغورہ

11	23.01.02	11	دائر کے سامنے ٹولی ہوئی لیکن کسی مرمت کا سلاہ	براؤن کلا تیز (1) تائید شوکت علی (ڈاگر اے ٹور)	شفق ظہر پر منظور ہوئی
12	23.01.02	12	سیلری و رکروں کیلئے رہنمائی لےنے اور چھانڈنے کے لئے اسلاہ	میاں فیاض احمد (تھوکی) تائید رشید احمد (تھوکی)	شفق ظہر پر منظور ہوئی
13	23.01.02	13	نائب قاصد میں کوئٹہ کیلئے فوری طور پر سائیکل خریدنے کی جوہر	مشتاق احمد (پوری)	شفق ظہر پر منظور ہوئی
14	23.01.02	14	ایسٹینٹ کوئٹہ کے دائرہ کے ایک کو کرانے اور اسلاہ	شوکت علی (ڈاگر اے ٹور)	شفق ظہر پر منظور ہوئی
15	23.01.02	15	تھوکی میں وازنگی کا سلاہ	میاں فیاض احمد (تھوکی) تائید رشید احمد (تھوکی)	کئی کورسٹ کو لکھنے کا فیصلہ
16	23.01.02	16	تھوکی میں وازنگی کا سلاہ	نائب ناظم ایسٹینٹ کوئٹہ	منظور ہوا کہ ایسٹینٹ کوئٹہ کے بجٹ سے واریاں سلاہ جائیں۔
17	08.02.02	17	حکومت کی بجائے پرائیویٹ سہولتیں	ناظم ایسٹینٹ کوئٹہ	چار روٹی کھانسی لکھنؤ دی گئی۔ صرف سرو کوسٹروں کو شامل کیا گیا۔
18	08.02.02	18	اسپورٹس کھانسی لکھنؤ دیئے کا سلاہ	ناظم ایسٹینٹ کوئٹہ	چار روٹی اسپورٹس کھانسی لکھنؤ دی گئی۔ صرف سرو کوسٹروں کو شامل کیا گیا۔
19	08.02.02	19	ڈوہ پوسٹ کھانسی لکھنؤ دیئے کا سلاہ	میاں فیاض احمد (تھوکی) تائید مشتاق احمد	چار روٹی کھانسی لکھنؤ دی گئی۔ ایک قانون کو سٹروں کو شامل کیا گیا۔
20	08.02.02	20	ایک کھانسی لکھنؤ دیئے کا سلاہ	شوکت علی (ڈاگر اے ٹور) تائید فرانس علی	چار روٹی کھانسی لکھنؤ دی گئی۔ ایک قانون کو سٹروں کو شامل کیا گیا۔
21	01.04.02	21	موسم مند باؤال کے سٹروں کی قیامی منسوبہ بجائے امداد اخراجات 9 لاکھ روپے	حاجی سید محمد جزل کوئٹہ (منڈا نوال)	شفق ظہر پر منظور کی گئی۔ اور estimate کیلئے سب اگست سے رجوع کرنے کا فیصلہ ہوا
22	01.04.02	22	موسم مند باؤال کے سٹروں کی قیامی منسوبہ بجائے امداد اخراجات 4 لاکھ روپے	حاجی شوکت علی منڈال کوئٹہ (منڈا نوال)	شفق ظہر پر منظور کی گئی۔ اور estimate کیلئے سب اگست سے رجوع کرنے کا فیصلہ ہوا
23	01.04.02	23	موسم تھوکی کے منسوبہ بجائے امداد اخراجات 5 لاکھ روپے	میاں فیاض احمد (تھوکی) تائید شرف (تھوکی)	شفق ظہر پر منظور ہوئی۔ اور estimate کیلئے سب اگست سے رجوع کرنے کا فیصلہ ہوا

24	01.04.02	24	موضوع ہنگامی کے منسو یہ جات امداد انرجیا 2 لاکھ روپے	محترم حسین بیکری ٹی بی کوئٹہ	شفوف طور پر منظور ہوئی۔ اور estimate کیلئے سب اگلی ستر سے رجوع کرنے کا فیصلہ ہوا
25	06.04.02	25	ریفرم میں جزیلہ و ریشرف کی حفاظت	نائب ناظم ٹی بی کوئٹہ تائید شوکت علی	شفوف طور پر منظور کی گئی۔ پیکر کونسل نے ذمہ داری قبول کی کہ وہ ایک ویکسین موام سے بھر کر پینا، پیکر کونسل لے جائے گا۔
26	25.04.02	26	ایضا	ناظم ٹی بی کوئٹہ	شفوف طور پر منظور کی گئی۔
27	25.04.02	27	پیشہ دار ننگس کی وصولی اس سال حالات کے پیش نظر نکلی جائے	ناظم ٹی بی کوئٹہ تائید نائب ناظم	شفوف طور پر منظور کی گئی۔
28	30.06.02	28	اپنی مدد آپ سے تقریر سکول (واڑو انڈیا) میں فراہمی کئی کیلئے ترقی مشوری	میاں فیاض احمد جزیلہ کونسل (توقی)	شفوف طور پر منظور ہوئی۔ اور فیصلہ ہوا کہ بیکری ٹی بی جزیلہ تاجاب کو ذمہ داری کو کھلا جائے۔
29	30.06.02	29	موضوع منڈیا نوالہ میں لڑکیوں کے سکول میں لیزرین بنانے کا مطالبہ	حاجی سعید احمد جزیلہ کونسل (منڈیا نوالہ)	شفوف طور پر منظور ہوئی۔
30	30.07.02	30	موضوع ڈاگر اے میں میں سڑک سے رو بار تک سولنگ کی مشوری کیلئے قرارداد پیش کی	پا بی بی شوکت علی جزیلہ کونسل (ڈاگر اے نورو)	شفوف طور پر منظور ہوئی۔
31	30.07.02	31	واڑو شاہہ میں شیر نالیاں سولنگ گلی ٹالہ والی کی مشوری کیلئے قرارداد پیش کی	میاں فیاض احمد جزیلہ کونسل (توقی)	شفوف طور پر منظور ہوئی۔
32	30.07.02	32	واڑو شاہہ میں ٹالہ والی گلی کی مشوری کیلئے قرارداد پیش کی	محمد شرف جزیلہ کونسل (توقی)	شفوف طور پر منظور ہوئی۔
33	30.07.02	33	واڑو لہجہ اسپاں میں حاجی رفاقتہ والی گلی کی مشوری کیلئے قرارداد پیش کی	رشید احمد جزیلہ کونسل (توقی)	شفوف طور پر منظور ہوئی۔
34	30.07.02	34	واڑو لہجہ اسپاں میں نالیاں و سولنگ گلی محمد اور بس کی مشوری کیلئے قرارداد پیش کی	حاجی فاقہ علی (واڑو لہجہ اسپاں)	شفوف طور پر منظور ہوئی۔
35	08.01.03	35	مختلف معلقوں سے پیارہ منسو یہ جاتہ اے مشوری و تینڈر جاری کرنے کے پیش کیلئے مجھے	مختلف کسبران	11 منسو یہ جاتہ اے کے تیسرے نالیاں و غیرہ منظور ہوئے۔

Annexure-IV

Prioritization of Services by Union Council Bhangali 2001-02

Broad Category	Demand	Frequency
Streets and Roads	Soling (bricklining) of streets	20
	Construction of metalled road	6
	Construction/repair of culvert	3
	Soling of bridge	1
Drains	Soling of open drains	17
	Construction of “nala”	4
	Desilting of “nala”	1
	Construction of underground sewerage	2
	Construction of overhead tank for drinking water	1
	Construction of “verandah” at graveyard	1
House keeping	Purchase of bicycle for office Naib Qasid	1
	Purchase of furniture for UC Office	1
	Purchase of handcarts, brooms for sanitary workers	1
	Location of UC office in a conspicuous place	1
Boundary Wall	Payment of rent for UC office	1
	Boundary wall for graveyard	8
	Boundary wall for school	3
Natural Gas	Boundary wall for pond	1
	Supply of natural gas	1
Construction / Repair of Building	Repair dispensary	1
	Construction of veterinary dispensary	1
	Construction of latrine in a girls’ school	1
Miscellaneous	Supply of electricity to school	1
	Upgradation of primary school	1
	Vaccination of cattle against virus	1
	Exemption from tax for calamity hit areas	1
	Disciplining of headmistress	1

Annexure V

Monitoring and Other Committees formed by UC Bhangali
2001-05 & 2005-09
(Under Sec 88 Clause K PLGO, 2001)

Monitoring and other committees	Term I 2001-05	Term II 2005-
Municipal Services		✓
Finances		✓
Public Safety		
Health		
Education	✓	
Literacy		
Works and Services		✓
Code of Conduct Committee		
Union Accounts Committee		
Insaaf Committee	✓	

Annexure VI

Financial Position of Union Council Bhangali 2001-2005
(Actual)

Financial Year	Total Income (Rs.)	Total Expenditure (Rs.)
2001-02	1,999,159.00	1,855,991.00
2002-03	2,099,541.00	1,952,886.00
2003-04	2,099,541.00	2,053,319.00
2004-05	2,193,723.00	2,273,737.00
Total:	8,391,964.00	8,135,933.00

Annexure VII

Village-wise development work in UC Bhangali
(2001-2005)

Village	Development work	Amount
Thera	soling street & drains	99,900
	soling street & drains	75,000
	soling street & drains	200,000
	soling street & drains	400,000
	soling street & drains	100,000
	soling street & drains	100,000
	soling street & drains	99,900
	soling street & drains	65,000
	soling street & drains	99,000
	sub-total	
BHANGALI	remove silt from rain water channel	50,000
	soling street	33,600
	soling of street & drains	200,000
	construction of verandah in graveyard	100,000
	soling of street & drains	100,000
	construction of culvert	50,000
	soling of street & drains	99,500
	soling of street	64,000
	soling of street	86,861
	soling of street & drains	99,500
	soling of street & drains	99,900
	sub-total	
NATHOKEI	soling of street & drains	50,000
	soling of street & drains	64,000
	soling of street & drains	500,000
sub-total		614,000
MANDIANWALA	soling of street & drains	75,000
	construction of school bathroom	25,000

	soling of street & drains	900,000
	soling of street & drains	99,900
	soling of street & drains	99,900
	soling of street(for minority settlement)	97,500
	slabs over waste water nala	99,500
sub-total		1,396,800
BURJ	soling of street & drains	100,000
	soling of street & drains	100,000
	soling of drains	96,724
	soling of street	80,000
sub-total		376,724
DOGRAI KHURD	soling of street & drains	100,000
	soling of street and construction of school bathroom	85,000
	soling of street & drains	100,000
	construction of culvert	25,000
	construction of culverts	57,000
sub-total		367,000
PHULARWAN	boundary wall for school	99,900
	soling of street & drains	100,000
sub-total		199,900
WARA MOHLE WASIAN	soling of street & drains	100,000
	soling of street & drains	100,000
sub-total		200,000
BHAGWANPURA	soling of street & drains	100,000
	construction of culvert	25,000
	construction of culvert	25,000
	repair nala	98,800
sub-total		248,000
DHURWALA	soling of street	100,000
LABOUR CAMP	soling of street & drains	100,000
BRAHMANABAD	soling of street & drains	100,000
CHUGAL PURA	soling of street & drains	100,000

WARA SHAH	soling of street & drains	100,000
MUHAMMAD	soling of street & drains	100,000
	soling of street & drains	290,000
sub-total		490,000
UC OFFICE	construction of office of UC	99,900
	construction of office of UC	99,900
	construction of office of UC	99,900
sub-total		299,700
PADRI	remove silt from rain water channel	100,000
DHORI	soling of street & drains	100,000
	soling of street & drains	100,000
Sub-total		200,000
UC 61	construction of culverts	99,900
	remove silt from rain water channel	99,000

Annexure VIII

Average Age of Union Councilors UC Bhangali 2001 and 2005

Average Age	2001	2005
Mean	43.2	38.6
Median	43	40
Mode	45	40

Annexure IX

Educational Background of Union Councilors
UC Bhangali
2001 and 2005

Education	2001		2005	
Illiterate	6	35.0%	3	23.0%
Four to Eight years schooling	5	29.2%	5	38.4%
Ten and more years schooling	6	35.0%	5	38.4%
Total	17	100%	13	100%

Annexure X

Occupational Background of Union Councilors
UC Bhangali
2001 and 2005

Occupation	2001		2005	
Agriculture	5	29.2%	1	7.6%
Property dealer	4	23.5%	1	7.6%
Milk seller	2	11.7%	3	23.0%
Contractor (petty)	2	11.7%	2	15.3%
Business	3	17.6%	3	23.0%
Housewife	1	5.8%	3	23.0%
Total	17	100%	13	100%

Annexure XI

Meetings of Union Council Bhangali
August 2001 to December 2001
Attendance of Women Councilors

Dates		
2001	H	F
17.8	Present	Present
11.9	Present	Present
10.10	Husband	Present
15.11	Husband	Present
10.12	Absent	Present

Meetings of Union Council Bhangali
January 2002 to December 2002

Dates		
2002	H	F
23.1	Husband	Present
8.2	Husband	Absent
1.4	Husband	Present
6.4	Husband	Present
25.4	Absent	Present
30.6	Husband	Present
30.7	Husband	Absent

Meetings of Union Council Bhangali
January 2003 to September 2003

Dates		
2003	H	F
8.1	Present	Present
19.5	Husband	Present
2.7	Present	Present
3.9	Present	Absent

Note: H & F are the names of two women councilors

Annexure XII

Votes polled as a percentage of total valid votes (2001)
UC Bhangali

Category	Name	Votes Polled	Per cent
Nazim	Saeed Dogar	5124/8608	59.5
Naib Nazim	Farman	5124/8608	59.5
	Shaukat (Dograi)	835/8480	9.8
	Shaukat (Tehra)	695/8480	8.2
	G. Mohyuddin	469/8480	5.5
Muslim General	Haji Rifaqat	654/8480	7.7
	Fiaz	465/8480	5.5
	M. Rasheed	505/8480	5.9
	Haji Saeed Ahmad	621/8480	7.3
	Faqir Mohammad	439/8480	5.2
	Haleema	Elected unopposed	
	Firdos	Elected unopposed	
Labour	M. Sarfaraz	1480/8623	17.2
	Mushtaq Ahmad	1505/8623	17.5
	Arif Hussain	1000/8623	11.6
	M. Ashraf s/o M. Latif	1446/8623	16.8
Minority	Boota Masih	498/882	56.5

Annexure XIII

Votes polled as a percentage of total valid votes (2005)
UC Bhangali

Category	Name	Votes Polled	Per cent
Nazim	Farman Ali	2858/7409	38.5
Naib Nazim	Mian M. Mushtaq	2858/7409	38.5
Muslim (General) Men	M. Afzal	571/6801	8.4
	Niaz Hussain	565/6801	8.3
	M. Riaz	512/6801	7.5
	M. Idrees Iqbal	480/6801	7.0
Muslim (General) Women	Rukaya Bibi	1939/6590	29.4
	Firdos Bibi	1854/6590	28.1
Labour (Men)	M. Sarwar	976/6442	15.1
	M. Ashraf	974/6442	15.1
Labour (Women)	Uzma Aziz	2515/6538	38.5
	Haleema	2098/6538	32.1
Minority	Niamat	2443/6502	37.5

Annexure XIV

Election Results UC Bhangali (2001)
Per cent votes polled in own village

Category	Name	Village of Domicile	Votes in own village as % of votes cast	Votes in own village as % of total votes polled
Nazim	Saeed Dogar	Tehra	90.7	9.9
Naib Nazim	Farman	Phularwan	50.0	4.4
Muslim (Gen) Male	Shaukat	Dograi	45 to 60	72.8
	Shaukat	Tehra	88.2	70.2
	G. Mohyuddin	Bhangali	17 to 43	91.8
	Haji Rifaqat	Wara Mohle Wasian		
	Fiaz	Nathoki	29 to 33	95.0
	M. Rasheed	Nathoki	35 to 36	92.0
	Haji Saeed Ahmad	Mandianwala	40 to 50	69.2
	Faqir Mohammad	Kalas Mari	53.9	79.4
Labour (Male)	M. Sarfaraz	Phularwan	49 to 57	41.5
	Mushtaq Ahmad	Padri	74.1	34.9
	Arif Hussain	Nathoki	32 to 34	47
	M. Ashraf s/o M. Latif	Nathoki	43 to 56	49.5
Minority	Boota Masih	Tehra	77.8	36.7

Annexure XV

Election Results UC Bhangali (2005)
Per cent Votes polled in own village

Category	Name	Village of Domicile	Votes in own village as % of votes cast	Votes in own village as % of total votes polled
Nazim	Farman Ali	Phularwan	30 to 41	9.9
Naib Nazim	Mian M. Mushtaq	Nathoki	79 to 83	19.7
Muslim (General) Men	M. Afzal	Phularwan	42 to 51	64
	Niaz Hussain	Phularwan	35 to 48	59.4
	M. Riaz	Padri	57 to 64	74.4
	M. Idrees Iqbal	Harbanspura (Rehmanpura)	85.8	73
Muslim (General) Women	Rukaya Bibi	Dograi	76 to 80	36
	Firdos Bibi	Dhori	74.9	20.9
Labour (Men)	M. Sarwar	Phularwan	35 to 57	26.5
	M. Ashraf	Mandianwala	58 to 70	62
Labour (Women)	Uzma Aziz	Mandianwala	70 to 84	27.4
	Haleema	Nathoki	61 to 77	37
Minority	Niamat	Brahmanabad	50 to 80	15

THE MUSHARRAF DEVELOPMENT STRATEGY: WILL IT DELIVER?

Abstract

The paper examines the major components of the development strategy pursued by the Musharraf regime since it took over in 1999 (called “The Musharraf Development Strategy”). It examines the extent to which it departs from the development strategy followed in the more recent past as well as some of the new directions taken. The paper analyses some of the “strengths” and “weaknesses” of the strategy both in terms of its own objectives as well as by measuring its performance against standard socio-economic indicators related to macro stability, inflation, poverty and employment. It identifies some of the key issues which need attention of policy makers in formulating a sustainable development strategy for Pakistan.

The turnaround in the macro fundamentals of the Pakistan economy by the Musharraf government, reflected in the restoration of the fiscal balance, external credibility and the rekindling of economic growth, has been the focus of much attention, even though more recently some of the macro variables are coming under renewed pressure. The team of economic managers that have overseen these developments have been credited with this turnaround and even though they would be reluctant to admit, an element of luck, post 9/11, certainly helped tilt the balance.

Attracting somewhat less attention, but with the potential of having even a greater impact on Pakistan’s future economic development has been some important changes initiated in the country’s overall development strategy. These changes are reflected in the restoration of the size of the public sector development plan, after a sharp decline in the 1990s¹ and some distinct shifts in the pattern of public expenditure. These changes must be seen together with the dominant role assigned to the private sector in this strategy as the main engine of economic development. These changes, if implemented and sustained as planned, it is being claimed have the potential of moving the economy on to a high growth trajectory and transforming its structure closer to a middle-income semi-industrialized economy over the next decade.²

¹ The Public Sector Development Plan (PSDP) declined from 7.5 per cent of GDP in FY 1992 to 2.5 per cent in FY 2000. Note Financial Year (FY) refers to the period July (preceding year) to end June of year shown.

²² See Planning Commission, Vision 2030 (2006)

Improvements in the macro economy have clearly contributed to bringing about these changes in the development strategy including by creating the fiscal space to finance higher levels of public sector development expenditures. Macro stability has also restored donor confidence which together with the post 9/11 debt relief and increase in remittances has resulted in larger external resource inflows. There is, however, an importance difference. While the set of policy measures adopted for restoring the macroeconomic fundamentals followed to a significant degree the standard IMF-World Bank deflationary package, the new development strategy appears to be very much “home brewed”.

What are the main elements of what future economic historians may well dub as the “Musharraf Development Strategy”³? Also, more importantly what are the chances of its success? Even answering the first question is not straightforward as it is not always clear cut when and to what extent one set of policy measures give way to another and even when there is a distinct change of direction to what extent is it really “new”. More difficult is the answer to the second question of whether a strategy has been successful, not least, as there are many possible indicators of success. The economic impact of a strategy, especially the long gestation infrastructure projects, may be felt much later, even in many cases after the government which had started them has long gone. Also, and more importantly, though the strategy may deliver in terms of somewhat narrow economic indicators, it may still well be rejected by the people who may judge it by another set of broader socio-economic indicators, as was as seen at the end of the Ayub period in the sixties.

With these qualifications the approach taken in the paper is as follows. First we spell out what are seen to be the distinguishing features of this strategy in relation to the more immediate past. In terms of answering the question will it deliver, the approach taken is to first judge the strategy on its own terms i.e. the goals it has set for itself including identifying if are there contradictions in the achievement of these different goals. The second is to judge its performance in terms of some key indicators which are now generally accepted in judging development performance, namely, the impact economic growth has had on poverty, distribution of income

³ It is not uncommon to call a particular strategy followed over a period of time by the name of the head of the Government eg. “Ayubian” strategy for the 1960s when President Ayub was at the helm of affairs or in the case of India the “Nehruvian” strategy after its long serving Prime Minister Jawaharlal Nehru. The period of the Musharraf regime is now coming to eight years so it does span a reasonable time frame to call this strategy after him. In his recently published autobiography (Musharraf, 2006), his views on economic policy making and development are put forward especially in Chapter 19, Kick Starting the Economy, which also identifies the four main objectives of the strategy that emerged soon after he took over, namely: (i) achieving macroeconomic stability; (ii) making structural reforms to remove microeconomic distortions; (iii) improving the quality of economic governance; and (iv) alleviating poverty. His strong inclination for the development of infrastructure especially on increasing water resources and roads and communications also emerge in the chapter.

and wealth, real wages, and generation of new job opportunities. Clearly this list is far from exhaustive and clear-cut or recent data may not be available in all cases. But it does reflect some of the key indicators by which the people of Pakistan have historically judged past governments.

Development Strategy: Key Features

Let us spell out the six distinguishing features of this new development strategy which to varying but still significant degree represents a shift from the strategy followed in the recent past:

- First, while accepting the primacy of the private sector, is the re-establishment and recognition of the role of the government in significantly influencing and financing, through both internal and external funding, the countries overall development strategy. This is reflected in both the drawing up of a medium and long term development framework and an almost doubling of the annual public sector development programme (PSDP) from around Rs. 115 billion in FY 2001 to Rs. 260 billion in FY 2006⁴. As envisaged in the Medium Term Development Framework (MTDF) the size of the PSDP is to reach Rs. 605 billion in FY 2010.⁵
- Second, the launching of a number of mega infrastructure projects with a distinct thrust in the harnessing, storing and efficient delivery of much needed water resources for the agriculture sector, building needed energy sources, developing new ports (Gwadar), highways (eg. Makran coastal highway) and the development of backward regions (Baluchistan).
- Third, is a major shift towards investing public sector resources in higher education especially in sciences and engineering subjects and encouraging private sector participation in the growth of this sector.
- Fourth, is building the capacity, by developing needed human resources and supporting infrastructure, to acquire access to cutting edge new technologies especially information and communications technology and even space technology to bridge the technology-gap which had opened up between Pakistan and many of the fast growing developing economies (including India).
- Fifth, to shift and diversify the production base of the national economy towards higher value-added goods especially in the manufacturing sector.

⁴ FY 2006 refers to Financial Year 2005-06.

⁵ Planning Commission, MTDF 2005-10, Islamabad 2005.

- Sixth, is the decentralization and devolution of decision making and use of public sector funds increasingly to the local level.

To reiterate, the shift towards increasing the public sector development programme and accompanying changes in the allocation of these resources should not be seen to replace the predominant role assigned in this strategy to the *private sector as the main engine of economic growth and job creation in the economy*.⁶ The underlying aim of building up the physical and social infrastructure, including a highly educated and skilled labour force, is to draw in private investment, both domestic and foreign, into key sectors of the economy. The dynamism so created is expected to propel the economy into a growth trajectory of over 8 per cent (as projected in the MTFDF 2005-10) finally overtaking the respectable though not spectacular “Pakistani growth rate” of 6 per cent at which the economy had grown for the four decades till the 1990s.

We start by examining the macroeconomic turnaround which clearly provided a foundation on which the new development strategy could be launched.

Macro stability: Delicately Balanced?

From a situation of impending default on foreign loans and an unsustainable fiscal and balance of payments deficit only a few years earlier, Pakistan had by FY 2005 come out of the debt trap, the balance of payments had turned surplus, and the fiscal deficit reduced to around 3 per cent of GDP from well over 5 per cent in FY 2000.⁷ In addition average interest rates fell from 14.6 per cent in FY 2000 to 6.2 per cent in FY 2005. Most important of all real GDP growth accelerated to over 8 per cent in FY 2005 after falling to an all time low in FY 2001 to 1.8 per cent from around 4.2 per cent in FY1999.⁸ While growth in FY 2006 had declined to nearer 6.5 per cent it was still high as compared to the 1990s.

A four-fold increase in remittances post 9/11 from around US \$ 1 billion in FY 2001 to around US \$ 4 billion between FY 2002 and FY 2005 and a further increase in FY 2006 to US \$4.6 billion has clearly played a part in this macro turnaround.⁹

⁶ Burki (Dawn, November 14, 2006), argues that this shift to assigning the predominant role to the private sector in the national economy and development strategy was initiated during the first Nawaz Sharif government in 1991 but could not be carried through as the government was dismissed well before ending its term of office. Burki does, however, state that the domineering role of the private sector in the Musharraf regime is certainly more than followed in the past and significantly more in other countries moving towards a market driven economy eg. India.

⁷ See Kemal (2005)

⁸ See Hussain (2005)

⁹ See Amjad (2004) for a detailed analysis of the impact of the increase in remittances in Pakistan and other South Asian economies. Remittances have further gone up in the first six months of FY 2007 to US \$ 2.6 billion as compared to US \$ 2.1 billion in FY 2006 (Source: State Bank of Pakistan website).

The former State Bank Governor, Ishrat Hussain has, while acknowledging its contribution does make the valid point that “while the favourable external environment has definitely helped and reinforced the thrust of the economic policies and reforms, its impact would have been short lived and transitory in the absence of the reforms and policies and improvements in governance that have been undertaken during the last five and a half years”.¹⁰

Creditable as this achievement may be there been some criticism of macroeconomic management post-1999 in that it accepted the far too harsh conditionalities imposed by the IMF which curtailed government expenditure when a more pressing anti-cyclical fiscal stance could have been taken (i.e. higher than agreed level of government expenditure) given that inflation was at extremely low levels.¹¹

With hindsight it would appear that economic managers pressed the breaks too hard in their efforts at restoring the macro balance and then pressed the accelerator too fast to jump start economic growth. The latter is especially true post-FY 2004 when interest rates were drastically reduced and were accompanied by a large increase in the money supply than what economic conditions justified.¹² This monetary expansion together with the increase in oil prices unleashed a high rate of inflation of around 10 per cent. The State Bank has now pressed the breaks again by raising interest rates and curtailing credit and so bringing inflation rate down to nearer 6-7 per cent in the first half of FY 2007.

While the economy has been able to absorb the tragic impact of the earthquake which hit the Northern areas of Pakistan in October 2005 in terms of sustaining the growth momentum the large reconstruction effort has further fuelled domestic demand pressure.

Overall what is of growing concern is the emergence of a large trade deficit, the result of increase in oil imports and price of oil , imports of machinery and consumer durables (e.g. motor vehicles), which is putting pressure on the exchange rate. While the government remains confident that this deficit can be financed by expected larger flows of donor assistance, a substantial increase in private foreign investment, an increase in remittances, and a pick-up in exports after an unexpected dip in the first half of FY 2007, the macro fundamentals remain under pressure given the uncertainty that accompanies each of these conditions.

The New Development Strategy

(i) *A more active role of the public sector in economic development while accepting the dominance of the private sector as the main engine of economic growth*

¹⁰ Hussain (2005, p. 12).

¹¹ See ILO (2003) and Amjad (2003).

¹² This point is strongly made in Janjua (2005).

The MDTF 2005-10 spells out the nuts and bolts of the new development strategy but does not sufficiently capture or highlight the important changes in relation to the more recent past.

One such important change is a more active role of the public sector within a development planning framework in influencing the growth path of the economy though it should not as mentioned earlier deter from the predominant role the private sector is assigned in this strategy – captured in the often repeated slogan of “deregulation, liberalization and privatization”.¹³ Growth and confidence of the private sector has been built-up by speeding up the process of privatization especially in the banking sector, improving the regulatory framework and creating an enabling environment to encourage domestic and foreign investment, and a more liberal trade regime for imports of machinery and other inputs.

As to a more active role of the state in economic development this is now regaining ground after the “retreat” from the so called “Washington Consensus” which propagated that the role of the state should be limited to only facilitating market forces and leaving development almost solely to the private sector. The Sach’s Report (2005) on *Investing in Development – A Practical Plan to Achieve the Millennium Development Goals* strongly argues for developing countries to invest in essential infrastructure development if they are to be in a position to take advantage of opportunities of trade and investment opening up in the global economy.

Table 3: MDTF 2005-10: Sectoral Breakdown
(Billion Rupees)

Sector	(2005-10)	% Share
Infrastructure Sectors	993.2	48.6
Social Sectors	681.5	33.4
Regional Development	681.5	13.2
Production Supporting Sectors	66.3	3.2
Total	2042.0*	100.0

*Includes others Rs. 30.9 million and excludes expenditures planned for Azad Kashmir, FATA and other Northern areas.

Source: MDTF (2005)

¹³ Prime Minister Mr. Shaukat Aziz Khan, who still hold the portfolio of Finance usually pins the success of the Pakistan economy to these three pillars of Pakistan’s growth strategy. See for example his speech to the Chinese University of Hong Kong on 12th August 2005. See <http://www.cuhk.edu.hk/ipro/pressrelease/Aziz-speech.pdf>.

The Public Sector Development Program (PSDP) according to MDTF 2005-10 is to more than double from 3.3 per cent of GDP in FY 2005 to 7 per cent in FY 2010 and the annual PSDP is to triple from around Rs. 202 billion in FY 2005 to Rs. 605 billion in FY 2010 with a total of Rs. 2,042 billion over the five year period.

Under infrastructure 15.1 per cent of the total outlay is for the development of water resources, 23.2 per cent for power and 15.6 per cent for transport and communications. Under the social sectors education and training are 5.5 per cent of the total outlay, higher education a significant 4.7 per cent, science and technology 2.9 per cent and information technology 1.2 per cent. Local/District Governments are only allocated 2.8 per cent of the total outlay under Regional Development.

It could be argued that this increase brings public sector expenditure more in line with what it was in the period preceding the 1990s and therefore not much has changed.

This may be true but the fact that it has again increased to that level or higher is still important. However, the important point being captured here is somewhat different. Starting with the 1980s and for much of the 1990s there was a distinct change in the approach to development planning with public sector expenditure plans being seen more as a loose aggregation of projects rather than as part of an overall integrated development framework. This led for example in the case of the Zia regime in the 1980s to considerable neglect of much needed investment in infrastructure development and in the 1990s to investments in low return and low priority infrastructure projects such as the Rawalpindi-Lahore motorway.¹⁴ Also earlier exercises in the form of medium-term five year plans were for all practical purpose given up and even if some plans did appear, they were not seriously pursued. One of the fall-outs of this change was that the role of the Planning Commission was almost completely marginalized.

What we now see with the MDTF is the emergence of a development framework which works out the public sector expenditure plan as part of the overall growth, development and poverty reduction strategy. The MDTF is weaker as a planning tool as compared to earlier five year plans of say the 1960s which included directions and targets for the private sector which is not done in the current MDTF. That said the MDTF 2005-10 and the accompanying Poverty Reduction Strategy Paper (PRSP1) (which has now been merged in the MDTF) is a more powerful policy planning tool to guide public sector development expenditure than medium or three year plans followed in the 1980s and 1990s. The Planning Commission which used to be headed by the President in the 1960s but was subsequently placed

¹⁴ See Hassan (Business Recorder, 14 January 2007) on the Zia period and Burki (Dawn, 21 November 2006) on the 1990s.

under the Finance Minister is now headed by the Prime Minister in the new structure introduced in 2006.

(ii) *The mega projects for infrastructure development*¹⁵

As the Government itself claims “economic growth through massive infrastructure projects has been one of the pillars of the Government economic strategy”.¹⁶

Starting in FY 2002 a number of mega infrastructure projects were started covering hydropower (Ghazi Brotha Hydropower project), dam and canals (Gomal, Mirani, rising of Mangla, Sabakzai,, Sutpara, first phase of Greater Thal and Kachhi and Rainee canals), ports (Gwader) and highways to ensure regional connectivity (Coastal Highway). Many of these projects will be completed during 2005-10.

The rationale to develop the country’s water resources was always very clear given the pressing needs of the agricultural economy and the sharp drop over the years in the per capita availability of water.¹⁷ The real challenge now is to build a consensus on the much needed large water reservoirs that are so urgently needed.¹⁸ Some funds have been earmarked in the MTDF 2005-10 to initiate work on the mega dams and necessary financing if consensus is reached on them is expected to be raised through donor funding, banking channels or government guarantees.¹⁹

Similarly a highway network being developed which will open up neglected and backward regions and would link up Pakistan with the Central Asian economies including through the building of the Gwader port. The extent of returns on these investments would depend to a large measure on trends in growth and stability in the region. Private foreign investment flowing into Gwader will have to compete with the other Gulf states. But the latter are now becoming more costly in terms of services they offer, somewhat similar to the transition Singapore, the model on which they are built, went through about twenty years ago. If Gwader can offer

¹⁵ It could be argued that mega projects were also part of policies followed by earlier regimes eg. the building of the motorway by the Nawaz Sharif government. The point being made here is that the number of development projects over a certain size (“mega”) being pursued by the Musharraf government as part of the overall public sector development plan is much larger. Clearly a detailed review of development projects in the last seven years would need to be taken to quantify this change but a general overview of large scale projects undertaken over the last twenty years would tend to support this view.

¹⁶ See Press Release at the end of the Pakistan Development Forum (PDF) 2006 at the Economic Affairs Division website on PDF 2006.

¹⁷ See Etienne (2005)

¹⁸ The five major dams planned to be constructed are Akhori, Diامر-Basha, Kalabagh, Kurram Tangi and Mundi at a cost US \$ 20 billion. (See presentation by Mr. Ashfaq Mahmood, Secretary Water and Power, at the PDF 2006 on the PDF 2006 website,

¹⁹ The World Bank and the Asian Development Bank have pledged \$ 6.5 billion funds for the Diامر-Bhasha Dam (See Dawn, 2 February 2007, Donors to Fund Bhasha Dam).

storage and other services at much cheaper rates than its Gulf competitors it will well justify the investment made in economic terms without deterring from its strategic significance.

The resources and projects for development of Baluchistan was long over due and should meet the long outstanding grievances of the people of the province. Passing on a share of the royalties from its natural gas resources directly to the elected local authorities for development would ensure that the people living in the area feel the benefits and also have a voice in their use. Indeed this principal should be followed in the case of any part of Pakistan from where the natural resource is being tapped for national use

(iii) *Emphasis on higher education*

There has been an unfortunate neglect of higher education throughout the last fifty years. The marked deterioration in the structure of governance and delivery of public services are a clear reflection of this neglect. As the Lakha Task Force report on Higher Education stated, "Pakistan's higher education, above 12 class, is proving unable to provide the skills necessary, in the quantities necessary, to achieve the dual objectives of nation building and global competitiveness".²⁰

The increased emphasis on higher education is reflected in the increase in resources allocated to the Higher Education Commission for the development of higher education in the MTRF 2005-10. The resources earmarked are to increase from Rs. 11.7 billion in FY 2006 to Rs. 28 billion in FY 2010, amounting to Rs. 95 billion over the five year period. In addition Rs. 40 billion is expected to come from the private sector.

While the shift towards higher education was long overdue it is important that this should not be at the expense of much needed expansion and improvements in primary and secondary education. Primary education and acquisition of basic skills has still the highest returns in terms of income and productivity growth and remains the most effective means of breaking out of poverty for the very large number women and men who live below the poverty line.

It is difficult to draw any firm conclusion on this issue at least from the MTRF. But if you compare the allocation for higher education this would appear to be much higher than school education and literacy, around Rs. 99.20 billion for the former and Rs. 71.60 for the latter. It is an issue which does require careful attention.

Also at the same time there is need to take due caution in implementing the goals of the new higher education policy. The emphasis must be on ensuring quality and not

²⁰See report of the Task Force in Ministry of Education (2002).

a mechanical number game of producing PhDs and other degree holders of very poor quality. Realistic targets need to be set keeping in mind the existing capacity in terms of supervising research and those who can teach at post-graduate level.

These shortcomings aside, which do need serious attention and analysis, overall this is a move in the right direction, especially the significant increase in resources towards the public sector universities and higher educational and research institutions. It is also important to ensure that this increase in resources for higher education is accompanied by adequate financial support to needy students and not used to subsidize education for those who can well afford it.

(v) Investing in the development of new technologies: Developing a knowledge economy

On the need to invest in the development of new technologies there is again a compelling case Pakistan, for example, missed out in the first phase of the global software boom of which India took full advantage earning as much as \$ 10 billion in exports annually over the last decade. To develop a competitive ICT sector requires the supply of relevant skills, which the education system with its new emphasis on science and technology should now hopefully be able to do, together with proper pricing of ICT inputs and outputs and the development of up-to-date infrastructure for which resources are again being made available. The economy as a whole and especially manufacturing and the financial sector can benefit in terms of both efficiency and productivity from the use of ICT. Pakistan's exports from software and related services are still negligible (around US \$ 700 million expected in FY 2007²¹) but a major jump over the next few years is foreseen. If this does not take place there would be need to carefully review the current strategy.

The thrust in ICT development must be seen as part of a concerted effort to convert Pakistan into a knowledge economy which would increase its capacity to compete in the global economy by raising the knowledge content and competitiveness of its agriculture, manufacturing and services sector. There is a significant overall increase in resources allocated in the MTRF 2005-10 for science and technology development, technical and vocational education and for investment in research and development.

(vi) Devolution

On devolution the changes that have been introduced in the structure of local government are indeed far reaching with much greater powers being given to

²¹ Information collected by the author from the Ministry of Information Technology, Islamabad. These figures are much higher than shown in export earnings in the balance of payment data but apparently are based on the same methodology as used by India in calculating its ICT related exports.

elected local leaders that were earlier exercised by the civil bureaucracy. The expressed aim of the Government is to increase citizen participation in local decision-making, strengthen accountability and thereby improving service delivery. These changes it is hoped would accelerate efforts at poverty reduction.

It is still too early to judge the effectiveness of this change and whether it has led to improvements in the delivery of basic services at the local level. A feeling often expressed, but not backed with any real analysis, is that this new system has not yet taken any firm roots and that the on-going “pangs of change” is adversely affecting local governance and creating hardship for ordinary people. Yet, there is much to commend in the devolution plan including the voice it gives to women and other marginalized groups in local decision making. But it will take time to take root and here the key would be to be realistic rather than dogmatic, learning from what works and what does not, while not losing sight of the overall objective which is to ensure a radical power shift towards local self government.

Will it Deliver?

On its own terms the success of the development strategy to a large measure will depend on its effective implementation especially putting in place the large infrastructure projects and then completing them in time and in a cost effective manner. That said what are the areas of weaknesses which may threaten its sustainability and derail it?

Let us first turn to what appear to be some of the inherent contradictions in the goals of the strategy.

The first contradiction which strikes one is the emphasis in the strategy of investing in mega infrastructure long gestation projects to be implemented mainly by the central government and of the on-going attempts to shift power and resource use to the local level. In the MTDF 2005-10 this dichotomy emerges clearly when one sees the very low levels of development expenditure, less than three per cent of the total, being allocated to local governments.²²

There would also appear to be contradiction, at least in the short and even medium term, in allocating a large bulk of the resources to large long gestation infrastructure projects which in most cases tend to be capital-intensive and the more immediate aim of generating employment and reducing poverty. Again this issue needs more careful analysis but it is one which needs to be addressed especially by examining the flexibility in the MTDF to be able to divert resources to more employment-intensive projects if poverty trends and labour market pressures so dictate.

²² According to Kardar (2006) the total expenditure of local governments as a proportion of the combined expenditure of the Federal, Provincial and Local governments is less than 1 per cent compared with 4 per cent in India and 20 to 35 per cent in advanced countries.

There is also the question of the absorptive capacity of the economy to undertake, over broadly the same time span, a very large number of mega infrastructure projects both in terms of existing availability of skills and management capacity. Again this would need careful analysis but some of the project launched such as the linking of Gwadar through a highway network is already falling far behind. Also as mentioned earlier the success of Gwadar would depend on its capacity to be able to be competitive in terms of terminal and other services offered and the early signs are that this could be a formidable task.²³

While not necessarily a contradiction in its present form, if the emphasis on higher education takes away resources from primary and technical education, then the strategy would open itself to serious questioning not only in terms of economic efficiency but also in terms of its impact on poverty eradication. Also the expected returns to the large increases in expenditure on higher education would require a number of conditions to be met including the quality of the graduates it produces and the employment opportunities for them that will be created.²⁴

Measuring Success against some Key Performance Indicators

Let us start with the macro management of the economy as it has had a critical impact on poverty, job generation and availability of services especially for the poor.

It is now accepted that the earlier squeeze on the economy during 1999 to around 2003 led to an increase in poverty levels and a rise in unemployment. The paper has taken the position that more prudent macroeconomic management and asking for more leeway from the IMF could have resulted in less hardship during this period. If there was a possibility of getting better terms from the IMF²⁵ and moving out of the IMF programme earlier than was done, as some have argued, then this would erode some of the shine from the achievement of the country's financial managers credited with the macro turnaround of the economy.

²³ That the Government is conscious of this can be gauged from the recently announced very generous tax and other incentives to companies that will operate the Gwadar Port (40 year tax relief) and those who will invest in it (20 years exemption from income tax) to make it an almost "tax free port". (See Dawn, 40 Year Tax Relief for Gwadar Port Operators, 2 February 2007).

²⁴ That sufficient number of jobs may not be available for graduates the Government has recently introduced a scheme to place graduates with a Masters degree with at least two years at institutions approved by the Higher Education Commission (HEC) as interns in the public and semi-autonomous bodies with a monthly stipend for 12 months of Rs. 10,000. This scheme also raises important equity issues. (See Dawn, 3 February 2007, Internship programme approved.)

²⁵ Given Pakistan's strategic importance post 9/11 it could be argued that Pakistan's bargaining position with the IMF was considerably strengthened.

The other shortcoming in macroeconomic management which could have a far reaching socio-political impact, was that in jump starting the economy through an expansionary monetary policy, the economic and financial managers went far beyond what prudent economic policies would have dictated and this resulted in double digit inflation. This inflation, which has hit hard both low and middle income families has generated a lot of resentment and which has clearly dampened enthusiasm for some of the real economic achievements of the regime amongst the large bulk of the population.

The next important question which has generated a lot of controversy is the impact of economic growth on poverty levels during this period. According to the official figures there has been a decline from 34.5 per cent in FY 2001 to 23.9 per cent in FY 2005.²⁶ The World Bank has supported the claim of a decline although using different price deflators they suggest that the decline is around 5 percentage points i.e. to 29.2 per cent in FY 2005.²⁷ It has also been said that in viewing this decline it should be kept in mind that FY 2001 was a drought year and FY 2005 the country had a bumper harvest.²⁸

Given an average economic growth of around 7 per cent in the last four years and a decline in the unemployment rate from a peak of 8.3 per cent in FY 2001 to around 6.3 per cent in FY 2005 it would suggest that poverty levels could have fallen.²⁹ While one would need to await more recent estimates on poverty to cover the last two years, an important question is not that they have slightly fallen, but more surprisingly why they have not fallen by a much larger amount. If lack of economic growth had increased poverty levels in the 1990s and early years post-2000, then the revival and spurt of economic growth in the last four years should have had a much greater impact on reducing poverty. This is because a large number of the poor are just below the poverty line (“transitory” poor) and a small increase in their income would push these above the poverty line.³⁰ High growth should not only have pushed these people but also those somewhat below the poverty line.

While again one must await more recent data, the fact that poverty levels have not fallen more significantly and picked-up the “non-transitory” poor leads one to believe that there appears to be an important disconnect between the governments

²⁶ See Ministry of Finance, Pakistan Economic Survey 2005-06.

²⁷ See World Bank, Summary of key findings and recommendation, <http://siteresources.worldbank.org>

²⁸ See Hassan (2006) and John Wall (World Bank Pakistan Country Director), (July, 2006).

²⁹ While the rate of job creation has gone up in recent years Sehr Amjad (2006) has argued that most of this increase has been in self-employed female workers (unpaid family helpers) in the agriculture sector and this may not have led to very productive or remunerative jobs.

³⁰ Burki (Dawn, December 12, 2006) also raises the same issue.

overall growth strategy, where it has been quite successful in terms of high growth rates achieved (although per capita income have not doubled in the last seven years as is being claimed)³¹ and its poverty reduction strategy. This disconnect has led some to argue that the poverty reduction strategy has been based on the old and discredited “trickle-down” of the gains of economic growth and that as in the past this has not worked.

An important reason has, as mentioned earlier, been high levels of inflation. Its impact can be seen by the somewhat limited evidence on real wages which suggests little change for skilled and semi-skilled workers and even a decline for rural landless labour (Ghayur, 2006), even though money wages have significantly increased and skill shortages have increased money wages for particular skills.

The other reason for the lack of impact of growth on poverty appears to be that the growth process has been mainly driven by a “consumption-led boom”³² which has mainly benefited the middle-and high income groups who have reaped most of the gains of growth including through access to cheaper credit facilities with the expansion of consumer credit facilities and leasing arrangements. Also as compared to the earlier period of the 1980s when remittances mainly flowed to low-income households in this case it has benefited mostly middle- and higher income households with investment directed in property and the stock market. The impact of remittances on poverty has therefore been very marginal.

Recent data for income inequality trends is not available. The government now publishes estimates of consumption inequality which are generally lower than inequality based on income as variations in consumption are less and is based on a subset of food. These estimates show an increase (as measured by the gini coefficient) from 0.275 in FY 2001 to 0.298 in FY 2005 with the increase being more in rural than in urban areas, although it should be pointed out that these estimates are not strictly comparable as they are from different sources. What they suggest is that income distribution has further worsened over this period, also

³¹ Given the average per capita growth in the last seven years of around 3 per cent, per capita income could not have doubled. The claimed doubling is the result of a periodic adjustment in the national income account estimates and methodology which shows in US \$ terms a doubling of per capita income from around US \$ 430 to US \$ 820, but the two estimates are not comparable. See interesting debate on this issue between Sartaj Aziz (2006), a former Finance Minister and Ashfaq H. Khan (2006), Chief Economic Advisor, Ministry of Finance, Government of Pakistan.

³² According to ABN-AMRO (2005) consumption levels increased by 50 per cent in nominal terms between FY 2003 and FY 2005 – one of the biggest surges in private spending in the country’s history. This may partly be the result of increase remittances.

adding credence to the argument that the gains of economic growth have accrued more to the middle and high income groups.³³

Concern is also being expressed, although this is not backed with hard evidence, that there is emerging concentration of economic power and monopoly profits are being reaped in certain sectors (cement, sugar, automobiles) of the economy through possible collusion between the major producers. The State Bank needs to carefully monitor that where large industrial houses control directly both banks and industrial interests this linkage is not being misused in terms of use of finances from their own banks and for keeping out potential users of these funds. The Monopoly Control Authority (now renamed the Competition Development Authority) also needs to play a more active role in ensuring against and penalizing price collusion as seems to have been in evidence recently in price increases of cement and sugar.

Conclusions

The people of Pakistan must be the ultimate judge of whether the Musharraf development strategy has delivered or not and they will have a chance this election year, 2007, to give their verdict. This paper has analyzed the main element of this strategy and tried to identify its strength, contradictions and weaknesses. On the positives, to use an often repeated term these days in the economic debate, the revival of economic growth, growing confidence of the private sector in attracting larger amounts of both domestic and foreign investment and the development of a more strategic and effective policy framework to guide public sector investment programme, clearly stand out. Economic growth has also arrested the increasing trend in unemployment with unemployment falling but has not yet translated itself into increase in real wages for most workers or improved conditions of work.

On the negatives has been the high rate of inflation badly hurting lower and lower-middle income groups. Though not a clear cut negative but bordering on it has been the lack of impact, at least on the evidence so far, of economic growth on significantly reducing poverty. Again, not a clear cut negative, but an area of concern is that economic growth has been mainly consumption-led benefiting mainly the middle- and upper income groups and the distribution of income has marginally worsened. The consumption led nature of the boom has also raised questions on its sustainability. Again there is concern, although no hard studies are available, of concentration in the ownership of economic assets and collusion and other restrictive practices leading to shortages and resulting high prices of selected goods where production is concentrated including cement and sugar.

³³ See Pakistan Economic Survey 2005-06, page 58. Burki appears to confuse consumption inequality with income inequality in his analysis of these trends (see Dawn, Tuesday December 05, 2006)

On the basis of this balance sheet some of the critical policy issues that emerge are: First, how macroeconomic management can ensure a healthy balance between sustaining the growth momentum, on the one hand, and inflationary pressures on the other. Second, how to achieve the right balance between long gestation “mega” infrastructure projects and more labour-intensive short- to medium term development projects in the overall public sector development programme. (The old “big-push” vs “balanced” growth debate.) Third, to strengthen the regulatory framework which discourages concentration in the ownership of assets and use of monopoly powers to manipulate prices. Fourth, how to ensure that economic growth emanates and favourably impacts on sectors where the poor are concentrated, namely agriculture and the informal economy. Fifth, in order to make devolution effective to increase resource availability for provision of services at the local level. Sixth, how to ensure high rates of return on investments in higher education while fully protecting resources for primary education and skills development. And finally to build up an efficient yet at the same time equitable labour market which protects real wages and provides improved conditions of work, including fundamental rights at work.

These represent some of the important challenges which this or the next government would need to grapple.

The views expressed in this article are author's own and in no way reflect those of the organization in which he works.

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ASAD ZAMAN

DEVELOPING AN ISLAMIC WORLD VIEW: AN ESSENTIAL COMPONENT OF AN ISLAMIC EDUCATION

Abstract

A traditional Islamic education develops an Islamic outlook to life but does not prepare the student assimilate developments over the past three or four centuries, in particular Western knowledge. A modern Western education inevitably entails absorption of a secular worldview built into the framework of Western sciences. For Muslims, the need of the hour is to develop an Islamic approach to understanding recent history and developments in Western physical and social sciences. Many have attempted the "Islamization of Knowledge," but have failed to address a central need for this project, namely the development of an Islamic worldview. This paper outlines the necessary requirements.

Problem Statement: Western education is secular in outlook, skirts around moral issues central to Islam, and denies the idea that God is an active agent in human history. It is also highly Eurocentric, taking the key events in human history to be the Industrial Revolution in England and the French revolution, for example. It is built on a materialistic philosophy, stressing the primacy of physical objects over intangibles such as values, ideals and morals. Such a worldview is incompatible with Islam, which teaches us that the most significant event in human history was the twenty three year mission of our Prophet Muhammad (s.a.w.) during which he conveyed the message of Allah, the creator and sustainer of the Universes, to all human beings. This Islamic worldview is fostered by traditional Islamic education systems, such as those of the *madrassah's* in Pakistan. These traditional educational systems are not adequate for modern needs, however. Their main failing is that they do not offer a coherent and integrated world view, which fits all historical, political, and technological developments into a unified perspective. However, this is just a reflection of the failure of the *Ummah* as a whole to cope adequately with the crisis created by losses on the battlefield, economic, and other fronts to an alien civilization with values radically different from our own. Our goal in this paper is to spell out the outlines of an Islamic worldview which is capable of taking all modern developments and the recent history of the *Ummah* within its purview.

Spiritual & Psychological Aspects: I would like to suggest that the biggest challenge is a lack of confidence among Muslims, created by the shock of defeat and the continuing stagnation in the Islamic world. In fact Islam has a worldview which can

comfortably encompass all developments, and the capacity to meet this shock as has been demonstrated in the past after the fall of Spain, and the sack of Baghdad. A precondition for undertaking and completing the intellectual exercises to be outlined is a strong faith, which can only be developed by spiritual training given to the companions of our Prophet (s.a.w.). One aspect of this training relevant for our present purposes is described in a *Hadeeth* as follows. Two men passed by the Prophet (s.a.w.) and his companions, and he asked them to compare the two. The first was a rich *Kafir*, and was held to be an honourable man esteemed in the community. The second was a poor Muslim, with no social standing. The Prophet rejected this common view, indicating that the poor Muslim had much higher standing in the eyes of Allah than a whole world full of the first kind of persons. A precondition for intellectual revolution is a spiritual understanding that the most ignorant Muslim with faith has a treasure of knowledge more valuable than a world full of Einsteins, Galileos, Newtons, etc. Since these preconditions, relating to the heart and soul, cannot be adequately addressed on a piece of paper, we move on to the intellectual aspects of the worldview that we need to create, foster and teach as the backbone of an Islamic education.

Muslim Methodology Conflicts with Western: Two ideas must be central to any Muslim view of history. One is that God is in full control and all events which occur happen only with the will of Allah. No one other than Allah has the power to shape history. The second is that God responds to the moral behavior of mankind, and Muslims in particular, in shaping historical events. This denial of the effectiveness of material causes and invocation of God as an active agent in history is directly opposed to Western methodological assumptions, and will cause distress to many Muslims who see Islamic education as a suitable mix of Western and traditional Muslim education. Nonetheless, it is not possible for us to compromise on this issue – we simply cannot accept a methodology which forbids us to invoke Allah as an explanatory factor, indeed the prime cause, of all historical events.

Western Concept of Progress: One of the central unifying themes of Western education is the idea of progress: In all areas, mankind was backwards, and they have been progressing. It is often added that perfection has been achieved by the European civilization and all other races will eventually reach this stage through the process of development. Indeed the classification of Europe as developed and others as underdeveloped suggests that we will eventually become like them as we progress (see Nisbet's *History of the Idea of Progress*, for example). This picture, and all that it implies, are so pervasive that it will be hard to find Muslims who do not in some way or the other subscribe to at least some aspects of this. For example, if asked to describe golden periods in Islamic history, Muslims will mention the intellectual and scientific achievements at Baghdad and Granada. It is only on reflection that we realize that the golden age of Islam was the time of the prophet (“*Khairul-Quroon Qarni*”). This most perfect society was achieved only for a short period of time, and since then there has been only decline (punctuated by occasional periods of progress, for sure). Thus the Muslim worldview is dramatically different from the dominant Western one. However, in order to sustain this worldview we

need our own analysis of history. It is impossible to use conventional Western texts for this purpose. It is at this point that we have the key difficulty for an Islamic education, within or without a traditional *madrasah*. There do not exist texts written from an Islamic perspective which make sense of (that is, provide a coherent and meaningful perspective on) all historical, political, and technological developments of the past few centuries. In developing a strategy for Islamic education, this is the critical area for work: we need to develop texts which assimilate recent World history within an Islamic perspective. It is worth noting that this is a more ambitious project than the "Islamization of Knowledge," which seeks to modify Western knowledge to make it compatible with an Islamic perspective.

Islam Centered History: Even though there do not currently exist texts that are fully suitable, there is a large amount of work which could serve as a satisfactory basis for what we seek to do in creating an Islamic worldview. The most important work which I am aware of is that of Syed Abul Hassan Ali Nadwi. In particular, his early work on "The Rise and Fall of Islam and its impact on the World," is an excellent start for our project. This book traces the theme that Islam was responsible for a human-centered and civilized worldview, which brought benefits to all human beings. With the decline of Islam, materialistic values came to the fore, to the loss of all humans. The current prevalence of materialistic values, where it is considered acceptable to kill hundreds of thousands of human beings for financial considerations, and Machiavellian political considerations prevail over moral issues, is due to the decline of Islam. This is a broad theme, which has only been sketched briefly in the book. Developing it fully will require hundreds of scholars to trace the implications and work out the theme in many different particular historical contexts. An early example of the kind of work that is needed is provided by a number of biographies of Salahuddin Ayyubi (by both Muslim and Christian authors) which show that the moral values and standards of conduct of the Muslims were substantially superior to those of the invading Christian Crusaders, regardless of their relative technological capabilities. The three volume work entitled "The Venture of Islam: Conscience and History in a World Civilization," by Charles Hodgson provides an excellent sympathetic outsiders view which does much to debunk the traditional Eurocentrism and provide an analysis of history in terms much more sympathetic and favorable to an Islamic worldview. We quote from the first few paragraphs:

Muslims are assured in the Quran, 'You have become the best community ever raised up for mankind, enjoining the right and forbidding the wrong, and having faith in God.' Earnest men have taken this prophecy seriously to the point of trying to mould the history of the whole world in accordance with it. Soon after the founding of the faith, Muslims succeeded in building a new form of society, which in time carried with it its own distinctive institutions, its art and literature, its science and scholarship, its political and social forms, as well as its cult and creed, all bearing an unmistakable Islamic impress. In the course of centuries, this new society spread over widely diverse climes, throughout most of the Old World. It came closer than any had ever come to uniting all mankind under its ideals.

(omitted material) Those who have undertaken to rebuild life in Islamic terms have ventured on an enterprise with a high potential reward – that of winning through to the best that is open to mankind; but with correspondingly great risks of error and failure.

Muslims have yet to implement the Quranic prophecy fully in all its implications. But they have perennially renewed their hopes and efforts to live the godly life not only as individuals but as a community. In every age, pious Muslims have reasserted their faith, in the light of new circumstances that have arisen out of failures, and also of successes of the past. The vision has never vanished, the venture has never been abandoned; these hopes and efforts are still vitally alive in the modern world. The history of Islam as a faith, of the culture of which it has formed the core, derives its unity and its unique significance from that vision and that venture.

The idea that the Muslim civilization is a venture to establish the Kingdom of God on Earth, to enjoin good and forbid evil, and that this is an ongoing enterprise with its successes and failures, can easily form the backbone of an alternative vision of history. Whereas the history of civilizations has been a story of the search for power and wealth, Muslims stand out as unique in their quest to establish justice in accordance with God's will on Earth. To establish this, it would be necessary to go into a deeper analysis of Muslim civilizations and their successes and failures. It would be crucial here to avoid the mistake of identifying civilizations with their rulers and studying lives of kings instead of that of ordinary citizens. Due to various quirks in European history, the idea of the nation-state as a central concept and driving force emerged with great power in the past century – this has led to a popular conception of history as being a history of rulers of states, or kings. For Islam, we must realize that the Islamic history will focus on the religious lives of the people, and the best exponents of this life would be the *Ulema* and the *Mashaikh*, as well as the intellectual struggles associated with religion. Kings and their Islamic behavior or lack of it would only be a peripheral issue. Again, there exists substantial literature which can be pressed into service regarding this issue. The task required is to pull anecdotes of Muslim struggles for establishing justice on Earth into a coherent and integrated story, which portrays these struggles as a continuous struggle over the centuries. An excellent example of the type of work needed is “Islamic Renaissance in South Asia 1707-1867: The Role of Shah Wali Allah and His Successors,” by M. A. Ghazi. This book portrays the efforts of the Muslims as part of continuous and sustained struggle. As proper for an Islamic history, the religious leaders and Muslim intellectuals and the struggle for Islam is given primacy, and the kings and traditional historical topics are viewed as secondary adjuncts. Also important is that the defeats of Muslims are treated as local and temporary setbacks to our long term historical goals. Thus these setbacks necessitate reflection and reconsideration of our strategy, rather than being a source for despair and demoralization. These themes need to be stressed in all Muslim approaches to history. Syed Abul Hasan Ali Nadwi has laid the foundations for this type of work

in his “*Tareekh-e Dawat Aur Aẓeemat*,” showing the struggles of various leading personalities in trying to bring about reform within the Islamic civilization.

Muslim Struggles Against Oppression: In addition to the stories of our religious leaders, it is also necessary to show the popular struggles of Muslims for freedom all over the world in the past few centuries. In this dark period, there have been many unsung heroes in our struggle against many oppressive forces. It is sad that our own history textbooks, written in the post-Colonial period, do not present a picture of the worldwide struggle of Muslims against colonialism. Rather they paint the same picture favourable to colonialists of essentially benign and just British rule which replaced despotism and unenlightened rule. In addition to stories of Muslim heroes (here again a start has been made by a number of biographies of Syed Ahmed Shaheed), we need to have a realistic history of colonialism. The flattering self-portrait of Western Civilization, with a depiction of colonization as a noble effort to spread the benefits of their advanced civilization to primitive peoples, needs to be questioned. There exist a number of realistic histories, which show the enormous amount of racism, cruelty, barbarity, opportunism and exploitation that went into colonialism. For example, *Global Rift: The Third World Comes of Age* by L. S. Stavrianos gives a good account of the history of colonialism. *A Peoples History of the USA* by Howard Zinn gives an excellent account of US history, debunking the standard self-serving myths associated with this subject. Numerous other texts of this type are available. Vilification of the West is a rather common theme among certain classes of educated and uneducated Muslims. The psychology of this is to compensate for our own inferiority complex generated by centuries of losses by knocking down the West. This category of analysis (which has superficial resemblance to the texts under discussion here) is based on shallow caricatures of the West, promotes hatred, and generates obstacles to genuine understanding and further dialogue. Our object would be to achieve a realistic picture of the West, painted with sympathy, accuracy, and understanding. Instead of a one-sided caricature, we would attempt to achieve a three dimensional view, portraying the history of the West as a struggle between forces for good and evil, much like those which occurred in our history. While debunking flattering portrayals of superior civilization of the West, we would avoid demonizing the West as the ‘Great Satan,’ seeking instead to achieve a realistic and humane understanding of their strengths and weaknesses.

Non-Muslim Struggles Against Oppression: Another category of literature and history which needs to be assimilated into the Islamic worldview is the so-called postcolonial literature. This gives an account of the effects of colonialism on the people colonized from the perspective of the colonized. The psychological consequences of the trauma resulting from colonization are similar across the world. Studying this literature would give deeper insight into our own history, and our reactions to colonization. An excellent example of this genre is *Bury My Heart at Wounded Knee*, written by an American Indian who gives an excellent account of the cruelty and oppression of the Americans against Red Indian tribes struggling to preserve their culture and way of life.

Critical Evaluation of European Dominance: Some important themes need to be stressed as the background within which more detailed studies of the West by Muslim scholars need to be done. The first theme would be the savagery of the West – throughout their history, they have been more or less continuously at war with each other. Indeed the idea of ‘Europe’ as a united entity emerges ONLY in reaction to the threat of Islam during the crusades. If this could be contrasted to the (relative) peace which prevailed within the Islamic World, it would serve as an apparent cause of why Western sciences of war progressed much faster than ours. The second theme is the highly racist worldview, which despite efforts, they have never been able to overcome. This theme is rarely treated within European accounts of their own history, perhaps because they are justifiably ashamed of it. Nonetheless it is easily accessible, and plays a very important role in world history. European cultural centers never developed a cosmopolitan culture like those of the numerous centers of Islam. As a result, they continue to have doubts about whether others of different shapes and colors are fully human. On different occasions, court decisions in England and USA declared Red Indians, Blacks and Australian Aborigines as being less than human. Indeed, it was permissible to hunt them like wild animals. This racism needs to be highlighted because it has had a monumental impact on history. British colonies with majority whites (like USA and Australia) developed along lines parallel to the mother country, while those with different races were brutally exploited and not allowed to develop. Similarly, the stark developmental differences between the US colonies of Florida, Cuba, and Haiti are likely due to the racist factor. The third important theme is the decline of morality as a consequence of the rejection of Christianity in the West. Again there is a large amount of material available on this issue. On the whole, Western writers are inclined to view this process favourably and paint it in terms of liberation from restrictive ways of thinking based on (Christian) superstition. However, there are some who see that general immorality, breakup of families, teenage pregnancy, drugs and violence are all consequences of this process. Some texts relevant for these purposes are: *The Demoralization of Society*, *Humanity: a moral history of the Twentieth Century*, and *A Distant Mirror* as well as many others. Most of the necessary material for an Islamic view is readily available; however it does need to be re-written from an Islamic perspective.

Conflict of Science & Religion in West: How should we fit in advances in science and technology into the general picture? This is a most important topic, on which it is necessary for us to depart substantially from Western views. Western views on the importance and relevance of science are deeply affected by the origins of science in conflict with Christianity, as illustrated by Galileo for example. Some contemporary elementary Western textbooks state that men invented religion to explain the occurrence of natural phenomena (like rainfall, thunder, etc.). With the development of science, factual knowledge replaced the religious superstitions. This account ignores the fact that religion is concerned mainly with the moral domain – an area about which science is and must be silent. Due to the fact that science and religion are concerned with different domains (the positive and the normative, respectively) with little overlap, there is no natural conflict between them. Special circumstances in West, detailed by Catholic historian Hans Kung in “*Does God Exist?*” led to

conflict, avoidance of which would have been beneficial to both parties according to Kung. Since science emerged as the victor of this conflict, the scientific outlook blended with its anti-religious bias permeates all Western education and thinking. This is of great importance and relevance to those of us seeking to benefit from Western developments within an Islamic framework. The full significance of this cannot be spelled out in detail here.

Loss of Faith in West: It is critical to realize that the loss of faith in the West was a consequence of the moral bankruptcy of the upper echelon of the Catholic Church. The crisis caused by openly flaunted moral corruption of a sequence of Popes (which involved living extremely luxuriously, legitimizing bastard progeny, selling pardons for sins to raise money for supporting lavish lifestyles, etc.) has been termed 'the most momentous event in the history of Europe.' (See Barbara Tuchman's *March of Folly*). This directly led to the rise of the Protestants, who attempted to preserve their faith while breaking from the corrupt Catholic Church. The other reaction, complete rejection of faith, eventually prevailed. This loss of faith, termed 'death of God' by Nietzsche, has been immensely consequential. It has led to a glorification of science and scientific knowledge (as a replacement for religious knowledge). Since morality is outside the realm of science, morality was gradually expunged from scientific knowledge. The loss of faith led to the emergence of positivism, the philosophy that only what can be observed by the senses exists, as the dominant philosophy of the twentieth century. It also led to the emergence of a determinist point of view, which suggests that the world is organized like a machine and runs purely according to deterministic laws. Denying the tremendous capabilities for change in human beings leads to a mechanical social science which is not alive to the possibilities of change. From the Islamic point of view, (Lqd Khalaqnal Insana fi Ahsan-e Taqwim) human beings have tremendous potential. The purpose of our existence is to achieve this potential to rise higher than the angels. This emphasis on humans and transformation of human beings (which was the great task accomplished by our Prophet s.a.w.) is central to the message of Islam.

Causes of Muslim Decline (*Western Explanations*): For over a century, affluence and power have been concentrated in the West, while Muslim countries have been afflicted with poverty and powerlessness. Discovering the cause of this historical pattern is a problem of central importance, since remedies depend crucially on the diagnosis. Western thinkers have offered their own explanations for this pattern. The once widely accepted racist explanation (that whites are intrinsically superior to non-whites) has been more or less discarded; nonetheless, it continues to play an important role in the undercurrents of modern thought, and continues to be advocated by a small but significant minority (for instance *The Bell Curve* by Herrnstein and Murray). More sophisticated western explanations revolve around the 'three revolutions' in Europe: The revolt against God (already discussed), the revolt against Kings (epitomized by the French Revolution) which led to the emergence of democracy, and the Industrial revolution or the triumph of machines against nature. Intelligentsia in Muslim countries who accept these western

explanations would be forced to advocate democracy, development of science and technology, and the renunciation of religion as the only path to progress. In fact there is small but vocal minority which advocates the first two steps very strongly, and the third step in a soft-spoken way to avoid difficulties with the Muslim populace which remains deeply committed to Islam throughout the Muslim World.

Eastern Explanations: Every political leader (as well as every significant intellectual) in the East has had to take a stand on the causes of Muslim decline – the course of action and the goals to be advocated and struggled for depend directly on this diagnosis. Ataturk thought that the European culture was the source of European superiority. He therefore passed laws enforcing adoption of European dress and introduced theaters and dancing into Turkey. Romanization of the Turkish script effectively cut off the Turkish people from their historical roots. Widespread translation of European novels, and secular indoctrination in compulsory government schools has led to a deeply divided society. The conflicting values of Islam and the imposed European ones have led to social problems of tremendous magnitude in Turkey. In the case of British India, the British aristocracy felt that their superiority lay in the liberal and classical education they received. Sir Syed Ahmed Khan accepted this diagnosis and advocated a liberal British style education for Muslims as a cure for the ills of the *Ummah*. The scorn of the aristocracy for the working classes was reflected in the rejection of engineering and mechanical education in the original syllabus at Aligarh. It is worth noting that around the same time the Turks were learning to dance and translating European novels, Japanese students were studying Engineering and Mathematics, and translating all technical, scientific and mathematical literature in English into Japanese. Since both started at ground zero, their current position is a good way to evaluate the relative effectiveness of their strategies.

Islamic Explanations: An Islamic worldview must reject purely materialistic explanations of Western dominance. Even if science and technology are the apparent cause of Western superiority, we must ask why Allah T'aala chose to give the West this knowledge and did not choose this for the Ummat. The example of the Battle of Hunain shows that Allah T'aala punished Muslims by an initial defeat when they looked towards superior numbers as a guarantee of victory. This is a clear lesson that attention to material causes without looking at the underlying cause – namely whether or not the help of Allah is with us – is a source of the displeasure of Allah T'aala. All explanations compatible with an Islamic worldview require us to look at the condition of *Ummah* and ask what are the most significant failings which have caused us to lose the help of Allah. In fact there is a large number of explanations which are compatible with an Islamic worldview and the issue is one which is deeply divisive among Muslims. Indeed, groups adhering to one Islamic explanation have sometimes considered other groups to be outside the pale of Islam. The main categories of explanations are the following – each has many variants, which we need not detail here:

1. It is a religious imperative for Muslims to re-establish the *Khilafah*, failing which the help of Allah will not be with us.
2. It is a religious imperative for Muslims to establish the Kingdom of God on Earth (that is, create an Islamic state with the rule of *Shariah*).
3. It is a religious imperative for Muslims to invite all mankind to Islam; failure of the *Ummah* in performing its collective responsibility has led to the current state of affairs.
4. The spread of *Bid'ah* and the abandonment of pure Islam has led to widespread shirk of the hidden as well as the apparent variety. This coupled with abandonment of Jihad is responsible for the sorry state of affairs of the Muslims.
5. Closing of the gates of *Ijtihad* by the *Ulema*, and their resistance and opposition to adoption of modern ideas led to stagnation and decline of the *Ummah*. In particular, we need to acquire science and technology of the West to progress.

For the purposes of developing an Islamic worldview, it is not necessary to take a stand on which of the above (or a number of other variant views not mentioned above) is the correct explanation for the Muslim decline. It is sufficient to realize that all Muslims agree that it is the failure of Muslims to adhere to Islam that is the root cause of Muslim decline. Also, all Muslims agree that *Bid'a* should be eliminated, *Dawah* is necessary, Jihad is *farz*, and establishment of *Khilafat* and enforcement of *Shariat* are essential goals. Disagreements exist as to the correct strategy and the sequencing in which we should approach these goals. Allah T'aala loves unity among the believers and disunity will cause us to lose the help of Allah. The project of establishing the Islamic worldview as a viable competing alternative to the existing European materialistic and atheistic worldview is a large project which requires the co-operation of all Muslims. Our enemies and *Shaitan* have successfully exploited differences among Muslims to our disadvantage. We should concentrate on the areas of agreement (which are very large) and do not allow our hearts to be clouded against fellow Muslims for minor disagreements (which *Shaitan* magnifies and presents to us as very large). This will be essential for the purpose of developing a united alternative worldview to the prevailing dominant Western one.

Science and Technology: The biggest obstacle to developing a Muslim worldview is not the Western challenge, but the Muslims who have been affected by Western views. Muslims agree that renouncing religion is not needed, but most feel that we do need science and technology, as well as democracy to progress and reach Western levels of development. However, when we look at the training that our Prophet (s.a.w.) provided to the companions, we find that it was entirely spiritual and religious. This training enabled the companions to conquer two technologically advanced empires within thirty years. Armed with materialist preconceptions, one

might think that such conquests would require introduction of new weaponry, battle tactics, or at least an industrial and economic base, but we do not find any such material cause within the training of the companions. Examination of this and other episodes in Muslim history, as well as the corpus of religious knowledge, strongly suggest that if Muslims turn their attention to those *A'mal* which will attract the pleasure of Allah s.w.t., they will be rewarded by worldly benefits such as the science and technology or other causes of conquest. Since this line of reasoning goes strongly against the prevailing wisdom in the Muslim world, let us add an alternative way of reaching the same conclusion. Consider the recent defeats in Afghanistan and Iraq. Some have considered it as a conclusive proof of the necessity of acquiring technology. Yet it seems abundantly clear that had the Muslims presented a united front, all of the technological dominance of USA would have been insufficient to achieve their victory. Thus instead of taking these events as proving the importance of technology, we can equally well take them to be proof of the need for unity among the Muslims. That disunity leads to loss is supported by the Quran and can form part of an Islamic worldview. An Islamic worldview must give primacy to spiritual and moral factors over material ones. It is easily possible to trace Muslim decline to decline in morals among Muslims. Similarly, moral factors such as concern for the poor can be traced as the source of the ascendance of the Europeans. Such analyses would be useful to develop within the perspective of an Islamic worldview. The issue of the relative priority of science and technology in a program of reform for the Islamic world is too complex to discuss in detail here. It will be treated in a separate paper dealing with priorities for Muslim education.

Conclusions: It should be obvious that this is a vast project, but one which is essential for the *Ummah*. Within the broad framework sketched above, there is room for substantial variations and even conflicts, just as within the Western worldview there is room for many competing and hostile ideologies (like Communism and Capitalism). The unity of the Islamic worldview lies giving primacy to Allah as the cause of all causes, and of giving moral and spiritual aspect a central position, and only secondary importance to material and physical aspects. Because a coherent worldview of this type has not yet been developed, Muslim children read texts which indoctrinate them into the European worldview. This can lead to loss of faith at worst, and many conflicting and contradictory notions at best. It is essential to infuse and Islamic worldview into an Islamic education. To put matters in terms of an action plan, here is what we recommend:

One of the biggest obstacles to developing an Islamic Worldview is the desire of Muslim intellectual to ensure that the West is included among the audience for their views. There is no doubt that there is a dynamic, strong and living intellectual tradition in the West. Currently, this is the touchstone for Muslim intellectuals. If a piece of writing is publishable in a Western Journal, then it is of high quality. If it is not, then it is of dubious quality. There is some merit to this point of view – Western journals have rigorous refereeing standards and garbage typically does not get by the refereeing process (although there are exceptions). On the other hand, Eastern journals typically lack such standards and therefore publications are of

extremely uneven quality. Nonetheless, the only way forward is to develop our own media and discourse. It is impossible to develop a genuinely Islamic Worldview which has the approval of the West. We must learn to have faith in our own traditions and continue the deep and sophisticated dialogue and reflections initiated by our prominent but currently neglected intellectuals like Ibn-e-Khaldun, Ghazali, Shah Waliullah, as well as several more recent figures who have continued the work in these traditions while incorporating Western insights.

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DEVOLUTION OF POWER AND POVERTY ALLEVIATION: THE MISSING LINK

Abstract

This article reviews Devolution of Power as an exercise in shifting power from one group of representatives to another group of representatives. Devolution of Power cannot achieve empowerment of ordinary people because it does not have any mechanism to subordinate the power of representatives to the power of electorate. Citizens have power to vote and elect but they have no power to check corrupt officials, sack corrupt politicians and challenge unjust decisions of people in public offices. What people need is more than the power to vote and elect. People do not need power, which can only be exercised once in five years against the abuse and injustice meted out to them on day-to-day basis. They do not need power, which cannot bring the skeletons in the closets of public officials for public scrutiny. What mechanism can ensure the exercise of power by people over their so-called representatives - army, NGOs, politicians, bureaucrats, mullahs etc.- on daily basis. There is only one mechanism, organization of the people for their own development. Based on Pakistan's experience in past two decades the article has tried to establish that community organization provides continuity of people's power in time and space over discretionary power of elite.

Devolution and Government Managed Services

The need for devolution of power has arisen because of government's failure in three specific areas. First, there is lack of operation or poor performance of service facilities installed by the government. Secondly in low-income areas the government functionaries are providing services illegally in return for personal gains. Thirdly the government has failed in providing basic services in low-income areas whereas the informal and non-government sector has very successfully provided these services to residents of these areas on user fee basis.

On close scrutiny we find that while government has provided facilities in social sector in large numbers, these facilities are not delivering services. This is visible in the case of thousands of ghost schools, abandoned health centres, neglected water supply schemes and choked sewerage lines. At the same time we can see effective service delivery in these areas by communities, NGOs and informal sector. Main reason of failure in this case is selection of unsuitable site for the facility due to political pressure. Other important factors include hiring high level professionals or cronies of local patron instead of inducting and training community level specialists for providing these services. The most important reason that leads to lack of

operation and maintenance of these services by communities is lack of selection of low cost design for providing social services to low income groups (Khan 1996).

Secondly in most of the low income communities government does not provide services through its relevant departments and line agencies and people are still receiving these services illegally from the government. In this case people are fully paying for their services but the fee is going to corrupt government employees and not to government exchequer.

Thirdly there are instances of NGOs providing services to the low-income settlements in the absence of government departments. This is the case with sanitation, credit, shelter, health and education in many urban settlements and construction of infrastructure, provision of extension services and credit in rural areas. Here NGOs have used grant funding as an investment in social capital or raised resources entirely from the beneficiary community to build, operate and maintain a service.

The Alternative Path

During the past two decades considerable development work has been done in low-income urban and rural communities by numerous non-government initiatives. Experience of these successful initiatives provides very valuable insights for improving the management of services by government departments through devolution of power.

Informal sector has functioned as main propeller of growth engine in the urban economy, which is host to 55% of Pakistan's population according to the latest census. Almost 80% of urban employment is generated in this sector and it also adds 80% of the value originating in manufacturing sector. Shifting population patterns and development of informal sector have been accompanied by shift of the power base; from patronage by landed aristocracy to the rise of so-called power brokers and commission mafias. Urban centres have also emerged as connecting thread between spatially scattered rural settlements. Principles used by the informal sector and mafias were identified and applied by the successful grass root initiatives as part of the new paradigm for development. This led to provision of basic services to one million people of Orangi by the Orangi Pilot Project (OPP) and replication of its work in 67 locations throughout the country. Sindh Katchi Abadi Authority (SKAA) was the leading government agency to understand and use these principles for regularizing and upgrading 250 Katchi Abadis and providing shelter to five million people.

In rural areas a network of rural support programmes (RSPs) emerged due to the successful demonstration of a development model by Aga Khan Rural Support Programme (AKRSP). The RSPs of Pakistan have aimed at reducing poverty and raising the standards of living of the rural poor by harnessing the potential of the people to help themselves. They have done this by forming village based Community

Organizations (COs) or Village Organizations (VOs) for men, and Women Organizations (WOs) for women. Through these COs/VOs/WOs, RSPs have provided assistance to the rural poor in the form of training and upgrading of human skills, credit, technical advice or linkages to private and public sector agencies.

Studies conducted for AKRSP, the oldest of the RSPs, show that within the first 10 years of operation, AKRSP was able to double the incomes, in real terms, of the people in the Northern Areas and Chitral. Similar studies conducted at the newer RSPs provide evidence of increased incomes, higher farm and off-farm productivity, greater awareness, female empowerment and reduction in poverty levels in their areas of operation. Achievements of RSPs can be known from the fact that RSP network in Pakistan has formed 16,295 COs with a total memberships of 446,820 having total savings of Rs.650.2 million. Total number of activists trained by RSP network is 107,024 and total credit disbursed by them is Rs.2,850 million. RSP network has also completed 5,114 physical infrastructure schemes.

The New Paradigm

These successful experiments in rural and urban areas have offered a new vision and approach for development, governance and management (LIFE 2000). This new vision can be summed up in the form of three new paradigms. A brief description of these new paradigms is given below.

Development Paradigm

New development paradigm has shifted the focus of development from upper and middle income groups to low income groups, from formal to informal sector and from subsidy and external assistance to self help. This paradigm has also laid emphasis on human and social capital rather than physical capital as a key element for self sustained growth. This has meant moving from mega projects to community level interventions and supporting what people are doing rather than seeking people's support for externally designed technical solutions.

Governance Paradigm

In the domain of governance new paradigm has followed the path of reducing the size of government and increasing the role of non-government and informal sector enterprises, as well as private sector. It has also aimed at changing relationship between the government and civil society. At community level the new initiatives have asked the people to take responsibility for development work at household, lane and neighbourhood level and seek government help for building structures and providing services at higher levels. This is called the so-called internal-external development model. Another important dimension of this paradigm is creation of entrepreneurial government. Entrepreneurial governance in this context entails i) lesser government control on management of cities and provision of services ii)

lesser government control on flow of information iii) free availability and access to information and resources in public domain.

Management Paradigm

New management paradigm (Zaidi 2001) followed by leading government and non-government agencies consists of the following principles: i) simplifying and clarifying operational procedures to reduce delays and possibilities for receiving kickbacks ii) decentralization of planning and execution and institutionalizing local responsibility for quick and community oriented development work iii) checks on local decision makers are created by community participation in designing and financing development programmes. Each community is treated as a separate community, so there are no fixed standards and specifications to be followed. In addition local officials are required to go to the people and do not ask them to visit their offices iv) explicit job responsibilities for the officials and professionals so that no one can hide behind the structural ambiguities v) reducing costs by finding low cost solutions and reducing overheads vi) charging community members for the services provided vii) delivering services in the field. Moving from professional to para-professional and from top-down planning to community based planning viii) moving from supply oriented mechanism to creation of goods receiving mechanisms ix) moving from tyranny of the professional to professional accountability.

It has led to the creation of a local decision making system for development planning and establishment of participatory institutions for identification of priorities and allocation of resources. There are no permanent jobs for professionals. Contractual agreements are based on merit and contracts are extended on the basis of performance. Competitive remuneration packages are offered to the professionals keeping in view the market for services. Regular monitoring and reporting is an integral part of development work. External evaluations and continuous visits by outsiders also act as effective checks on quality of work. On-the-job reward is related to achievement, performance and transparency.

The New Paradigm and Devolution of Power

What is missing from the current plan?

Devolution of power plan proposes to accomplish the following: a) devolving power from federal and provincial governments to district governments b) increased share of power to representatives of minorities and women c) subordinating the power of civil servants to the power of elected representatives. In nutshell it aims at shifting power from one group of representatives to another group of representatives. It has two basic flaws. First it does not devolve power to the people, ordinary citizens, who suffer at the hands of power elites. Second it does not provide any mechanism to check the power of local representatives by the electorate. Under devolution citizens have

the power to vote and elect. They have no power to check corrupt officials, sack corrupt politicians and challenge unjust decisions of people in public offices. Our court system, army monitoring cells, internal department regulations, street agitations and army takeovers only curb elite powers partially and for very short duration. Devolution of power has no tested formula for creating a permanent check on the powers of various elites.

Power of elite and power of the people

Devolution of power does not offer any opportunity for delivering goods to the people because the people are not involved in planning, monitoring, executing and maintaining the services they want to have. Successive experiments in fighting corruption have also shown that *a group of elite cannot check the corruption of another group of elite effectively*. This has been confirmed by the Devolution of Power Plan itself, which states in clause 2.2.1.0 “When potential interventions were instigated through judicial and anticorruption process these institutions were shown the benefits of the institutional arrangements as their share of the plunder was allocated to them for further consolidation of the defacto system. This system became more and more syndicated when what used to be considered favours for a friend in need to speed up the process of administration were translated into fixed percentage for departments based on their nuisance value.” It is easy for a corrupt group to bribe, resist and harass another watch-dog group. It is impossible for an elite group to succeed in use of these tactics with the people in large numbers.

What people need is more than the power to vote and elect. People do not need power, which can only be exercised once in five years against the abuse and injustice meted out to them on day-to-day basis. They do not need power, which cannot bring the skeletons in the closets of public officials for public scrutiny. What mechanism can ensure the exercise of power by people over their so called representatives – NGOs, elected representatives, and government functionaries-on daily basis. There is only one mechanism, organization of the people. Organization provides continuity of people’s power in time and space over discretionary power of elite. According to Devolution of Power Plan 3.1.2.2. “They may be created for the purposes the community prioritizes. The specialized focus of these organizations will reflect community priorities. Mobilizing community resources will commensurately increase access to government programs”.

People’s organizations

People’s organizations may exist in the form of interest groups such as voters’ union, tax payers’ union, victims of court negligence, and trade unions; Development institutions such as village organization, women organizations, water users associations and micro credit receiver’s groups; Watch-dogs and advocacy groups such as consumers’ union, human right groups and NGOs. *These forms of people’s organizations uphold power of the people on daily basis* because they provide

matching power to people in terms of numbers, financial resources, experience and influence for neutralizing elite power and ensure flow of development resources allocated by government in line with the preferences of people by giving them right to vote in their Village Organization (VO) for every economic decision. Aga Khan Rural Support Programme (AKRSP) and other RSPs in this regard set the example. These RSPs now cover nearly 50% districts of Pakistan. The ordinary villagers decide each and every development scheme in these VOs and development budget is spent by RSPs accordingly.

Since in VOs officer bearers are not appointed by elections but selected by the whole VO by consensus, it leads to elimination of rival political groups. In cities “town meetings” replace VOs for this purpose. POs and VOs conduct citizens’ dialogues with government for judicious use of resources. Cases in point are the dialogue by a coalition of citizens’ organizations in Karachi, which led to cancellation of Karachi Mass Transit Plan and Sindh Government’s rejection of Asian Development Bank’s Loan of \$100 million for Korangi Creek Waste Treatment Plant. These are unprecedented successes and show the vigor, technical competence and effectiveness of citizens’ organizations in combating waste, and dependence created by ill conceived development assistance plans, and demonstrate their superb negotiating skills. Fighting white-collar crimes and kidnapping and car lifting would not have been effectively done in Karachi if it were not for the services of Citizen Police Liaison Committee (CPLC) and Transparency International as watch-dogs for protecting the interests of marginalized groups. URC has similarly watched the interests of residents of katchi abadis.

People’s Organizations and Poverty Alleviation³⁴

“Many observers of Pakistan’s economy have focused lately on its “financing gap” – whether there will be enough government deficit reduction, combined with adequate domestic and external financing, to service the large public debt (92 per cent of GDP, Easterly 2001) ... restoring growth potential requests closing Pakistan’s other gap: the “social gap.” International evidence relates social progress to future growth potential. Pakistan systematically under-performs on most social indicators ... education, health, sanitation, fertility, and gender equality – for its level of income. Improvements in these indicators have also not been commensurate with its rate of GDP per capita growth over time. Large inequalities exist between men and women, between urban and rural areas, and between provinces. The Social Action Program (SAP) that sought to address this lag in the last 8 years has largely failed”. Filling this social gap was the main objective of SAP.

³⁴ Poverty Alleviation is examined here in very narrow terms, focusing on service delivery by local government authorities for building infrastructure, providing water, sanitation, health and education services.

Ironically while Dr. Mahbub ul Haq's diagnosis of the factors responsible for underdevelopment was acclaimed worldwide his proposed solution did not succeed. This happened due to limited understanding of the role and process of POs. Dr. Akhter Hamid Khan very well captured and described the role and significance of POs. According to Dr. Khan (Khan 1993) when you contact a community they are aware of their problems but they also have ideas for solutions. There are two types of solutions: dreams, and solutions possible within means. For example for irrigation of plants you can desire to have a canal or use a donkey cart to water the plants at roots. Solution within means reflects community's resource endowment. Communities have relative abundance of land and labour. They can provide para professionals for training and land or room to house a facility. "It would be very wrong if I boast that I did this or that. I merely observed a lot of things then founded supporting institutions. But the people did the work themselves."

In his talk at the National Rural Support Programme (NRSP) he said "we could not have done this work ourselves. When they saw outside, they would ask us to do it for them. If I went to them and said, 'you people make the lane. They would ask, 'what are you here for? What do you have?' Their first question was always, 'what have you come to give us?' However, they could not ask their own man [the activist] what he had come to give them" (NRSP 1998). This statement clearly shows the strategic importance of giving lead role to community rather than its representatives in sustainable poverty alleviation. On another occasion Dr. Khan said "Whatever foreign investment was sent to Germany under Marshal Plan, four times higher funds were received by Bangladesh in 1978 but no results appeared. Progress is never achieved with money but with the dedication and hard work of the workers. When community stands up, idealists emerge who sacrifice, work hard thereby resulting progress and prosperity in the community" (UNDP 1998).

Difference between participatory and representational development: The case of diagnostic survey

Diagnostic Survey the community mobilization tool used by AKRSP very clearly illustrates the difference in approach, dynamics and outcome of service delivery between participatory and representational approach.

"The Diagnostic Survey (AKRSP 1983) starts with a visit by the Management Group to a village whose residents have agreed to meet with AKRSP staff. The General Manager initiates the first dialogue by explaining the OBJECTIVES AND METHODS OF AKRSP to the villagers. He then invites them to identify an income generating project that would benefit most of the households in the village and that can be undertaken by the villagers themselves. Almost invariably, villagers are able to agree on a project of overriding importance to all villagers. Thus, the result of the first dialogue is the IDENTIFICATION of a small, productive project by the residents of a village.

The identification of a project is followed by the second series of dialogues. The first step here involves a FEASIBILITY SURVEY of the proposed scheme. Supervisory responsibility for this technical assessment rests with the Programme Senior Engineer or Programme Senior Agriculturist. Responsibility in the field devolves on the Social Organization Unit. This unit works with informed village residents to assess the feasibility of proposed project and to obtain data on prices of locally available inputs/material. It is on the basis of information obtained locally that BLUEPRINTS and COST ESTIMATES are prepared by the field unit and sent to the Management Group for finalization.

The finalized scheme is taken to the villagers by the Management Group and discussed with them. This starts the third dialogue, in which AKRSP and the residents of the village explore the TERMS OF PARTNERSHIP that would characterize the relationship between the two entities. On behalf of AKRSP, these terms of partnership are explained as general principles of rural development that have proved successful elsewhere in the world. In turn, the villagers could demonstrate their ACCEPTANCE of these terms by spelling out precisely the manner in which they would organize to plan, implement, manage and maintain specific projects that involve physical works, skill development and the creation of equity capital over time. At this stage, a Village Organization is formed, consisting of all beneficiaries of the project. An assessment of project benefits, conducted by concerned members of the Management Group, follows the formation of the organization. This completes the Diagnostic Survey.” This approach has led to formation of 17,732 Female COs and 42,276 Male COs by RSPN in year 2004 alone. RSP total saving amount in the same year was Rs.1,085.678 million, total credit disbursed was Rs.9,407.191 million and number of physical infrastructure schemes initiated was 46,178. In 2004 RSPN also established 1086 community schools and trained 1,936 teachers. In addition 4,152 traditional birth attendants were also trained.

Community participation has also been an integral component of the way our society organized itself before the British Raj. *The villages in Indo-Pak subcontinent met all their needs due to an elaborated system of exchanges and collaborative mechanisms.* That is why the subcontinent was known as a country made of countless “village republics”. All these village republics arranged many basic services on the basis of voluntary contributions. G.W. Leitner, Director Public Instruction Punjab in 1852 noted that there is one word, which adequately captures this spirit of voluntary contribution, and that is the word “*Lillah*” (Leitner, 1982). This tradition was broken with the advent of British Raj and continued in a low-key manner in the subsequent period.

The tradition has, however, re-emerged as Participatory: Development Approach with the inception of two landmark programmes in 1980: The Aga Khan Rural Support Programme in the North and the Orangi Pilot Project in the South. Both these programmes were conceived and guided by the leading thinker of community development Dr. Akhter Hamid Khan. Dr. Khan had the special gift of looking at poor people as the core resources for development of Pakistani society and he

proved the vitality of his ideas by successful implementation in the field. He has shown us the way “back to the future”.

The significance of people’s participation is more than just delivering basic services. It is an integral part of people-centred development. That is why devolution cannot achieve the poverty alleviation it targets without making the people-centered development an integral part of the devolution plan. Social mobilization helps reduce poverty in so many ways. First and foremost social mobilization helps development assistance organizations in fixing the priorities for development at local level. Poor people may be illiterate, but they are quite intelligent. Their involvement in development planning unleashes their creative energies to achieve their development goals within their means. We see numerous examples of improvement in livelihoods through social mobilization in Pakistan. There are success stories of community-based work in improvement of sanitation, solid waste management, provision of shelter, job creation, income generation, natural resource management, healthcare, education and rural development.

Secondly social mobilization also helps low income communities make use of economies of scale in the production and marketing processes and compete effectively in markets. This has been most effective in building local infrastructures all over Pakistan. During the process of community mobilization people cross economic barriers by forming community organization, pooling resources, collective saving, collective purchase, cost sharing with others, changing specifications in design, getting opportunity for self-employment and having sense of ownership of development work. They can use collective savings to build collateral for bank borrowing, raise money to lay sewerage lines, pay fee for home school teacher, control hunting, grazing and deforestation and, undertake land reclamation.

Thirdly with community mobilization utilization of different resources tends to be integrated systemically. To make optimal use of the village opportunities, it is important that villagers have the management capacity to integrate the assistance available from outside agencies with their own specific needs. In addition social mobilization helps communities achieve value for money. If resources are channeled into the community rather than outside contractors community partnering can double the benefits obtained from investment. Infrastructure is provided and employment opportunities and enterprises are created in the community. People are empowered to take more control of their own lives, increased access to local knowledge is gained on such issues as the location of existing services and a reduction in the potential for disputes with community members in the course of work on site.

Finally if community members are involved in development work that they have financed and managed, they are willing to operate and maintain it at their own cost, which is considerably lower than the cost of similar formal sector operation and maintenance.

Success of Participatory Approach in a Government Department

Participatory approach is not the hallmark of NGO alone. It has produced equally effective results in Government as well (Khan 2000). Provision of shelter to homeless by Sindh Katchi Abadi Authority (SKAA) is case in point. According to DG SKAA Mr. Tasneem Siddiqui basic issue in Katchi Abadi is of tenure. People live here without ownership title and services development. In small towns and peri-urban areas of Punjab, undeveloped residential areas have sprung up by subdivision of agricultural lands and need to be upgraded like other katchi abadis (KAs). In Sindh mafia operates in state land. In other provinces unplanned residential areas emerge in private lands. In Karachi 40% people live in recognized KAs whereas in Pakistan as a whole 30% population lives in KAs. This ratio increases if we add un-serviced housing schemes. In Pakistan 75% people are low-income and a shelter policy needs to be designed keeping in view their needs. Government's housing schemes for low-income people have not been successful because they have overlooked this fact. As a result they end up helping the middle class people. We have an annual demand of 0.5 million housing units. To solve this problem mafia moves in. They take over the role of government. But this way the cost of land goes to mafia instead of government. As population of cities grows, central business districts are taken over by the middle and high-income groups and low-income people are pushed to the periphery. This has serious economic consequences. Average commuting time in Karachi for example is 2 hours. This adds to national loss of resources.

Developing and delivery method adopted by government agencies has some basic flaws. For example 200,000 plots in Sindh are lying unused. Purchasers need to make 25% down payment and pay another 25% in next six months. Given the price and payment schedule low-income people cannot purchase these plots. There is also no time limit to complete construction. It therefore offers good opportunities to the speculators to invest in these plots while the Katchi Abadis keep growing. Government interventions do not succeed because: i) government sells fully developed land which increases the cost of land and low-income people cannot buy it. Under Apna Ghar scheme, for example, the cost of a small plot was Rs. 700,000 way beyond the purchasing power of low income residents ii) the plots are sold by balloting, therefore only a small fraction of people can buy it. This method does not allow for meeting the housing needs. The alternative is: i) to sell undeveloped land at affordable price in easy to pay installments, ii) to create an easy entry system by doing away the balloting and, iii) undertake incremental development so that development expenses can be paid by the residents in easy installments, iv) possession should be given only to those purchasers who settle down in the housing scheme. This is the method used by the so called land grabbers and it works. Due to easy installments residents are able to pay and their lease money covers the cost of land, development and staff salary.

Policy guidelines during Junejo Government banned eviction and permitted regularization of KAS. However dangerous zones as well as amenity areas e.g. parks,

schools, etc. were excluded from this process. In line with the policy of the governments of Mr. Bhutto and Mr. Junejo Sindh Katchi Abadis Act was passed in Sindh on the basis of which Sindh Katchi Abadis Authority (SKAA) was formed and operated. SKAA notifies Katchi Abadis and collaborates with Karachi Municipal Corporation (KMC). Subsequently SKAA regularized 500 Katchi Abadis in Karachi and with extension of its programme to Thatta, Islamabad and other urban centres all over Pakistan provided shelter to tens of thousands of urban poor.

The views expressed in this article are author's own and in no way reflect those of the organization in which he works.

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THE KASHMIR-HAZARA EARTHQUAKE, 2005: WHY, HOW AND WHAT NEXT

Abstract

The 7.6 magnitude shallow focus earthquake of October 8, 2005, with an epicenter few km NNE of Muzaffarabad, Kashmir, changed the lives and perceptions of the affected millions as well as of those not so affected. This article discusses such physical aspects of the earthquake as origin, geology, prediction, measurement and response of civil structure. The article emphasizes that it is not the magnitude but the destruction caused and lives lost that actually determine the status of an earthquake. Since Risk = magnitude of natural hazard \times vulnerability, a lot of damage could have been averted by focusing on vulnerability, better preparedness and inexpensive building guidelines.

The devastating earthquake that struck the Kashmir Hazara region on the fateful 8th of October, 2005, measured 7.6 on the Richter scale with an epicenter few kilometers north-northeast of Muzaffarabad and a hypocenter variously reported between 13 and 26 km below the surface. This article attempts to answer some of the questions the earthquake raised in the minds of Pakistani people in general and the affected people in particular. These questions relate to physical or supernatural origin of the calamity, to what extent could the event be predicted, the significance of magnitude and intensity and who should be held responsible for the widespread destruction and loss of life, the nature or the state.

Origin

We know its movement along faults though many believe this movement takes place when God so desires to punish a people. However, natural hazards always kill the most susceptible who happen to be the poorest and the least protected. The connection of the killing with the most susceptible was so strong in the case of Kashmir-Hazara earthquake that many found it difficult to buy the traditional argument and explain the event as an act of punishment. Scientifically earthquakes have been occurring since long before man came into existence. They occur in areas, e.g. oceans where man does not live. Ninety five per cent occur specifically along well defined narrow plate boundaries, eighty per cent of these on the rim of the Pacific Ocean.

Although we say the earthquakes occur due to movement on the faults. In actual fact, the earthquakes of any consequence occur because there is non-movement on

an otherwise active fault. On any fault or section of the fault where the movement is frequent it is in small bits and may not even be felt like the movement on the major Salt Range Thrust, the equivalent of the Main Frontal Thrust on the eastern side of the Himalaya. If movement on the Makran faults occur only east and west of Gwadar then Gwadar could be target for a relatively major earthquake because the Gwadar section is currently locked. That however, may not occur for the next 100 years. The probability could be calculated. All that is needed is more research and better data collection.

When movement does not take place in the active parts of a compressional or transpressional plate setting the stress is stored in the form of elastic bending of the rocks. The accumulated stress finally exceeds the strength of the rocks concerned and a failure occurs in the form of movement on an active fault or a fresh fault. The elastically bent parts of the rocks flip back to their original shape generating huge shock waves, jolting the structures sideways or jerking them up and down. All major earthquakes are followed by a series of smaller aftershocks. Independent earthquakes are generally triggered over long distances and over relatively long period of time.

The damage done depends upon the magnitude of the event, shaking intensity and duration, density of the population, distance from the epicenter, nature of ground and rocks and design and material of the structures. There is still another factor. It is called vulnerability. We shall come to that later.

Tectonic Setting

The faults and the earthquakes on them in Pakistan as elsewhere are the result of movement on the plate boundaries, driven by rising (leading to lithospheric spreading) or descending (leading to lithospheric subduction) convection currents in the hot mantle. The supercontinent existing on Earth called Pangaea dismembered some 200 million years ago and India has since moved north from its original position with Antarctica and south Africa some 4000 km in the last 100 my. It collided against the Eurasian continent some 50 my ago and its leading edge has imbricated and underthrust Eurasia and the Tibetan Plateau ever since. The continuing northward movement at the rate circa 4 cm/yr is the cause of failure and shock waves along various faults in the Himalaya and the western part of the country (Quetta, Chaman). A new convergent plate boundary in the Gulf of Oman and some 200 km offshore in Arabian sea is the reason behind the earthquakes along Makran coast.

Geology and Seismicity of the Balakot-Muzaffarabad Area

Let us have a look at the location map of the affected area (Fig.1). Mapping of the region between Balakot and Muzaffarabad in 1986-87 a major fault had brought up inliers of older light grey Cambrian dolomite in an area of much younger reddish Miocene molasse. The fault had been marked earlier by Calkins et al. (1975) who

had mapped the area on small scale and named this fault as the Muzaffarabad Fault. In 1986-87 it was mapped on large scale and other facts got noticed that Calkins et al (1975) had not further described. It was a major fault which connected further southeastwards with the Riasi Fault beyond Jammu where again it had brought up inliers of Cambrian dolomite as it had also done nearer home at Balakot, Muzaffarabad and Kotli. Wherever in between, the inliers had not been brought up, the fault lay within the molasse and the trace of its outcrop was not noticeable. At places it is apparently blind or en echelon. The northeast dipping imbricate active rupture zone for the recent 2005 earthquake has been observed to extend for some 80 km through Balakot, Muzaffarabad, Kardalla, Bandi Karim, Haidersah, Sarain, Chikar and Sundangali towards Bagh (Baig, 2005). Realizing the Muzaffarabad Fault was a major fault marking a tectonic domain we later called it the Kashmir Boundary Thrust, KBT (Fig.1). The second most noticeable feature about this fault between Balakot and Muzaffarabad was many meter wide zone of degradation marked by occasional landsliding. This was due to a thick zone of fault breccia which showed rotation and reinduration. This indicated shallow level brittle deformation. Finally a very young relative age for the fault was indicated by a klippe (transported remain) of the Cambrian dolomite resting on the Main Boundary Thrust/Fault (MBT) across the River Kunhar on the western limb of the Hazara Kashmir Syntaxis, HKS, the famous bend of the rock units, folds, and faults of the Himalaya at this locality (Wadia 1931, Burg et al.2005). These features of the fault were noticed without investing further research about it. Add to this the fact that in 1905 a major earthquake was recorded on the same fault at Kangra. Now if we look at another map published by Seeber and Armbuster in 1979 we can see the area of KBT is marked by micro-seismicity. Even more prominent is the zone, further northwest of Balakot, between Jabori and Batagram which has shown a much greater density of microseismicity dots. This seismic lineation was called by Seeber and Armbuster (1979) as the Indus Kohistan Seismic Zone, IKSZ. It is the same area of KBT and the IKSZ that has become the location for the Hazara-Kashmir earthquake. Baig (2005) have reported that the shallow main shock also reactivated the Indus-Kohistan Seismic zone and the right lateral Chail Sar Thrust further northwest from Balakot in the area of Jabori and Batagram. The earthquake thus occurred in an area where it was quite probable. After the earthquake the outcrop of the Kashmir Boundary Thrust (KBT) zone between Balakot and Muzaffarabad has become even more prominent. Numerous landslides have covered the fault zone with gouge and breccia from the basal part of the overlying whitish Cambrian dolomite.

Probability

Was the 2005 earthquake predictable? It is difficult to claim that with our current knowledge but it was highly probable. Scientists study the past frequency of large earthquakes in order to determine the future likelihood of similar large shocks. For example, if a region has experienced four magnitude 7 or larger earthquakes during 200 years of recorded history, and if these shocks occurred randomly in time, then scientists would assign a 50 per cent probability (that is, just as likely to happen as

not to happen) to the occurrence of another magnitude 7 or larger quake in the region during the next 50 years. Sometimes however, the release of strain along one part of the fault system may actually increase it on another part and independent earthquakes may become clustered enhancing the probability as happened in California, Japan and along the Anatolian Fault in Turkey. These have sometimes been called earthquake storms (Stein, 2005). It is believed that the amount of stress needed to trigger a following earthquake does not have to be great at all.

Prediction

That was about probability. Is prediction, which is way beyond probability, possible? Yes, in one instance, in 1974, an earthquake was predicted in China, followed by a few more. About noon time on February, 4, 1974, the Chinese scientists asked the population of the city of Haicheng to come out into the open as an earthquake was imminent. It was freezing out there but the people complied. At 7 pm a 7.3M earthquake struck. Ninety per cent of the buildings collapsed but 100,000 people were saved. The success of the Chinese scientists was verified by a group of international scientists called the Haicheng Earthquake Study Delegation who visited the area in 1977. In the words of their report, “the first major shock to have been accurately predicted anywhere in the world” (Haicheng Earthquake Study Delegation, 1977). Over the next two years, earthquake scientists successfully predicted four more large earthquakes in the Hebei district (Montgomery, 1992). What was the basis of this prediction? The Chinese scientists had been researching many parameters, including physical, biological, radioactive etc. One of these was the pattern and relationship of the foreshocks and the main shock. They had noticed the foreshocks built up in frequency and intensity and then there was a lull in the seismicity. This was followed by the main shock. Many earthquakes that followed in China have not been predicted with the same accuracy, nor, all large earthquakes have discernable foreshocks or sudden change in precursor phenomenon. But the Haicheng and the other predicted earthquakes showed prediction was possible or could become possible. At that time some 10,000 scientists and technicians and 100,000 part-time amateur observers worked on earthquake prediction. Currently Western Scientists are also trying prediction through mathematic modeling of seismicity. However, research is increasingly becoming related to commercial profits. There are more profits in the aftermath of the earthquake than there are in the prediction of an earthquake. Most research has, therefore, focused on building of earthquake resistant structures where gains have been made. Although the magnitude records of international seismic station for Himalaya, are generally available, in our country it is difficult to calculate even probability for different faults because we do not have written records of events over long periods. Recent movements on the faults during the past few hundred years can be dated geologically but it is common to use historical records of the area for the same. Unfortunately written historical records are nearly non-existent in Pakistan.

Instruments are not the only instrument of prediction but we don't have to emphasize their importance. Sometimes common sense, history and tradition are invaluable. In the same fateful month of October, 2005 the United Nations awarded

some ancient communities for saving lives during the Tsunami of December, 2004. These included the Simeulue community of Aceh, Indonesia, the coastal gypsies of southern Thailand and the tribals of the Indian Ocean islands of Nicobar and Andaman. All these communities sensed the impending storm and fled the area while across the rest of Indonesia's northern Aceh province the tsunami killed 163,795 people with an overall count of 224,495 deaths across eleven countries of the Indian Ocean. These communities neither had any instrument nor received any warning. It was their sense of history and tradition, the experience of generations which enabled them to notice changes in the behaviour of the sea and the activity of the animals. We now know the sea recedes as the wave builds in height and then advances. Their forefathers had noticed such changes in the sea much before they were incorporated in the modern science texts. Again the animals are no instruments but they have some built-in biotechnology. They sense acoustic and seismic signals from an impending earthquake/tsunami before it actually occurs. The Simeulue buffaloes fled the coast and the tribals followed. In Balakot, Muzaffarabad, and Jabori we asked a few locals if they had sensed any odd animal behaviour. Some reported the crows had disappeared, and the dogs howled early morning (the earthquake struck at 8.52 Hours local time). The Deputy Superintendent Police (DSP) at Balakot narrated his hunting dog started a frenzy of totally unexplained barking a minute before the earthquake. Some people in Battagram had noticed the snakes come out of their holes before the event.

A word about the possibility of new major earthquakes in the same area. The history of events shows the probability is low although theoretical considerations show most of the cumulative elastic energy may still not have been released. Major earthquakes triggering each other are generally either very closely spaced, within minutes and hours, or may be fairly distant in space (Bilham, 2005) as well as time. Then there are large earthquakes that come in pairs, separated by relatively small time and distances (Vorobieva, 1999). Based on this Vorobieva at the October 2006 Conference in Islamabad on Global Change reiterated her earlier prediction based on similarity of aftershock patterns that the Kashmir-Hazara earthquake would have a follow-up major earthquake within a 200 km radius before April 7, 2007, a prediction not come true. Baig (2005) has observed that the October 8th earthquake has partially activated the Jhelum and Ambore faults, too, which occur further east from the Muzaffarabad on the right bank western slopes of rivers Jhelum and Kunhar.

Measurement

The earthquakes these days are measured on the Richter scale. It measures the amplitude of waves and the amount of energy released which, in turn, is related to amplitude. It is logarithmic which means the next unit indicates ten times greater amplitude and thirty two times greater energy so that a magnitude 6 earthquake has 100 times greater amplitude and releases 1000 times as much energy as an earthquake of magnitude 4. An earlier scale was Mercalli Intensity Scale which measured destruction over 12 grades. Intensity IV indicated vibrations like passing

of heavy trucks and creaking of wooden walls and frames. The Kashmir-Hazara earthquake probably measured at Intensity IX which is characterized by general panic, serious damage even to partially reinforced masonry and conspicuous cracks in ground etc. Intensity XII indicated damage nearly total and objects thrown into the air. A more commonly used intensity scale these days is the Rossi-Forel (RF) scale. However, intensity grades can only be measured in habited areas and there is also the problem that construction methods differ from place to place making comparisons difficult. Richter scale on the other hand is quantifiable and machine measured for any area. Obviously Richter scale is in vogue. Still intensity scales cannot be written off. Because the importance of an earthquake relates directly to the destruction caused. If the Kashmir-Hazara earthquake had measured even higher like 8 on the Richter scale but there were no habitation in the area it would have caused no ripples and gone unnoticed. For example, the earthquake of March 2005 in Northern Sumatra on the same subduction zone that caused the Tsunami earthquake of December 2004, measured 8.7M, or very nearly the same magnitude as Tsunami, but largely went unnoticed because it caused much less destruction.

Vulnerability

But what causes destruction. The ground motion produced by an earthquake cannot kill if you are sitting out in the open. It is the collapse of structures or any secondary causes like landslides, fires or tsunami that kill. Many studies have indicated (Oxfam, 2004) that $\text{risk} = \text{magnitude of natural hazard} \times \text{vulnerability}$

If you went to the affected area you found many private buildings have survived while nearly 100 per cent of the government structures had collapsed killing thousands of school children. It was their vulnerability that killed them. Again, for at least two days after the earthquake there was not a single crane, nor a bulldozer in Muzaffarabad. The civil administration had collapsed and the army said they needed helicopters to reach the area. As Kamal Munir (2005) put it, "A weakening state, which has been progressively relinquishing its responsibilities in all spheres of public life, is in no shape to protect the people from small economic shocks, let alone big ones. Its pro-market policies have wiped out social safety nets and diluted the glue which held people together." Absence of civil defence facilities, absence of a building code and its enforcement, lack of medical emergency or civil defence training to the population, even illiteracy and poverty all increase vulnerability. Lack of preparedness of the social set-up makes the people vulnerable and helpless. The 6.4M Bam earthquake of December, 2003, in Iran, killed 30000 people while the 6.4M Japan earthquake of March 2005 killed only one person. It is not the earthquake that kills it is the lack of preparedness. In the words of Daanish Mustafa (2005), "The earthquake in Northern Pakistan and Azad Kashmir did the same that Hurricane Katrina did in the United States -- - show us a horrifying picture [of unpreparedness] of our society that we did not want to see." Cuba is a poor country but it has a highly educated and socially organised human resource and their preparedness is such that in the six major hurricanes that struck Cuba in the 7 years between 1996 and 2002 only 16 lives

were lost (Oxfam, 2004). As against this the Katrina Hurricane in United States inflicted thousands of casualties not because US was underdeveloped or lacked resources or technology but because it was unprepared, and because it has privatized many of its public services.

Response of Structures and Reconstruction

Finally a look at the response of structures in the affected area. The destruction in Balakot was near complete, yet, we may ask, why did some structures survive. The Madina Market was left unscathed and the 60 m long concrete arch bridge across the River Kunhar at Balakot escaped with very minor damage. There is only one explanation, better design, better construction. A casual observation showed we could broadly classify the structures in the area into four different categories which, from 1 to 4, respectively, showed increasing resistance to earthquake:

1. Wooden beam roofs on masonry walls with little or no mortar
2. Tin roofs on stone masonry walls with little or no mortar
3. Lintel roofs on properly cemented masonry walls
4. Lintel roofs on RCC pillar and beam frame structures

The first two types, common on the mountain slopes proved the weakest, but because of the lighter roof and its disheveled collapse, provided some chance of survival to the inmates.

In cities like Muzaffarabad, Balakot, Bagh and Batagram, the heavy and strong lintel roofs with pillar and beam RCC frame structure showed up as the strongest if the pillars withstood and the most dangerous if the pillars collapsed. Wherever the pillars collapsed, invariably they disjoined from the roof/beam and the floor and fell flat on the ground bringing the roof on the floor and crushing the inmates. The joints of the pillars with the roof proved the weakest. Good foundation, use of mortar, strong RCC pillars, well jointed on top and bottom, square or U-shaped design and the rare arched roof proved the strongest. The traditional wooden houses have all but disappeared except way up in the Neelum Valley but they are flexible and light and therefore more resistant to earthquake. Many workers recently suggested minor inexpensive, modifications based on local materials and traditional design (e.g., Spence 2005). The overall moral is that buildings can be made sufficiently earthquake resistant with minor changes in material and design. What is important is public education, mobilization and association of people as well as large scale training of the builders or of the people in building techniques. Instead of blaming God or the earthquake for the disaster we should have a closer look at policy and governance. In the aftermath of earthquake in the reconstruction period, involving people at all levels like damage assessment, need assessment, formulation of a building code, selection of design options, choice and purveyance of materials and construction itself is a unique opportunity to organize, educate and raise the cultural level of people. This is the socio-centric approach. Providing them

readymade solutions, readymade materials, deciding for them, and building mega projects for them is the techno-centric approach. In a backward society like ours it is always better to be socio-centric rather than techno-centric.

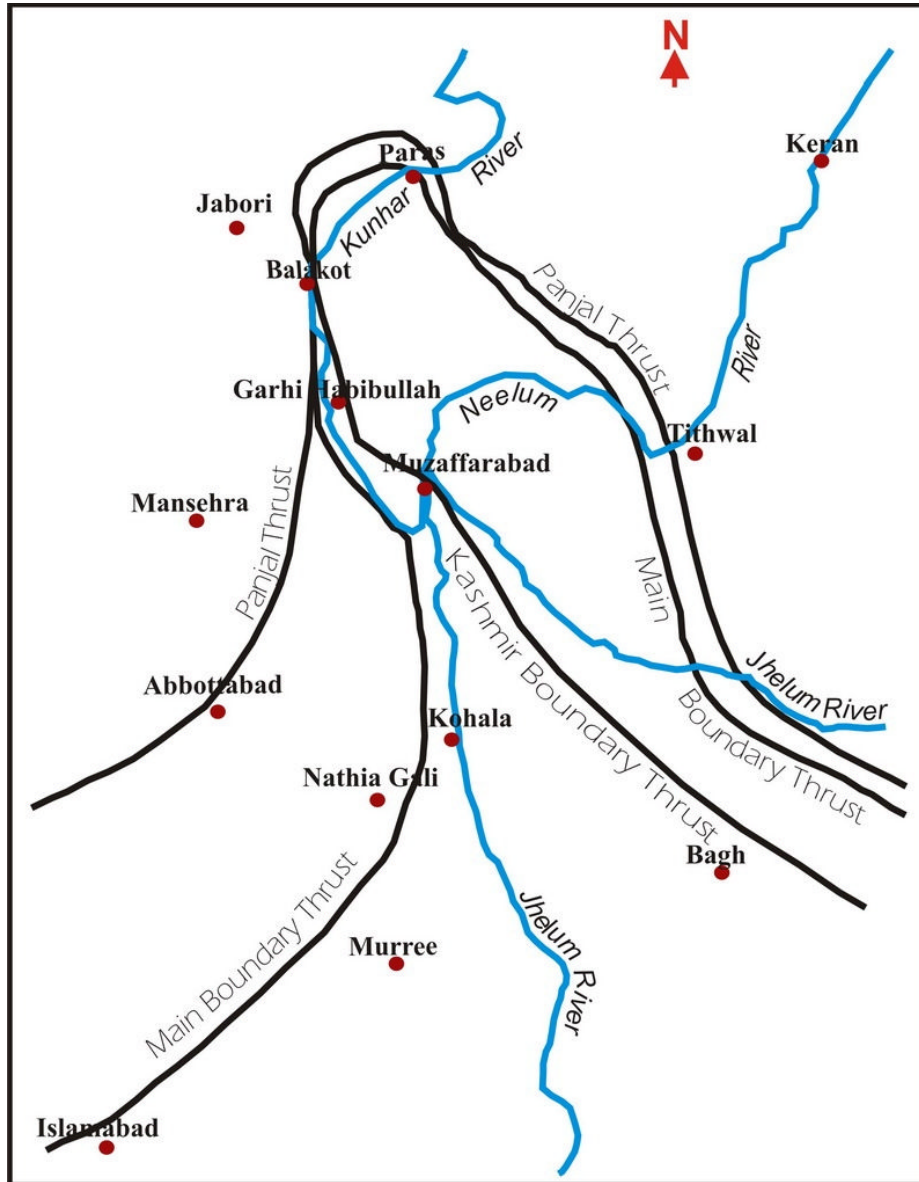


Fig 1. The October 8 earthquake was generated by movement on the Kashmir Boundary Thrust which passes through Balakot, Garhi Habibullah, Muzaffargarh and Bagh.

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Review

“Kicking Away the Ladder: Development strategy in historical perspective” by Ha-Joon Chang. Anthem Press, 2002. Paperback, pp. 187. ISBN 184 331 0279. Reviewed by Humeira Iqtidar.

Kicking Away The Ladder is a book that every student of economics, politics and development need to read. It is a very useful book to contextualize policy options for developing countries today. Dr. Chang is a lecturer and Director, Development Studies Department at Cambridge University and a renowned scholar in the history of economic development. He provides an in-depth historical analysis of the strategies followed by developed countries, which have managed to climb the development ladder. He then shows how their current policy recommendations, made and enforced through IFIs like IMF and World Bank, are not allowing the under-developed countries to follow them up this ladder. Building on the work of Friedrich List (1789-1846), a German economist, Chang’s central contention is of critical importance; countries that climbed the ladder of economic development tried actively to enforce different rather opposite policy frameworks on those behind, and continue to do so today. Countries like Korea and even the United States itself that managed to industrialize after the Europeans, did so by ignoring the advice of the developed countries rather than following it.

In the process of providing detailed documentation of their path to development, Dr. Chang shatters several myths including that of Britain as the original *laissez faire* economy, and of US as the bastion of free market policies. While the IMF continues to pressurize countries around the world, including Pakistan to liberalize foreign investment and continuously reduce tariffs, Dr. Chang reminds us that countries like the US themselves imposed extremely high tariffs to protect their own industries in their infant stages, as shown in Table-1.

When developed countries, such as Britain, did decide to follow a unilateralist free trade policy i.e. with zero tariffs on imports, it was always when their domination of the world trade was complete. This is a recurring pattern. As soon as a country reaches the top of the ladder, through protectionist policies, it advises free-trade. Data presented by Chang shows how when the UK, at the height of its industrial and imperial power, called for free trade, the US responded by imposing even higher tariffs to protect its economy from being colonized by the UK.

Significantly, protectionism practiced by the now developed countries was not limited to tariffs. Tariffs are just one tool. Others included export subsidies, rebates on inputs for exports, monopoly rights, cartel arrangements, credit extensions, investment planning, manpower planning and Research & Development support. Chang has emphasized several times that it is not just the imposition of tariffs but

the application of a whole range of protectionist policies, ranging from industrial, trade and technology that allowed these countries to develop their industries. The mix of these policies has changed over time for different countries but the fact remains that the state played a very active role in protecting important industries and making national markets available for its own industries.

Table-1: Average Tariff Rates on Manufactured Products for Selected Developed Countries in Their Early Stages of Development

	1820	1875	1913	1925	1931	1950
Austria	R	15-20	18	16	24	18
Denmark	25-35	15-20	14	10	NA	3
France	R	12-15	20	21	30	18
Germany	8-12	4-6	13	20	21	26
United Kingdom	45-55	0	0	5	NA	23
United States	35-45	40-50	44	37	48	14

(weighted average; in percentages of value)

R=Numerous and important restrictions on manufactured imports. Average tariff rates are not meaningful.

Likewise, intellectual property rights, which are being forced upon the developing countries, were openly flouted by the developed countries when they were in the process of industrializing. Britain, for instance, actively pursued what is now called reverse engineering of the more advanced machinery from Holland in trying to develop its wool industry. This was in defiance of patent laws established at the time. Similarly, it is worth remembering that while the US industry was in nascent stages, its own patent laws were extremely lax. Before an overhaul in 1836, patents were granted without proof of originality. This led in part to the patenting of imported technologies. The patent rights in these countries were actually geared to protecting local innovators and not the rights of foreigners. Reverse engineering allowed countries like Korea to develop technological understanding and skills to the point that they could start innovating beyond copying. As with everything else one learns by doing. Technological know-how does not suddenly dawn on people without an existing infrastructure of universities, research centres, industries, parts suppliers, transport facilities, and above all, real demand from a client industry. For example the only countries that have really benefited from the so-called Information and Communication Technology revolution are ones with an existing infrastructure and industrial capacity. A case in point is the different benefits accrued to India and Pakistan from the ICT revolution. Because India had its own infrastructure, business and industry which generated an internal demand for IT solutions it benefited a lot from ICT and has also become a major provider and exporter of software. As against this Pakistan which lacked an internal demand

and clientele from business and industry has failed to match Indian performance in software export. For it, the IT revolution is likely to pass much like the automobile and telecommunication revolutions passed in the past. Countries like Pakistan, with relatively low level of industrialization, have been relegated primarily to providing the manpower to do manual work like data entry on software designed, marketed and patented by others.

Chang points out that the claim made by IMF and its supporters that democracy, good governance and transparency are possible before a country can develop its industry could not be farther from the truth. He states: "Imagine this: You are visiting a developing country as a policy analyst. It has the highest average tariff rate in the world. Most of the population cannot vote, and vote buying and electoral fraud are widespread. The country has never recruited a single civil servant through an open process. Its public finances are precarious, with loan defaults that worry investors. It has no competition law, has abolished its shambling bankruptcy law, and does not acknowledge foreigners' copyrights. In short, it is doing everything against the advice of the IMF, the World Bank, the WTO and the international investment community. Sounds like a recipe for development disaster? But no. The country is the US – only that the time is around 1880..... Despite wrong policies and sub-standard institutions, it was then one of the fastest-growing – and rapidly becoming one of the richest - countries in the world."

The essential difference between the US of 1880 and the Pakistan of 2005 lies not in the level of institutional development, transparency and democracy, but in the fact that people of United States were much more free to discover and build systems that allowed industrialization with its related advantages. US was not repressed by the dictates of a world trade system that imposed patent rights, tariff limits and limits to public expenditure. It was, in short, not affected by colonialism or neo-colonialism the way we are today. The institutions of democracy and good governance are not the cause of development. In fact, they are a product of it. Chang also points out that institution development in the now developed countries took a long time. These institutions faced several setbacks along the way, which they were able to overcome only after a long time. To expect the developing countries to follow the present day developed institutions of the West with industrial and economic development a few centuries behind essentially makes a mockery of the whole process.

All this is not to say that developing countries should not reap the benefits of ideas and institutions now available that were not around when the now developed countries were in the process of establishing themselves. However, they must face the reality of empirical data which shows that when the developing countries were pursuing relatively protectionist policies their growth was much higher than when they were forced to open up and liberalize. Thus, Chang finds that while the developing world grew at the rate of 3.1% p.a. during the 1960-1980 period their growth rate slumped to 1.4% p.a between 1980-2000, as the IMF and

WTO forced more and more developing countries to open their economies to international competitors. This flies in the face of one of the main arguments given by the supporters of neo-liberal policies for the opening up to international competition, that these policies promote growth. But if and where there is growth what does it hold for the people. The neoliberals postulate it will eventually trickle down and improve standards of most people's lives. However, what we have seen over the last twenty years is that only the inequalities have grown, without any overall growth at a rate higher than the so-called 'bad' policies of activist state management. As against that unprecedented growth in per capita income took place in several developed countries during the period 1950-1973 (Maddison's OECD report 1995) achieved under activist states. Even the now developed countries saw an exponential increase in their own growth when they followed the 'bad' policies of establishing full welfare states with stricter financial market regulations, corporatist wage bargaining institutions, investment co-ordination and in some cases nationalized industries.

What this analysis is meant to show is that that there is no master recipe for development of a country, of institutionalizing democracy or 'good governance' of the type the World Bank would now have us believe. It has to emerge from the conditions and aspirations of the people, unhindered by the shackles of neocolonialism and a servile approach to free trade which operates as an ideology. This ideology allows the developed countries to bid the developing countries to do as told, not as they did....or are still doing. While the developing world continues to lower barriers to entry of foreign investors, and revamp all their budget priorities to attract international investment rather than local entrepreneurship, the developed countries continue to play the game with a different set of rules. Over the last two, three years, the US has raised tariffs to steel imports, increased subsidies to its agricultural sector and unilaterally refused to adhere to a WTO agreement that curtails the patent rights of its pharmaceutical companies. There is need to question the present uncritical approach to international trade. There is no doubt that trade has an important role to play in any economy. However, it is the kind of trade that we are forced to carry out that is the problem. Trade is only beneficial to both parties if it is between equals. Trade between un-equal partners is essentially exploitation of the weaker party.

Chang's work also raises important methodological issues for economists. His concrete and inductive approach differs markedly from the abstract and deductive methodology followed in mainstream economics today, even in the sub-fields of development economics and more curiously, economic history. He traces the origins of his approach to the German Historical School whose leading members included Wilhelm Roscher, Adolf Wagner, Karl Knies, Gustav Schmoller, Werner Sombart and some argue Max Weber. Contrary to his current popular fame as a sociologist, Weber was a professor of economics at the Universities of Friburg and Hiedelberg. In the early twentieth century many leading American economists were also influenced by this school including John Bates Clark and Richard Ely. Famous development economists like Arthur Lewis, Walt Rostow and Simon Kuznets also

built on the work and approach of this school, as did Albert Hirschman in his pioneering work *The Strategy of Economic Development*. However, over the last two decades in particular, this historical approach has been largely abandoned leading to a situation where discussion on economic development policy making is treated as an ahistorical exercise. Chang's study reaffirms yet again the critical role that a historical approach can play in contemporary economic policy making.

And in fact, this is what Chang limits himself to, a history of the actual policies made by the developed countries rather than what they say now. He does not take his findings to a political level, nor does he provide alternative policy suggestions. In all fairness, he does not set out to do so; and so he leaves his readers to reach conclusions by themselves, while presenting a solid dose of relevant data.

Ha-Joon Chang was awarded the 2003 Myrdal Prize by the European Association for Evolutionary Political Economy, and the 2005 Leontief Prize by Tufts University.

Review

“Conditions of the Working Classes in China” by Robert Weil. Article in *Monthly Review*, Vol.58, Number 2, June 2006, pp 1-27. Reviewed by Munir Ghazanfar.

The field based research article on the “Conditions of the Working Classes in China” by Robert Weil has important policy implications for development and strategic policy. China changed course after the death of Mao Zedong in 1976. In fact a ten year long violent struggle between the two policy roads, the socialist road and the capitalist road, called the cultural revolution had preceded the change. With the death of Mao in 1976 this violent period ended in the triumph of market economy under the leadership of Deng. China however continued to be ruled by the same Communist Party and therefore this huge change of course was imperceptible in the beginning and gradual throughout. After the first 30 years of socialist course, the new order has also completed its 30 years and it is a good time to take stock of the state of society in China.

Economic Conditions vs Social Reality

An interesting corollary of Weil’s research is that the state of the economy appears to be completely unrelated to the state of the people. Over the past 30 years China has consistently maintained the highest rate of growth in the world. Its per capita income nearly doubled from US\$930 to US\$1740 in the five years from 2000 to 2005 (WB 2006), from only US\$4.0 billion in 1977 its foreign exchange reserves stood at US\$416 billion in 2003. Its exports have grown so much that it has become the workshop of the world supplying manufactures not only to United States but also to Europe and the entire Third World. Internally in the industrial, financial, and services sectors the economy has been greatly liberalized, deregulated and privatized. Foreign Direct Investments have consistently increased and are at their peak of US\$ 55 billion for the year 2004, indicating a universal trust in the stability and market potential of its economy, the state of infrastructure and the education, training and productivity of its human resource. Even the huge population, currently estimated at 1.3 billion both for 2000 and 2005 (WB 2006), has generally stabilized within tolerable limits. In the eyes of IMF and the World Bank the problem with China is not internal though they would like the processes of deregulation, liberalization and privatization to move faster and cover more sectors, it is more external in the sense how the Chinese economy is influencing other major economies of the world. The internal problem, if any, is too much of growth and investment in too short a time, a phenomenon known as overheating.

Against this robust state of the economy based on macro-economic indicators a dismal condition of the people is reported by Robert Weil. It is this dichotomy of economy and the people against which Robert Weil's investigations into the Conditions of the Working Classes in China become a critique of the neoclassical economic analysis and needs debate and explanation. Below we give some excerpts and summarizations based on the article and leave it to the reader to reconcile the macro-economic indicators and the conditions of the working classes which comprise some 85 per cent of the population of China.

This article is based primarily on a series of meetings with workers, peasants, organizers, and leftist activists that the author together with Alex Day and another student of Chinese affairs participated in during the summer of 2004. It is part of a longer paper that is being published as a special report by the Oakland Institute. The meetings took place mainly in and around Beijing, as well as in Jilin province in the northeast, and in the cities of Zhengzhou and Kaifeng in the central province of Henan.

The workers with whom the author talked were some of the tens of millions who have been thrown out of their former jobs in the state-owned enterprises, once the pillars of the economy, with the loss of virtually all of the related forms of social security that were part of their work units: housing, education, health care, and pensions, among others. As these state-owned enterprises have been converted into profit-driven corporations, whether by being sold outright to private investors or semi-privatized by managers and state and party authorities, corruption has been common.

The peasants *they* met with were struggling to deal with the long-term effects of the enforced dissolution of the rural communes and the introduction of the family responsibility system, in which each household contracts with the village for a portion of land to farm. With the throwing open of the country to the global marketplace, the sale of lands by local officials to developers without adequate compensation to the villagers, and rampant environmental devastation of the rural areas, this policy has left hundreds of millions struggling to find a viable way to earn a living, while stripping them of the collective social supports that they had previously enjoyed. Over 100 million of them have become part of the massive migration to the cities, seeking work in construction, the new export oriented factories, or the dirtiest and most dangerous jobs, where they lack even the most basic rights. For many migrants, conditions are deteriorating rapidly as they settle semi-permanently in the urban communities and as they age and health problems mount.

The propaganda about the macro-economic indices is so strong and pervasive that many people believe that China is developing by leaps and bounds. Weil's observations are revealing from the two standpoints. First neither China nor development is monolithic and within the same China even though some may be prospering the majority is losing not gaining. Second in this era of Information and Communication Technology (ICT) misinformation and denial of information can be

managed even about such huge entities as China which is one fifth of humanity and sits centre - stage in today's world.

Resistance, Conflict and Unity

Though it is not widely known, the Chinese working classes have not been passive in the face of their deteriorating conditions and the loss of rights won over decades through struggle and sacrifice in the socialist revolution. Class conflict and social turmoil have surged to levels not seen for decades. The workers, peasants, and migrants in China today are mounting some of the largest demonstrations anywhere in the world, at times involving tens of thousands and resulting in violent clashes with the authorities. The minister for public security himself published figures admitting that "mass incidents, or demonstrations and riots," rose to 74,000 in 2004, up from just 10,000 a decade ago, and 58,000 in 2003 (*New York Times*, August 24, 2005). Even the so-called new middle class of professionals and managers and the rapidly expanding ranks of college graduates, many of whom have flourished in the decades-long economic boom, is fragmenting. The rising cost of education, which under Mao was virtually free through graduate school, is becoming prohibitive, especially for the working classes. Those who have recently graduated are having increasing difficulty finding jobs. The stress of the market takes its toll even on those who are better off.

Although both peasants and workers have had a long history of united struggle against a common class enemy yet old prejudices, especially the low esteem in which many urban Chinese hold the peasantry, die hard, compounded by new forms of competition brought about by the massive migration from rural areas to the cities, and manipulation by those in power. The urban working classes resent the rural migrants who take up their jobs because they are ready to work for a pittance. The migrants on the other hand resent the urban workers who are not ready to undertake the same harsh type of work as the migrants do for the same low wages. Being generally at a lower level of consciousness and in dire need of work the peasants have been frequently used to evict the workers from the privatized units and to fight them if they resist eviction.

In spite of such divisions and conflicts, efforts are expanding to bring about a higher level of unity among wider segments of the urban workers and to build closer ties between them and the peasants, both those who remain on the farms and those who migrate to the cities. The demonstrations around Zhengzhou paper, textile, and electrical transmission equipment plants, and a 1997 strike of 13,000 taxi drivers in that city, show that tens of thousands of workers in many enterprises and sectors, as well as community members, have turned out in support of those opposing privatization, the loss of jobs and benefits, or higher taxes and fees. Nevertheless, the more common pattern throughout China is for those working at individual factories to have to confront their employers and the government officials associated with them on their own.

Re-emergence of the Left

The possibility of higher levels of unity is favoured by the presence among peasants, migrants, and the urban working class of those with deep experience in the struggle for socialism in China and knowledge of Marxism-Leninism-Mao Zedong Thought. As one former Red Guard in Zhengzhou put it, the understanding of a “two-line struggle,” a clear demarcation between the socialism of the revolution and the capitalism of the present, is now coming out primarily from the working classes themselves, and not mainly from the intellectuals.

Among the more striking aspects that emerged from discussions with the workers in that city was the sense of entitlement that they felt in the factories where they used to work. There is no question that they felt strongly that these plants were in some basic sense “theirs.” As one explained it, the electrical transmission equipment factory was “built by the sweat of workers,” and they did not want it taken by capitalists and privatized. It belonged to the whole nation and was part of the collective economic accumulation of the entire working class. Such an observation on the part of the workers is interesting. The 1949 revolution led to a radical change in property ownership from private to collective. However, the goal of achieving socialism was thwarted because the unequal distribution of power never vanished. The new power distribution yielded a new class at the centre, the party and the bureaucrats who controlled power and indirectly property in the name of the state. This contradiction was realized by Mao Zedong when he launched the cultural revolution. This second revolution failed with his death in 1976. Today the state is asserting its corporate ownership by selling and privatizing enterprises against the wish of the working class who built them.

While the workers hope China will slowly move back to the socialist road they are also apprehensive that if the current movement does not reach a higher level soon, younger workers will see it only as an economic struggle for “better conditions.”

Sustaining the Remains of Socialist Era

Fearing loss of ideological consciousness in the next generations workers are trying to sustain it and to pass it on in cultural forms. In a corner of a park that we, visited in the middle of a working-class district in Zhengzhou, workers and their family members get together each night to sing the old revolutionary songs. As one of the workers who took us, to the park put it, “The political meaning of this singing is to show our opposition to the Communist Party – what it has become – and to use Mao to confront it and to raise consciousness.”

Likewise even now some 1 per cent of rural villages, accounting for several thousand overall have never fully abandoned the collectivization of the commune era. The most prominent example of maintaining the goals and methods of the socialist era, Nanjiecun (South Street Village), outside Zhengzhou, which began recollectivizing 15–20 years ago, continues to function as a form of commune for all its members,

with essentially free housing, health care, and education—even paying for the college expenses of its young people. It upholds the egalitarian practices of the socialist era as well, such as paying its administrators no more than the wages of a skilled worker. However the collectivization of the past belonged to the socialist era while the current desire to collectivise is placed in the capitalist era. Although Weil implies the 1% as a growing trend it may well be the remaining one per cent built on idealism or like the Cooperative Movement of the early 20th century! Indeed Weil talks of such a coop movement currently in vogue in an effort to ameliorate the isolation and insecurity of family responsibility farms in the face of the global market. These coops are aimed primarily at achieving some economies of scale in the marketplace—through collective buying of fertilizer, for example, and greater leverage in negotiating prices for their crops—as well as offering financial support and security to their members.

At the same time, the rapid polarization of society is moving many within the new middle class, regardless of their specific occupation or position, into conditions that more closely resemble those faced by workers and peasants.

Re-understanding the Cultural Revolution

Newer understandings resulting from changing conditions in their own lives are common. ‘We’ heard more than one story from those who had initially embraced the Dengist reforms—such as a progressive academic ‘we’ talked with in Beijing—who are now moving back toward Mao and even reexamining the Cultural Revolution itself.

The initial understanding was the problems of the Chinese society like corruption were specific. There is now a growing realization these are systemic problems and will not be resolved if China continues to move on the present road. The critique of the capitalist road that Mao put forward during the Cultural Revolution now seems increasingly relevant. Many taboos among the intellectuals are therefore beginning to fall.

Even the Cultural Revolution, still largely anathema to most academics and others among the elite—we were told that any hint of a positive attitude toward it could lead to peer isolation and a ruined career—is once again becoming a topic of discussion and reexamination. This is especially true among young leftists who are doing their own historical research, digging up long neglected materials, conducting interviews with those who were active during that period, posting their findings on the Web, and in other ways challenging the official party line on the events of that era.

Today, activist students in significant numbers are leaving the university campuses to make contact with the working classes, to study their conditions, offer them legal and material support, and carry reports of what is happening in the factories and on the farms back to their schools.

Strong Desire, Weak Movement

Nevertheless, it would be a serious mistake to exaggerate these tendencies. The Chinese left as a recognizable force is still small, marginalized, and divided—like the working classes themselves—into many groupings and factions. As is the case with leftists across the globe, they have had to face the crumbling of the world they once knew, and they are trying to find new paths forward without any single unifying set of concepts around which to organize themselves and mobilize the working classes. New competing ideologies—including liberal reformist and social democratic concepts—also pose a challenge to leftists.

There is a general dissatisfaction with the present political set up and a desire for democratic rights. Still people are not sure of what they want, freedom of speech, opposition parties or a US style democracy. One thing is sure, in the words of Economist magazine (Oct 28, 2006) “the world’s biggest communist country, China, looks like the sort of society Marx criticized, not the one that he wanted to create”.

Despite their legacy from the past, older workers and peasants are fearful that if a new level of the struggle for socialism is not reached soon, the memory of the era of revolution will die out, and those in the younger generation will know and pursue nothing but the desire to get rich and join the consumer culture. In that case, they will have to start over again, as it were, from scratch, if and when they finally face the need for fundamental change. But the Chinese have the advantage that they have been there, done that before.

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Review

“The Debt Threat” by Noreena Hertz. English, 257pp. Published (2004) by HarperCollins, New York. Price US \$ 25.95. Reviewed by Tariq Abdullah.

Noreena Hertz’s book starts with the effort of Bono, an entertainment industry personality to bring about a change in the US policy towards the chronic global indebtedness of many underdeveloped countries by meeting influential people in the US establishment. It goes on to examine how the present day debt crisis came about out of cold war rivalries and the efforts of Export Credit Agencies in different countries of the developed world to expand the business opportunities of enterprises belonging to their respective countries in the underdeveloped world. It examines the role of the international commercial banks and how they have relied on the World Bank and IMF to bail them out in any crisis of repayment. Of particular interest is also how new financial instruments have emerged such as a market for sovereign Debt Bonds. Thus even debt has been transformed into a commodity. Central to the emergence of debt crisis is the way in which Structural Adjustment programs have been imposed by the International Financial Institutions. The book goes on to point out that the prescriptions for treating debt are not working in spite of the "Heavily Indebted Poor Countries" initiative and the announcement of the Millennium Development Goals. It goes on to examine how defaults and the threat of defaults have been handled in the recent past focusing on the examples of Mexico, Argentina and Russia. The book concludes by arguing that the debt crisis left unresolved will threaten the political stability of the world and suggests in the last chapter reforms to handle national level bankruptcies. Such reforms as "Sovereign Debt Restructuring Mechanisms" are to treat indebtedness as a wound of the past which requires time to heal. The implicit analogy is with apartheid in South Africa where the same terms Truth and Reconciliation have been used.

Noreena Hertz has written a very readable book about International Debt and its impact on the countries of the underdeveloped world and ultimately as she argues on the countries of the developed world. Having originally worked in the International Financial Institutions (IFI) before joining the academic world her viewpoint can be considered as that of a former insider. She has seen how these institutions work and the perspectives that individuals are constrained to adopt during their working life.

The author has presented the question of debt from a perspective involving individuals rather than social forces and social institutions. Policies, according to her, have been adopted by individuals working in various institutions which have ill-advisedly ignored wider social issues of justice and inequality. In her book she has

argued for a reformed capitalism which needs to address the issues of justice and inequality without which the sustainability of the present economic system is likely to be undermined by increasing tensions and instability and which left untreated can threaten the long term viability of our existing economic system, hence the title of the book, “The Debt Threat”.

Reading this book one is reminded of the early history of capitalism in which reformers introduced new social institutions to address the dislocations in the life of the working people. These dislocations, however, were viewed by the reformers as inevitable consequences of the emerging economic system coming on the ruins of the more localized economic patterns that had preceded it. In the present day world globalization has meant that increasingly developments in all parts of the world cannot be understood in isolation from the global economy. Traditional patterns of trade and economic exchange have been replaced by the circulation of commodities on wider and wider geographical scales. The dissolution of previous local economic patterns have created the present crisis of poverty, economic instability and inequality and injustice as the old social institutions have disintegrated and new institutions have not evolved to replace the social functions necessary for communities to sustain themselves and grow. Capitalism has destroyed the old but built nothing in their place. Social safety nets, poverty reduction programmes and economic development and good governance are the present conventional answers. Noreena Hertz wants to augment these answers. She argues that these issues can no longer be ignored and swept under the carpet as the health of the international economic system is at risk.

Another perspective that appears to underpin the analysis of debt presented in her book is that the present scope of international indebtedness is not an essential feature of the present day world but rather an accident of history arising from the cold war and inappropriate policies of an unreformed capitalism. Reforms in the international capitalist system will and can banish the “debt threat” in the future. This may be difficult but is realizable in her view. Others in the anti globalization movement suggest that poverty and indebtedness are chronic to the system and not incidental or historical accidents which are likely to be overcome by more enlightened policies. They argue that structural adjustment programs are enforced on the basis of the emerging debt problems and are not incidental but deliberate and structural in character. Debt is not a threat emerging from unintentional consequences of an economic policy but a trap, perhaps consciously employed, but nevertheless in line with the logic of the growth of capitalism. In this view indebtedness serves to limit the options and opportunities that a developing country can exercise to tackle its specific economic predicament.

In the opinion of this reviewer the last chapter of her book that engages with the question of regeneration of the economic system is the weakest in the book. Globalisation issues are a popular topic for book writing these days. However these books appear to be written for the converted. Books written in praise of globalisation and the power of the free market have their own audience while books

belonging to the anti-globalisation movement in general terms also have a growing audience. Those in power seek legitimization and justification in aggregate growth while those in opposition highlight the inequalities and growing disparities and poverty that accompany this process of “modernization”. The polarization in economic development is reflected in the proliferation of books from different perspectives describing the same international reality.

Books of a descriptive character do not address the theoretical issues underlying this debate and this can be said to be their weakness. What is the meaning and significance given to the empirical reality we see around us is a more theoretical issue. However, in general books dealing with these theoretical issues are not that easy reading. This book belongs to that easy reading category and its significance and impact lies in whether it is the first step in this process leading the reader to a deeper questioning of the economic reality of the present day world.

Review

“Muslim Ryasat Jadid Kaisay Banay” (the Development Dilemma of a Muslim State) by Mahmood Mirza. Urdu, 166 pp. Published (2005) by Dar-ut-tazkeer Urdu Bazar, Lahore. Price Rs 140. Reviewed by Munir Ghazanfar.

It is a book of reflections on state and society in Pakistan in the perspective of Islamic history and the changing world economy today. Mahmood Mirza's work reflects a grasp of history and political economy as also the confusions of well meaning intellectuals of our time. The short book is a pithy piece of writing. He has something to say in almost every para yet he moves back and forth weakening the unified structure of the book. One may differ yet it is a critique of Pakistan's unfortunate socio-political travails and deserves serious debate.

Pakistan's Backwardness and the Role of Mullahs

The first part of the book is a critique of the ulema (clerics) and their impracticable political and socioeconomic ideals. The author has shown it is impossible to run a modern society on the model and institutions of the tribal era. The contentions of the author beyond this are highly debatable.

For example the argument that the clerics due to their traditionalist interpretation of Islam are responsible for the backwardness of the society and underdevelopment of Pakistan is difficult to defend. This country was not created under the pressure of the Mullahs (he himself says the ideology of Pakistan was coined many years after the inception of Pakistan) nor have its economic or foreign policy been run on the advice of the Mullahs. The Mullahs were not consulted for the four wars including the one in Kargil, nor was the war in Afghanistan designed by the mullahs although they were used for it. It is true the Mullahs advocated an obscurantist social viewpoint though mainly in the realm of culture. That was, however, in line with the obscurantism of feudalism which the rulers have decided to keep and preserve to date in 2007. The Mullahs were never a major force even in the feudal society. They owe their strength to the old and new colonial powers who used them in the name of the unity of ALL BELIEVERS against their then political and economic arch enemy the Soviet Union. Is it true that the Mullahs changed the Pakistan ideology to exclude social and economic justice as claimed by Mahmood Mirza? Was the ideology of the then ruling classes based on social and economic justice as implied by him? Do a few statements by Quaid-e-Azam describe the ideology of the ruling classes? Is it not true that the ideology of the ruling classes could only be the class interest of the feudal rulers, their bureaucratic state apparatus and their not so past foreign colonial masters?

Democracy and Culture

In the chapter on the political connotations of our culture the writer discusses why democracy had not been able to take root in Pakistan. He says “Many people blame the generals and the judges as principal obstacles to the growth of democracy and the primary cause of instability. Army is blamed because it has overthrown many elected governments, and the judges because they legitimized the overthrow of the Constitutional Assembly and many National Assemblies. The martial laws and their judicial legitimization were unfortunate as they disrupted continuity and killed democracy. However, on further reflection we find the real malaise lies deeper and is rooted in our culture, chaotic thought, socio-economic system, administrative framework and tribal or feudal structure. Our culture is not compatible with democracy”. The Pakistani people, according to the writer, are now alienated from the political process. The army and the judiciary rest assured that any anti-democratic move on their part will face no resistance from the broad masses and therefore feel free to intervene. He puts it succinctly when he says in the last resort only the consciousness of the masses can be the real guardian of democracy. While the currently prevailing low level of consciousness cannot generate effective protest he laments that even the leading champion of modernity the Peoples Party has elected a life-chairperson; and party high-ups dare not differ with the Chairperson. He wonders how parties which do not practice democracy inside their own organizations still demand democracy in the country! In his opinion successive martial laws and army rule have greatly contributed to the decline of political culture in the country but the martial laws themselves could only become possible because of a pre-existing weak political culture. After the initial observation that our culture is rooted in feudal structure and thought the writer blames the traditional interpretation of Islam for the anti-democratic culture. He also blames corruption. At the end the writer drifts into idealism where he suggests steps to promote democracy. His advice to stop army’s intervention in constitutional process, for rapid economic stabilization, for removal of interprovincial disparity and to put an end to the intervention of intelligence agencies in the electoral and political process is nothing but nice dreams and idealism. Mahmood Mirza traces Pakistan’s backwardness to Mullahs, army and feudalism but never to hegemony and intervention. It only goes to show that the latter is the most sacred of all sacred cows. Or else it is surprising the hegemony, dependency and IMF/WB, the first factors that come to the mind of a man in the street in Pakistan failed to register with an intellectual like Mahmood Mirza.

On law and Judiciary

As a practising lawyer of long standing some of his observations on law and judiciary are interesting. He realizes the role Pakistan’s apex judiciary has played in the political culture of Pakistan. Again and again he mentions how the apex courts repeatedly legitimized the army rule and violations of the constitution. He wonders how the judiciary could declare land reform un-Islamic and legitimize feudal holdings granted by the British colonizers. “Judges after all do not descend from

heavens; they are appointed by sinful rulers". But he is also sympathetic and understanding to the judges. According to him the malaise is deeper than the character of judges and lies elsewhere. The judiciary has only manifested the malaise as any other institution of the society. In the early period of Muslim state under Umayyads and Abbasids Islamic law theoretically guided the administration of the state and was interpreted by the Qazi or the Chief Justice. However, the Qazi was an appointee of the ruler and political power lay unchallenged in the hands of the ruling Khalifa. Whenever a Muslim scholar like Imam Abu Hanifa interpreted tenancy as against the tenets of Islam his interpretation was put aside and favourable interpretations from other jurists sought.

In sick societies he says, the law can act only against the weak and cannot play the role of a reformer. The state cannot cure its own illness and that holds true for law and the judiciary as well.

On Globalization

Capitalism according to Mahmood Mirza is inhuman but is our destiny, having come to stay. In fact what is relevant to us is its fully developed form, globalization. We need to adapt our culture, human resource, infrastructure and production according to its demands. We need to find our niche in the liberalized world trade. The writer correctly identifies Transnational Corporations as the basis of globalization. Mass production under TNCs requires a universal homogenization of culture and products and an erosion of cultural and linguistic diversity while the 210 so-called independent countries have borders, official languages and classes inherited from the colonial times which show no major change.

The writer implies that since TNCs are the engine of growth the world will benefit from a removal of the above mentioned barriers to their growth. The writer favours the TNC agenda when he traces the origin of the interstate world disputes to cultural and ethnic diversity and not to the colonial intervention and design. The writer points out that the investments by TNCs flow towards areas of stability, order, relatively developed human resource and areas of cheap labour and raw materials. He implies the Third World countries should provide these conditions to hook up with the engines of growth. The author ignores the fact that although the TNCs need conditions of stability, order and cheap but developed human resource these conditions have nowhere been produced by the TNCs. A country must carry these conditions from its development history of the past. In fact the TNCs' use of the country's human and physical resource and market drains it of its human resource and consumes whatever stability and order existed. Moreover countries cannot create these conditions to become attractive for the TNCs. Only if these conditions historically preexist can they be sold to the TNCs. May be the TNC demand for cheap labour could be met by keeping the wages low but then it would be at the cost of deepening poverty and losing stability and order. Musharraf government has gone out to meet the TNC demand and indeed they have acknowledged it. But what did the people get out of this deal except excruciating

poverty, loss of education and health care, atomisation of society and a complete breakdown of law and order except, of course, mobile phones.

The author advocates a worldwide unity of peoples' organizations to give a more equitable and just direction to globalization. He wants the evolution of a commonly agreed policy to decide major international issues such as disarmament, exploitation of world's natural resources and conservation of environment, arrived at through consensus of all countries. In today's world of hegemony, disappearing sovereignty and naked aggression what is idealism, if this is not?

He cites China's response to globalization as model for the underdeveloped countries. It is interesting that even Mahmood Mirza with strong egalitarian tendencies finds praise for the pragmatic betrayal of egalitarianism by China. China's economic policies are being praised by the foreigners but are these also being praised by its own people who committed 287000 suicides in 2004 (Dawn, Sept. 21, 2005). In the face of their deteriorating conditions the Chinese working classes have, however, not been passive. Even the minister for public security published figures admitting that "mass incidents or demonstrations and riots rose to 74000 in 2004 up from just 10000 a decade ago, and 58000 in 2003 (Weil, 2006 Review, this issue). Again he follows the universal misconception when he says that China has developed its human resource by following the demands of globalization. He misses the point of history that the Chinese human resource was transformed and developed during the first thirty years after liberation when feudal and imperialist barriers to China's development were broken and not after China changed course in the late 1970s. It was in those first 30 years that China cast away its illiteracy and overcame its immense class, gender and rural-urban disparities. It mobilized the broad masses and involved them in decision making and national reconstruction. It was then when both its human development index and confidence of its people made a quantum jump. China's present day development is based on the barriers broken and the momentum gained during the early years. In fact the direction of its present day development is controversial. Is China a better society today than it was in late seventies? While looking at the high-rise glass towers on the main boulevards, we cannot overlook the millions that have been put out of work, the fast deteriorating law and order and increasing poverty and polarization. To quote Weil (2005), "The workers with whom we talked were some of the tens of millions who have been thrown out of their former jobs in the state-owned enterprises, once the pillars of the economy, with the loss of virtually all of the related forms of social security that were part of their work units: housing, education, health care, and pensions, among others. As these state-owned enterprises have been converted into profit-driven corporations, whether by being sold outright to private investors or semi-privatized by managers and state and party authorities, corruption has been common."

Conclusion

Whereas the writer has many significant observations to make on the history, society, culture, economy and politics of Pakistan he is confused about the process

of change. He variously advises reinterpretation of Islam, an end to military and intelligence services intervention in electoral and political process, madrassah and educational reform and promotion of liberal culture. The writer laments that an end to feudalism, a necessary condition for the promotion of liberal culture, is nowhere on the political agenda. He hopes feudalism will be gradually sidelined by technical change, if it cannot be confronted and dismantled directly.

Solution to problems facing a society depend upon the correct diagnosis of the illness. The writer tends to trace the course of our backwardness to the ideological confusion manifested by the Mullahs. At other times he blames feudalism but throughout the book he has consistently evaded the question of political and economic independence of the country. Dependency as cause for backwardness is a major hypothesis in its own right and he should have explored it.

References

Weil, R., 2006. Conditions of Working Classes in China. *Monthly Review*, June.

TO POTENTIAL CONTRIBUTORS

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