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PAKISTAN AFTER THE FLOOD

Karl Fischer

Six months after the biggest flood disaster in Pakistan's history, approximately seven of 13 million people who lost their houses and possessions to the floods around the Indus and its tributaries¹ are still without adequate protection or food in the face of the cold winter weather which has been prevailing since December. The worst affected are those hundreds of thousands of people who have already returned to their ruined villages because they could no longer stand the deplorable conditions in the refugee camps or because they were asked to leave the schools, boarding-schools and administration buildings that were being used as emergency shelters. And there are also those tens of thousands of flood victims who were unable to escape as the flood waters rose. It took until the beginning of December before representatives of the World Food Programme, together with a unit of the Pakistan Army and a non-governmental organisation (NGO), were able to reach eleven villages in the Jamshoro District that had been completely cut off by the floods. There were 1,700 families with around 11,900 people in these villages², half-starved, living in what was left of their huts, and who had given up all hope of rescue.

The problem is not only the flooded areas but also the refugee camps, where around one million people still live, according to government figures. For weeks now there has been such an acute lack of the most essential supplies that well-known NGOs such as ActionAid Pakistan now believe there is a real danger of hunger riots breaking out. The UN had warned at the end of October that it did not have the financial resources to keep the flood victims supplied with

1 | Tahir Ali, "Left in the Lurch," *The News*, December 12, 2010.

2 | According to estimates by the World Bank (WB) and the Asian Development Bank (ADB) around 1.7 million people lost their homes. A Pakistani family comprises eight to ten people on average.

food and water over the whole winter because they had only received around a half of the two billion U.S. Dollars in aid money that had been pledged by donor countries.

In light of the dire predicament of millions of people it is hard to understand, especially for the victims themselves, why the National Disaster Management Authority (NDMA)³ decided at the end of December to declare that the initial phase of direct disaster relief had in fact come to an end. More specifically the visas of all aid workers active in Pakistan were cancelled as of January 31. But the reality is that after the floods the country still needs the assistance of international experts to deal with what has proved to be an unprecedented humanitarian disaster.

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In his official communication to the UN coordinator for humanitarian aid in Pakistan the NDMA Director General, General Nadeem Ahmed, claimed that “the situation had stabilised very quickly”, apart from one or two regions in the Sindh and Baluchistan provinces “where there is still flood water and people are not able to return to their houses.”⁴ It is clear that the NDMA is basing its estimate of the level of normalisation on the number of refugees who have returned home, irrespective of the living conditions they find where their houses once stood.

The International Crisis Group⁵ believe that this ignorance is due to the fact that the NDMA is dominated by senior officers, and they draw parallels with the way in which one and a half years earlier, after their military operation against the Taliban in the Swat Valley of North Pakistan and surrounding tribal areas, the army forced the people who had fled the war zone to return quickly to their bombed-out and destroyed homes, thus enabling them to claim that

- 3 | National Disaster Management Authority (NDMA), the operations arm of the National Disaster Management Commission set up by the Pakistan government following the 2005 earthquake.
- 4 | Riaz Khan Daudzai, “Close relief operation by end January: NDMA”, *The News*, December 31, 2010, <http://thenews.com.pk/TodaysPrintDetail.aspx?ID=23093&Cat=2> (accessed January 12, 2011).
- 5 | International non-governmental organization, founded in 1995 with the aim of analysing conflicts and developing solutions.

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the refugee problem had been "successfully resolved". It is a tragedy in itself that this flood disaster struck precisely those war-torn areas in the Khyber-Pakhtunkhwa province (formerly known as North West Frontier Province – NWFP) and in the Federally Administered Tribal Areas (FATA), in which the people had just started to lead a normal life again, despite the ever-present threat from the Taliban.

The majority of the flood victims were living in extreme poverty even before the flood, but now their situation is completely hopeless. It is the same throughout the country, where every essential area of everyday life was already in serious difficulties even before the floods struck. But now this national disaster has made the economic, social, political and educational crisis much worse. Foreign financial aid will not be enough on its own to solve the problem. The country itself will also have to make a huge effort, including some serious rethinking of its economic and political direction.

LOSS AND DAMAGES

The cost of the floods, as calculated by the NDMA, only really hints at the true human cost of the tragedy for the loss of homes and possessions were not included in the figures.

By the middle of October the floods had claimed 1,985 lives and 2,946 people had been injured. By the end of September the UN World Health Organisation (WHO) had also recorded 99 cases of cholera. The fear is that during the winter many more people will fall prey to respiratory illness, malaria, diarrhoea and skin diseases, especially undernourished children and the elderly. Medical treatment in the flooded areas is severely limited as the floods destroyed or partially destroyed 515 existing medical facilities.⁶ And where individual hospitals and infirmaries are still functioning, collapsed bridges and washed-away

6 | ADB and WB, "Pakistan Floods 2010, Damage and Needs Assessment," analysis delivered to the Pakistan Development Forum (PDF), Islamabad, November 14 and 15, 2010, "Health" section.

roads make it difficult for people to actually get to them. On December 9, the United Nations bulletin on the humanitarian situation in the flooded areas reported that of the 1,938,207,510 U.S. dollars earmarked for emergency aid, only 50 per cent had so far been made available.⁷ Education projects are worst hit (nine per cent funded), followed by accommodation (20 per cent), water supply and hygiene (29 per cent) and medical treatment (35 per cent). In the already chronically-underfunded education sector alone the damages are immense: 10,248 schools have been destroyed or damaged, along with 23 higher education facilities and 21 technical colleges.⁸ The fact that hundreds of educational buildings had to be used as emergency centres well beyond the end of the summer break and had to be completely cleaned and sanitised once the refugees had left, means that in the Hyderabad district alone at least 17,000 school children and students will have to miss a full academic year.⁹

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DEVASTATED LIVES AND SUPPLY BOTTLENECKS

The catastrophic impact of the flooding on the livelihoods of people in rural areas and on the supply of agricultural products to the rest of Pakistan can be seen in the fact that 19,000 villages with 1,750,000 houses were washed away, 2,244,644 hectares of agricultural land were lost and the harvest was destroyed. And nobody knows when the devastated fields and plantations can be planted or sown again. In addition, initial estimates from November 14¹⁰ suggest that 315,600 camels, water buffalo, cattle, horses and donkeys, 1,208,300 sheep and goats as well as 10,279,700 poultry birds also drowned in the floods. For the people returning to their villages, these animals should have been a source of food or income. The loss of so many animals also meant that the leather industry, Pakistan's second largest export industry after textiles, has lost a significant part of its raw material supply. Wells everywhere

7 | OCHA, *Pakistan Humanitarian Bulletin*, Issue 9, Islamabad, December 9, 2010.

8 | ADB and WB, "Pakistan Floods", "Education".

9 | "17,000 students may face loss of academic year," *The News*, October 16, 2010.

10 | ADB and WB, "Pakistan Floods", "Agriculture, Livestock and Fisheries".

have been contaminated and 3,999 drinking water facilities and 2,842 sewage treatment plants have been damaged. They urgently need disinfection and repair at an estimated cost of 93.9 million U.S. dollars,¹¹ in order to provide people and animals with clean drinking water and to prevent the spread of disease.

DAMAGED INFRASTRUCTURE

The extensive but outdated Indus Basin Irrigation System (IBIS)¹² is the largest continuous irrigation system in the world. 90 per cent of the country's agricultural production is situated in this area and it is here that 54 per cent of Pakistan's workforce produces 23 per cent of the country's gross national product. The irrigation system incorporates three large dams and reservoirs, 50,000 kilometres of canal systems and 1.6 million kilometres of irrigation channels.¹³ The damage to this system, which irrigates more than 18 million hectares of agricultural land used mostly for rice, wheat, maize, sugar, cotton, fruit and vegetable growing, is estimated at 277.6 million U.S. dollars. Initial estimates for the cost of rebuilding the system vary between 427 and 982.3 million U.S. dollars. In concrete terms there is damage to 46 dams and barrages, broken canal walls in hundreds of places in all provinces and a generally insufficient and neglected drainage system. As

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repairing these installations will take at least two to three years, it has to be assumed that harvest yields will be significantly down and this means that there will be bottlenecks in

the supply of food to the country as a whole, a reduction in the supply of raw materials to industry and therefore a noticeable loss in export volumes, and above all a level of poverty amongst people living on the land which it is not yet possible to predict.

Right up until the end of the year people in most of the flooded areas still had no contact with the outside world. People in those areas without mobile phone networks lost

11 | ADB and WB, "Pakistan Floods", "Water and Sanitation".

12 | IBIS: Indus Basin Irrigation System.

13 | Fazlur Rahman Siddiqi, "Indus Basin Irrigation System of Pakistan," *CSR & Companies, Reports & Surveys*, July 10, 2008, 1.

their only means of phoning relatives, friends or organisations or even of calling for help as a result of damage to 734 kilometres of telephone cables, 594 exchanges and 284 relay stations.¹⁴ In many places the only telephones available to the public were in administration buildings, but at least 1,437 of these buildings were badly damaged or totally destroyed.

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The majority of roads are now non-existent or so badly damaged that they cannot be used for transporting aid to those in need. This has made it extremely difficult for refugees to return home. In total the floods destroyed 793 kilometres of main roads, including 33 bridges on eight of these main traffic arteries. 24,295 kilometres of minor paved roads in the provinces, districts and communities are now unusable. A large proportion of the broad network of unpaved roads has either been flooded or totally washed away as rivers changed their course during the floods and hillsides collapsed.

The under-developed and unprofitable rail network is not even close to being able to provide alternative transport to the road network. 1,224 kilometres of tracks need to be re-laid as many rails lay under up to a metre of water or were washed away. On six important lines operations had to be totally suspended. Estimated damages at the beginning of October were almost 60 million euros. On top of that there was a loss of income from reduced passenger and goods traffic of eight and a half million euros and additional expenditure required for train trips for delivering emergency aid. Four airports also sustained damage which limited their use for aid flights.¹⁵

The impact of the floods on energy supplies, which for many years have already been insufficient to meet the needs of industry and private households, have been particularly bad for Pakistan's economic development and for people's living conditions. 15 production plants in the oil and gas sector have been damaged along with one

14 | ADB and WB, "Pakistan Floods", "Transport & Communication".

15 | ADB and WB, "Pakistan Floods", "Transport and Communication"; NDMA, "Floods 2010, Damages & Losses, Roads", Prime Minister's Office, Government of Pakistan, Islamabad 2010.

refinery, 274 kilometres of pipelines, 3 fuel depots, 135 petrol stations and 310 gas or liquid gas distribution stations. If those who have returned to their homes cannot find wood or brushwood to burn they cannot even make a warming drink of tea. Energy supplies across the whole country have suffered, with electricity and gas being cut off for up to 12 hours per day, and in some areas hit by the catastrophe there have been periods with no supplies at all because one transformer station has been totally destroyed and 31 others substantially damaged. In addition, supplies along around 3,400 kilometres of high tension and other supply lines have been interrupted and 91 hydro or fossil fuel power plants can either no longer function at all, or can only manage a significantly reduced output as a result of flood damage.¹⁶

The Pakistan government, the ADB and the WB estimate that the flood damages that can be calculated so far to around six per cent of Pakistan's gross national product for the financial year 2009/10, of which 50 per cent is due to losses incurred in agriculture.¹⁷ There can be no doubt that the effects of this unprecedented flooding will have a negative impact on Pakistan's economic situation and increase inflationary pressures. At the same time reduced exports and the need for substantial imports as well as credit for reconstruction and compensation payments to flood victims will drive the negative balance of trade and payments even further into the red.

REACTION TO THE FLOOD CATASTROPHE

For almost a week after the floods began the central and regional governments in Pakistan did virtually nothing. During this period around 1,000 people died or were seriously injured in the mountainous north, where the disaster started to unfold. On August 1 the Prime Minister Yusuf Raza Gilani finally announced the setting up of a flood emergency fund¹⁸, into which all cabinet ministers would give one month's salary and all civil servants from level 17 and above (22 is the highest level) one day's salary as an initial donation.¹⁹

16 | ADB and WB, "Pakistan Floods", "Energy".

17 | ADB and WB, "Pakistan Floods", "Economic Assessment".

18 | Prime Minister Flood Relief Fund.

19 | "PM sets up flood relief fund", *The News*, August 2, 2010.

As the sheer size of the floods became apparent, President Zardari, who was abroad at the time, did not feel it was necessary to return home, but peacefully carried on with his stay in England and France with this son and daughter. It was September 7 before he visited the crisis regions in Sindh and Belutschistan for the first time. Likewise, it was two weeks before Prime Minister Gilani visited the crisis region. And before the Pakistani government had even worked out what additional emergency aid they actually needed, they were already calling on the international community for financial and material assistance, as they usually do when there is some kind of calamity.

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While private initiatives and national non-governmental organisations provided immediate help to the victims,²⁰ politicians and civil servants were somewhat reluctant to donate funds to help. 150 of a total of 371 assembly members in Punjab province, for example, declined to donate to the Chief Minister's flood relief fund. Apparently they preferred to spend the money in their own constituencies, so that their good deeds would be remembered at the next elections.²¹

The army was also initially reluctant to get involved in rescue and aid activities and focused instead on protecting their own military facilities. Eventually they did use their technical means and expertise to help and so strengthened their image amongst the people.

Donations from abroad were also very slow in coming, compared to past international disasters, which is probably due to Pakistan's reputation for being notoriously corrupt and for their somewhat ambivalent attitude towards terrorists. In the first five weeks after the floods began, only 82 million of the 777 million U.S. dollars pledged and 60 million dollars worth of relief had been received, while

20 | There were many examples of victims staying with relatives or even strangers, of communities taking in refugees and providing them with free food and clothing, including warm meals, and of doctors providing free medical treatment and drugs.

21 | "150 Punjab MPA refuse donation to relief fund," *The News*, August 4, 2010.

in the same period after the 2005 earthquake around 6 billion U.S. dollars had flowed into Pakistan.²²

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Most embarrassing of all, according to Pakistan's media, was the performance of the NDMA, whose responsibilities included the organisation and coordination of national and international relief efforts in the event of a catastrophe. So far they have limited their activities mainly to collecting statistical data and maintaining their website.

And their head, former Corps Commander General Nadeem Ahmed, preferred to pose for press photos alongside foreign representatives in front of a map of Pakistan showing the flooded areas. As the NDMA has few resources of its own and insufficient links to civil organisations, it has not had much success in managing crises in the past. However, near to Mianwali (Punjab province) they were able to manage a photo opportunity with the Prime Minister against the backdrop of an infirmary.²³ The former member of parliament Shafqat Mahmud wrote that the authorities in this picture were hiding "the reality of their incapability behind an illusion of effectiveness"²⁴.

The NDMA basically left the organisation and coordination of the emergency effort to provincial and local authorities. They concentrated on helping the UN aid organisations, the WB and the ADB, who produced their first aid plan at the beginning of August²⁵ and published it in its expanded form on November 5.²⁶ At its heart this plan is as much as anything a plea to the international community to donate the 1.94 billion dollars needed for 471 aid projects. It does, however, also include recommendations from the WB and the ADB on how to overcome the crisis in 16 areas of Pakistan's economy and society and outlines the political action that would be required.

22 | Ahmad Noorani, "The real scorecard of aid so far received," *The News*, August 30, 2010.

23 | Ahmad Noorani, "As NDMA is scrutinised its record shows it has miserably failed," *The News*, August 19, 2010.

24 | Shafqat Mahmood, "Where could the Messiah come from," *The News*, August 6, 2010.

25 | "Pakistan Initial Floods Emergency Response Plan".

26 | "Pakistan Flood Relief and Early Recovery Response Plan".

Extremist religious organisations such as the Al Rehmat Trust, Jamaat-ud-Dawa, Jaish-e-Mohammed, Harkatul Mujahideen and Sipah-e-Sahaba²⁷ were quick to mobilise tens of thousands of volunteers and to be the first to provide people with accommodation, drinking water and food, especially in the inaccessible mountain regions, as they had done after the 2005 earthquake. In many places they were entrusted with the distribution of relief supplies by over-stretched local authorities. In three of the flooded areas in north Pakistan they distributed food to the value of 1,100 Rupees per family (approx. 100 Euro). While official incompetence enraged many flood victims, the Islamists were able to use the floods to strengthen their base of sympathisers in the affected areas and to recruit new members.²⁸ However, well-known author Ahmad Rashid was probably being too pessimistic when he suggested that the government would lose control of the areas cut off by the floods and that these areas would be taken over by the Taliban. The much feared "Talibanisation of the flood" did not in fact happen.

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The Pakistani government used the international Pakistan Development Forum (PDF)²⁹ on November 14 and 15 in Islamabad to present the extent of the damages and losses, to outline who was responsible for carrying out the aid programmes and to once more ask the international community for substantial help. The interior minister Rehman Malik went so far as to demand the cancellation of 50 billion dollars of Pakistan's international debt, arguing that, as the frontline state in the battle against terrorism, Pakistan was making the biggest sacrifices to ensure security for the western world.³⁰ However, Finance Minister Abdul Hafeez Shaikh immediately rejected his colleague's

27 | These groups are often called "the Taliban" by the media, a convention which is also used here.

28 | Khaled Ahmed, "Sickness of flood politics," *The Friday Times*, August 20, 2010.

29 | PDF: An international consortium which meets at irregular intervals (last meeting 2007) to provide Pakistan with development assistance, a forum for the presentation of ideas for Pakistan's development.

30 | Khaleeq Kiani, "Pakistan seeks \$50bn foreign debt waiver", *Dawn*, November 15, 2010, <http://dawn.com/2010/11/15/pakistan-seeks-50bn-foreign-debt-waiver> (accessed January 12, 2011).

suggestion, as this had not been agreed,³¹ and such a move would affect Pakistan's creditworthiness with all the attendant potential long-term negative consequences.

DIG DEEPER IN YOUR OWN POCKETS

Over the last few years Pakistan has faced repeated accusations from its financial backers – chiefly the USA – that whenever there is a crisis the country's knee-jerk reaction is always to ask for international financial aid rather than to look for its own solution to the problem. Parallel to this

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there is growing criticism within the country that the government has wasted international aid money rather than using it to initiate structural reforms to promote sustainable social and economic development.³² A lack of transparency and control over the way the funds are used has also led to significant amounts draining away into the morass of corruption caused by the elite's self-serving mentality. Two years ago the USA were the first country to stop issuing the Pakistani government with billions of dollars in annual blank cheques for development aid. Instead they stipulated what the money should be used for and demanded that the funds be clearly accounted for. Responding to accusations that the U.S. was intruding in Pakistan's financial and administrative affairs, U.S. ambassador Cameron Munter said at a scientific conference in Islamabad on January 7: "We appear to be intrusive because we care, we are the largest donor. Our aid comes as outright grant of assistance which is different from loans"³³ In addition, the USA and other donors, including the EU, linked flood aid to the condition that Pakistan's dollar millionaires dig equally deep in their own pockets to help their compatriots and to the requirement for donations to be documented in a full and transparent way. This was clearly stressed by foreign speakers at the PDF

31 | "Debt waiver," Editorial, *Dawn*, November 16, 2010.

32 | Sania Nishtar, "The PDF premise," *The News*, November 22, 2010; Hadia Majid, "Development aid failure," *Dawn*, November 12, 2010.

33 | Bakir Sajjad Syed, "Munter's blunt talk: We pay so we intrude," *Dawn*, January 8, 2011, <http://dawn.com/2011/01/08/munter-s-blunt-talk-we-pay-so-we-intrude> (accessed January 12, 2011).

conference.³⁴ On September 21 the late Special Representative for Afghanistan and Pakistan, Richard Holbrooke, who died recently, called on the government of Pakistan to do more to get over the floods, as the international community could bear no more than 25 per cent of the total reconstruction costs.³⁵ Economic experts in Pakistan warned against further indebtedness and criticised the International Monetary Fund (IMF) and WB for past structural programmes and strategies to alleviate poverty which had led to Pakistan's increasing financial dependence. In line with the requirements of the international credit institutions, on November 12 the government presented both houses of the National Assembly with a draft law to introduce sales tax, the *Reformed General Sales Tax* (RGST), along with a temporary flood tax.³⁶ As at year's end, this still awaited ratification.³⁷ The government made its intentions known at the PDF conference and representatives of the provinces assured the donor countries and credit institutions that in future agriculture and the real estate industry would also be taxed.

Economic experts criticised the IMF and WB for past structural programmes and strategies to alleviate poverty which had led to Pakistan's increasing financial dependence.

Following on from previous failed attempts, the RGST is trying to record all purchases, sales and services to provide a basis for further taxation. The sales tax has been set at 15 per cent and within six months it should bring 30 billion rupees³⁸ flooding into state coffers. It is hoped that the flood tax, set at 10 per cent of income tax, will produce an additional 42 billion rupees, and it is also planned to increase import duties. However, the transition from emergency aid to the reconstruction phase, set to begin on January 31, 2011, will need another 260 billion rupees in the current financial year,³⁹ part of which will have to be diverted from other development projects. Allegedly the new strategy has already meant that 484 development projects in the sum of 585 billion rupees have already

34 | Kiani, n. 30.

35 | "Pakistan govt. must do more for flood recovery: Holbrooke," *The News*, September 22, 2010.

36 | "Moving of RGST Bill," Editorial, *The Nation*, November 14, 2010.

37 | This delay is reducing planned tax income. It is possible that a parliamentary recess will be used in order to pass the proposed measures by presidential decree.

38 | One Euro is 110 PKR (Pakistani Rupees), as at January 9, 2011.

39 | July 1, 2010 to June 30, 2011.

been cancelled.⁴⁰ The need for austerity has also forced the government to cut its expenditure for the financial year by 300 billion rupees and to reduce subsidies.

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It remains doubtful whether Pakistan's spoilt elite will be prepared to take the painful steps necessary to stabilise the economy and rebuild after the floods. In the past they have often talked about austerity and transparency without anything actually being done. It seems likely that the expected fiscal deficit of 4.7 per cent will be more than 6 per cent and that the anticipated 9 per cent inflation rate will actually exceed 15 per cent due to soaring food and energy prices. As for the planned increases in income as a result of the tax reforms, they are in danger of being illusory due to a deeply-rooted tradition of refusing to pay taxes.⁴¹ The government of the Pakistan People's Party will therefore find itself coming up against resistance from both the opposition and its coalition partners, as cabinet members and many members of parliament are feudals or industrialists and find themselves personally affected by the planned taxation reforms and the reduction in subsidies.

Analysts have criticised the PDF and the flood aid programmes, saying they do not pay sufficient attention to the social aspects of the crisis in their political recommendations. Former Secretary to the Government of Pakistan Roedad Khan has analysed Pakistan's painful history of failed attempts to push through radical land reforms to free the country from the control of feudal elites and open up the possibility of a healthy democracy and market economy.⁴² But instead he sees a movement in the opposite direction, with the entrenched feudal classes working together with high-ranking army officers and government officials who have created a "neo-feudal" class by acquiring land through fair means or foul, to expand their political influence and prevent any changes in

40 | "Tough economic Steps," *Dawn*, November 21, 2010; Sania Nishtar, "The PDF premise," *The News*, November 22, 2010.

41 | "Are Pakistan's revised economic targets realistic?," *The News*, November 17, 2010.

42 | Roedad Khan, "Pakistan's rural Iron Curtain," *The News*, November 20, 2010: "A great divide, a yawning chasm – some call it a new Iron Curtain – separates the rich from their less fortunate countrymen, whose lives are hard, violent and short."

rural land ownership. "For something to change, everything must change" is his resigned prediction.⁴³ Like businessman and columnist Ardeshir Cowasjee, he cannot perceive any power in Pakistan which is capable of instigating this kind of change in Pakistani society in the foreseeable future.⁴⁴ In contrast, Zahir Kazmi, a scholar at the *National Defence University*, Islamabad, expresses cautious optimism when he says that although the bad state of the economy and education and political instability are Pakistan's Achilles' heel, it is still in the interest of the elite to bring about long-term economic and social reforms which, if implemented properly, could put Pakistan on the road to success within 40 years.⁴⁵

The government's aid programme for the reconstruction phase which is just now beginning also includes financial compensation for flood victims.

The government's aid programme for the reconstruction phase which is just now beginning also includes financial compensation for flood victims. They will be given *watan cards* which entitle each family to 100,000 rupees in instalments of 20,000 rupees at a time. This system, whereby local officials will only be handling cards rather than cash, is designed to prevent corruption. Yet in November Interior Minister Rehman Malik was forced to publicly admit that there were irregularities in the distribution of cards, such as the forging of false identities and the illegal sale of cards. A man from Nowshera Kalan on the Kabul river in North West Pakistan complained to a journalist: "People who have connections with members of parliament or government officials get their cards easily, while everyone else either has to wait or do deals with the card distributors."⁴⁶ Those who have managed to get their first 20,000 rupees are not necessarily better off, as most of them have had to use it straight away to pay for their families to return home and to buy a few mouthfuls of food. And the homeless are now clamouring all the more for their next instalments, so that they can at least build some kind of primitive shelters to protect them from the winter cold.

43 | Ibid.

44 | Ardeshir Cowasjee, "The national stupor," *Dawn*, November 21, 2010.

45 | Zahir Kazmi, "Lessons from China," *Dawn*, November 22, 2010.

46 | Zulfqar Ali und Faiz Muhammad, "Lawmakers cashing in on Watan cards," *Dawn*, October 31, 2010.

OUTLOOK

The great majority of the population is frozen in a state of deep disillusionment and despair. Their main concern is how to survive from one day to the next.

In many ways the flood catastrophe has served to highlight the parlous state of Pakistan's political system, and some intellectuals see it as a chance for the country to progress beyond feudalism.⁴⁷ The desired consequences would be economic and social resurgence and a robust democracy. But these are utopian ideals. The great majority of the population is frozen in a state of deep social, economic and political disillusionment and despair.⁴⁸ Their main concern is how to survive from one day to the next, which was made all the more difficult by the rocketing prices of basic foodstuffs since the floods. In the Punjab, for example, an area which was once Pakistan's bread basket, flour is now three times more expensive than before the floods. Pakistan's young intelligentsia, who could be the driving force for change, see no future in their own country and are leaving in droves for the USA, Europe or Dubai. On top of this, the all-powerful secret service, in alliance with the army and police, make sure any political resistance is nipped in the bud. There seems to be no answer to the despairing question of one committed democrat: "Where could the Messiah come from?"⁴⁹

In economic terms, growth of less than three per cent will not be enough to stabilise the general living conditions of a population which is growing by around the same rate every year and to absorb the costs of the flood damage. So, for example, steel and cement producers face the problem of not being able to meet demand for reconstruction. Although cement production has increased almost three-fold since 2002 due to export markets in Afghanistan, Iraq and Africa, they are forced to continue exporting around 12 million tonnes annually because of the country's critical shortage of foreign exchange.⁵⁰ Resolving the dilemma by increasing capacity would necessitate uninterrupted supplies of cheaper raw materials and energy, both of

47 | Najm Sethi, "Dismal outlook for 2011," *The Friday Times*, December 31, 2010.

48 | Ibid.

49 | Shafqat Mahmood, "Where could the Messiah come from," *The News*, August 6, 2010.

50 | Naveed Iqbal, "Heavy resources required in post-flood reconstruction," *The News*, November 15, 2010.

which are far from guaranteed.⁵¹ Inflation will be fuelled by the anticipated steep rises in food, energy and building material prices. Manufacturers will also have to cope with power cuts lasting up to twelve hours a day, which of course will drive exporters faced with strict supply deadlines to the brink of ruin.

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On a social level, the flood has left Pakistan with a massive refugee problem. Millions of people are flocking to the cities in the hope of finding work, only to end up swelling the ranks of the army of day labourers and beggars. This will inevitably lead to higher crime rates. And the backbone of Pakistani society, the social structures of its families and villages, is being destroyed.

This state of social and economic emergency is set against a security situation which is characterised by constant terrorist attacks. Between 2003 and 2010 around 31,000 people were killed in Pakistan by Islamist terror attacks, including 10,000 civilians.⁵² The terror spilled over from its heartlands into Pakistan's cities and in Karachi, the country's economic and trading hub, it has taken on a striking ethnic and political hue. Against Pakistan's social and religious background, social uprooting, unemployment and poverty have come together to form an explosive mixture which is the perfect breeding ground for terrorist groups.

In terms of domestic politics, Pakistan is close to a position which in the past has resulted in the end of civilian government and a takeover of power by the military. At the moment this is counterbalanced by domestic and foreign policy considerations. The murder of Salman Taseer, the liberal PPP governor of the Punjab province on January 5 and the subsequent low-key official reaction to it clearly show the freedom which is afforded to extremist groups and their ideologies.⁵³ In tune with these groups, the parliamentary opposition is blatantly pressurizing president

51 | Khaleeq Kiani, "Uncertainties in energy development," *The News, Economic & Business Review*, November 22-28, 2010.

52 | "After the deluge," *The Economist*, September 16, 2010.

53 | Taseer spoke out in public for a change in the blasphemy laws and for the pardon of Asia Bibi, who had been sentenced to death as a result of these laws.

Zardari and his government to stand down, blaming them for the dire economic situation and the consequences of the floods. At the same time, the ruling coalition has been on the verge of collapse since the beginning of the year, while the strongest opposition party and traditionally the fiercest opponents of the ruling PPP, the Pakistan Muslim League (PML) led by Nawaz Sharif, is stridently calling for new elections. There is little left of the *Chartha of Democracy*, which was signed by Benazir Bhutto on behalf of the *Pakistan People's Party* and Nawaz Sharif for the *Pakistan Muslim League* on May 15, 2006, and hope of any long-term democratic change is fading fast.

Military domination of Pakistan's foreign and security policy means the civilian government's room for manoeuvre and strategic options are severely limited. Pressurised by the military leadership, the government is continuing to pursue a policy of confrontation with India, adding the potential of military conflict to the already-strained relationship between the two hostile nuclear nations. At the same time, Pakistan has willingly become a pawn of Chinese

In the arms race with India, Pakistan is hoping to obtain funding and modern military technology from the USA under the guise of fighting terrorism.

interests by allowing itself to be drawn into Beijing's border negotiations with India as a third party, hoping that it will thereby gain advantages regarding the Kashmir conflict.

In the arms race with its neighbour, Pakistan is hoping to obtain funding and modern military technology from the USA under the guise of fighting terrorism. In this way it hopes to modernise both its weapons manufacturing industry – built up with the help of China – and the equipping of its armed forces to at least try to balance out India's combat strength.

On its western border Pakistan has been forced by the military to pursue the concept of "strategic depth" which is designed to guarantee its influence in Afghanistan after the hoped-for regime change in Afghanistan in 2014. It is also designed to open up the shortest route to the raw materials and goods markets of Central Asia. It sees the Taliban as being the next regime and for strategic reasons will continue to allow them safe heavens in the Pakistan/Afghanistan border areas.

Pakistan's strategic geographic position and its crucial role in resolving the situation in Afghanistan and in maintaining peaceful conditions in South Asia lend top priority to strategic, political, economic and social considerations for providing Pakistan with substantial long-term development aid.