

State of
DEMOCRACY
in Pakistan

PILDAT
BACKGROUND PAPER

**The Politics of Democracy and of
Good Governance in Pakistan**

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PREFACE

What is the relationship between democracy and good governance? How does this relationship play out in Pakistan. Specifically, how can the performance of the current government evaluated from March 2008 to March 2009 based on the criteria of god governance and democracy. This background paper attempts to answer these and other questions on the issues outlined above in the specific context of the completion of the first year of the PPPP Government and its 1st year performance.

The background paper is authored by **S Akbar Zaidi**, one of Pakistan's best known and most prolific political economists. Mr. Zaidi has used his insight and knowledge on the complex subject of relationship between good governance and democracy and has used that relationship to assess the performance of the government.

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PROFILE OF THE AUTHOR

 Akber Zaidi is one of Pakistan's best known and most prolific political economists. Apart from his interest in political economy, he also has great interest in development, the social sciences more generally, and increasingly, in History. He has written over sixty academic articles in international journals and as chapters in books, as well as eleven books and four monographs. *Political Economy and Development in Pakistan* is his twelfth book, and the third to be published by Oxford University Press. His other books include *The New Development Paradigm: Papers on Institutions, NGOs, Gender and Local Government* (1999), and *Issues in Pakistan's Economy* (2005), both published by Oxford University Press, and *Pakistan's Economic and Social Development: The Domestic, Regional and Global Context*, (Rupa and Co., New Delhi, 2004). He has taught at Karachi University and at Johns Hopkins University where he was a Visiting Professor in 2004-05. He holds a PhD from the University of Cambridge and lives and works in Karachi.

INTRODUCTION

Singapore is considered to be one of the best governed or administered countries in the world, even better than many European countries. According to many indicators about openness and a business-friendly environment, and about efficiency and fairness in its judicial system, it usually comes top of the list. Yet, most academics and political scientists do not consider Singapore to be a democracy by any acceptable definition of the term, where a number of criteria would certify what a democracy is. Similarly, even if there was any ambiguity about Singapore, there would be none about Dubai, which is considered by many, especially those who live there, as well-functioning, well-managed and administered, and has a great deal of good governance. There is no ambiguity about Dubai being an authoritarian state, an emirate, with no democracy. On the other hand, India is considered to be poorly governed, managed and administered, yet without much debate or doubt, is democratic by the same set of criteria.

Based on these very partial statements and examples, one can reach a number of conclusions about both, democracy and governance. For example, one can say that Singapore actually is a democracy except that the criteria to determine democracy are different in the West and Singapore's 'Asian Values' have different notions of participation, political accommodation and democracy. We could perhaps even accept, based on the examples of Singapore and Dubai, that good governance does not require democracy, that as economists would say, it is not a necessary condition for good governance, and on the basis of the example of India, we can even conclude, that democracy is not even a sufficient condition to ensure governance. In fact, many could even cite the argument, that in India's case, democracy is a 'cost' on good governance, as some economists used to argue with regard to India's low growth in the 1960s and 1970s. On the basis of these three examples, we might even be led to assume, that democracy and good governance are not necessarily related or dependent on each other. Clearly, the relationship between good governance and democracy is far from obvious, and in the case of Pakistan, probably more complex and complicated than that of many other countries. This short paper will try to untangle some of these issues.

In order to contextualise the discussion with regard to

Pakistan an example from the immediate past the last month will help us understand how complex trying to understand, leave alone untangle, the democracy/governance relationship really is. While we are all quite aware about the complicated histories of Pakistan, let us move straight to events and their partial, and perhaps temporary, solution with regard to Swat.

The problems that have emerged in Swat, as most Pakistanis are aware, have been around militancy, or the armed and often brutal intervention in the public and private affairs of citizens and the state. There has been, what most observers believe, an insurgency in the region and the complete breakdown of any law or order. The state's writ is said to have been replaced by that of tribal customs acting as alternative, but highly repressive, forces. In a region where there have been hundreds of killings, thousands of people having been displaced and the entire social, economic and political structures and relationships collapsing in other words, a state of war and of siege the Provincial and Federal governments had to intervene to impose some semblance of stability, or 'governance.' The democratically held free and fair elections in February 2008, resulted in the victory of moderate, somewhat 'liberal', forces, where the more conservative or religious candidates were defeated. Democratic norms of governance would suggest that the governance values and

Based on the examples of Singapore and Dubai, good governance does not require democracy. On the basis of Indian example we can conclude that democracy is not even a sufficient condition to ensure governance; in fact, democracy is a 'cost' on good governance

systems of those elected, be enforced. Yet, in order to enforce peace and stability, the sharia had to be enforced to stop bloodshed in the area. In order to bring about some form of governance, the system of governance of those who were elected democratically, had to be replaced by a system of governance related to those who did not take part in the elections. Perhaps better governance will ensue, but it will not be democratic in the way normally understood. Politics, rather than democracy has influenced governance.

The Problem with Definition: Governance, Democracy

This paper will, I hope, show how difficult and complicated the concepts, definitions, contexts and relationships of governance and democracy are, generally, but particularly with regard to Pakistan. The Introduction section above, already alludes to these complexities, as do the other sections below. While the World Bank and the International Monetary Fund (IMF) and their consultants and those who follow that ideology, define governance in certain ways, insisting that good governance is essential for development, evidence from many developing countries, not least Pakistan, shows that the positioning of good governance with democracy is a particularly complicated matter.

A term that seems to have emanated in the 1980s, governance, or good governance, became important primarily because most international organisations began to give it importance. Multilateral donor organisations such as the World Bank, the IMF, the Organisation for Economic Cooperation and Development (OECD), the Asian Development Bank (ADB), the United Nations Development Programme (UNDP), the European Union, and bilateral donors such as the Canadian International Development Agency (CIDA) and the British Department for International

Development (DFID) and many other donors, made good governance mandatory or conditional on giving aid. Many of these organisations defined the term to suit their own specific needs, although clearly, there was much overlap in how the idea was constructed.

Looking through a number of different sets of definitions from international and bilateral donors, we get a sense of what they insist by the term 'good governance'. Good governance is supposed to be 'predictable, open and enlightened policy making'; the bureaucracy is expected to have a 'professional ethos'; civil society is expected to play a role in public affairs by some donors, while for many 'the rule of law' is critical. Government is expected to exercise power where government is expected to be 'effective,

honest, equitable, transparent and accountable', by some donors, while for the UNDP, for example, good governance is expected to provide for sustainable human development, and is required to be along with the other features mentioned above, participatory, as well. Other definitions of good governance will include market-friendly policies, privatisation, the retreat of the state, decentralisation and devolution. Democracy, per se, while never directly stated, is not a core or necessary requirement for good governance according

to some definitions, and the more general term 'participation', suffices.¹

In terms of what needs to be done, many donors insist that developing countries can move towards good governance, by undergoing civil service reform, a key insistence, cutting away the discretionary powers of the bureaucracy. Similarly, if there is a greater role of the market compared to that of the state, and the state retreats from decision making, the assumption is that there will be more efficient running of institutions and less red-tape and corruption and hence, better distribution of resources. This has led to an insistence to privatise state-owned enterprises and

In Swat, in order to enforce peace and stability and bring about some form of governance, the system of governance of those who were elected democratically, had to be replaced by a system of governance related to those who did not take part in the elections

1. See the discussion on the numerous definitions in Surendra Munshi, et. al., *The Intelligent Person's Guide to Good Governance*, Sage, New Delhi, 2009, chapter 1.

services across the globe. Similarly, devolution and decentralisation are key requirements for good governance, where government services are expected to be in closer reach to citizens and where they are expected to have a greater say in decisions and performance.

While democracy is probably an easier term to describe, understand and implement, this paper will show that it too, is complicated. While the process of electioneering is a necessary condition for a country to have democracy, we know that it is not a sufficient condition. Civilian, even democratically elected regimes, can be as brutal and authoritarian as some military regimes. Often, the extended rule of military domination makes a democratic civilian transition long-drawn out, and despite the formal and ritualistic side of electioneering, 'democracy' may take time to emerge. Democracy to be functional, also requires the rule of law, just as does governance, and a transparent and free media.

Complications around actually-existing democracy emerge, when as I argue in the Introduction of this paper, different interpretations are given to it. For example, by liberal western criteria, Singapore is not a democracy, and nor is China. In other countries, such as Pakistan, the notion of 'praetorian democracy' has been applied, where the military holds on to the reigns of the state and makes all important decisions, yet 'allows' some form of participation and public representation, or 'democracy'.² Similarly, authoritarian governments, especially military regimes, are the first to embrace some of the key constituents of good governance. They will devolve and decentralise power, privatise state owned enterprises and have market-friendly policies, and also allow some form of limited participation.

One Year of Democracy

Since, as I argue above, governance is a relationship which is expected to have certain outcomes which may take many years to emerge, it is clearly not possible, and nor should it be the objective of a social scientist, in all fairness, to evaluate the performance of any government after a single year in office, especially one which has emerged from and into the conditions as has the present one. After nine (9) years of military rule, where perhaps even some components of good governance may have succeeded and produced positive results, the mess created by military

Perhaps there was some semblance of good government without democracy under military authoritarianism in general perception. Yet, Pakistan had numerous serious problems afflicting it, probably exacerbated under a military government

rule has had to be dealt with. If government performance per se, is the central medium through which we can gauge the nature of governance, then it is important to examine some elements of that performance and reach an opinion about the quality of governance. Yet, one cannot but emphasise, that we need to be fair to make that sort of assessment, keeping in mind the conditions that this government has emerged from. In this section, I first briefly highlight some of those conditions which have led to democracy in Pakistan, and then attempt a short understanding of how governance may have been delivered in this one year.

If one looks at the government in power prior to the incumbent democratic government lead by General Pervez Musharraf for nearly eight years (1999-2007), on the basis of some of the criteria identified above, one can suggest that perhaps there was some semblance of good government without democracy under military authoritarianism. For example, if by some definitions of good governance we mean efficient and well-managed government, then the general perception is that the previous government was such. For instance, there was a market-friendly economic environment, there was substantial privatisation, the economy grew appreciably raising per capita income levels, the media was free to the extent that the military government had to unsuccessfully gag it when it became 'too free'. Importantly, the favourite instrument of every military dictator in Pakistan, a devolved

2. See S Akbar Zaidi, *Political Economy and Development in Pakistan: Papers on Democratisation, Decentralisation, Development and Civil Society*, Oxford University Press, 2009.

3. See Chapter Four in Ibid.

The fact that two of the most important ministries - Finance and Interior - are being run by un-elected advisors, is a sad comment on democracy and governance standards. Most economists agree that problems in Pakistan's economy were aggravated by mishandling of the economy by the government

and decentralised local government system, was put in place.³ The international media, for its own purposes and designs, heralded a new beneficial social, economic and political order or governance in Pakistan singing the praises of a well-governed military regime, as military regimes, because of their authoritarian nature, tend to be. Yet, Pakistan had numerous serious problems afflicting it, probably exacerbated under a military government, not least that it was the heartland for the US's war on terror and that the rise of militancy and terrorism was no longer just relegated to the frontier region but that it had hit hard at home. Moreover, efforts to subjugate a not-so-independent judiciary further, and to control political processes and outcomes to suit the needs of one man or his institution, backfired, and revealed the other, perhaps real, side of military authoritarianism.

It is not possible to have expected a government following on the tumultuous year from March 09, 2007 to February 18, 2008, to address much of the mess that it inherited. Moreover, while it was not so advanced by the time the new government took office, the domestic and global economic crisis made numerous economic and social plans unfold, making just the management, leave alone even the survival, of the economy, and country, a huge task. Other issues related to governance were forced onto the back-burner. Also, dealing with the constitutional and political baggage of the Musharraf years the presidency, the 17th

Amendment to the Constitution, the issue of the Supreme Court Judges, a coalition government, etc made political survival, not just of the government, but of the system of democracy itself, a challenging task.

Based on the conditions they inherited and were faced with, it becomes a little unfair to assess the performance of the Peoples Party government in just their first year. Yet, there are clear examples where one can say that the Peoples Party has failed at creating the grounds for improving governance and had these issues been better dealt with, perhaps some manifestation of governance would have improved. Let me cite some clear cases of poor governance.

The fact that two of the most important ministries - Finance and Interior - are being run by un-elected advisors, is a sad comment on democracy and governance standards. Moreover, most economists are agreed that the problems in Pakistan's economy were aggravated by the mishandling of the economy by the government itself, from March to September 2008. Furthermore, criticism by economists is directed towards the government that it did not address key economic problems when they should have been addressed immediately after coming into power, and the slide led to Pakistan ending up with the IMF once again. Governance issues of better human and social development, as outlined by the UNDP, for example, have certainly worsened and one can hold the People Party government responsible for this.

Similarly, two of the most important pre-election promises of most political parties, including the government, which have far reaching implications on some elements of governance, as well as on democracy, have been avoided or reneged by the government. The repeal of the orders and amendments related to the 17th Amendment and the November 3, 2007 Emergency, undoubtedly, have serious implications on governance. Similarly, the issue of the reinstatement of the Supreme Court Judges, which grew in scope to become a wider 'independence of the judiciary' movement, unquestionably has had a critical impact on the rule of law, a central tenet of good governance. In both these cases, it is clear, that politics has determined governance. Finally, and most recently, the imposition of Governor's rule in the Punjab, furthers neither good governance nor democracy but, rather, political ambitions

and aims which are likely to run counter to both, democracy and good governance.

The Complicated Relationship of Democracy and Governance in Pakistan

To underline some of the complexities which relate to both governance and to democracy in Pakistan, let us take the somewhat simple and apparently, straightforward, case of corruption, as one of many examples. All definitions of governance, would insist on the elimination or absence of corruption if a country is to have good governance. The presence of corruption in the workings of government would imply that the government is not working according to the norms of good governance and is compromising on an important criterion which would honour any standard set in order to have good governance.

Akmal Hussain, in a recent monograph, using the World Bank as a source for its definitions on good governance and the link with equitable development, has examined the relationship between corruption in Pakistan and economic development.⁴ Hussain argues, that 'widespread corruption in Pakistan during the 1990s adversely affected investment and growth', and shows how this happened.⁵ He shows that there were at least three ways this happened, where 'the uncertainty and lack of transparency in government policy and the loss of time and money associated with governmental corruption would create an unfavourable environment for private sector investment'.⁶ Secondly, because of corruption, a large amount of money would have been transferred from private citizens to government officials rather than to productive investment. Thirdly, banks and investment finance institutions 'were being forced to lend on political grounds and there were substantial defaults as a result, it is clear that a significant proportion of banking capital was being transferred as rent to corrupt leaders'.⁷ All these factors, not surprisingly, according to Akmal Hussain, affected private investment as there was less credit available for investment, and also because of 'increased transaction costs of banks following defaults, the interest rate for private investors would increase'.⁸ Other examples are also cited about tax evasion

due to corruption, which resulted in fewer resources for development expenditure which affected services and facilities for the poor.

Akmal Hussain concludes his analysis of corruption in the 1990s, suggesting that this corruption, which as I argue above, signifies the absence of good governance, as result, caused serious economic problems for Pakistan. He argues, that the 'large scale corruption by political leaders and government officials not only slowed down investment and growth but also increased inequality and the economic burden on the lower income groups'.⁹ For him, corruption was one of the main features in the 1990s which resulted in Pakistan's poor economic performance. He writes: 'During the decade of the 1990s, political instability, historically unprecedented corruption by the top leadership, and the worsening law and order situation perhaps had a significant adverse effect on private investment and GDP growth'.¹⁰ Whether corruption actually was so important in eroding economic growth, is a debatable point, and is not being addressed in this paper. One could argue, in fact, that the 1990s suffered low economic growth for a number of reasons other than corruption which may not have been as salient as Hussain insist. For example, the evidence for the poor economic growth in the 1990s, points to the highly crippling role of debt created during the Zia ul Haq years of 1977-88 with which the democratically elected governments had to deal with throughout the 1990s. Added to this, was the highly rigid and detrimental role of the IMF in straight-jacketing Pakistan's economy in this period, as well.¹¹ Sanctions were also imposed on Pakistan for its nuclear programme. For other economists, corruption does not appear at all as a detrimental factor affecting economic growth in the 1990s.

However, to return to the complicated relationship between democracy and good governance, the following quote from Akmal Hussain reveals that in the case of Pakistan, such analysis can become very problematic. He argues, that 'corruption by successive governments was not only a factor in undermining the economy, and intensifying the deprivation of the poor, but also in *eroding the very legitimacy of the political system which brought such*

4. Akmal Hussain, *Power Dynamics, Institutional Instability and Economic Growth: The Case of Pakistan*, The Asia Foundation, Islamabad, 14 April 2008.

5. *Ibid.*, p. 67.

6. *Ibid.*

7. *Ibid.*

8. *Ibid.*

9. *Ibid.*, p. 68.

10. *Ibid.*, p. 69.

11. See S Akbar Zaidi, *Issues in Pakistan's Economy*, Oxford University Press, 2005.

12. Akmal Hussain, *op. cit.*, p. 68. My emphasis.

governments repeatedly into power.¹² And, herein lies the dilemma between good governance and democracy, perhaps everywhere, but certainly with regard to Pakistan.

How does one posit good governance with/against democracy, when knowingly corrupt politicians are repeatedly elected into power? The poor, who according to Akmal Hussain, bear the brunt of corruption and poor governance, are repeatedly willing to elect 'corrupt' officials. Does this mean that corruption is less of a significance to the poor, than it is to the World Bank and other organisations or academics writing in line with World Bank thinking and ideology? If the supposed sufferers, the poor, are willing to democratically elect corrupt politicians, what does that say about the theory of governance? Or of democracy? And, importantly, how do we decide what is 'good governance', and for whom? Clearly, there seem to be different ways in assessing what matters for good governance, and whether corruption really matters to those who elect their leaders the poor, in most cases of democracy as much as Akmal Hussain or the World Bank insist.

This single example merely underlines the complexity in trying to examine the link between democracy and good governance in Pakistan, but this is not all. In the case of

Two of the most important pre-election promises of most political parties, which have far reaching implications on some elements of governance and democracy, have been avoided or reneged by the government: repeal of the orders and amendments related to the 17th Amendment and the November 3, 2007 Emergency

Pakistan, one must also consider more systemic factors that persist in Pakistan's polity and society, which do not allow democratically-elected governments to practice good, or for that matter, any sort of governance. For instance, the overdeveloped military apparatus, with its excessive involvement in the economy, intelligence services and in politics, undermines and often sabotages, efforts by democratically elected leaders to push forward reforms and interventions for broader democracy and for better governance, or simply, any sort of governance under democracy, however marred both may be.

Just as the military in Pakistan has hampered democracy, so too do extra-state organisations with a political aim, who want to impose a form of the state through force and terror. Various called the Taliban, or al-Qaeda, or armed militants, or Islamic fundamentalists imposing their own brand and interpretation of sharia, these groups too, are inimical to the process and form of democracy as we have come to accept it. Perhaps these groups fulfil some notion or component of the vast checklist from the menu of 'good governance', but the legitimacy and appropriateness of such groups always remains controversial in a modern age moving to some so-called universal norms and values or version of History.

Concluding Comments

This paper has argued, that governance is a complicated and complex notion, used inextricably by donors to justify funding and conditionality. It also argues, that at times, democracy and good governance may be in contradiction with each other and have a trade-off, where even under conditions of authoritarianism, some of the ingredients of good governance are delivered. Similarly, under democracy, countries need not be effectively and efficiently governed. Despite many assumptions that both are dependent on each other, this is a tenuous link.

Under the circumstances in which the current government emerged and took over power following nine years of military rule, and given Pakistan's accumulated problems, the paper also argues that it is an unfair question to set a score-card on issues of governance, but perhaps not on issues of democracy. Yet, despite such considerations, we do show very clear governance failures at the macro level, where better and more effective management could have resulted in better policy. Moreover, failures on the democratic agenda, have made both governance and

democracy weaker.

A key argument in this paper has been that politics dominates both governance and democracy, particularly in the context of Pakistan where the military, and increasingly 'jihadi' outfits, call the shots. The politics of the military, the politics of jihadis, and the politics of political parties and democrats, as well as now increasingly, civil society and social movements, give contradictory trends to the balance between governance and democracy. Unlike the simplistic understanding of the World Bank and other donors, an examination of governance, democracy and politics in Pakistan shows, that notions and concepts devised by donors are not always helpful in understanding and planning for a strategy that is best suited for all countries. While it may be important to devise tools for good governance so that they deliver better services and improve human and social development, the roadmap in following a good governance agenda will not be found in a good governance handbook but, as Pakistan's example highlights, through the interaction of democracy and politics under specific and particular conditions. As in most things political, the relationship between governance and democracy, is context-specific.