

## **War Making and State Making in Pakistan**

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### **Abstract**

Since Charles Tilly's (1985) articulation of stage-wise development of modern European state through war making, a large body of scholarship has attempted to elaborate on a similar process in developing world (Rasler and Thompson 1985, 1989; Mann 1988; Kirby and Ward 1991; Jagger 1992; Stubbs 1999; Bates, 2001). This scholarship demonstrates affirmative positive connections between war making and state building in developing countries. Another offshoot of this scholarship goes to the extent of claiming that the absence (of threat) of war or inter-national rivalry might lead to a relatively weak state (Desch 1996; Herbst 2000; Lustick 1997). The primary argument of this approach—the bellicist approach—is that warfare stimulates state building: the centralization of state power, the building of institutional capacity, and the generation of resources. However, a number of scholars have also critiqued the approach, especially in the context of Latin America that is rife with wars and internal revolts, that Tilly's model does not re-produce itself in developing countries (Lopez-Alves 2000, Centeno 2002). In this theoretical and empirical context, we study the case of Pakistan, which we believe exhibits obvious connection between war making and state-building. We argue the conventional wars did produce stimulus for state building, but that the unconventional wars did not. The latter put the state astride a vicious cycle of only war making, which it is feared might end up in state failure.

**Key Words:** War, State-building, Pakistan, Terrorism.

### **Introduction**

In Tilly's model "the agents of states" carry out four basic activities, which under a general heading constitute "organized violence." They are following:

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1. War making: Eliminating or neutralizing their own rivals outside the territories in which they have clear and continuous priority as wielders of force
2. State making: Eliminating or neutralizing their rivals inside those territories
3. Protection: Eliminating or neutralizing the enemies of their clients
4. Extraction: Acquiring the means of carrying out the first three activities—war making, state making, and protection.”

The four activities do not necessarily lead to consolidation and strengthening of states. It is the ability of the agents of states to capitalize on these activities for the purpose of state building. For instance, writing in the context of Latin America Miguel Centeno notes:

The machine of the state needs a “driver” able to use the stimulus provided by war to expand its reach and power. Without such a driver, whether it be state personnel, a dominant class, or even a charismatic individual, the political and military shell of the state has no direction. Without this direction, war does not present opportunities for growth, but are mere challenges to survival. (2002, 166)

All state agents have their rivals, inside and/or outside the territorial base, and all clients of state authority (of different professions for instance traders, agriculturalists, businessmen, etc., and populace in general) have enemies. Rivalry and enmity are persistent conditions of political existence, which have slightly changed their skin since early modern European state. What makes them significant is their influence on the enterprise of war making and through that the state power and capacity. Playing on rivalry and enmity in a *directed* fashion in order to strengthen the capacity of existing state institutions and creating new ones is what counts for state-building. Put differently, protection and extraction, or Tilly calls protection “racket” and Campbell calls extraction “ratchet,” are two, perhaps one, basic activity of war making and state building. Building on the analogy of a racketeer, Tilly claims that governments create (“simulate, stimulate, or even fabricate”) the conditions of insecurity, violence and war. Then they charge citizens for promised protection. He writes, “To the extent that the threats against which a given government protects its citizens are imaginary or are consequences of its own activities, the government has organized a protection racket.” This process allows “the governments [to] stand out from other organizations by their tendency to monopolize the concentrated means of violence” (1985, 171).

On the other hand, “ratchet effect” is produced by wars, which adversely affect the accepted extraction ceiling taking it to higher levels. This is accompanied by expansion of state’s financial and administrative apparatus (Campbell 1993; Peacock and Wiseman 1961; Rasler and Thompson 1985). Similarly, Tilly informs that during state building in early modern Europe, “war, state apparatus, taxation, and borrowing advanced in tight cadence” (1985, 180). The major indicators of extraction ratchet are taxation (tax revenues), debt, and

aid. For Organski and Kugler “taxes are exact indicators of governmental presence” (1980, 74). Conversely, extraction ratchet can be noticed from government expenditures.

Tilly in the very beginning of his essay dispels the impression that his model is applicable in the case of Third World countries. However, he does encourage “a thoughtful exploration of European experience”, which he suggests can “serve us well” (169). I think his “theoretical baggage”—protection and extraction—provides enough useful tools that can serve us well for analyzing the situation in Third World countries. Consistent with this line of attention several political scholars developed new models, corollaries, and critique to Tilly’s (See, Resende-Santos 1996; Kacowicz 1998; Centeno 1997, 2002; Lopez-Alves 2000, 2001; Mares 2001; Thies 2004, 2005, 2007; Kurtz 2013). In this essay, we do an analytical study of the case of Pakistan. We argue that wars and interstate rivalry in effect generated stimulus for state building in Pakistan, but that the stimulus was not exploited properly. In other words, the stimulus produced was not given a consistent direction, but was left at the mercy of individual state actors/institutions as well as internal political rivalries. This argument can be stretched further to argue that state building stimulus did not necessarily accompany wars because it is not an epiphenomenon of the grand phenomenon of war but a co-phenomenon. It is independent and at best correlative with war. It begins before war breaks out and lasts after it ends. Inasmuch as the state actors involve in giving state building stimulus certain direction, they are also responsible for its generation and promotion as well as saving it from conflating with war.

### **Conventional Wars and State building in Pakistan**

In terms of resource extraction and national mobilization, the course of a conventional war of Pakistan, can be split into two wartime phases: pre-war and post-war phase. In the prewar phase Pakistani state never engaged in mobilization and resource generation. It did not occur to the state actors that war could be a mean to a particular end—the state building. Rather for them war remained a sudden (clandestine) military adventure for eliminating the external rival from the disputed territory. To that extent they seem to exhibit the distinction between war making and state building, the two neither causal nor coterminous but only correlated by the virtue of consequences. On the other hand, in the post-war phase (at least in the cases of 1948 and 1965 wars) mobilization and resource generation did take place. However, again the state actors failed to fully tap into them.

Our primary argument in this section is that three conventional wars (1948, 1965, 1971) did not involve preparation for war-making—the resource extraction. However, they pointed to and in effect solidified the interstate rivalry between India and Pakistan. This rivalry produced the stimulus for protection racket as well as explains steady growth of build-up of arms. But it did not translate into efficient resource mobilization and distribution for the purposes of state building. In other

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words, the failed war-making resulted in failed state building. It even led to the collapse of protection racket and depletion of resource base. On the other hand, the internal enemies (e.g., armed groups and insurgents) of the state agents (e.g., security forces) get strong leading to increased internal violence, which then replaces the preoccupation with the external threat/violence.

Hostile relations with its eastern and western neighbors impelled Pakistan to gird up its defense capability. This entailed acquiring of modern arms and expanding the size of army. However, increasing the defense capability did not at any point resemble preparation for war making. It can be noticed from the figures (Table 1) relating to resource extraction—taxes and debt—and defense budget that no large sums were added during the pre-war periods. In fact, in the case of 1948 war, which broke out almost within a year of independence, there did not exist any resource base. Pakistan's revenue and expenditure balance was in staggering deficits. Later on, the resource base began to grow but only on a slow pace. Although after the 1948 war Pakistani state felt pressed to increase its defense budget, the figures however see a sharp decrease over the subsequent years (See Table 2). In the next phase, that is from early 1960s to mid 1965 when the war broke out, Pakistan's resource mobilization, primarily based on revenue receipts and capital receipts, neither shows any drastic increases nor include any new taxes (See Table 1). Here, we need to mention that the argument that at this time Pakistan was receiving considerable economic and military aid from the United States-- 2.75% of GNP in 1961 to 8.79% in 1964—can be defended by noticing that much of this aid was going into the fledgling macro-industry rather than the war industry.

The situation aggravated in the post-war phase. The resource base faced severe depletion such that over the next six years revenue expenditure balance dropped out of bottom. By 1971 when the war breaks out the resource base was virtually non-existent. One of the major adverse effects of the earlier war was on foreign aid, which for some time was running the engine of industrial as well agricultural growth. The United States had imposed economic and military aid embargo. Thus the gross foreign aid descended from 8.9% level in 1964 to as low as 3.61% by 1970. Revenue receipts and capital receipts that had doubled between 1960 and 1965 slowed down over the rest of decade (See Table 1). And during the same period Pakistan's defense budget had not shown any significant rise either. It had only increased from \$207.7m in 1961 to \$289m in 1965, which does not suggest wartime rise (The Military Balance 1961 and 1965). However, the poor performance in war and new security threat convinced the state to increase its defense budget, which then doubled. This is the time when Pakistan's defense capability—size of military, nature of arms, and military strategy, and the amount of budget—got locked with that of India's. Initially, Pakistani state tried to match, later to have half as much, and presently having one-fourth as much.

Not only the figures of resource mobilization and defense budget show that Pakistan was not preparing for war, the political environment in which they break

out was not favorable for war either. For instance, in case of 1965 war the president of Pakistan, Field Marshal Ayub Khan, had neither the stomach for war nor was he convinced that it could settle territorial issue of Kashmir (Ziring 2003, 104-6). Second, those who believed in military-style solution actually ventured for a minor level clandestine expedition into the Indian side of Kashmir, and they did not anticipate that it could snowball into a full-fledged war. Meanwhile they kept the president and masses uninformed about their plans until the situation spiraled out of control.

This disconnection within the channels of the state actors and between them and the masses becomes the primary reason for failed war-making, protection giving, and state-building. Theoretically, in terms of bellicists approach, the lynch pin between war making and state making is mobilization of resources, both material and immaterial, the human, the moral and morale. Even the material resources are indirectly tied up with immaterial resources. For instance, Cameron G. Thies building on Organski and Kugler writes “[t]he inability to extract tax revenue from society is a key indication of the state’s incapacity to obtain and maintain national unity, legitimacy, and control” (2005, 455). However, the 1965 war instead of bridging this disconnection widened it. While during the pre-war period little, if any, material and immaterial mobilization takes place, the post-war period completely misses the opportunity to utilize the newfound resources and rather allows them to be perversely utilized by internal rivals to the erstwhile state actors.

The 1965 war had produced a strong case for protection racket and extraction of resources. In the months that followed after the end of war, feelings in the country displayed immense unity, readiness for sacrifice, and willingness to dispose their resources at the service of their country. A local newspaper commented upon the feelings of the people in following words:

No Government in Pakistan ever had such a healthy climate and opportunity to mould the Pakistani people into a nation of which not only posterity will feel proud, but which would command the respect and admiration of the world at large. (Muslimnews International, Karachi, November 1965, p.2; Quoted in Ziring 1971, 67)

The war lasted for seventeen days. An agreement at Tashkent was reached using the good offices of the USSR. This was a critical moment, and could have been a turning point in the trajectory of state building in Pakistan. Although patriotic feelings of masses could have served to generate resource base, but the opportunity was missed. Unfortunately, when more intelligence and statesmanship was needed, Ayub Khan’s administration faltered, taking wrong steps one after another. First, Ayub Khan instead of explaining the nature of the agreement at Tashkent contented himself with self imposed silence. This led to spread of “misgivings” and resulted in conspiracy theories. Masses were left confused about

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the results of war. Bureaucracy and army were also disturbed, so were the intelligentsia, students, and middle-class urbanites. Ayub Khan showed political inaptitude as he found himself unable or unwilling to explain why he signed the document that changed the so-believed victory into defeat. As Ayub Khan and his administration failed to control, mould and direct patriotic feelings generated by the war, an implosion took place in the form of riots and rebellions. Thus relieved from external violence for time being Ayub Khan was then faced with internal violence.

Second, as patriotic feelings transformed into hatred for the erstwhile administration, Ayub Khan's focus turned to save his own regime rather than the state (which would soon be on the verge of disintegration). This led to adoption of an aggressive posture toward all those who were hitherto ready to sacrifice themselves and their material resources for the country. And as people's feelings of sacrifice began to dwindle, they gave way to internal violence pitting the people against their government.

By early next year, students of the Punjab University, along with students from other colleges, took to streets in Lahore. As protesting and rioting intensified the police was called in to crack down on the protestors. In the process four people were killed, many more were injured, and several hundreds were arrested. These events impelled the President to break his self-imposed silence and address the people whose patriotic feelings of unity and support were fast transforming into violent anger. The students had lost trust in Ayub Khan's government though the latter tried to win them over by offering to integrate them in his Basic Democracy system of governance. It was the beginning of the long-lasting student activism, which Z. A. Bhutto manipulated to further his own political ambitions. After the protest by students, several leading politicians convened a National Conference in early February 1966.

On the other hand, in East Pakistan politicians saw an opportunity in the failing regime of Ayub Khan to express their own grievances and press for their demand of greater provincial autonomy. By the end of year, the leading political party, National Awami Party, under the leadership of Mujib ur Rehman had virtually adopted Six Point Program. One of the consequences of adopting the Six Point Program was that it was tantamount to reducing Pakistan to a loose confederacy of its two wings. In the 1965 war East Pakistan had faced air strikes, and therefore, had complained about its vulnerable security situation. Moreover, the masses in the East Pakistan were discontent on what they saw as federal government's biased distribution of resources. And they could not understand why Pakistan should go on war for Kashmir at the cost of their insecurity. In this regard the state actors in the West Pakistan could not do much to convince them about the significance of Kashmir to Pakistan.

Ayub Khan's regime was set adrift by adversity and with it the fate of a united Pakistan. It was facing approximately one thousand riots each year whose intensity was on the rise. With each year passing, Pakistan's security situation was growing

weaker. The country was on its way to a bloody civil war while the state actors gripped in the internal violence seemed oblivious of the greater tragedy.

With the defeat and dismemberment of Pakistan in 1971 the very bases of protection and extraction weakened. The armed forces that were one of the major state actors at the time, had miserably failed to provide the protection. They stood humiliated internationally as well as nationally. However, for the government of Zulfikar Ali Bhutto it was a new opportunity to rebuild the state. Hence a new model for protection racket and extraction of resources got underway. In order to provide protection to his clients, and in effect to his own regime, he ventured to decrease reliance on the armed forces especially when it came to the matter of internal security. Although he wanted to keep the forces at distance, however his policies became only contradictory: one the one hand his government wanted to subordinate the forces to representative institutions and on the other engaged them on his own orders in quelling domestic political opposition, insurgencies and riots. Moreover, he chose to establish a new domestic security institution—the Federal Security Forces (FSF). FSF was a 14000-strong para-military force equipped with modern weapons. The military loathed FSF so did the police. The opposition political parties did not approve of them either. Thus this new perverse institution of domestic security could not live longer than Bhutto himself.

On the other hand, Bhutto's government began to reform the entire structure of economy. He introduced populist-socialist ideas. The industrial sector was gradually nationalized, beginning with the heavy industry and then the light industry. Agriculture sector was also reformed by introducing land reforms. Thus new lower ceiling was placed on land holdings in order to promote small-size land holdings. The economic reforms needed corresponding restructuring of bureaucracy. Bhutto's government began to reform bureaucracy, but its aim was not to reform the tax structure rather to involve bureaucracy in running the nationalized industry. Thus bureaucracy was expected to engage in the management of economic sector and generation of growth. However, Bhutto's reforms did not yield expected results. Soon the new economic system fell prey to corruption and mismanagement. With that the resource extraction base began to deplete.

Moreover, Bhutto at times used FSF against industrial workers as well as against his rival political activists. He also deployed army in Baluchistan to quell the Baloch nationalist and separatist insurgency. The precedent of deployment of army had started in the Civil War of 1971 and was repeated in Baluchistan, and later in the North West Frontier. However, this resulted in detracting the feelings of national solidarity and public readiness to support the army. Just as Andreski (1980) points out in the case of Latin America that the increased use of military internally reduces its capacity to wage war externally, it is feared that Pakistan army's deployment internally and its engagement in fighting insurgencies and terrorism would effect its capacity to wage war externally.

**Table 1: Consolidated (Federal plus Provincial) Government Finance (Rs million)**

	1949-50	1957-8	1960-1	1965-6	1966-7	1967-8	1972-3	1973-4	1974-5	1975-6	1976-7
Revenue Receipts	1253	2450	3459	6987	7822	8205	9763	14166	17426	21224	24286
Tax revenue	947	1670	2440	4350	5310	5350	7353	10347	12812	18079	20547
Non-tax Revenue	306	780	1019	2637	2512	2855	2410	3819	4614	3145	3739
Revenue Expenditure	1253	2413	3031	8116	7527	8002	10619	15164	21183	24213	25698
Deficit/surplus	--	37	-428	-1129	295	203	-856	-998	-3757	-2989	-1412
Capital Receipts	169	1106	1319	3843	6521	5091	7175	8553	15102	18920	18288
Capital Expenditure	703	1525	1885	1410	5279	5356	7578	8766	14264	19862	20352
Overall deficit/surplus	-534	-382	-140	1304	1537	-56	-1259	-1211	-2919	-3931	-3476

Source: Viqar Ahmed and Rashid Amjad (1984) p.260.

**Table 2: Defence Expenditure, 1949-58 (Rs. Million)**

	1949-50	1954-55	1957-58
Defence Expenditure as % of			
(i) Total development expenditure	193.0	114.8	60.7
(ii) Central government revenues	63.7	46.6	48.0

Source Omar Noman (1988) p.19.

By 1965, Pakistan and India had fought two full wars on the issue of Kashmir. The two conventional wars, of 1948 and 1965, institutionalized the differences and hostilities between Pakistan and India into what Thompson calls the “strategic rivalry” (Thompson, 2001). Strategic rivalry is understood as a situation in which rival states view each other as “(a) competitors, (b) the source of actual or latent threats that pose some possibility of becoming militarized, and (c) enemies” (Thompson 2001, 560). Pakistan’s effort to gird up its defense capability is explicable in terms of its strategic rivalry, which although not equivalent to Tilly’s war-making is nuanced corollary of it. With the beginning of the strategic rivalry, Pakistan’s defense procurement gets locked with that of India’s. The two states began to engage in continuous build-up of arms. Even recently when both countries have acquired nuclear deterrence the build-up goes on unabated.

**Table 3 Major Economic and Defense Indicators**

State	1965		1971		1977		2000		2009	
	India	Pakistan	India	Pakistan	India	Pakistan	India	Pakistan	India	Pakistan
Population	470m	101m	557m	126.3m	622m	74m	1.02b	161m	1.13b	174m
GNP			\$49bn (1970)	\$16b (1970)	\$89.7bn (1975)	\$10b	\$471b	\$62.8b	\$1300b	\$157b
Defence Estimates	\$2,100m	\$289m	\$1656m	\$714m	\$3.4b	\$820m	\$15.9b	\$3.0b	\$35.88b	\$4.1b
Total Armed Forces	869,000	188,000-208,000	980,000	392,000	1,096,000	428,000	Active: 1,263,000 Reserve: 535,000	Active: 620,000 Reserve: 513,000		Active: 617,000
Army	825,000	160,000-180,000	860,000	365,000	950,000	400,000	1,100,000	550,000	1,129,900	550,000
Navy	16,000	8,000	40,000	10,000	46,000	11,000	53,000	25,000	58,350	22,000
Air Force	28,000	20,000	80,000	17,000	100,000	17,000	110,000	45,000	127,200	45,000

Source: The Military Balance 1965, 1971, 1977, 2001, 2010. An IIS Publication, Routledge.



**Table 4: Military Expenditure and Size, 1969-77**

Year	Military Expenditure Amount (\$m)	As % Of GNP	As % Of Budget	Size of the Armed Forces (in thousands)
1969	350	5.0	55.52	365
1970	372	4.8	53.91	370
1971	436	5.6	56.17	404
1972	522	6.7	59.10	350
1973	522	6.6	58.10	466
1974	572	5.7	53.22	500
1975	569	6.3	53.41	502

Source Omar Noman, p. 60.

The two states seemed to have decided that their issues could be resolved through only physical aggression. This was further established in 1971, when India decided to militarily intervene in the civil war in East Pakistan in order to resolve what it claimed to be massive refugee problem. And later the strategic rivalry displayed a new teeth: the formulation of foreign policies and resolving foreign policy issues in military terms. Diehl and Goertz call this form of interstate foreign policy making *enduring rivalry*: “a relationship between two states in which both use, with some regularity, military threats and force as well as one in which both sides formulate foreign policy in military terms” (2000, 4).

## The Unconventional Wars

It is essential for Musharraf that Pakistan be a ‘dangerous place’: he and his country...feed off the menace. (Foud Ajami 2007)

Pakistan now negotiates with its allies and friends by pointing a gun to its own head. (Stephen Cohen 2004)

While the conventional wars (1948 and 1965) generated considerable resource extraction stimulus and enhanced the extractive capacity of the state, which though went untapped or perversely directed, the unconventional wars—the Cold War and the War on Terror—did not generate resource extraction stimulus, before, during or after their course. Since they lacked a state adversary, these wars did not give rise to enduring or strategic rivalry either, which could have provided alibi for competition and resource extraction. They brought immense change in Pakistan’s hitherto experience and conception of war: the adversary changed (from India to the Soviet communism and later the “unidentified” Islamic terrorists), geographic war front shifted from eastern plains to western mountainous terrain, and strategy of war changed from conventional war to guerrilla/counter-guerrilla warfare. While the conventional wars broke out from local actions or adventures, the unconventional wars were the consequence of international adventures of the superpowers. Pakistan unable to resist got dragged in but only as a pawn in the big

game. However, these wars could not provide ample reason as protection giving enterprises to Pakistani masses who were left disenchanted as well as ignored in the entire process. This created the difficulty in extracting resources—taxing for instance—which is promptly overcome by the flood of foreign aid.

By the time the Soviet forces intervened in Afghanistan in late 1979, Pakistan's economy as well as politics was staggering badly. The decade of 1970s had seen the populist forces ushering socialist economic reforms. Industry was nationalized and bureaucracy overhauled in order to suit new nationalization program. The overall impact of the reforms on economy was not quite sanguine: the GDP plummeted to bottom, the tax revenues slowed down and the revenue-expenditure balance declined in negative figures (See Table 1). On the other hand, the democratic political order had broken down within six year after the secession of its eastern wing in the 1971 war. Major political parties were boycotting the erstwhile government which was finally overthrown in a military coup in 1977. The Pakistani state found itself virtually resourceless to wage a war against the monolithic USSR. However, the state actors began to mull the possibility of joining the war once promised massive foreign aid (by the USA and Saudi Arabia). The beleaguered state actors (the military generals) realized that joining the war was necessary and best way to maintain their own position and privilege. They concluded that only in doing so they could not only save the faltering state but also embark upon the so-called God-gifted opportunity of state building on Islamic ideas. It reflected an important postulate of bellicist theory which Centeno observed in case of the Latin American states: wars can contribute to state building provided the militarily dominant political institution (or a social class) view war as the best way to maintain their position and privilege (See Centeno 2002, 142).

American President Jimmy Carter sent his envoy to persuade Pakistani president, General Zia ul Haq, for joining the war. President Carter offers a \$400 million economic assistance package which General Haq dismissed as too meager. However, through some secret arrangements some aid money began to flow to the *mujahideen* (Nawaz 370). When Ronald Reagan became president in 1981 United States defense policy underwent an immense change. The new administration approved \$4.2 billion in aid for five years. In March 1987 the Reagan administration approved another five year aid package of \$4.02 billion. Apart from these officially announced aid programs America provided covert military assistance to Pakistan Army in the form of defense material and training. Furthermore, CIA and ISI together figured out another source to fund the war: the drug money.

With this foreign aid and drug money Pakistani state took up the frontline role assisting a guerilla war against the Red Army in Afghanistan. As the war progresses millions of refugees being to pour into Pakistan. Uprooted from home, harmed at the hand of their rulers, the refugees became victim of yet another highhandedness at the hands of ISI and CIA as many of them were trained for jihad and recycled back into Afghanistan. Between 1982 to 1987 around 80,000

mujahideen are churned out, most of whom came from refugees, some from Pushtun tribes of the borderland and few from Pakistan Army who “volunteered” (Nawaz 375). Soon in the northwestern borderland emerged a large numbers of training camps, arms caches and sanctuaries for the *mujahideen*, which consequentially affected its social and political economy. It got infested with armed mujahideen, poppy farmers, drug smugglers, arms traffickers, various types of bootleggers, spies, intelligence personnel, and jihad-preachers.

The War on Terror like the proxy Cold War Pakistan engaged in earlier failed to furnish resource extraction base. In fact, waging this war became very difficult for the reasons of bad economy, anti-American propaganda by religious parties, and a pro-Taliban foreign policy. The decade leading up to the War on Terror demonstrates poor economic growth rates (See Table 5). Toward the end of the decade the situation worsened as Pakistan tested its nuclear warheads in May 1998, and later skirmished with India in Kargil sector (in Indian-held Kashmir). The first event brought stringent international economic sanctions and the second discouraged investment. Moreover, the political scenario remained highly instable as the two major political parties, Pakistan People Party (PPP) and Pakistan Muslim League-Nawaz (PML-N), played a sort of seesaw over governance until the Army chief General Pervaiz Musharraf stopped them by organizing a bloodless military coup. But for the economy it only brought further international sanctions. The economic conditions of the country deteriorated to their lowest ebb as the State Bank of Pakistan in its Annual Report stated, “The year 1998-9 was one of the most difficult years in the history of Pakistan,” while the Finance Ministry in its Economic Survey declared, “The outgoing fiscal year 1998-9 has been the most difficult and challenging year for Pakistan’s economy.” Pakistan’s debt situation had by then aggravated too: “[B]y 1998/99, external debt was more than half the size of the GDP, and with the domestic debt around the same amount as well, Pakistan’s total domestic and external debt was greater than the size of the GDP” (Zaidi 2005, 365).

**Table 5 GDP growth rate**

	<b>GDP growth rate</b>
<b>1980s avg</b>	6.5
<b>1990-1</b>	5.6
<b>1991-2</b>	7.7
<b>1992-3</b>	2.1
<b>1993-4</b>	4.4
<b>1994-5</b>	5.1
<b>1995-6</b>	6.6
<b>1996-7</b>	1.7
<b>1997-8</b>	3.5
<b>1998-9</b>	4.2
<b>1999-0</b>	3.9
<b>2000-1</b>	2.2
<b>2001-2</b>	3.4
<b>2002-3</b>	5.1

Source: Akbar Zaidi (2005, 359)

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Pakistani masses were not prepared to pay for the American war, even though many sympathized with the American loss. Thus waging this war depended on American and not Pakistani tax payers' money. On September 23, 2001, Bush lifted almost all economic sanctions against Pakistan. He requested the Congress to reschedule payment of \$379 million in earlier loans and to further provide a fresh loan of \$597 million. Moreover, he extended a cash grant of \$50 million (Rashid 2008, 89). In December 2001 Pakistan got massive debt rescheduling of 12.5 billion from its external donors at the request of the United States (See Table 6). One of the prominent journalists and security analysts, Ahmed Rashid, summarized the foreign aid statistics in the following words:

Between 2002 and 2007, the Bush administration had provided Pakistan with \$3.5 billion in aid, more than half of that for the military. Between 2002 and 2005 the military had received another \$3.6 billion in payments for use of its facilities and services by the U.S. Defense Department, while the United States had forgiven Pakistani debt worth over \$3.0 billion. The CIA had paid large secret sums to the ISI in order to improve its performance and provide reward money for catching al Qaeda leaders. The army received another \$30 to \$40 million to improve border security....Officially, by 2007, the United States had provided \$10 billion in aid to Islamabad, and unofficially the figure was much higher (Rashid 2008, 280).

**Table 6: Amount of Debt Rescheduling in Pakistan (\$ million)**

<b>1971-73</b>	233.766
<b>1973-74</b>	107.166
<b>1974-78</b>	650.0
<b>1977-78</b>	226.303
<b>1980-82</b>	23.0
<b>1985-88</b>	11.0
<b>1998-99</b>	1987.63
<b>1999-00</b>	1241.70
<b>2000-01</b>	617.28
<b>December 2001</b>	12500.0

**Source: R Siddiqui and R Siddiqui, 2001, p. 694.**

What did foreign aid, which runs the engine of these two unconventional wars, do to the state making in Pakistan? We do not argue that foreign money, by replacing the internal resource base, does not affect state building. Rather we conjecture that its affects are complex. They can be divided for the purpose of understanding under two heads: short term and long term. In the short term, the foreign aid and the war they propelled for Pakistan proved effective to the state making (defined in terms of centralization of authority and institutional capacity). In the long term, however, the effects of centralization of authority at cost of various other concerns, for instance provincial autonomy, local governance, institutional balance, and democratic politics led to state unmaking or failure.

Moreover, there have been other unintended and unforeseen consequences too: the spread of arms and militarization of society, the hardening of religiosity and sectarian violence, and the increase in drug trafficking and drug addiction. These problems not only reflected moral crisis of the nation, but also pointed to the crisis of state's control on the means of coercive violence. It can be argued that these negative consequences might have entailed an opportunity for the state to use and enhance coercive power (an instance of state building). However, we think that would not be possible without further resource extraction, which people often do not allow as they see these problems as a consequence of war which they never intended in the first place.

The short term state making takes place on the disbursement of aid money. Disbursement is other half of extraction-disbursement or tax-expenditure dyad. State making through disbursement (as against extraction) is a unique phenomenon, at least as it is different from Tilly's European state making exposition. And yet it is connected to contemporary European state making (since the money is extracted there). As the function of state changes from resource extraction, which we noticed before as connected to unity, solidarity and sacrifice, to disbursement of easy money then a qualitative change takes place in the organization of state apparatus. The connection and communication between the state actors and the masses weakens. It results in the release of state actors from their accountability and responsiveness to their masses. Now new foreign clients absorb take attention. Masses fall on the bottom rung of new state system arrangement with their representative legislature virtually ineffective and powerless. Bureaucracy's skills do not go unaffected as it increasingly performs resource disbursement role than resource extraction role. However, its intermediary status, between the state actors and the masses is not lost, rather strengthens with the collapse of accountability factor. Moreover, it allies with the new state actors, whether military or civilian, since the latter require its bureaucratic skills in disbursement. Military's rental use by international superpowers and its deployment against its own people saps people's support and solidarity from it. In this process its budget remains un-auditable and its control over foreign policy unchallenged.

During 1980s and much of the first decade of the 21<sup>st</sup> century, Pakistani state apparatus seemed to show an organization in which the military was on the top, military's favorite parties and bureaucracy on the next rung, and the democratic parties, movements and masses on the third. Presently, although the democratic parties have taken the centre stage army flanks on a parallel plane, not only because of its reserved subjects of authority, but also because of the fear of breakdown of the democratic system. Bureaucracy comes on the intermediary rung, and the masses still linger at the bottom in a complete reversal of Tocquevillian democracy. Authoritarian structure as it may appear, it however achieves short term state building--centralization of authority, enhancing of capacity of (certain few) institutions, and efficient resource disbursement. And in

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the long run the necessary function of war (the one fueled by aid) is lost. Should we look at it from the Hegelian schema of state-war relationship, then we notice that it is understood in terms of “necessity.” War is an agent which enables both the state to realize its sovereignty and the masses to perform their ethical duty to the state. Hegel writes:

War is not to be regarded as an absolute evil by its agency as I have remarked elsewhere the ethical health of the peoples is preserved in their indifference to the stabilization of finite institutions; just as the blowing of the winds preserves the sea from the foulness which would be the result of a long calm, so also corruption in nations would be the result of prolonged, let alone ‘perpetual’ peace. (Hegel [1821] 1991, 209-210)

In modern states with standing armies masses perform their ethical duty by material and moral support for war. War is expected to spark a spirit of sacrifice for the sake of preserving the collective identity. Giving up a part (moral or material, whereas moral includes sacrifice of persons, values and ambitions) rather than expecting a part (for instance, foreign aid) is what has historically been a general understanding of war. However, the post WWII era has seen the development of new type of warfare, one based on foreign aid, whose primary logic is to expect external resources and disengage masses from the process of war making or otherwise to instrumentalize them as fodder for war. In the latter case, masses are often divided up into two categories one who stand by the state actors and those who oppose them and described as “miscreants” (a term often used by Pakistan Army for all those who stand in way of its strategic paradigm). Foreign aid catalyzes this division of masses. It reverses the Hegelian schema of preserving the state from foulness.

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