Growth versus Development: The case of China Pakistan Economic Corridor

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Abstract

There is a growing need to examine the relationship between ‘Growth’ and ‘Development’, and the issues that surface when both these terms, in the context of developing countries, are used synonymously. Growth is assessed by measuring market production through indicators such as the GDP and GNI, whereas Development is contingent on a larger set of variables including health, education, and quality of life. By drawing a clear distinction between the two, I intend to understand how planning is done when the aim is growth, versus how it is done when the aim is development.

The regional focus of this paper is on Pakistan, and on the agencies that claim to develop its economy through various programs and initiatives in the country. Most of these programs have been funded by the main agents of aid and investment in Pakistan: The International Monetary Fund (IMF), the World Bank, and recently the China-Pak Economic Corridor (CPEC), a constituent of China’s One Belt One Road (OBOR) initiative.

CPEC, a $46 billion investment by China into Pakistan, is considered to be a testimony to the 66 years of friendship between the two countries and claims to bring ‘peace, development and growth’ in Pakistan (Government of Pakistan 2017). It is also an extension of the China Pakistan ‘Friendship Highway’, known as the Karakoram highway (KKH), that was built by the two countries in 1979; this will connect China with the Port of Gwadar in the south of Pakistan.

Gwadar port, which lies on the Arabian Sea, has seen the most pronounced investment till date through CPEC in the form of Special Economic Zones (SEZs), Industrial Parks, and an International Airport.
The local fishing community in Gwadar, however, is struggling to retain its place in the rapidly evolving city. Development is best measured at a scale where its impact on people is visible, for this reason this paper also studies the social and economic changes taking place in the local fisher folk community of Gwadar. It examines the process by which CPEC as a whole is being marketed and implemented in the country, and addresses the need for a more transparent process, greater inclusivity, and a policy framework which ensures that economic growth translates into development and progress for local communities.
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<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>COPHC</td>
<td>China Overseas Ports Holding</td>
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<td>CPEC</td>
<td>China Pakistan Economic Corridor</td>
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<tr>
<td>FATA</td>
<td>Federally Administered Tribal Areas</td>
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<td>GDP</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>KKH</td>
<td>Karakoram Highway</td>
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<tr>
<td>KPK</td>
<td>Khyber Pakhtunkhwa</td>
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<tr>
<td>MFN</td>
<td>Most Favoured Nation</td>
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<tr>
<td>OBOR</td>
<td>One Belt One Road</td>
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<tr>
<td>STEVTA</td>
<td>Sindh Technical Education &amp; Vocational Training Authority</td>
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<td>SEZ</td>
<td>Special Economic Zones</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Program</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UC</td>
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Section I

Growth as Development

The earliest economic models were devised in the developed world at the time of World War II when there was a dire need for growth and capital in the economy. These models, driven by the works of economists Rostow and Domar, emphasised the need for injection of capital to encourage foreign investment and increase production (Dang and Pheng 2015). This process, although based on observations of the economic conditions of advanced capitalist states, assumed similar conditions for economies across the world (Haque 2004).

Such an approach poses the danger of over simplifying and reducing the complex social, cultural, and political issues distinct to economies of developing countries. In doing so it assumes that all economic progress can be measured under the same framework and attempts to explain issues of the developing world through theories that were born out of narratives of the developed. This is further complicated when economic growth theories are substituted to inform development policies, where the former is a linear process and the latter a multi-dimensional approach, highly dependent on regional and political context.

Growth in the economy differs from development primarily in its scope, where growth is measured by an increase in income per capita, such as the Gross National Income (GNI) or Gross Domestic Product (GDP), and development is measured not only by GDP/GNI but by additional indicators that study qualitative changes in both the economy and the society. We can determine then that whereas growth occurs as a result of increasing production, increasing sales, and increasing income of the overall economy, development occurs when this growth has a positive impact on the quality of life of the people who make up the economy. Quality of life is distinct
from standard of living in that it focuses on the intangible characteristics of one’s experience with the city. It accounts for access to social and economic freedom, rights to privacy and dignity, and freedom of thought, religion and movement. Where growth may increase standards of living by increasing access to wealth, development ensures that this wealth is distributed equally amongst people. Thereby, development relies on indicators that are more holistic in their approach, measuring both qualitative and quantitative characteristics of the economy.

However, due to the dominance of growth theories after the Second World War in light of the urgency to restructure the economy at the time, the GDP/GNI became the main indicator of development for a region. Economists may also prefer measures of economic growth to study development due to the availability and structure of data; assessment of growth relies on quantitative methods, and the monetary value of goods and services are relatively easier to plug in than quantifying experiences and human emotions. Measuring the intangibles, those that indicate development and greatly influence quality of life, has proven difficult.

We are also reliant on the measure of GDP because of its role in categorising the world into developed and underdeveloped regions. This categorisation took place following the Great depression and World War II and U.S President Harry Truman’s four-point plan contributed to this emerging world order. The newly industrialised states were expected to help the developing world grow their economies, so that they could match the standard of living enjoyed by those living in the developed world. The most essential characteristic of this categorisation, however, was that it gave room to the ‘underdeveloped’ to transform into the ‘developed’. A new definition was actualised and the Robert Petit dictionary defined a developing country as one “whose economy had not yet reached the level of North America, Western Europe, etc.” (Rist 2009, 8). This definition suggested that ‘underdeveloped’ was not the opposite of ‘developed’
but rather its premature stage, thereby allowing developing nations a chance to “catch up with the rich” by taking measures to accelerate the rate at which their economy grew (Sachs 2000). With a dominant economic system in place, and newly independent states of the developing world looking to grow their economies, high GDP became the priority goal for most.

**Gross Domestic Product: The road away from development**

“It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile.”

-Robert F. Kennedy on GDP (1968)

The GDP and GNI are calculated by measuring the annual increase in national production of goods, and are meant to assess “market production”, not “well-being” (Stiglitz, Sen and Fitoussi 2008). In the context of developing countries especially, these indicators do not consider the finite nature of natural resources, or the size and impact of the informal economy; they ignore the non-economic factors that make up the social fabric of many countries.

The usefulness of GDP as an accurate assessment of progress in an economy has been the subject of much debate, starting in the 1930s, with Simon Kuznets himself. He explained this measure as a count of the goods and services produced by the economy every year, and in no way as an indicator of social progress. He believed that the direction of the GDP may be positive even if the state of social welfare in the economy was in decline (Brynjolfsson 2016). Herman Daly criticised the blind dependency of economies on GDP and cautioned against it causing ‘uneconomic growth’, growth which “increases costs more than benefits, thus making us poorer,
not richer” (Daly 2007, 10). This view is supported by dependency theorists who also criticize growth which leads to “national disintegration, fragmentation, distortion, satellisation, or internal colonialism” (Alschuler 1998).

“In some ways the ‘poor’ cultures of the Third World are rich psychologically and spiritually, enjoying a contentment and sense of tradition sorely lacking in hectic, ulcer-ridden, depersonalised industrial societies. To many Buddhists, for example, inner peace is more valuable than a high Gross National Product. The highest divorce and suicide rates occur in the First and Second Worlds. If personal happiness were our criterion, the Third World might rank first.” (Merriam 1988)

Despite Kuznet’s and Daly’s criticism of our dependency on the GDP, it continues to be the dominant tool for ranking countries of the world as rich or poor. This is aided by the growing popularity of neoliberal policies, which push for privatisation, deregulation and liberalisation of markets to allow for increased growth, and effectively, an increase in national GDP. Components of the economy that cannot be assigned monetary value are left behind, which means that if a country’s population consumes processed food available at grocery chains, their contribution to the economy will be added to the GDP, whereas if the population grows its own food, or builds its own housing, it is considered poor (Haque 2004). This also applies to activities that generate revenue but may have adverse effects on the social or moral values of the economy, for example, an increase in prostitution, gambling and production of drugs and weapons will also increase the GDP of the economy, but none of these are oriented towards progress and development.

By this logic, if the focus of development projects is on maximising growth, using GDP to measure their success encourages the false assumption that an increase in overall capital, income, and investment can tackle all aspects of a deteriorating economy. This assumption is asserted by a belief in the trickle-down effect, which claims that if more wealth is brought into the economy,
it will eventually be distributed to benefit all; it ignores the social and political barriers that
disadvantage minority groups simply because GDP is unable to measure such barriers. Models
like the environmental Kuznets curve hypothesise that an increase in GDP will eventually lead to
the development of technology that will help tackle environmental pollution; this model does not
comment on the scale of environmental pollution, and the impact on wildlife that will occur in
order to attain this increase in the first place. For as long as the GDP and GNI are considered the
main indicators of progress and development and are used to rank nations against each other,
environmental degradation will be tolerated, inequalities between income classes and genders
will be ignored, and poverty will be given a back seat, all in a “rush to generate maximum
growth” (Basu 2000).

Beyond Growth

“Economic growth, it turns out, has often failed to reach its most heroic objective — to alleviate the
burden of the poor.” (Sachs 2000, 14)

The divide between growth and development grew pronounced in the 1970s when it became
obvious that the steps taken to increase economic growth had little or no impact on the lives of
the majority who were poor. Where growth failed to meet the needs of society, development
gained popularity as “something transcending growth, as economic growth plus redistribution,
plus participation, or plus human development” (Sachs 2000, 9). By the 1990s, economists such
as Amartya Sen began associating development with “political freedom, economic facilities,
social opportunities, transparency guarantees, and protective security” (Sen 1999, 38). The
United National Development Program report in 1990 claimed that development was also
contingent upon the choices given to members of society, including “access to income and employment opportunities, education and health, and a clean and safe physical environment” as well on governance systems being “democratic and participatory” (UNDP 1990).

In the late 1980’s, United Nations economist Amartya Sen’s discussed the ‘capability approach’ which, along with contributions by the economist Mahbub ul Haq, led to the formation of the Human Development Index (HDI). This approach suggested that, in addition to growing national incomes, emphasis needs to be given on people and their capabilities. The HDI measures national health, literacy rate, and income in order to generate an overall index. Although this indicator leaves out important measures such as the environment and energy, it is a step in the right direction for measuring social progress. Ranking countries of the world through the HDI has shown that a high GDP does not necessarily result in a more developed nation. The figures below demonstrate this relationship.

![COUNTRIES WITH THE HIGHEST GDP WITH THEIR HDI RANK (2015)](image)

*Figure i: Countries with the highest GDP Per Capita (UNDP 2015) (numbers on the left denote HDI rank)*
Countries with a high HDI tend to also have a high GDP, but countries with a high GDP do not necessarily fall into the top tier of the HDI. Qatar, for example, with a significantly high GDP, ranks 33 on the Human Development Index, and UAE, a country known for its real estate and infrastructure boom, ranks at 42. If we study this relationship further, we can see that for countries that rank higher on the HDI, an increase in GDP tends to lead to an increase in HDI. On the other hand, for the countries that rank high on the GDP rank but low on the HDI, this relationship is not positive.
The distinction between planning for growth, versus planning for development becomes visible here; when the aim is growth, the projects and policies implemented will focus mainly on
maximising income and production. When the country truly aims for development, then growth is just one part of the equation. The positive relationship between the GDP and HDI of high HDI countries suggests that the focus on human development does not result in low growth, whereas focus on just economic growth can negatively impact human development.

**Alternate development models**

Countries that focus on social welfare over pure growth tend to follow a development model distinct from that of North America and the United Kingdom. Not only is this a result of differences in geography and their relationship with other parts of the world, but also due to conscious decisions to develop welfare-oriented policies and practices.

**The Nordic Model:**

Nordic countries are made up of Denmark, Sweden, Iceland, and Finland, and are often cited in arguments against the growing liberalisation of economies. Through a history of alternate policies and rather unconventional practices, these countries are able to sustain high, equitable income with a stable public sector backed by high taxes (Cappelen and Mjøset 2009).

One of the widely discussed examples is the Norwegian government’s extensive control on oil and other natural resources, a practice that is contrary to neoliberal economics. This stems from their belief that these resources belong to the entire nation and cannot be privately owned by a company (Cappelen and Mjøset 2009). This works because of the government’s strong inclination towards promoting social welfare. Although it owns the oil, the government rents it to companies at tax rates of up to 78% on profits; the money generated from this exchange is stored as the ‘Government Pension Fund Global’, the value of which exceeded $905 billion in 2014 (Schein 2014). The Norweigan stance on socially responsible governance is also exemplified by
the fact that they hire a philosopher/ethicist to help determine expenditure of the money in this fund (Sciutto 2006).

Nordic countries also believe strongly in transparency, and all official documents are accessible to the public; politicians in Sweden especially are criticised if they “get off their bicycles and into official limousines” (The Economist 2013). Discrimination in the education system is minimal due to there being no tuition fee from pre-school to post graduate level (Schein 2014).

The ideology behind this system is also known as Statist Individualism, that supports the alliance of the state and the individual, believing that state interference can “strengthen personal autonomy” (The Economist 2013). Whereas many parts of the world see the state as a threat to individual liberty, this model works in Nordic countries due to their strong belief and faith in the goodness of their governance system (Bagehot 2011).

By using this as an example I do not mean to suggest that this very model would work across the globe, but rather the intention is to highlight the success of models that do not necessarily conform to the market theories driving the dominant economic system. This calls for more research into individual social and economic conditions of countries that may not be benefitting from conventional economic systems.

Bhutan:

“If the government cannot create happiness for its people there is no purpose for the government to exist”.

-Legal Code of Bhutan 1729 (Ura 2012)

Another notable economic model is that of Bhutan. With a population of 700,000, it is the only country that uses Gross National Happiness (GNH) to measure progress; it believes that the GDP
does not account for the “limits of nature’s ability to support human activity” (Confino 2012).

This philosophy stems from the teachings of Zhabdrung Ngawang Namgyel, founder of Bhutan, who believed in an interdisciplinary approach to governance where politics meets spirituality; this was later formulated as the GNH index by Karma Ura (Centre for Bhutan Studies and GNH Research 2015).

The measure of GNH relies on ‘four pillars’: Good governance, sustainable socioeconomic development, preservation and promotion of culture, and environment conservation (Schultz 2017). These pillars are based on 9 broad domains, of equal weight, which are then subdivided into indicators of varying weights that are used for assessments. These indicators are outlined below:
Based on how they score, citizens are then categorised as being either deeply happy, extensively happy, narrowly happy or unhappy. The strong focus on people and what they feel largely informs the policies and role of the state. The present king of Bhutan himself supports this role and believes that focusing on GNH allows them to do “development with values, and bridge kindness, equality and humanity with the necessary pursuit of economic growth” (Wagner 2018).

This model garnered global attention and in 2008, economists Stiglitz, Sen and Fitoussi were commissioned to investigate ‘happiness’ as a development indicator. The model was less appreciated by developing nations who believed they did not have enough wealth to start thinking of the GNH approach, but their hesitance was criticised by Ura who said that “Life is not sequential like this. You don’t say that I want to become rich first and happy later” (Schultz 2017).

The hesitance of developing nations is also partly due to their dependency on the North American development model. This dependency stems from the relationship they formed with the institutions of development that sought to stabilise their economy in the aftermath of the Second World War. For this reason, countries of the developing world that are in the most need of social reform are still dependent on economic models that prioritise growth.

_Institutions of Development: Bretton Woods_

The World Bank and the International Monetary Fund (IMF) were created at the Bretton Woods conference in 1944 to help countries rebuild their economies after the war. It was attended by countries that had emerged powerful in the aftermath of the war, mainly the United States and Western Europe. The U.S in particular owned the dominant share of reserves of the world
monetary gold, and according to historian Eric Hobsbawm, the institutions formed at the conference were “de facto subordinated to American foreign policy” (Peet 2009, 48). The country holds the highest voting share of 17.16% and 16.41% in the IMF and World Bank respectively and is also the only country with a permanent position as one of the Bank’s executive directors (Ismi 2004).

The role of the IMF was to facilitate international trade, and lend money to member countries, whereas the World Bank gave loans to economies for post war reconstruction (The Thistle 2000). At the time of its inception, the IMF was based on the ideology that markets are unstable and that countries of the developing world need to have more expansionary economic policies. However, in the 1980s when Ronald Reagan and Margaret Thatcher voiced their support for free markets, the IMF restructured itself to support ‘market supremacy’ (Stiglitz, Globalisation and its Discontents 2002). This restructuring encouraged high interest rates, which greatly impacted the economies of the developing countries who at the time were under a collective debt of $567 billion (Jauch 2009). This debt was also a result of risky investments made by large commercial banks in developing countries with corrupt governance (The Thistle 2000). Despite payments of $1662 billion, these interest rates increased their debt to $1419 billion by 1992 (Jauch 2009). A possible consequence of this was that developing countries would default on their debt, thereby causing a major financial crisis in the U.S economy, which was already at the risk of “heading into a recession” and in need of debt payment (The Thistle 2000).

To manage this crisis the World Bank and the IMF, borrowing from the proposal made by the U.S Treasury secretary James Baker, introduced the Structural Adjustment Program (SAP). This program set certain conditions on countries who sought loans from the two institutions. The aim of the SAPs was to introduce internal structural changes in developing countries that would help
them liberalise, modernise and “grow their way out of debt” (Peet 2009, 89). The IMF’s role was to enforce macroeconomic changes such as reduction of trade barriers, privatization of state owned industries and liberalisation of investments, and the World Bank was expected to, through these policies, “modernise the economies of debtor countries” (Peet 2009). The World Bank also has the job of managing loans for specific development projects in debtor countries, which means it also largely influences the type of development taking place at a micro level in these countries.

One of the major criticisms of SAPs is that donor countries, in order to pay back their debt, have been forced to cut back on internal expenditure, largely impacting their health and education sectors (Bretton Woods Project 2005). Where this gap may be filled by private institutions who attained higher autonomy as a result of state deregulations imposed by SAPs, the cost of private schools and hospitals is too high to benefit the lower income classes of the society. This leads to a greater divide in society, where members of lower income groups find it difficult to climb up the socioeconomic ladder both due to their current economic status and because of lack of access to quality education and training.

The result of this is evident in Pakistan where there is a clear distinction between the career trajectories of those who attend private schools and those who, because they cannot afford private tuition, study in government institutions. Not only does this create a divide between students, but also contributes to the polarity in lifestyles of the rich and the poor. This disparity is reflected in the spatial organisation of cities; gated neighbourhoods push aside the squatter settlements of the past, high-end retail over shadows the street vendors who are unable to access the formal economy, and because the rich of the society create a demand for imported products,
the influx of multinational companies leave little room for local producers to grow their livelihood.

Section I: Conclusion

The first section of this paper reviewed key narratives that have revolved around ideas of development and growth in the global economy. It is essential to distinguish economic growth from development to better understand how countries may be using insufficient metrics, such as the GDP, to measure progress. Although the definitions of development have evolved to include measures such as happiness, health and education, the formal methodologies of indicating development through a broad framework still need work. Institutions that were set up after the second world war to restructure the economies of the developing world focused on growing their economies in ways similar to that of the advanced states, without considering the unique context of each region; they focused largely on purely economic factors and assumed “social, cultural and political factors as secondary” (Haque 2004).

Using this discussion and the work of Sen, Sachs, and the UNDP as a backdrop we can determine that the following are necessary for economic growth to translate into development:

i. Quality of life

ii. Human development initiatives

iii. Transparent, democratic and participatory process

iv. Access to opportunities and services

v. Clean and safe physical environment
Exploring these factors through the case of the China Pakistan Economic Corridor (CPEC) will aid in determining its validity as a development initiative. The second section of the paper will introduce China’s role as an agent of international development. It briefly presents China’s One Belt One Road Initiative (OBOR/BRI) before initiating an in-depth discussion on its flagship project, CPEC. CPEC has stirred much debate in Pakistan and brings both economic promises and caution for the future of the country. For this reason, there is a need to study CPEC through the lens of our previous discussion on development, to understand if this initiative is in fact a tool for progress for those in need of development, or if it is just another top tier mega project that stands to benefit the affluent of the country.
Section II

Post Bretton Woods: China’s One Belt One Road

“History has never set any precedent that an empire is capable of governing the world forever.”
- Jin Liqun (President, Asian Infrastructure Investment Bank)

Between 2008 and 2010, China provided loans valued at $100 billion to developing countries, surpassing the loans made by the World Bank during this time (Financial Times 2011). In 2015, China established the Asian Infrastructure Investment Bank (AIIB). With a motto which conveys the belief that “by investing in sustainable infrastructure and other productive sectors today, we will better connect people, services and markets that over time will impact the lives of billions and build a better future”, AIIB’s primary criticism of the World Bank is its lack of attention towards big infrastructure projects that the “backward parts of Asian countries” need in order to transform their economies (Asian Infrastructure Investment Bank). For this reason, the AIIB’s initial focus is on financing projects in power, transportation and urban infrastructure (New York Times 2015).

The Bretton Woods institutions presumed that the adjustments and policies it proposes would help developing economies reach the ranks of the first world, and China now presumes that the infrastructural investments it provides will uplift ‘backward’ Asian economies. For the World Bank and the IMF, it was through the SAPs, and for China it is the One Belt One Road (OBOR) Initiative.
“The belt connects the land, the road moves on the sea, the promise that they hold, is joint prosperity. We’re breaking barriers, we’re making history, the world we’re dreaming of, starts with you and me. The future’s coming now, the belt and road is how...”

-Fuxing Road Studio (song performed by children of participating nations of OBOR)

The One Belt One Road initiative was proposed by President Xi Ji Ping in 2013 as a ‘Silk Road Economic Belt and the 21st-Century Maritime Silk Road (National Development and Reform Commission 2015). Inspired by the routes used by countries 2000 years ago to import silk, this new belt proposes a network of roads, railways, gas and oil pipelines, and utility grids to link China, Centra Asia, West Asia and some parts of South Asia (Jinchen 2016). It is supported by the Asian Infrastructure Bank (AIIB), the BRICS New Development Bank, and a Shanghai based financing institution (Saran 2016). The estimated budget is $5 trillion, invested in 64 participating nations who make up 62% of the world’s population and 30% of the global economic output (Huang 2017).

*Figure vi: One Belt One Road investments (China Investment Research 2015)*
The intended goals of OBOR are to encourage policy coordination, connectivity, unimpeded trade, financial integration, and better relationships between people of participating nations (HKTDC 2017). Its primary criticism, however, is the lack of transparency; although they have broad goals and objectives, there is little detail issued by the Chinese government on how these goals are being realised in the policies outlined for their projects. Literature on Chinese policies also notes that China in the past has prioritised investment over aid, whereas the World Bank and other development institutions provide large amounts in aid as well.

This distinction plays a vital role in predicting the impact of Chinese investments on the economies of recipient countries; without a framework to secure the flow of expenditure and policies that ensure investments result in local economic development, the recipient countries could possibly land in greater debt. This is exactly what took place in Sri Lanka and Tajikistan when both countries, unable to repay increasing debt, were forced to transfer ownership of local land to Chinese interests (Zaidi 2017).

![Figure vii: US vs China Foreign aid and investment: 2000-2014 (AidData 2017)]](image-url)
In 2010, Beijing invested $1.5 billion into the Hambantota port in Sri Lanka, and provided additional loans amounting to $1 billion for further phases of the project (Tarabay 2018). However, the economic activity on the port did not generate enough revenue to allow Sri Lanka to repay its debt to China. As a result of this they signed agreements to give China stakes in the port with shares as high 80% (Limaye 2017). With the aim of generating activity, China plans to create large economic zones, housing factories, and offices over 15,000 acres of land on the port (Limaye 2017). Although the local fishing community has expressed concerns regarding their livelihood in the wake of this proposal, the debt situation of Sri Lanka has left the country with very little alternatives.

In light of this, the uncertainty and fear surrounding Chinese investment is a subject of major debate in Pakistan, where the China-Pakistan Economic Corridor (CPEC) is underway. CPEC sees a wide range of response from the people of Pakistan; the government is highly optimistic about its contribution to the country’s economy whereas several independent economists, scholars and policy makers urge caution.

Pakistan: Overview

Pakistan is a country of South Asia bordered by India, Afghanistan, Iran, China and the Arabian Sea. It is made up of four provinces, Punjab, Sindh, Balochistan, Khyber Pakhtunkhwa (KPK); two centrally administered areas, Azad Kashmir, Gilgit-Baltistan; and one territory, the Federally Administered Tribal Areas (FATA) (Government of Pakistan 2017). Each province is divided into districts, which are further divided into urban or rural sub-districts; the sub-district is then divided into union councils (UC); each UC houses a population of around 8,000 in rural and
100,000 in dense urban areas, and is the lowest unit of administration in the country (A. Hasan 2010).

**Figure viii: Administrative units of Pakistan**

The country started off with a predominantly agrarian economy, where agriculture contributed 53% of the GDP, 99.2% of exports, and employed 65% of the labour force (Anjum and Sgro 2017). However, the rapid industrialisation that took place in the early 1950s was accompanied by policies the impact of which “transferred income away from agriculture and from urban consumers, and to the new and rapidly growing manufacturing sector” (Zaidi 2015). Even then, today agriculture contributes to 21% of the national GDP and employs 45% of the labour making it the second largest sector of the economy, mostly because more than half the population lives in rural areas and agriculture is an essential component of their livelihood (Ahmed, et al. 2013).

The latest census of 2017 estimates the population of Pakistan to be 193.2 million; prior to its inception in 1947, the census estimated the population at 28.24 million (see table 2) (A. Hasan 2010). The urban population has grown from 6 million in 1947 to 75.58 million in 2017 (Anjum and Sgro 2017, 171) (Rana 2017). In 2014 the country averaged a GDP rate of 4.67% and the national poverty headcount ratio stood at approximately 29.4% (World Bank 2018). The same year, its HDI was 0.55, ranking Pakistan 147th on a list of 188 countries (UNDP 2015). The GDP target of the current government for the year 2018 is 6%, whereas the World Bank has predicted it as 5.5%. There has been no discussion by the government on target poverty or human development rates for this year.
### The Economy of Pakistan

Pakistan saw its first burst of economic growth during the 1960s. This era is often referred to as the ‘Decade of Development’ and occurred during the military regime of President Ayub Khan (Zaidi 2015, 6). In 1967, the New York Times was even cited discussing Pakistan as a country “on its way toward an economic milestone that so far has been reached by only one other populous country, the United States” (Papanek and Affairs 1967). This was achieved not only by Pakistan’s marked focus on industrialising the country’s economy, but also by the policies that accompanied this process (Zaidi 2015). At the time of independence, the manufacturing sector contributed to only 1.83% of the national GDP, whereas it now falls behind Agriculture and Services, making it the third largest industry accounting for 18.5% of the GDP (Ahmed, et al. 2013).

The government at the time had a capitalist approach to addressing issues of the economy; it expected that investment into the rich sector of the society would encourage higher spending and therefore more money would flow back into the economy, continuing a process of growth (A. Hussain 2012). During the 1960s, this growth was seen in both the industrial and the manufacturing sector, primarily in the cities of Lahore and Karachi, which led to the creation of

<table>
<thead>
<tr>
<th></th>
<th>1947</th>
<th>2014</th>
<th>2018 (expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (million)</td>
<td>28.24</td>
<td>185.55</td>
<td>199.98</td>
</tr>
<tr>
<td>Urban Population (million)</td>
<td>6</td>
<td>73</td>
<td>79.28</td>
</tr>
<tr>
<td>GDP growth</td>
<td>-</td>
<td>4.67%</td>
<td>5%-6%</td>
</tr>
<tr>
<td>National Poverty headcount</td>
<td>-</td>
<td>29.40%</td>
<td>no data</td>
</tr>
<tr>
<td>HDI score (rank)</td>
<td>-</td>
<td>0.55 (147)</td>
<td>no data</td>
</tr>
</tbody>
</table>

*Table 1: Pakistan statistics (UNDP 2015) (World Bank 2018) (A. Hasan 2010)*
numerous business empires in these two cities but was also accompanied by rising income inequality across the nation (Zaidi 2015, 7). An influx of American aid boosted the national GDP (see figure viii), but the decade also saw an increase in the poverty headcount ratio (Anjum and Sgro 2017).

![Pakistan GDP per capita (constant LCU)](image)

*Figure ix: Pakistan GDP per capita (constant LCU) (The World Bank 2016)*

**Socialist regime:**

By the 1970s there was great bitterness towards the military regime, and the growing disparity between income classes led to revolts against the government and led to the end of the Ayub Khan era. This was followed by a period of nationalisation, under the governance of the socialist Prime Minister Zulfiqar Ali Bhutto. The policies implemented at the time encouraged state control over industries, in particular banks and educational institutions. Although this period experienced several shortcomings such as the separation of East Pakistan (now known as Bangladesh) from the country, crop failures due to floods and pest attacks reducing exports, and the inefficiency of the nationalised industry, these did not have a negative impact on GDP.
growth (see figure viii) (Zaidi 2015). Various studies on poverty in Pakistan also seem to agree that poverty levels declined in the 1970s and early 80s (International Monetary Fund 2001).

Islamisation:

The Bhutto government was challenged by yet another military regime, this time of President Zia-ul-Haq, who sought to rule the nation as an Islamic Republic. In this era too, the rate of industrial growth remained high, primarily due to the public investment carried out during the nationalist regime (Zaidi 2015, 8). However, the regime of Zia-ul-Haq, and the religious intolerance created at the time, changed the social reality of Pakistan for years to come and the impact of which is very much evident today.

Liberalisation and Neoliberalism:

Since 1988, the year of Ayub Khan’s death, Pakistan has been under rule of various governments. None of these have been able to complete the assigned 5-year term, due to military infringement and international involvement/interference. The economist, Akbar Zaidi, argues that the course of Pakistan since 1988 has been directed more so by economic programmes than by the electoral process (Zaidi 2015, 8). This is primarily due to Pakistan’s relationship with the IMF and the World Bank, which still dominate the economic policies implemented by the country.

This, however, may be changing in light of China’s growing power and influence across the developing world and it’s strengthening ties with Pakistan.
China-Pak Relationship

“Higher than the Himalayas, deeper than the oceans, sweeter than honey...stronger than steel.”

-A saying about the Pak-China relationship often quoted by both parties

The China Pakistan relationship dates back to the 1950s when Pakistan became one of the first countries to recognise the People’s Republic of China (Chaudhri 1986). This relationship grew stronger in 1963, when the two countries resolved their border disputes, and China, which was formerly neutral, sided with Pakistan on its dispute with India over Kashmir (M. Hussain 2017). China has also given significant military support to Pakistan, through machinery, interest free loans and aid worth $630 million (Javaid and Jahangir 2015). In the 1960s, both countries granted one another the status of Most Favoured Nation (MFN) as they established their first trade agreement (Kumar 2007). This initiated a series of bilateral trade agreements between the two. The most prominent development of this agreement has been in the form of the Karakoram highway, often cited as the ‘eighth wonder of the world’ or the ‘Friendship Highway’ (Riedel and Singh 2010).

The Friendship Highway

The 800-mile Karakoram Highway (KKH) lies in the northern region of Pakistan which is home to three of the greatest mountain ranges of the world, the Karakoram, the Himalayas and the Hindukush. It was completed in 1979 after 20 years of construction and runs from Kashgar, a city in China, to meet the Grand Trunk road in the city of Islamabad in Pakistan (see figures ix and x).
Construction on the highway began in 1964 by Chinese workers and Pakistani army personnel. There are mixed views on the economic opportunities provided to the locals in the process of its construction; Arif Hasan, a notable Pakistani architect and urban planner writes in his book about the locals who worked on the KKH as paid labour (A. Hasan 2009, 7). He also acknowledges the role of the highway in making education and information more accessible to locals of northern Pakistan. Hermann Kreutzmann, professor of human geography at the Free University of Berlin however, critiques the process stating that supplies were imported from outside the region and minimal economic opportunities were provided to the local workforce (Kreutzmann 1991).

Nevertheless, both scholars agree that the inauguration of the highway led to the development of a tourism-oriented industry in the region. Further, rapid urbanisation through the construction of hotels, businesses, and transportation hubs led to decline in the agricultural activity in the area, increasing the need for imports and eliminating the “tradition of self-reliance” (A. Hasan 2009, 8). It also greatly reduced transportation costs and contributed to an influx of population in the
city of Gilgit that lies on the highway; it reduced the travel time between Hunza and Gilgit from three days on foot to three hours by motorised vehicle (Kreutzmann 1991). Kreutzmann also argued that the highway itself did not develop the region but did pave the way for infrastructural improvements that allowed for growth in the economy.

**China Pakistan Free Trade Agreement**

The next milestone of China Pakistan relationship took place in November 2006 when both countries signed their first Free Trade Agreement (FTA). The agreement proposed gradual elimination of tariffs on all bilateral trade, with the first phase eliminating 36% of the total tariffs; the second phase intends to lower these further and negotiations are still underway (Ahmed, et al. 2013) (Kamal and Malik 2017). As a result of the FTA, Pakistan’s exports to China increased from $0.5 billion in 2006 to $1.6 billion in 2016, and imports from China increased from $2.9 billion in 2006 to $13.7 billion in 2017 (see figure xi).

![Pak-China Trade](image)

*Figure xi: Pak-China Trade (Din, Ghani and Qadir 2009, 89) (United Nations 2016)*

Although Pakistan’s exports to China increased after the implementation of Phase 1 of the FTA, the difference between imports and exports also went up, and by 2015 China had ‘utilised 60% of the FTA concessions and Pakistan only 5%’ (Zaidi 2017). One of the reasons for this is
Pakistan’s narrow export base; its main exports to China have remained pretty much the same since the 1960s; these are mainly cotton, wool and jute, with recent additions being fabrics and synthetic textiles (Ahmed, et al. 2013). Its imports from China, on the other hand, include mechanical appliances, electrical equipment, rubber, plastic products and chemical products (Din, Ghani and Qadir 2009). The emerging development projects in Pakistan increase demand for imported machinery and raw materials from China (Kamal and Malik 2017). Ideally these products would help the country advance its own industries, but as China’s products continue to sell at competitive prices, the demand for locally produced goods continues to decline. Often even products such as decorative rickshaws or truck art pieces that represent the culture of Pakistan are found to have been ‘made in China’. China also holds significant share in the service industry; it owns 40% of the shares of a local telephone company and contracts for waste collection in two districts of Karachi (A. Zaidi 2017).

In 2009, a research study published in the Lahore Journal of Economics examined the bilateral trade between China and Pakistan, using the trade specialisation index and the Grubel-Lloyd index of intra-industry trade; their conclusions suggested that trade is “likely to be heavily tilted in favour of China, at least in the short term” (Din, Ghani and Qadir 2009). The authors argued that in the long term however, the FTA could potentially change the nature of production in local industries, leading to more competitive pricing of domestic products, increasing variety, enhancing quality and incentivising innovation; this would help grow productivity, improve living standards and benefit the growth in the economy (Din, Ghani and Qadir 2009).

Data published by the UN on Pakistan’s trade with China, however, indicates that this has not yet been the case (see figure xi). In fact, Pakistan’s exports to China actually began to decrease in 2012, prompting a series of demands from the Pakistani government. These included implementation of tariff concessions on exports and discontinuation of the same on Chinese
imports (Andy 2018). China reportedly accepted these demands in February 2018 and is expected to sign the next phase of the FTA in March 2018. Journalists, however, still argue that due to Pakistan’s narrow manufacturing and export base and China’s high Global Competitiveness Index rank, it is unlikely that these revisions will improve Pakistan’s export industry (H. H. Zaidi 2018).

The biggest testament to China and Pakistan’s friendship is the flagship project of OBOR, the China Pakistan Economic Corridor (CPEC). Although the FTA and the KKH did little to give Pakistan’s development sector the boost it needs, the government is optimist that CPEC will revolutionise the country’s prospects.

**China Pakistan Economic Corridor**

“This will be my first visit to Pakistan, but I feel as if I am going to visit the home of my own brother.”

- President Xi Jinping during his visit to Islamabad to finalise CPEC (2015)

In 2015, China and Pakistan officialised CPEC, a $46 billion (now estimated $62 billion) investment by China into various sectors of Pakistan’s economy. This investment includes interest free loans, soft loans\(^1\), and export credit (Ramay 2018). The government of Pakistan has termed CPEC a ‘game changer’ for Pakistan, and leaders of both countries have signed over 50 project files for the initiative. The plan aligns with the Pakistan development vision for 2025, as well with China’s national 5-year plan (Government of Pakistan, People’s Republic of China 2017). The corridor links the city of Kashgar in western China with Gwadar Port that lies on the

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\(^1\) A soft loan is often provided to developing countries and consists of “lenient terms and conditions as compared to other loans available in the market, such as lower interest rates and prolonged repayment duration.” (The Economic Times 2018)
Arabian Sea in the south of Pakistan; the intention is to promote connectivity and boost growth across the country through networks of highways, railways, gas and oil pipelines, and infrastructure projects (Markey and West 2016). Special Economic Zones (SEZ) and Industrial Parks are also set up at various sites along the corridor.

The corridor consists of three major routes, Central, Western, and Eastern collectively working on three main sectors, Energy, Infrastructure and the Gwadar port (Government of Pakistan 2017).

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Sector</th>
<th>No. of Projects</th>
<th>Estimated Cost (Billion $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Energy</td>
<td>21</td>
<td>33.79</td>
</tr>
<tr>
<td>2</td>
<td>Transport</td>
<td>4</td>
<td>9.78</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Gwadar</td>
<td>8</td>
<td>0.79</td>
</tr>
</tbody>
</table>

Table 2: Estimated cost of CPEC projects (Board of Investment 2017)
Figure xiii: Major CPEC projects (China Pak Investment Ltd 2017)
In a period of 15 years, CPEC aims to add approximately 17,000MW to Pakistan’s national grid, create over 700,000 new jobs and add up to 2.5% to Pakistan’s annual growth rate (China Pak Investment Ltd 2017). In a long-term plan published by the two governments the goals for CPEC are divided into three phases (Government of Pakistan, People’s Republic of China 2017):

i. **By 2020**, CPEC initiatives seek to address major obstacles to Pakistan’s social and economic development and boost economic growth for both China and Pakistan.

ii. **By 2025**, the construction phase should be completed, industrial systems almost running, and major economic functions “brought into play in a holistic way”, which would scientifically improve the livelihood of people and achieve balanced development across the region; in doing so it will address all the goals of Pakistan’s Vision 2025.

iii. **By 2030**, CPEC will be completed in its entirety, the “mechanisms for sustainable economic growth will be in place” and the corridor will become an international economic zone holding global influence.

**Primary Concerns**

Lack of transparency and public participation in its process has also made CPEC the subject of a great deal of criticism. Time and again discrepancies have appeared in projects, or in the bidding process, that have kept these criticisms alive. Some of the main concerns are outlined below.

**Sustainability**

Sustainable development is one of the priorities outlined in the goals for CPEC. Pakistan loses
around $3.3 billion due to environmental degradation issues annually (Ramay 2018). Energy is the largest sector of CPEC, and 5 of its main plants are coal powered (Government of Pakistan 2017). The Asian Development Bank has expressed concerns over the potential environmental degradation that may be caused due to these plants, but these concerns were dismissed by the acting Chinese ambassador who stated that “environmentally friendly technology’ is being used in coal powered plants (Pakistan China Institute 2017). However, the coal that is used for energy generation in Pakistan is “lignite”, which emits gases that contribute significantly to global warming and climate change across the world (Shahid 2017). The project has issued no details on the technology being used to mitigate environmental damage done as a result of energy production.

Investment in hydropower plants has also raised alarms, particularly for the $50 billion 5-dam Indus Cascade that is set to generate more than 22,000MW. This cascade poses a threat to areas downstream of the river Indus, causing possible displacement of thousands of locals (Ebrahim 2017). Had this truly been a development initiative, priority would be given to accommodating the needs of communities of living around the river.

Cost

One of the more promising projects from an environmental sustainability point of view is the Quaid-e-Azam 900MW (formerly 1000MW) Solar Park in Bahawalpur. However, each panel requires 1 litre of water for maintenance, and Pakistan is already facing considerable water shortages (Ebrahim 2015). This is not so much the fault of solar panels as it is a lack of foresight from project managers. The panels have an age of 25 years, and no long-term planning has been done to ensure that the cost they bring can be sustained by the projected benefits. This, as
previously discussed, is an indication of “uneconomic growth” where the costs of the project begin to outweigh the benefits, and in the long run, make Pakistan poorer (Daly 2007, 10).

Overall, too, China is not providing aid but rather investing through loans into the country. Eventually, the money spent will need to be paid back, with interest. Officials are banking on the prediction that this investment will create a range of economic opportunities for local businesses and industry, which can then generate enough revenue to help cover the debt incurred by this project. However, this is not Pakistan’s first experience with foreign loans; the country was under a debt of $85 billion by the end of 2017, after a year on year increase of 12.3% (State Bank of Pakistan 2017). This, coupled with the fact that there are several concessions given to the Chinese, and not local businesses, makes it seem highly likely that the government is being over optimistic about the country’s future.

**Bias**

The impact of the FTA already proved China’s competitive advantage in Pakistan’s market, yet concessions are being given to Chinese firms along the corridor; there is little evidence to suggest that the same is being done for local companies. For this reason and others, several scholars have compared CPEC to the former East India Company used by the British to colonise India. While it may seem like a stretch to associate the two, the lack of transparency and the obvious benefits provided to the Chinese gives evidence to such assertions. In a master plan revealed in 2017, for example, much was written about China’s investment in various segments of Pakistan’s culture and economy. The plan discusses acquisition of thousands of acres of agricultural land by the Chinese for ‘demonstration projects’, including work on fibre optics for internet and television to “disseminate Chinese culture” (Husain 2017). Additionally, most of material and labour for construction of various projects along the corridor is being brought from
China. Several scholars and economists in China and Pakistan both seem to think this is being done to cater to the excess capacity in China’s industrial sector (Venkatachalam 2017).

**Transparency**

The first issue of transparency is that there has been no formal document set forth by either government that provides comprehensive details about the projects that are being financed by CPEC. A condensed document issued as the ‘Long Term Plan’ was published in 2017 but gives no information on how the goals of CPEC will be achieved, how the bidding process works, what are the terms of the projects, what are employment policies, and what measures are being taken to ensure protection of heritage, wildlife, ecology and local livelihood. All prior development and economic investment documents in Pakistan, such as national five-year plans and IMF agreements have remained open for public viewing, and critics argue that CPEC cannot be an exception (Dawn news 2017).

The project came under scrutiny again when, in February 2018, the National Highway Authority (NHA) “confessed irregularities in the award of a $2.9-billion contract to a Chinese firm for construction of a motorway under CPEC” (Rana 2018). The bidding process has already been heavily criticised, and this recent development has called for action against the NHA. Observers, however, feel that little will be done to the organisation for fear of “tarnishing the image of CPEC” (Mahmood 2018).
Growth, not Development

In light of the earlier discussion on our reliance on growth, I would argue that CPEC comes across as an economic growth initiative but not a development project. The biggest indicator of this is the government’s ongoing praise of the initiative for boosting the national GDP and its complete silence on the project’s potential impact on human development in the country. The GDP boost is simply a citation of the amount of money flowing in the economy and says nothing about where it is being concentrated. This dependency on the GDP is often criticised, with academics cautioning that that the use of this indicator allows for increased tolerance for environmental degradation, income inequality, and poverty, all for the sake of “maximum economic growth” (Basu 2000). This is evident in the way that some of the aforementioned energy projects are being conducted.

Furthermore, if we look at the broad categories of CPEC; Transportation Infrastructure, Energy, Gwadar, Industrial Cooperation, Projects Annual Review, and Proposed Special Economic Zones, we can ascertain that none, on face value, focus on development as something that ‘transcends growth’. Development, according to Wolfgang Sachs, is meant to be “economic growth plus redistribution, plus participation, or plus human development (Sachs 2000, 9). These ‘pluses’ are not incorporated into the planning process of CPEC.

This distinction can be further explored by taking a closer look at recent investments in Gwadar Port, which is considered the prime project of CPEC.
**Gwadar Port**

The city of Gwadar enjoys a strategic location on the Arabian Sea in the province of Balochistan, accessible to South Asia, West Asia and Central Asia. In 1958, it was bought by Pakistan from Oman and since 1993 has gone through various processes to extract the potential of this port. In 1958, it was a small village, home to just a few thousand fishermen; today it is known as one of Pakistan’s rapidly growing cities with an expected population of 2 million as the development of the port continues (Mustikhan 2017). Due to inadequate funding, political unrest, and lack of proper management, in 2007 the port and its related works were handed over to the Port of Singapore Authority (PSA) on a 40-year lease. This handover, however, was not done with the approval of Balochistan’s own governor who expressed his grievances towards the process for lacking transparency and ignoring local interests and concerns (Khan 2012). He filed a petition against the Government of Pakistan, and this petition along with imminent issues of security in the region, resulted in a forced termination of the lease with PSA.

*Figure xiv: Gwadar city in the 1990s (Pak voices 2015)*
Today, Gwadar Port is an integral component of CPEC; a direct connection is proposed from the port of Gwadar to Kashgar, greatly reducing the amount of time it takes China to transport oil and goods from the rest of the world. At present, China is the second largest importer of oil, with 80% of these imports currently passing through what has been called the “unsafe Strait of Malacca” (Fazl-e-Haider 2012).
Although rich in mineral resources, Balochistan has not been able to contribute significantly to Pakistan’s economy; officials now state that under CPEC it will be able to generate substantial economic activity, for both the province and the country (Baz, Khetran and Saeed 2017). Gwadar is set to receive over $790 million in investments from China, which has been given tax exemptions to operate the port for the next 40 years. During this time 91% of the profits will go to China (Board of Investment 2017) (I. A. Khan 2017). The major projects for Gwadar Port
include a coal fired power plant, expansion of existing railway lines, Pak China Friendship Hospital, Gwadar University and Special Economic Zones (The Gwadar Central 2017).

In the midst of the construction on Gwadar, live the indigenous fishing community, who have seen the port change hands since its acquisition from Oman. They have experienced displacement, seen ecological degradation, and fear loss of livelihood as the infrastructure boom in Gwadar continues to ignore their plight.

**The fishermen of Gwadar**

*We knew we would be displaced during former president retired General Pervez Musharraf’s rule... and we know we will also be displaced from here one day. Because it is true that we do not feature in the country’s logic of development in general and Gwadar in particular’.*

-Nakhuda (boat captain) Dad Karim Baloch (Notezai 2017)

Development cannot take place if it does not enhance the capabilities of the people of the region. Although construction on Gwadar Port promises to bring much needed growth in the port city, it fails to develop the city. This development cannot be measured purely through quantitative analysis of large data sets, but rather only at a scale where the issues of the people are clearly visible to the researcher. This calls for a closer look at the impact of investment in Gwadar port, which fails on several fronts of development.

i. **Quality of life**

In 2007, when the first phase of construction took place in Gwadar the fishermen lived in “adobe and thatch houses” in a neighbourhood known as ‘Mulla Band’. This neighbourhood was to be the site for future development in the city (Jamali 2013). Drawn by the promises of just compensation and adequate amenities, the fishermen
agreed to be relocated to the ‘New Town Housing Scheme’ on the outskirts of the city.

“We wanted pukka (formal) houses, wide streets, and steady income. Price of land was increasing by the day in Gwadar and we thought that having our own piece of land and house in New Town scheme will allow us to benefit from the opportunities in the future city. We dreamt that our children would study in an English medium school and grow up to be doctors and engineers, not poor fishermen like us.” - Resident of Mulla Band (Jamali 2013).

The vision of development marketed in the country, one that idolises the skyscrapers and highways of Dubai and Singapore, has embedded itself so deep within the minds of the ordinary citizens that the promise of a ‘better looking house’ led them to ignore the intangible benefits they had when they lived in Mulla Band. Their mistake became obvious once, after purchasing “washing machines, television sets, and motorcycles”, they found themselves having to spend more to commute to the shore for their livelihood as fishermen; they had difficulty accessing good schools and hospitals as these facilities became concentrated in the now ‘rich’ neighbourhood they had left behind (Jamali 2013).

Today, under CPEC, they face similar threats again. Gwadar sees physical infrastructure growth, a new international airport, a new university, a new hospital, but all these remain mere sculptures of concrete if they do little to enrich the lives of the people who are in most need of them.

ii. Human development initiatives

The fishermen in Gwadar today make up 80% of the total population of 185,000 (Ebrahim 2017). Gwadar is set to become a hub of industrial and trade activities and
in a press conference in 2017, officials claimed that the development of the Gwadar free zone has created 404 direct, and 2000 indirect jobs for locals in the area (Associated Press of Pakistan Corporation 2017). Since no data has been published to verify this number, it appears that the public will accept this statement at face value.

Additionally, this statement does little to assure the workers in the district whose main source of income is through fishing. Mere 2000 construction jobs, which are temporary employment in any case, cannot be used as justification to offset the concerns of these workers. These fishermen are also often quoted as saying that they don’t know anything other than fishing (Ebrahim 2017). What is required, then, are workforce development programs to train fisherfolk to be able to operate the incoming technology. There is no mention of any such program in the media, or in the limited official documents released by the government.

The government seems to believe that development follows the boom in infrastructure, the former Prime Minister during his visit to Gwadar in 2017 is quoted saying, “When roads are made, success follows.” However, the people of Gwadar still await basic services such as quality education and accessible healthcare; many women must travel to cities 500km away, through the very road the Prime Minister mentioned, for basic childbirth services (Ebrahim 2017).

It must be noted however that in some projects along the corridor, where multinational corporations are managing power plants, substantial efforts are being made to train local workforce to enable them to handle new machinery. Engro, a Pakistan public multinational company based in Karachi is overlooking the Thar coal power plant project, and will employ trained local workforce as part of “Block II” of
the project (Siddiqui 2017). This workforce will be trained by the Sindh Technical Education & Vocational Training Authority (STEVTA) for the 200 staff positions that are expected to be created for the project (HaglerBailly Pakistan 2014). A similar approach is required in Gwadar.

iii. **Transparent, democratic and participatory process**

“We [the Balochistan National Party] convened an All-Parties conference in Islamabad in January 2015 and put forth concerns that we have over the mysterious CPEC project, including the fisherman issues, and agreed on a resolution which was even signed by Minister of Planning Ehsan Iqbal and Information Minister Pervaiz Rasheed, but to no avail.

No serious step has been taken to resolve these issues. This is quite disappointing.”

-Syed Essa Noori (Member of National Assembly- District Gwadar) (Meer 2016).

The issue of democracy can be raised if first, the presence of those who make up the democracy is acknowledged. The Chairman of the China Overseas Ports Holding Company (COPHC) views Gwadar as a “clean slate” for them to work on (Ebrahim 2017). He and his team live in a gated community cut off from the general public due to security concerns. Whereas the security concerns are valid in light of growing insurgency by Baloch separatists, the answer is not to ignore the causes of insurgency and isolate projects, but rather to address security concerns first so as to enable inclusivity in the process of development.

“In my own country, my own town and on my very own land, I am being welcomed as an outsider by someone who is actually the outsider. They smiled warmly, shook our hands and asked us how they can help us since we were their guests! How would you feel, tell me?”

-65-year old resident of Gwadar (Ebrahim 2017)
Irrespective of what officials announce in the media, if the intent of this project was truly to develop and improve the lives of the people of Gwadar, it would be evident in the process. Because of lack of inclusion among other reasons, a project that has the potential to uplift the economic conditions of Pakistan’s people may just be “exacerbating the country’s provincial and ethnic tensions” (Kugelman 2016).

The fishermen live in fear of the future, and some are quoted saying that once the port is operational, they will lose all access to the jetty. These fears have not been addressed by officials who continue running the project saying that once the work is complete, “they will leave behind a happier, more prosperous people, and it will all be worthwhile then” (Ebrahim 2017).

iv. Access to opportunities and services

Due to the threats to Chinese workers and officials, the government and the Pakistan army has taken strict security measures to protect all construction sites in Balochistan. The recently opened Pearl-Continental Hotel also hosts seminars from time to time, attended by high profile officials who require the same measures (Meer 2016). This, however, often results in closure of the jetty. For a family that is dependent entirely on fishing for their food and income, this can cause considerable financial and psychological stress. Others associated with fishing, such as boat makers, oil factories, middle men and consumers are also affected by this (Meer 2016).

With the influx of new businesses in Gwadar Port, the Fisheries Department plans to issue 100 licenses to various foreign fishing vessels that will operate in the SEZs (Meer 2016). The local fisherfolk are already expressing concern over the increasing
prices and decreasing number of fish in the sea, and the issuance of licenses to larger corporations threatens not only the ecology of the sea but also the livelihood of these fishermen (Suleman 2017).

v. **Clean and safe physical environment**

In light of concerns raised by locals on the environmental impact of the energy plants under construction in Gwadar, environmentalist Saqib Ejaz Hussain insisted that adequate technology was being installed to “control air and water pollution”; seawater would be used to regulate temperature, keeping in mind that measures are taken as to not harm marine life (Dawn News 2018). Wastewater however, will be discharged back into the sea, and no impact evaluation documents have been issued to the public regarding this or the technology mentioned by the environmentalist.

The primary incentive given to locals was free household access to the electricity produced by the plant; however, there are no details available on how many households this can cater to, and how the rising real estate development will affect the demand and supply of this energy.

Additionally, part of the Gwadar port project is an expressway that runs through the port, which stands to harm the natural environment of the port; many locals use this area as a space for leisure and recreation (Meer 2016).
Conclusion

Investment can present itself as a great opportunity to address various social and economic issues plaguing the country. However, due to the lack of an adequate policy framework and Pakistan’s narrow approach to development, the country fails to utilise this investment in a way that it strengthens the social sector as well as the local economic structure. There is an urgent need to rethink the process by which ‘development’ projects are carried out in Pakistan. Although investment is an essential component of growth and development, it is merely a tool; in the case of Pakistan it is being used as the solution. Investment and capital will not contribute to progress if not coupled with policies and practices that ensure unbiased access to the opportunities created by the growing economy. The policies that have followed international investment are highly influenced by foreign consultants, to counter this Pakistan needs to demand inclusion of local expertise, critics, environmentalists, sociologists, academics and historians in the planning process.

CPEC, as the late architect and urban planner Perween Rehman would say, appears to be a “mega-project” devoid of “mega-management”, where the former only needs investment, contractors and construction and the latter requires intellect, knowledge and a much more comprehensive planning process. A more holistic framework of measuring development needs to be adopted, so as to steer away from our absolute dependency on the GDP as an indicator. More importantly, there is a need to rid ourselves of the notion that development can be measured using solely indexes and ranks; development, in its true essence, is assessed at a scale where its impact on human lives is accounted for by the decision-making bodies.

Qualitative research, that takes a closer look at the impact of development projects on the lives of indigenous communities, needs to be conducted in order to provide reliable feedback on the
effectiveness of such projects. In this process, authorities from both the public and private sector will need to be held accountable if the work they do has a negative impact on social, economic or environmental conditions of a region.

The research presented for this paper can be furthered by conducting field work in regions of Pakistan where CPEC projects are underway, in order to get a more accurate picture of what is taking place on ground. Incorporating results of qualitative surveys conducted at the district level can also help inform future development policy; a wide range of issues are identified when those living the reality of these projects are allowed to contribute to the discussion. The eventual aim of this research is to do exactly that.
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