

# CPEC: understanding the behemoth — facts and myth

*Once fully operationalised, BRI would provide a viable alternative to the present predatory economic system*

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By: **Inam Ul Haque**

A lot has been said about the One-Belt One-Road initiative (OBOR), or as the Chinese call it the Belt and Road Initiative (BRI). It attracts unwanted attention, as no superpower in human history has been able to undertake a project so enormous, that it covers most continents and two-thirds of the world, is inclusive of all major areas of modern economy, and is undertaken by a non-white, non-European power — the Peoples' Republic of China (PRC).

With BRI, an ambitious signature foreign policy initiative by President Xi Jinping announced in 2013, China expects regional and global connectivity with and among some 126 countries and 29 international organisations (already on board), through a network of roads, highways, railways, pipelines, power plants, grids, fiber-optic and social welfare and poverty-alleviation projects.

The overall investment is a staggering over \$1.3 trillion to establish six international corridors. The Initiative would ultimately cover over 65 countries, 60% of the world-population and 40% of the global GDP. The trade volume among China and the participating countries is already over \$6 trillion, with the potential of adding \$117 billion this year. Infrastructure improvement is likely to reduce the global trade costs and transportation time by an average of 2.2% and 2.5%, respectively.

Once fully operationalised, BRI would provide a viable alternative to the present predatory economic system. Therefore, BRI especially the China-Pakistan Economic Corridor (CPEC) — as its pilot programme — is subjected to intense criticism by the United States/West. This series of articles would dispassionately analyse the diverse aspects of the CPEC.

The MoU for the Long-Term Plan (LTP) under CPEC was signed in Islamabad by the then federal minister, planning development and reform, Professor Ahsan Iqbal (PML-N) and Mr Wang Xiaotao, vice chairman of China's National Development and Reform Commission (NDRC), on November 21, 2017, although CPEC deliberations were underway since 2013-14.

As per official definition, CPEC is a "growth axis and a development belt" featuring a comprehensive transportation corridor and industrial cooperation. China-Pakistan is the 'growth axis', containing major collaborative projects of infrastructure construction,

industrial development, economic and trade cooperation, social uplift and socio-economic development including people-to-people exchanges and cultural communications.

CPEC officially covers the Xinjiang Uygur Autonomous Region in western China, and the whole territory of Pakistan in a format comprising a 'core zone' and 'radiation zone'. The corridor passes through key node cities including Kashghar (Kashi in Chinese), Atushi, Tumshuq, Shule, Shufu, Akto, Tashkurgan Tajik in China; and Gilgit, Peshawar, DI Khan, Islamabad, Lahore, Multan, Quetta, Sukkur, Hyderabad, Karachi and Gwadar in Pakistan. Development of western China is pursuant to China's longstanding policy, "Go West", aimed at removing developmental disparities between coastal China in the east, and the under-developed mountainous China in the west.

Both China and Pakistan have agreed to the "1+4 cooperation mode" for CPEC with the corridor as the core, and Gwadar, energy, transport infrastructure and industrial cooperation as its four priorities. CPEC follows the 'National Plans' of both countries as per their respective Vision 2025. For China, CPEC is a POC (proof of concept) for BRI.

In its spatial layout, CPEC further devolves into "one belt, three axes and several passages". The "one belt" contains the core zone composed of Kashgar, Tumshuq city, and Atushi city and Akto county in Kizilsu Kirghiz autonomous prefecture of Xinjiang, China and Islamabad, parts of Punjab, Sindh, K-P, Balochistan, AJK and Gilgit-Baltistan (G-B). Its "three axes" horizontally run connecting Lahore and Peshawar, Sukkur and Quetta, and Karachi and Gwadar. The "several passages" refer to railways and highways connecting Islamabad to Karachi and Gwadar.

The five 'key functional zones' of CPEC, from north to south include the Xinjiang foreign economic zone; the northern border trade logistics and business corridor and ecological reserve; the eastern and central plain economic zone; the western logistics corridor and business zone; and the southern coastal logistics business zone.

CPEC is intended to greatly speed up "industrialisation and urbanization", making Pakistan globally competitive and domestically prosperous. LTP matches up locational advantage of Pakistan with China's economic and industrial potential.

LTP identifies some impediments to CPEC such as; global power adjustment to a rising China; weak industrial base/economy of southern Xinjiang; hard geography of Sino-Pakistan border areas (escalating costs); and demographic and economic disparities in Pakistan. The Indus River valley, though relatively developed, has "high population density and limited resource-carrying capacity"; whereas, western Pakistan is poorly developed and has harsh natural conditions. The corona pandemic is also another unforeseen impediment.

China's vision, as alluded to, is to "further advance its western development strategy". And to promote economic and social development, accelerating BRI construction, utilising

China's advantages in capital, technology, production capacity and engineering operations. China aims at the formation of a "new open economic system".

From Pakistan's standpoint, CPEC is to fully "harness the demographic and natural endowment of the country", enhancing its industrial capacity through new industrial clusters in order to balance the "regional socio-economic development, enhancing people's wellbeing, and promote domestic peace and stability".

CPEC also has an international/regional vision, entailing the creation of a new "international logistics network and industrial layout, based on major transportation infrastructure". It aims at elevating the "status of South Asian and Central Asian countries" through economic integration, trade growth, technological/economic cooperation and people-to-people exchanges. This vision welcomes inclusion of all left out countries like India in the CPEC.

In its initial formulation, CPEC's declared timeline runs until 2030 with phasing of projects in short, medium and long-term with scope for later adjustments. In the short-term (2014-2020), CPEC was aimed at resource mobilisation, removing major bottlenecks to Pakistan's economic (not identified in the MoU), social development and boosting economic growth in both countries.

In the mid-term (upto 2025), CPEC envisages completion of major construction and associated industrial systems, optimal utilisation of expected economic functions (improving peoples' livelihood along CPEC) and removing economic/developmental disparities regionally, as per Vision 2025. In the long-term (upto 2030), CPEC's goal is for South Asia growing into an international economic zone with global influence, having CPEC effectively integrated for economic growth in South/Central Asia.

Subsequent implementation and recalibration have sequenced projects into 'Early Harvest' projects (2015-2019) in the energy sector, adding up approximately 7,000 MW to the national grid by 2019, easing energy shortages and load shedding. By 2022, energy projects would add another 13,180 MW, lifting production and exports.

Similarly, short-term (upto 2022), projects include mainly infrastructure (roads), Gwadar development, fiber-optic network, hydel, coal-mining and power projects. Whereas, medium-term (upto 2025) include railways and the creation of industrial zones. The long-term projects (upto 2030) include completion of industrial zones, agriculture and tourism. If one looks at the above agreed phasing, it is heartening to know that concurrent projects undertaken are generally ahead of timelines and phasing, despite the corona-induced complexities.

Next, we shall discuss the remaining aspects of CPEC, including the ill-founded and maleficent criticisms, to which this very vital project is subjected

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## A redesigned programme

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By: **Sakib Sherani**

THE new finance minister has expressed exasperation at the conditionality of the ongoing IMF programme — Pakistan's 23rd since 1950. The main thrust of the programme is focused on achieving a primary fiscal surplus that is consistent with a sustainable path of public debt; building external account buffers, and making the power sector financially viable. Prima facie, and in a high-level 'strategic' sense, the conditionality appears aligned with Pakistan's main structural weaknesses.

That these weaknesses have persisted, and indeed worsened, over a period of four decades is testament to how comfortably numb Pakistan's elites have been despite the country lurching from crisis to crisis. The country's elites have been cushioned by external aid flows and their disinterest and inaction conditioned by strong policy capture; hence, they have demonstrated inertia and apathy of epic proportions for a protracted period. Even during (and in between) IFI-led reform programmes, a lack of ownership as well as understanding has been compounded by political and policy instability.

Nonetheless, despite the outsized contribution of endogenous factors in Pakistan's absent progress on a coherent reform agenda, IMF programme design flaws have also made a significant contribution. In fundamental ways, the programme design and parameters are inconsistent with Pakistan's reform objectives. I have outlined the programme design weaknesses in several articles in the past (including an in-depth critique in this newspaper in August 2019 titled 'Evaluating the programme'), in discussions both with the IMF as well as the Fund's Independent Evaluation Office, and during several talks on the issue, including at a high-level seminar at the State Bank in February 2020.

Broadly, the reservations revolve around three sets of issues.

The first issue concerns a fundamental misdiagnosis of the problem. Pakistan has a fiscal fault line that needs correction. This is beyond debate. But whether an out-of-whack fiscal deficit for a couple of years prior to the numerous balance-of-payments crises the country has experienced was the foremost issue that needed to be fixed by the IMF in addressing Pakistan's external account crisis is very much moot.

Pakistan has landed repeatedly in IMF programmes not because the fiscal deficit has ballooned for a few years prior to the crisis, but because its export base is too small to pay for the surge in imports that accompanies a growth spurt. To break out of this vicious cycle, Pakistan's export sector has to grow. It is currently at less than 10 per cent of GDP — compared to 15.3pc for Bangladesh, 23.1pc for Sri Lanka, 18.4pc for India, and a whopping 107pc for Vietnam.

In effect, Pakistan's binding foreign exchange constraint stems from its small export base, and not from its low tax base. While this conclusion appears to run counter to the received wisdom of the twin deficits problem, a number of econometric studies for Pakistan have found no causation from the fiscal balance to the external balance in the short run (with one study published in 2010 in the Pakistan Development Review finding that higher fiscal deficits reduce the subsequent external current account deficits through a positive output shock and exchange rate effects).

The implication of this is that so far, for most of the 23 programmes that Pakistan has been in, the IMF has been addressing a public debt problem while the issue has been in the real/ productive sector of the economy (though the two are linked). The important policy implications of this misdiagnosis are discussed further below.

The second major problem with programme design stems from the disconnect between the structural nature of Pakistan's challenges and IMF policy prescriptions that have to be fitted into a one- to two-year time frame of a front-loaded programme. The 'need for speed' sets up perverse incentives and negative feedback loops — leading to serious unintended consequences that undermine rather than help progress on reforms.

This finding is aptly illustrated by the lynchpin of programme conditionality — that relating to tax collection. In the current IMF programme, indicative quarterly targets on tax collection have been set. The unintended consequences? Rather than providing the incentive — and space — to innovate and change its fatally flawed model, the IMF programme design gives no bandwidth or incentive to FBR to widen the tax base or reduce administrative inefficiencies. On the contrary, FBR staff is incentivised to overtax the already documented formal sectors of the economy to meet quarterly targets. This not only leaves the large informal sector untouched (documenting which should be a key tax policy objective), but increases the 'tax arbitrage' between formal- and informal-sector firms, increasing the incentive for medium and small formal-sector firms to informalise.

This outcome is the exact opposite of what Pakistan's tax reform objective dictates. Apart from the revenue leakage, informal-sector firms typically do not invest in building economies of scale, nor do they invest in training and productivity improvement of their workforce. For obvious reasons, informal-sector firms are rarely recipients of foreign direct investment as well. Hence, the wider economic consequences of IMF conditionality on the tax front include not just more strain on formal-sector firms, and an erosion of the tax base in the longer run, but worst of all, a loss of competitiveness for formal-sector firms. And this loops back to a small, and declining, export base — the primary cause of Pakistan's balance-of-payments problem in the first instance!

A similar pernicious negative feedback loop has been established by programme conditionality in the power sector by over-reliance on tariff increases.

The third issue with programme design, related to the foregoing discussion, is that the government's political capital is frittered on price and tariff adjustments in a 'shock

therapy' approach without being farmed for more substantive and consequential reforms such as governance improvements in the power sector or the introduction of a modern VAT.

The implication of the foregoing is that a longer-duration programme with more back-loaded structural conditionality is likely to lead to better reform outcomes.

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## Optimising Covid-19 TRIPS waiver

By: Zafar Mirza

LIKE every crisis, the Covid-19 pandemic has also brought some opportunities, two in particular. First, it has spurred innovation. In relatively no time, experimental vaccines started queuing up. The mRNA-based vaccine was developed which is a watershed innovation. This is going to profoundly change the future of prevention and therapeutics. Regulatory pathways for emergency use authorisation for these vaccines have also worked well.

Second, on May 5, the US announced support for the Covid-19 TRIPS waiver. This is also a major development. The director general of WHO, Dr Tedros Ghebreyesus, has termed it as a "monumental moment in the fight against Covid-19" and "a powerful example of US leadership to address global health challenges". It is indeed a paradigm shift in US trade policy which has always centred on intellectual property protection (IPP) ie time-limited monopoly on patents, trademarks, copyrights, industrial designs etc. The US has always vehemently opposed any idea of giving concessions on IPP issues, whether it was the Doha Declaration on the TRIPS Agreement and Public Health or the issuance of compulsory licences for medicines of public health significance.

What does this waiver mean and how can it enable developing countries to start the production of Covid-19 vaccines and related health technologies? And how can low- and middle-income countries, including Pakistan, benefit optimally from this waiver?

To begin with, there is no waiver at present. US support for a waiver means that as negotiations on the subject begin in Geneva in the coming weeks at the World Trade Organisation (WTO), the US will not oppose the proposal submitted by India and South Africa last October, backed by developing countries.

The Uruguay round of multilateral trade negotiations (1986-1993) culminated in the establishment of the WTO in 1995, which for the first time brought IPP on the agenda of international trade negotiations that resulted in the introduction of mandatory global standards of IPP through an agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). 'Minimum' TRIPS IPP standards include, in the case of patents, a monopoly of 20 years and protection of both process and product patents for all kinds of technologies. However, TRIPS also incorporated some public health safeguards (flexibilities) at the behest of the developing countries. In 2001, at WTO ministerial conference in Doha, developing countries also won a separate ministerial declaration on the TRIPS Agreement and Public Health which further affirmed the primacy of public health vs IPP. Treatment access campaigns by civil society for AIDS medicines played a vital role.

US support for the waiver would be an important factor in the negotiations, as they begin in the TRIPS council. However, reportedly, the EU and Japan are not going to make it easy. Also, an important moot point in the negotiations will be the scope of the TRIPS waiver. The US support for the waiver is categorically for Covid-19 vaccines but of course developing countries will be pushing for an expanded scope encompassing other Covid-19-related health technologies. There would be no easy giveaways in these parleys.

Pre-empting this and the multilateral dynamics, the Biden-Harris administration's recent support for waiving IPPs for Covid-19 vaccines, released to the public through a statement by US trade representative Katherine Tai, it was already expected that "those negotiations will take time given the consensus-based nature of the institution [WTO] and the complexity of the issues involved". So, predicting a time frame for developing a consensus for the way forward is anybody's guess.

Notwithstanding the convolutions of the negotiations process, once a consensus is reached, how will it be translated into action and who would benefit the most? Even if we just consider Covid-19 vaccines, the developers and producers of vaccines will have to share the know-how and technology involved, including technology for mRNA vaccine. This would require technology transfer facilitation possibly by a third party.

It is stating the obvious that only those developing countries, at least in the short term, will benefit from these novel technologies that already have active vaccine research and development and manufacturing. Countries like India, China, Brazil, South Africa and Cuba would be immediate beneficiaries as they are already in biological production. Apart from production facilities they also have enough trained biotechnologists. There would also be a race among these countries to get into mRNA vaccine production which is a breakthrough technology and which is going to change a lot in biological production in future.

Pakistan, despite being the fifth largest internal market in the world, has unfortunately not paid attention to biological production. Out of 650 licensed pharmaceutical manufacturers in the country there are only seven who are involved in any kind of biological manufacturing. Primarily, these companies perform filling functions by importing concentrated vaccines. Seventy per cent of new medicines in the world market on the other hand are biological products and this is the future of prevention and treatment of diseases. Unlike India and Bangladesh in the neighbourhood, neither public policy nor the private sector has moved in the biological direction. As a consequence, we are 100pc reliant on imported vaccines, including Covid-19 vaccines.

In the context of the current vaccine inequity, WHO is now promoting wider production of vaccines in developing countries. WHO has also set up a technology transfer hub for developing countries. We have missed too many opportunities in this field. mRNA technology can help Pakistan take the required leap which would enable the country not only to meet its national needs but also to export. Once the technology is there, it can



diversify the product range by going into biological therapeutics eg monoclonal antibodies for treating chronic diseases and cancers and vaccines beyond Covid-19. Eventual TRIPS waiver for Covid-19 vaccines and the facilitation of WHO in technology transfer opens up a strategic opportunity for the Pakistan government and the private sector for major initiatives. If we do not think this way then this waiver would mean nothing for Pakistan. This window of opportunity would also close and some other countries would emerge as champions. Actually, the scramble for mRNA technology has already started.

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## Pakistan and China at 70

By: **Mustafa H Sayed**

Pakistan and China will today – May 21 – celebrate 70 years of what has been a model bilateral relationship. The Pakistan-China relationship has been re-enforced by a consistent policy of Pakistan towards China, regardless of who is in power, supporting China on its key international issues and core interests such as Taiwan, Tibet, Xinjiang, Hong Kong and South China Sea.

Similarly, China has been Pakistan's voice in the Security Council, supporting Pakistan's position on Indian Occupied Kashmir, as well as on Pakistan's fight against terrorism, core interests in Afghanistan, and more recently in the fight against the Covid-19 pandemic.

By making CPEC the flagship project of the BRI, China gave a vote of confidence in Pakistan's economy by investing a mammoth \$62 billion. While there is much to celebrate in the 'all-weather friendship' between the two countries, it is also an opportune moment to pause and reflect on how this relationship can be optimized, and how the next decades should (or could) look like for Pakistan.

Since the start of CPEC in 2013, Pakistan has received investments in roads, energy, the Gwadar Port – as well as grants in the socio-economic sphere that involve clean water, vocational training institutes and hospitals. Moving forward, Pakistan should use CPEC as an opportunity to: i) undertake 'targeted' poverty alleviation using China's experience and expertise; ii) make the CPEC's Rashakai and Allama Iqbal SEZs in Khyber Pakhtunkhwa and Faisalabad, respectively, a resounding success by courting top Chinese manufacturers looking to relocate their industry to consider both; and iii) negotiate and prepare for better market access to China whose economy is now 18.34 percent of Global Gross Domestic Product.

Pakistan's youth bulge is ballooning, with 65 percent of our approximately 220 million population under the age of 35. As per some estimates, the Covid-19 pandemic has brought 87 million into poverty. 'Targeted' Poverty Alleviation, popularly known in China as Jin Zhun Fu Pin, identifies poverty-stricken villages, conceives appropriate projects mostly related to housing and infrastructure, and proceeds with efficient implementation of the same. The strategy also involves identifying, more specifically, what are called "poverty households", which are essentially poor households without any special policies or subsidies being catered to them. Pakistan's Ehsaas Programme should engage and work with China's State Council Leading Group Office of Poverty Alleviation and Development to create a five-year plan for Pakistan's 'Targeted' Poverty Alleviation Strategy.

The Rashakai SEZ has received 1,998 applications for industrial plots, while companies such as Century Steel of China are in the process of relocating to Rashakai; the company had requested the State Bank of Pakistan to provide approval for import of machinery from its parent company in China, which was later given. The issue of exemption of custom duty for import machinery has still not been finalized, which would be a crucial incentive for investors. As of now, this policy will be applied on a case-to-case basis, not as a uniform policy for all investors wishing to invest in these SEZs.

When China created SEZs, some of them took off, and some of them did not. For example, in 1979-80, the SEZ established in Xiamen's Fujian province was more successful than that established in 1985 in Hainan. It is important for Pakistan to understand that the governance of SEZs is a nuanced exercise, and cannot be done by a government official or a locally recruited management professional; the entity or individual that governs the SEZ must have prior experience in SEZ governance.

While the Board of Investment and its affiliated agencies have given incentives for foreign investors, we still do not have an actual one-window where investors can receive a one-stop shop solution. We also must understand that Pakistan is one of many countries competing for investment from top Chinese companies that are looking to relocate manufacturing bases to countries with lower costs of production. Apart from being an 'all weather friend' of China, what commercial competitive advantages do we offer that, for example, Bangladesh or Cambodia cannot match? We must make sure that these SEZs, like any lucrative land, do not become trading/speculative grounds of prime real estate, which may make money for local companies, but would make the concept of an SEZ futile. After the signing of the China-Pakistan Free Trade Agreement II, Pakistani exporters have more access to the \$2 trillion Chinese market. Nearly 40 percent of the CPFA II products that China imports have seen lowering of tariff barriers, 401 Pakistani products for which there is a market in China can now be exported to China. In total, 724 Pakistani products have zero import duties in China. However, Pakistan's export volume to China in 2020's fiscal year was all of \$1.87 billion. China has lowered its tariff barriers for 603 out of the 1,436 products listed in Priority Products II of the CPFTA II, which are lower than that extended to the likes of Japan, South Korea, US, Australia and Germany for the same products.

The government's pivot to 'economic diplomacy' should begin with China, which is the world's biggest market and, fortunately for Pakistan, a neighbor and close partner. The opportunity that China presents to Pakistan has to be addressed through a collective and coordinated effort and action of business groups like the Pakistan Business Council, relevant government agencies such as the Ministry of Commerce and CPEC Authority, and think-tanks. This is a good opportunity to prove wrong the idea that: 'Pakistan never misses an opportunity to miss an opportunity'.

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## Towards growth a' la Bangladesh?

By: **Dr Pervez Tahir**

Going by his pre- and post-entry utterances, it is abundantly clear that the new steward of the economic team is trying to build a narrative of growth in an economy that has gone astray. The positive numbers he has to work with are the upsurge in textile production and exports, and workers' remittances. Remittances are breaking all records, with an annualised rise of 56% in April and 29% in the 10 months of 2020-21. Textiles, with the largest weight of 20.9% in the large-scale manufacturing, grew by 40.4% in March and 5.9% in the nine months. These highs, it must be remembered, are due to negative growth in the comparable periods. Textile exports in March rose by 29% and in nine months by 2%. Export of readymade garments increased by 10.9% in March, but declined by 1.6% in nine months. A hybrid regime and prospects of Chinese relocations are seen to provide the desired mix for a take-off.

These very drivers — remittances and readymade garments exports — spearheaded growth in Bangladesh that many of us have come to marvel at. Palgrave Macmillan has recently published a book, *Numbers and Narratives in Bangladesh's Economic Development*, by friend Rashed Al Mahmud Titumir, a professor at Dhaka University. His analysis of the country's transition from a proverbial basket case to a high growth achiever presents insights that late comers can only ignore at their peril. According to him, greater utilisation of labour and the resulting increase in consumption spurred growth.

"Two events were particularly important in shifting the labour dynamics in the country. First, the readymade garments sector sprung up in the 1980s and was built upon the abundance of labour. The sector did not require high level of skills and hence tapped into the unskilled and semi-skilled labour force. Second, overseas employment opportunities in the Middle Eastern countries opened at the same time. This sector also relied on unskilled and semi-skilled workers. This worked in favour of the large number of unskilled workers in the agricultural sector in rural areas who migrated to urban areas and abroad for employment. The structural transformation in the economy began at that stage and only accelerated in the following decades. Readymade garments sector also had a long-lasting impact on female employment.

This sector also caused migration of unemployed females from rural areas to cities. The shift from the low waged agricultural sector to the higher waged industries and the overseas employment resulted in an increase of private consumption. The outcome of this increased consumption was a sharp reduction in poverty, especially in rural parts of the country." High economic growth has been accompanied by significant improvement in

social indicators. Interestingly, the outcome is due more to out of pocket expenditure than public investment.

The country had its share of military and hybrid regimes during 1975-1990. Authoritarian clientelism bred a rentier class. This class exploited the relocation opportunities created by the international Multi Fibre Agreement. "To take advantage of the transferred technology alongside the abundance of labour, investors built new factories and invited or poached outside workers and managers with the expertise to operate them." Most of the owners were retired bureaucrats and military officers. Under the democratic regimes in 1990-2007, competitive clientelism replaced the authoritarian clientelism. As the government deregulated, subsidised and allowed tax holidays, the sector really took off to be next only to China. By 2017, exports touched \$28 billion, absorbing four million workers, mostly women.

Are these conditions sufficient to reach Bangladesh's vision of a developed economy by 2041? The author thinks not.

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## **'Ram bharse': why India has become a failed state?**

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By: **Adeela Naureen/Umar Waqar**

Failed or dysfunctional states are defined by the collapse or absence of governance and control, both functions of leadership. A failed state is also equated with a political body that has disintegrated to a point where basic conditions and responsibilities of a sovereign government no longer function properly. A state can also fail if the government loses its legitimacy even if it is performing its functions properly.

The current Covid crisis has tested states globally for their ability to handle challenges emerging out of this pandemic. In case of India, the Covid crisis seems to have made a permanent home in the corridors of Rajpath. Few days back, Allahabad High Court rebuked the UP government for its collapsing health system in rural areas and leaving the poor people to 'Ram bharse'.

India has failed its people because of five major factors: poor governance, a disregard of lower classes, a confused and fake leadership, bankruptcy of morality, and hiding of health data. These are covered in detail here.

Starting from forewarning, timely decisions and interventions to the health management, the current crisis has been an unfortunate saga of one failure after the other. India had built an image of a cheap and high-quality health system for the last three decades. Combined with tourist attractions, India named it health tourism. It was projected that you could get a cheap deal by enjoying medical treatment at state-of-the-art hospitals, with highly qualified medical staff looking after you along with tourism.

No wonder the Indian government and private hospitals made fortunes out of this package.

The advent of Covid and its second wave in April this year exposed the Indian health system. Starting from the top, Indian political leadership had put cronies in charge of the Covid crisis management, the Godi media and the sycophant cabal of Modi lovers in the cabinet kept the poor Indians in good humour by his famous strategy of 'sab chhanga see'. Last year, when Narendra Modi shut down India without warning, an exodus occurred of millions of poor workers from big cities to the villages. We named it the March of Shame, as poor and lower-class workers were abandoned by the states and the union government to travel hundreds of miles on foot.

Although few journalists like Barkha Dutt and some YouTubers covered this arduous journey of migrant workers, the Godi media did not allow it to become a major issue as it affected the so-called image of Modi's progressive India.

Two weeks ago, a British channel, 4 News, interviewed Sir Anish Kapoor where he revealed some eye-opening, bitter facts. Kapoor feels that the environment of disenfranchisement of the lower class has been ingrained in the Indian psyche for a millennia and nothing will change because of following reasons:

One, whatever you do in India, there is someone lower than you to suffer. You don't have to pick up your rubbish, someone else will do so. Two, historic disdain of castes, which is a racial looking down upon the dark-skinned downtrodden people. Three, it doesn't matter that the lower class dies — the invisible and unwanted ones are suffering the most from Covid as no one in the upper class is bothered. Four, there has never been an anti-poverty riot in India in the past many centuries, as the lower classes are so suppressed that they cannot raise their voice for poverty.

While it is important to discuss the physical aspects, the most alarming thing that emerged out of this crisis is the moral question. As mismanagement and poor governance led to a shortage of oxygen and lifesaving medicines, the worst side of corporate India came into action. The price of Remdesivir went up from Rs10,000 Rs70,000; ambulance fares to ferry patients and dead bodies went up five times; MPs from BJP were seen selling hospital beds for Covid patients; an oxygen cylinder jumped from Rs7,000 to Rs40,000.

The apathy to the lower class was also witnessed in the disposal of dead bodies, as a shortage of wood for cremations created a human tragedy. While the rich could afford to cremate the dead by paying exuberant prices, the poor, especially from the rural areas, were left with no choice but to let go of the dead into rivers and lakes. Thousands of bodies were seen floating in the Ganges or being gnawed at by stray dogs along its banks. Unfortunately, the BJP governments in the Centre and in UP started taking legal action against journalists and medical staff who raised the alarm about the shortage of medical supplies and dogs gnawing at human bodies.

The next major factor affecting India as a failed state is its leadership. RSS-led states like UP and Uttarakhand as well as the Centre failed to provide leadership during the crisis. The leadership did not pay heed to early warnings by health experts and international watchdogs and suppressed dissenting voices of the civil society and the opposition. Massive political rallies were allowed to take place, half of which were addressed by Modi himself, as winning elections was more important than controlling the spread of Covid. Similarly, massive gatherings like the Kumbh Mela were allowed to take place without precautions. Uttarakhand Chief Minister Tirath Singh Rawat boasted before the Kumbh Mela that corona will be washed away by Ganga Jal. Unfortunately, Modi had declared in the start of 2021 that India had overcome Covid-19 and was a role model for the world.

This political point scoring led to complacency and now we have India as the epicentre of a global Covid crisis.

Indian health experts and the international community have also highlighted that infections and deaths occurring due to Covid may be five to 10 times higher than what is being officially stated by the Indian government. This criminal hiding of data has ramifications for the SAARC region as well as the global control of the pandemic.

Meanwhile, Cyclone Tauktae affected five Indian states with major devastation of infrastructure and loss of life. Although the Indian government tried to hide data on the loss of life and damage to infrastructure, one example of negligence and casualties near Mumbai adds weight to the argument on why India has become a failed state.

The Oil and Natural Gas Company offshore installations near Mumbai were ripped apart by Cyclone Tauktae due to a lack of warning and timely evacuation of the technicians and engineers working on three barges and a drillship. Despite a clear warning time of a week, these installations were not warned to leave their stations and to move to safer places. Resultantly scores of workers on these installations have died or have gone missing.

To conclude, Covid has tested many countries across the globe; however, India has displayed signs of a failed state due to the factors discussed above. We wish the common Indian people a quick recovery, with hopes that they will choose better leadership in the next election.

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## Netanyahu's game-plan

By: **Amanat Ali Chaudhry**

As Israel goes ahead with its sordid plan of razing buildings in Palestinian territories through aerial bombardment, attacking worshippers in Al-Aqsa Mosque and killing Palestinians including children in the latest round of terrorism, its oppression and cruelty is only dwarfed by the passivity and inaction of the international community including the 'famed' Muslim Ummah.

Their default response has only been to condemn the "violence" in even more confusing terms that raise questions about the morality of their position on the Palestine-Israel issue. The propensity to equate Israel's brute military apparatus with hapless stone-throwing Palestinians does not just represent the imposing reality of naked power shaping the narrative but also seeks to further marginalise Palestinians by tarnishing their struggle for a state of their own with the tags of 'violence'.

A brilliant opinion piece titled 'Digital apartheid: Palestinians being silenced on social media' by Omar Zahzah published on the Al-Jazeera website on May 13 established with facts and figures how social media platforms such as Twitter, Facebook and Zoom are employing greater censorship to deny Palestinians what Edward Said called "permission to narrate".

The Al-Jazeera article referred to research work conducted by Maha Nassar, a Palestinian-American professor at the University of Arizona, in which she analysed the opinion pieces carried by two dailies, The New York Times and The Washington Post and two weekly news magazines, The New Republic and The Nation, over a period of 50 years and concluded that "Editorial boards and columnists seem to have been quite consumed with talking points about the Palestinians, often in condescending and even racist ways – yet they somehow did not feel the need to hear much from Palestinians themselves."

In a blunt tweet, Nathan J Robinson, former political columnist for The Guardian, called out The New York Times for its partisan reporting of the ongoing bloodshed in Palestine when he stated: "It is a journalistic malpractice of the worst kind to say a family was 'caught up in the bloodshed' when what actually happened was that the Israeli military dropped a bomb on them and blew them to pieces in front of their children. They were not 'caught up', they were murdered."

Nathan's must-read thread of tweets essentially captures the broad behavior and diabolical manner in which much of the American and Western media (exceptions apart) have chosen to portray the Palestine issue. The asymmetry of power on display speaks to the willingness of the media to become part of the Israel government's determined efforts

to drown out Palestinian voices in a cacophony of sounds that are the product of the massive influence that Israel commands in America and Europe across the political divide. While the Biden Administration is likely to reverse some of the actions contained in the 'Deal of the Century' and announce some symbolic concessions for Palestinians, it will continue with the bipartisan policy of extending unstinted support to Tel Aviv.

What Trump's 'famous' peace plan achieved was to free Netanyahu's right-wing government of any international obligation in his insatiable hunger for expansion of the illegal settlements. The consistent American support made sure that Israel can indulge in the annexation of Palestinian lands through forced evictions without being confronted with any action or even a serious reprimand.

Given the evolving nature of the Israeli-Palestinian conflict, it is important to analyse the politics and strategy employed by Israeli PM Netanyahu vis-a-vis the marginalisation and dehumanization of Palestinians. Netanyahu, who remains at the heart of the apartheid and persecution of Palestinians, has prioritized security-first and right-wing ideology as components of his Palestine policy. Consider the following:

Benjamin Netanyahu is the foremost Israeli leader since the 1967 Arab-Israel war who has religiously pursued the expansion plan without any regard for the international law, and the consequences of his actions. His attempts to change the demography of the occupied territories have been undeterred and resolute in the face of the warnings from some of the European countries. The Nation-State Law encapsulates his vision for expansions by declaring that "the state views the development of Jewish settlements as a national value and will act to encourage and promote its establishment and consolidation."

Netanyahu's actions and statements reveal that he is not bothered by the earlier commitments and agreements made with Palestinians and is unrelenting in his desire to impose his vision anchored in illegal expansionism. A major example is his balking at following the Oslo accords as the framework for future negotiations. He practically scuttled the provisions of the accords such as limited autonomy to the PLO, the resolution of the border issue, Palestinian refugees' right to return and the latter's sovereignty over Jerusalem as the future capital of the Palestinian state.

In all his terms in office, Netanyahu has taken steps to make the possibility of a two-state solution less likely. This includes creating a split between the Palestinian factions, controlling the flow of foreign aid, gradually undermining the Palestinian Authority and, last but not the least, making Israeli and American endorsement of the Palestinian actions a prerequisite for progress in peace as part of the 'Deal of the Century'. The only agreement he is keen to follow as the exclusive framework of the future talks with Palestinians is Trump's peace plan that assigns paramount role to Israel.

Netanyahu has been at pains to invoke the perennial Arab fears of Iran and the expansion of its influence across the Greater Middle Eastern region. Together with the signing of the

Abraham Accords, Tel Aviv has endeavoured to separate the Palestinian issue from its Arab context in what is clearly a bid to reimagine the nature of the dispute.

The Israeli PM has used his government's unrelenting marginalisation and suppression of Palestinians to buttress his domestic support and kill criticism of corruption and instances of bad governance. Different polls held to date have indicated a surge in his domestic support, making him by far the leading figure in Israeli politics. He has set the bar of persecution too high, making it virtually impossible for any subsequent regime to deviate from the 'new normal'.

The reframing of the terms that define the Palestinian struggle is not just an ideological mission but also a matter of political necessity. Netanyahu has capitalized on the surge of populism to articulate a discourse that seeks to denude the Palestinian struggle of its humanitarian character by tarring it with a brush of 'terrorism.' His government is likely to present peace agreements with the Arab countries as proof of Tel Aviv's seriousness to promote peace and stability in the Middle East. The implication being that it is Palestinians that are throwing spanners in the peace efforts through their resort to 'violence'.

Today, there is less appetite in the Arab world for a more decisive intervention in the Palestine-Israel matter, thanks largely to the dynamics that aim at upsetting the status quo. The Arab Spring in 2009-2011 meant that Arab regimes face potential dangers from inside that they can ignore at their own peril. In the Arab imagination, the security and ideological threats posed by Tehran are far greater than the ones posed by Tel Aviv. The normalisation process underway with active American support has further softened Arab governments towards Israel.

With these realities now informing the Middle East's politics, the Palestinian struggle has reached a pivotal point. The resilience shown by Palestinians in the face of the heaviest of odds has kept the banner of freedom afloat. Their grit and determination has refused to be subdued and it is this resolution that has instilled undying hope.

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