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PAKISTAN AS A RENTIRE STATE: PHENOMENON OF RESOURCE CURSE, ECONOMIC CURSE, AND GEOSTRATIGIC CURSE

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Abstract
The focus of this research is on economic aid to Pakistan and its repercussions on the socio economic and political development of the country. Since Pakistan's economy is largely dependent on external assistance, the country fails to establish industrial and institutional reforms and economic development. Pakistan's geostrategic importance earns billions of dollars of external aid and the country serves to full fill the strategic objectives of the external powers this phenomenon made Pakistan as a rentier state. Historically, the regional environment of South Asian region and the elite's control of power structure of the state of Pakistan enhance the rentier mentality. A cursory look on the historic decisions taken in foreign policy of Pakistan by the military governments of Ziaul Haque in 1979 and General retired Pervaiz Musharraf after the 9/11, first during Afghan occupation by the then Soviet Union and second on the eve of the tragic event of 9/11 have made the state of Pakistan a rentier state. Critics of Pakistan's foreign policy are of view that Pakistan is warrior state and a client state. The country uses its geography for sell, and when the interests of super powers are served the importance country's geography become less termed as geostrategic curse. In this research focus is also on aid to Pakistan and its impact on the economic and institutional development of the country. It is critically analyzed in this research the comparative development of aid to European and Far Eastern nations who have developed their economies through aid and why Pakistan become fail to ameliorate its economy? The answer lies in the phenomenon of aid curse.

Key words: Pakistan, geostrategic, economic and resource curse

INTRODUCTION
RENTIER STATE PHENOMENON
The phenomenon of rentier state emerged in resource full state, as oil and other natural resources become source of curse rather than blessing. The relevant terms as "resource curse", "aid curse" and "geostrategic curse" are widely discussed by many political scientists and analysts of political economy. The focus of this research is the geostrategic curse, and aid curse to Pakistan. First relevant definitions are given regarding client state and secondly the implications of resource curse are discussed. The main object of this research is to prove Pakistan as a rentier state not in terms of resource curse but in terms of geostrategic curse and aid cures. It is widely observed that foreign aid has adverse effects on the economic development and performance of the civilian institutions of a country.

Pakistan is one of the aid recipient countries in the world; but the history of foreign aid suggests that the country has not improved its internal economic, political, social and infrastructural development. The aid that is received from the donor and allies has been used in unproductive things as defense and public spending. This research highlights some important factors why Pakistan fails to utilize aid in developmental purposes. The second part of the discussion is based on the influence of donor and allies of Pakistan on country's economy, politics and foreign policy.

In his dexterous work Husain Madavi for the first time define the term "rentier state". According to him the rentier state is a state which receive significant amount from the external rent from different governments and individuals. (Mehdavy.H: 1970) An other writer Belawi define rentier state as rentier state is that where rents are given by the foreign governments

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where they accumulate straight towards the state, from which only few individuals and groups are benefiting from the wealth and majority is involved in distribution of it.(Beblawi: 1987)
Luciani elaborate the concept of rentier state as first "exoteric state" a state that significantly accrues its economic resources from the outside powers. Second is an "esoteric states" state whose economy is based on taxations and internal productions as industrialization and technological advancement. He further elaborates it in allocation and production states. "A rentier or exoteric state is stop performing it's part as allocating the resources that is received from outside world. The economy of the states explicitly depends on external resources it wards off from collecting taxes."(Giacomo,Luciani:www.researchgate.net)

Research Methodology:

Secondary data is used to justify the objectives of this research; books research articles and some international indexes are used for measuring the aid and its impact on the country different index are used to justify the case of Pakistan's economic turndown as World Debt Figure report 2015, Development of Organ-Specific Donor Risk Indices, Aid Transparency Index 2014, International Debt statistic Report 2015, Pakistan's Debt Policy Statement 2014-15, Global Outlook On Aid report 2014, Aid and Conflict in Pakistan International Crisis Group Report 2012, and United Nations report on Aid and institution Building in Fragile States Report 2014.

POLITICAL RESOURCE CURSE

The great deal of literature on "rentier state" reveals that oil resources have negative repercussions as it enhances authoritarianism, it hampered economic growth of the state and innervate the institutional capacity of the state. Furthermore, the phenomenon gives birth to civil wars and vulnerability to the internal political, economic and social dynamics of the state. According to rentier state theory colossal economic resources from natural resources go around the development it enhances autocratic rules and impede democratic norms, suppress dissent and spending more on elite it ultimately stops socio economic reformations in the society. The oil rich states get rent from the external government and are less producing domestically, they total depends on it.

There are two points of view regarding resourceful states. One some scholars of political economy are of the view that oil and other natural resources have negative implications on the internal politics and economic conditions of the state. As oil resources affect the democratic process in the Middle East and entrenched autocratic regimes. Second, some scholars oppose this view they believe that natural resources are positive in the development of the states; Like Latin American states.

. Including oil resources; there are some other cogent factors for the failure of economic and political development in the oil rich countries of the Middle Eastern states as the religious factors, lack of institutional democracy, and leadership gape are responsible for the lack of development. However, there is correlation between the regime type and oil resources that prove significantly negative. The higher are the oil revenues relative to the cost of patronage, public goods and coercion, the higher is the likelihood that the leaders will retain its autocratic control.

Ross (2006) has revealed that; the rentier states relieved taxes which means the elites exonerated from accountability a repression effect where the resource economy affects democratic norms through enhancing internal security and a "modernization effect" that mean the oil rich and other resourceful states are unsuccessful in bringing about social change and reformation in their institutions. According to Rose most of the literature on rentier sate suggests the natural resources is perilous to economic development of the country. The countries possessing natural resources their economic growth is slower than the developing countries. (Michael L. Ross: www.muse.jhu.edu)

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Anar kamil Ahmadove in his thesis a Conditional Theory of Political Resource Curse: Oil, Autocrat, and Strategic Context have exclusively defined the political and economic implications of resource curse on the states. He conceptualizes the relationship between the oil and democracy in the Middle East, African and Latin American states. According to Anar Kamil the explicit implications of resource curse on the states are colossally affect industrialization and meager economic growth called Dutch disease, the resource curse ignite civil war in the state, establishment of autocratic rules in the state called "Political resource curse". Second important factor Anar Kamil has highlighted the enclave nature of oil sector which means oil has geographical proximity and has capital incentive, not labor incentive industry it has little impact on productive sector.

ECONOMIC RESOURCE CURSE

A related term to the resource curse phenomenon is economic curse. There is great deal of literature which demonstrate that the rentierism of a state hamper its economic growth, stagnate industrial growth, excessive spending on lavishness of elite and prevail corruption. (Sacha and Warner 1997, Jeffery Frankel 2010, Maty Konte 2011, Klas Nilsson 2008, David Waldner 2013,) It has been observed by many political economists that the growth rate of natural resource rich states is lower than the non-natural resource full countries. For example, the Far Eastern states like South Korea, Taiwan, Japan, Singapore and others have more economic growth than oil rich states like Saudi Arab, United Arab Emirate, Iraq, Qatar and other Latin American states.

The explicit dependence on natural resources and external assistance have crowed out industrial growth and manufacturing sectors. However, economic resource cures vary from state to state and different regions. Those states which possess high quality of institutional development have successfully utilize natural resources for economic development and the resource become source of democratization in the states. On the other hand, states where the institutional development is fragile have failed to manipulate the natural resource for their economic growth and development. The natural resource has different implications on different regimes. Aslaksen finds that the natural resources are curse in the Presidential form of government but not for the parliamentary form of government. (Andersen, J. and S. Aslaksen: 2008)

The Dutch disease has some adverse effects on the economic growth of the country. The oil rich states during boom years are spending lots of money on non-tradable goods that create deficit in the economic growth of the country. But during the years when this resource boom is decrease, they brow from external assistance and aid from the donor and allies. The situation creates increasing external debt. Yet another factor of the phenomenon of Dutch disease is that the concentration of natural resource countries is more on import than on export.

The increasing import affects domestic industry and it crowd out manufacturing sector. (Jonathan Di John: 2010, Maty Konte: 2011, Klas Nilsson: 2008, Sachs and Warner: 1997) According to rent seeking model of Torvik (2002) higher the natural resources the number of entrepreneurs will increase which are related to rent seeking and cut off the number of entrepreneur's related to industrial growth or manufacturing sector. These show that loss of income is higher than the income receiving from the natural resources resultantly more the natural resources lesser is the state of welfare. (Torvik: 2002)

GEO-STRATEGIC CURSE A CASE OF PAKISTAN

Geo strategic curse is quite new phenomenon mentioned by T.V Paul in his book a Warrior State: Pakistan in Contemporary World (2014). In this book the author resembles Pakistan's geostrategic importance with the oil resources of the Arab and other states. Through its geo strategic importance, the country has been getting external rent and in shape of military and economic assistance to America and other donor agencies. It is significant point of the rentier

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states that these states seem to be powerful interims of military and weak and fragile regarding their internal politics, economy, and institutionally and the situations left unpredictable consequences and predicament on the foreign policy of the states.

Due to rent seeking nature of the states the donors and external powers get their advantages from the states especially during the time of fiscal crisis. Pakistan's geostrategic importance has always remained as source of external rent. A country's geo strategic location become important when external powers are interested in it. Like oil resource states weaken economic growth and hampered political development, geo strategic importance like oil rich states become curse rather than blessing.

Owing to geographic location of Pakistan become proclivity of state elite to external powers the country throughout its history indulged in geo political games, led by America and its allies. Like oil rich states of Middle East Pakistan fails to consolidate its economic growth and could not improve industrial growth in the country. External assistance to Pakistan has left indelibly negative implications, it enhanced authoritarian rule in the country, low taxation ratio in the world, and infect the external assistance fail to eliminate poverty, illiteracy and did not improve the health and socio-economic conditions of the common people of country.

Pakistan is a case in a point because the country remained geo strategically important for the super power states like America, China, Saudi Arabia and Russia. The interests are may be political, economic, military and diplomatic Pakistan becomes a pivotal state to these states. "Resultantly according to this concept, the importance of geo strategic location for external powers can be probed as a domestic resource that can provide external rent by selling this resource as leasing important military location." (Shahyarove: 2014)

Pakistan's military and political elite are reluctant to reform economy of the country and political situation. Reformation of Pakistani society and political conditions of the country are not in the interests of military and political elites. The ascending role of military and undue influence of political class in Pakistan hindered the growth of middle class which is key player for democratic norms. Pakistan's geostrategic salience and its elite's proclivity to fulfill American objectives in the region the country receives its rent for its geopolitical services to the great powers and this has discouraged its leaders from undertaking a more sustainable developmental path. (Paul: P19)

Pakistan's geostrategic curse has blatantly affected every nook and corner of the country. First Pakistan's elites and military establishment is completely depending upon the external assistance and manipulating the geopolitical situation through engaging US to extract resources from it. According to T.V Paul if the security problems are fully solved than the external ally will avoid supporting Pakistan. Keeping in view the continuation of the security problems is in the material and corporate interests of the army and national security establishment. (Paul: 2014)

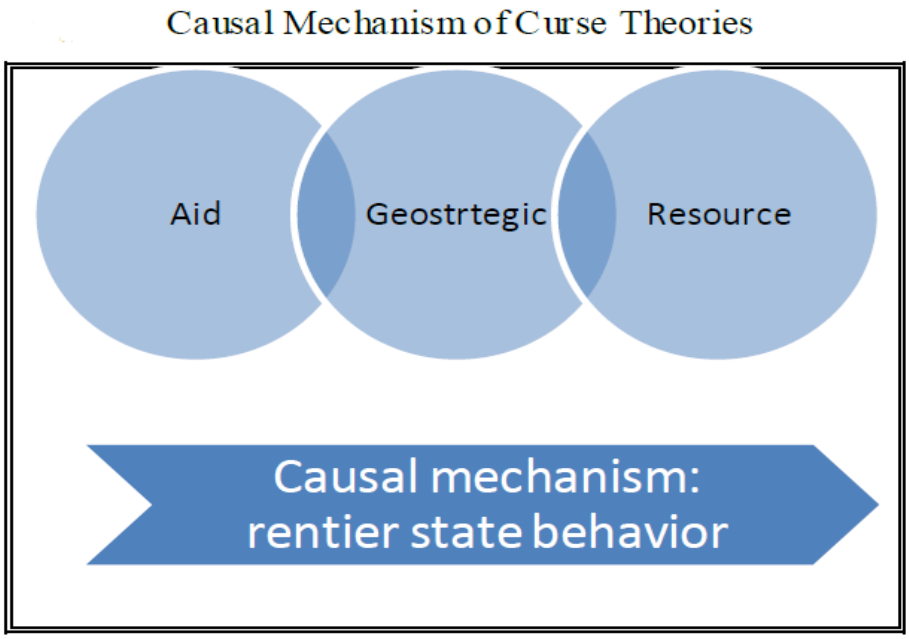
Second Pakistan's excessive focus on security has given birth to internal security challenges and social vulnerability. Army shores up political elites that it dovetails to their interests, which produces cumulative effects of negligence of socio-economic growth and development. The major benefactors of external assistance are the military and the political class; the establishment gives no heed attention towards state reformation rather than concentrate on extractive and integrative powers of the state. Foreign assistance to the country has also put off trade driven economic growth.

Third Pakistan army emerged as powerful factor interims of economic and political superiority due to security reasons. Military got external support during Afghan occupation of Soviet Union in 1979 and after 9/11 as proxy. The spillover repercussions on Pakistan appeared as increasing extremism, Kalashnikov culture, drug trafficking and terrorism in the country.

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Multifaceted security threats emerged inside Pakistan in shape of sectarian violence ethnic discords and chaos.

Figure 1



Source: Serdar Shahyrove "Geostrategic Curse in Post Soviet States: the cases of Kyrgyzstan and Belarus" thesis of Master in Art in Political Science, Budapest Hungery.

The figure shows how geostrategic curse related to resource curse and aid curse.

The mechanism of the theories demonstrates that if state is engulfed in the quagmire of geostrategic curse resultantly it will face resource and aid curses. The factor of dependency is crucial because every country gets external assistance but some are dependent on it. The great deal of external assistance getting by the state made it a rentier state. The increasing implications of geostrategic curse on country interims of economy are agricultural output, industrial growth and service sectors.

IS PAKISTAN A RENTIER STATE?

Pakistan has many significant characteristics of a "rentier state". First like oil rich Arab states dependent on external rent, Pakistan on the other hand has geostrategic importance external powers are manipulating this importance for their strategic objectives on many important events. Secondly, Pakistan has experiences long military rules it is of worth noting fact that these military regimes have always getting external economic, political and military support by the super power states. The country has resembled with political resource curse as the country has been getting substantial amount of aid from donor and its alleys but like oil rich Arab states "no taxation no representation slogan has been adopted by the elite's military as well as politicians.

Yet another rentier state characteristic of Pakistan is that the country ethnic clashes are erupted on the bases of distribution of resources and sometimes it appears as the civil war like in East Pakistan now become Bangladesh and currently in Baluchistan. And most importantly during military regimes the country has become divided more on ethnic bases than in democratic governments. Another rentier state factor in Pakistan is that the country has not reformed its political and state institutions. Pakistan's political history is witness of the fact that military

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governments remained ascendant over the political forces. It is because of military has been supported by the external forces and due to military's internal discipline, unity and capacity of the institution.

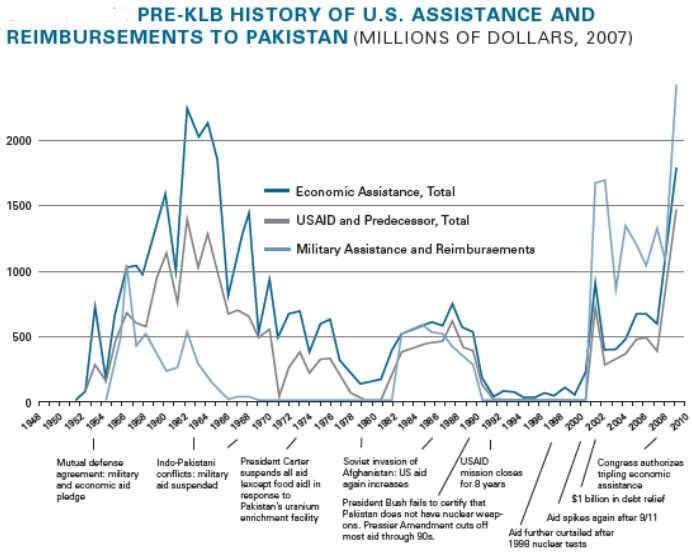
One of the most crucial factors of Pakistan being a rentier state is that the country is third aid recipient state after Israel and Turkey. Throughout its history the country has running its economic affairs by the external assistance. Ironically, the aid which is receive from donor or from America has not benefited to common masses it is largely distributed either in military spending or in lavish spending on the civilian governments. Pakistan's economic development is not better than the sub-Saharan countries.

Like natural resources the aid curse has also adverse impacts on politics of the recipient states as aid most of the amount of aid goes to the elites and aid make system corrupt. More over aid hamper the growth of taxation that makes the politicians less accountable to the people which weaken the democratic norms in a state. It has been observed by many scholars that due to increasing aid the elites increase government funds large scale investment on mega projects through which they make kickbacks and corruption.

Aid has impacts on economic growth of developing countries. Foreign aid has not left positive impacts on growth per capita nor does it enhance investment in the countries or it increase GDP growth. Foreign aid on the other hand in developing countries is increase government spending, corruption and diverts the aid resources towards wasteful projects. In some countries aid fluctuation also create problems of growth.

Pakistan remains the strategic ally of America and on two important events of the recent history, one on the eve of soviet occupation of Afghanistan and other after the 9/11. In both the occasions a large portion of foreign assistance was given in terms of geo strategic purposes and military aid has enormous portion than the civilian aid.

Figure 2



Source: Center for Global Development, U.S. Development Strategy in Pakistan Initiative.

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It is estimated that Pakistan has received $ 100 billion from 1948 to 2014. However, the benefits of foreign assistance have not reached to all sectors of society in Pakistan. Foreign aid like other developing nations is failed to consolidate socio economic conditions of the country. Lack of literacy rate, degraded health conditions, extreme poverty and low infrastructural development shows that positive effects of aid are either not reached to the people or used by the elites and military bureaucracies for their own purposes. Military has received more aid than the civilian governments in Pakistan. According Hussein Haqani military governments receive US aid $ 382.9 million each year in compression of $ 178.9 per annum to the civilian governments."(Husain: 2005)

Since last five decades US has given Pakistan $ 33.606 billion interims of economic aid and $ 8.932 billion interims of military assistance. As military has ruled the country for longer time that is of about 32 years. America has provided $ 24.993 billion as economic aid and $ 6.646 as a military assistant. However, during the civilian rule aid is provided $ 8.621 billion and $ 2. 286 billion (Murad: 2009)

Aid in Pakistan is failed to get its desired objectives due to volatility of aid to the country by the donors, corruption and mismanagement of the aid assistance, and the aid money is utilized not on economic growth and development of the country but to get perfidious interests of elites (military, politicians and bureaucrats) in the country. There is a negative correlation between aid and economic growth. Pakistan is lamentably lack in infrastructure, human capital, political stability and macroeconomic sustainability" (Mohey-ud-din: 2005)

CONCLUSION

Pakistan's dependence on foreign aid due to its geo-strategic location has suggested that the country failed to develop its economic growth. It has been proved that the geo-strategic importance like natural resources as natural oil has spill over implications on the economy and politics of the state. The phenomenon of resources curse and geo-strategic curse show lack of democratic norms weak economic conditions and fail to establish industrial and technological advancement in the country. Keeping in view these phenomenon Pakistan has always relied on external assistant that has diminished its political conditions and economic growth simultaneously. Long military rules weak industrialization and lack of technological advancement are manifesting as a failing state.

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