The modern state of Pakistan is particularly unique in that, while it has seen huge struggles since its inception as an independent modern state, it also has a history of rich cultural and societal development. When looking at Pakistan it is very important to factor in such historical contexts as they have a large bearing on current issues they are facing. Currently Pakistan faces broad challenges; while at its earliest in 1947, the country set out to create a strong constitution and rule of law based on a western model, they have struggled to keep to such ideals and as such have seen broad societal issues. Today corruption is rampant in Pakistan, a large causal factor behind their issues with rule of law; as such foreign investors have been reluctant to invest in Pakistan, and ultimately their economy has suffered greatly. What’s more the country has faced one of the greatest terrorism threats in the world, with Al Qaeda and the Taliban, not to mention various other large syndicates, operating both on and within their borders. And yet even with these broad issues across Pakistan, there is hope that the country may create the same change that it sought at its independence in 1947, and most importantly that the country can see an economic turnaround. This paper seeks to examine Pakistan’s early and more recent tumultuous history, and using these contexts to develop a greater understanding for Pakistan’s current state, particularly as compared to what we might deem “developed” states.

From its earliest, the region that forms Pakistan today along with India were both home to highly advanced societies. The most notable of these earliest civilizations was the Indus Valley civilization (Arnett, 2006). The Indus Valley people, also known as the Harappans, were an expansive society covering most of modern Afghanistan and Pakistan, to parts of northern India. Their largest lasting legacy were technological advances including more advanced forms of metallurgy, but it is also likely that they left a reaching impact on cultures that followed. Ultimately the Harappans would experience a collapse as they were gradually pushed out by
what are deemed the “Aryan” people. This was a particularly significant change of power in the region; the Aryans, which are deemed as the Vedic civilization, laid the earliest foundations for what would become the Hindu religion, that which is still practiced across the world, particularly in India. Subsequently the Vedic peoples would fragment into smaller more advanced kingdoms that were mainly centered in what is modern India, while what is modern Pakistan would face repeated invasions by outsiders. The most notable of these occurred nearly a thousand years later; following these regime changes Pakistan was one of the first regions outside of the Middle East to experience the massive spread of Islam. While Hinduism had been more concretely entrenched in what is modern day India, beliefs were more diverse in Pakistan, split between the Hindus and the Buddhists by this time. Islamic missionaries were able to convert large swathes of the Pakistani populations, and ultimately they would spread their respective empires across Pakistan. This is particularly important when examining the development of modern Pakistan; a large driving factor behind Pakistan’s independence from India in 1947, was its difference in religion e.g. Islam. In short this spread of Islam had a large impact on subsequent Pakistani history (“History in Chronological Order”).

Gradually however, the Muslim empires that dominated Pakistan would decline, leading to the rise of the Sikh empire (“Country Profile: Pakistan”, 2005). The last Muslim empire that would descend from power were the Mughals; once a mighty and advanced Islamic empire that spanned much of the Indian subcontinent, they would ultimately decline due to consecutive ineffective regimes. While the Sikhs would bring in their own religion and managed to develop a very modern state by many measures, their ascension to power was short lived. Just as in much of India, the British East India Company would step in to control large parts of Pakistan, beginning the era of British colonial rule.
This era of colonial rule would have a huge impact on the future development of Pakistan. At the time of the ascension of the British and throughout their colonial rule, Pakistan was not considered a separate entity of sorts but rather as a sub region of the greater Indian colony (“Country Profile: Pakistan”, 2005). Much as in other European colonies, and indeed the rest of India, the British sought complete dominance over the local population in addition to extractive, mercantilist economic systems and political institutions that were designed for the ultimate enrichment of the home country. Initially in India and what would become Pakistan, as mentioned, British rule was carried out by the East India Company, however in 1857 with the Sepoy rebellion this would change and the British would initiate direct imperial rule by way of appointed royal governors. For Pakistan this was significant; prior to the rebellion, Muslims held high positions in both economic and administrative posts (“Country Profile: Pakistan”, 2005). The British saw the Sepoy rebellion as an effort by such Muslims to regain a degree of control which they had not had since the fall of the Mughal Empire. As such the British sought to shift the balance of power across India and Pakistan from Muslim control to Hindu. By changing the official language of the colony to English, the British were ultimately able to wrest power from the traditional Muslim elite which gave way to Hindus “in many positions previously occupied by Muslims” (“Country Profile: Pakistan”, 2005). This ultimately would have a long lasting impact on the Pakistani people, who were and still are a majority Muslim, and their relationship with India and its Hindus. The Pakistani Muslims saw the Hindus as opportunists that used British rule as a way to unseat Muslim power.

In 1947, India would gain its independence from Britain, and by proxy Pakistan would gain its own statehood (“Country Profile: Pakistan”, 2005). The British, weary and burdened with massive debts as a result of World War II, quickly moved to grant independence. Despite
their hope and new sense of national unity, Pakistan faced enormous challenges from the outset. To start, Pakistan was a geographically divided state; meaning that the country was split by over a thousand miles of Indian territory, with the smaller eastern half, or East Pakistan, forming what is today Bangladesh. In addition Pakistan was faced with enormous refugee problems from the outset, as most Hindus and Sikhs moved to India, while at the same time millions of Indian Muslims moved to both halves of Pakistan due to their recent disagreements under British rule. This paired with the legacy of an extractive political system, enormous poverty, and an aging infrastructure built to suit the needs of the British left a lasting legacy on Pakistan that has a strong relationship to its current obstacles.

Initially Pakistan was envisioned as an idealistic Muslim state that incorporated a Western style government and a strong rule of law. This idea however was not sustainable as history would have it. Paired with the previously described challenges that Pakistan faced at independence, the country saw itself in military disputes over contested Kashmir regions with India, and as well had very little stability at the national level ("Country Profile: Pakistan", 2005). The country faced various military coups that destabilized the government and prevented any real progress in economic reforms that could have seen early progress toward development. The country didn’t see sustained stability until General Mohammed Ayub Khan took in a coup with the support of the military. This would form the same model over the following decades to the present; Pakistan has moved from military martial law back to civilian rule several times since Khan’s transfer to civilian rule, and was even most recently under the military rule of General Pervez Musharaf from 1999 until 2008. Despite such frequent regime changes, Pakistan saw enormous levels of growth, exceeding growth rates of the world economy for decades. Until the 1970’s Pakistan was seen as the leading model for developing states. However subsequently
they would lose this status as government instability and general economic mismanagement would lead to a slowdown that would increase government debt and increase inflation to crippling levels.

Keeping in mind these important historical ties, examining the Pakistan of today paints a more accurate contextual picture. One of the largest issues faced in Pakistan currently is its rule of law, or lack thereof (see slide 4). As of currently Pakistan rates amongst the lowest in terms of rule of law, meaning that while Pakistan has a clearly laid out constitution and set of laws much of which are based upon western systems, the country has faced wide problems with political accountability and authorities being subject to the laws themselves. As a result of such issues Pakistan’s government has struggled to maintain its legitimacy across much of Pakistan, and its basis in western philosophies have caused a natural conflict with traditional forms of Sharia law practiced locally in certain areas (Blue, Hoffman, & Berg, 2008). This paired with Pakistan’s weak judiciary and a perceived lack of legitimacy by the public have only exasperated many of Pakistan’s problems.

More specifically a larger impact of this poor rule of law has been rampant corruption. Pakistan scores amongst the worst in the world in terms of corruption. It poses a particularly difficult issue for the country because such large levels of corruption have spillover effects on foreign investment and the economy as a whole, which has suffered. This of course is due in no small part to poor rule of law, but also more broadly relates to their unstable political history. In addition because of widespread poverty and poor economic conditions, many officials at lower levels have been much more likely to accept bribes. Amongst other problems corruption has been rated as one of the three largest obstacles for companies wanting to do business in Pakistan (Chêne, 2008). And while this is telling as a major obstacle to future economic growth for the
country, indicators from the World Bank have shown that little real progress has actually been made in the country in terms of voice and accountability which suggests that corruption levels remain steady. However these issues are not without cause; as we have discussed, Pakistan much as India and many other post-colonial states has suffered from the legacy of extractive political and economic institutions that were left in place by the British.

In terms of physical security, both corruption and poor rule of law have had a major knock-on effect for Pakistan. Because of its governments’ problems with maintaining a level of legitimacy, particularly in isolated tribal and border areas near Afghanistan, the country has struggled to prevent itself from becoming a hotbed for the Taliban and Al Qaeda amongst other major terror syndicates. Since the 2001 terror attacks in the United States this has become a particularly difficult issue for Pakistan as many of these groups have sought safe haven in the country’s isolated borderlands, and for a government already having huge issues with corruption and rule of law this has been of major concern (Kronstadt, 2010). Accordingly (see slide 5) Pakistan has rated amongst the worst in the world in terms of business costs of crime, violence and of terrorism. This has posed another major obstacle to further foreign investment in Pakistan, because foreign firms have been reluctant to invest with such physical security threats paired with heavy political instability. With the recent death of Osama Bin Laden, the Al Qaeda leader who was found hiding in Abbottabad, Pakistan and killed by US forces, there have been questions raised as to whether Pakistani corruption has led to a level of tolerance for such terrorist groups. Yet Pakistan’s government has denied any involvement with said groups, and has cooperated to a large degree with US operations in Afghanistan suggesting the government is willing to reign in such groups.
From an economics standpoint, Pakistan’s outlook is mixed. GDP growth for 2014 is expected to be approximately 4.1%, which is an improvement and has beaten the forecast of some economists, not to mention improving on the 3.7% growth of the previous year (Pakistan: Economy, 2014). And yet while this does signal a slight improvement, the economy has faced many crucial issues. Foremost Pakistan was among many states that struggled following the global recession of 2008. Economic liberalization efforts have made some clear impacts in increasing Pakistan’s manufacturing sector, but the country’s informal economy is still huge with many employed in the agricultural sector (“Country Profile: Pakistan”, 2005). Because of this large informal economy, statistics on overall GDP tend to be skewed, but nonetheless any improvements are still tangible. Particularly concerning for Pakistan as of late have been their struggles with inflation. The country averaged a 7.4% inflation rate in 2013, which ranks among the worst in the world (see slide 7) (“Pakistan: Economy”, 2014). This is due in no small part to Pakistan’s crumbling infrastructure, poor electricity grid, and increasing costs of transportation. The government has made efforts to address these issues but once again this has created its own problems as in its efforts to combat inflation, the government has struggled to raise revenues and as such has been heavily burdened with debt. The country also has one of the worst tax collection rates in the world, suggesting that its revenue problems are as much related to people being outside of the formal economy and others having little incentive to pay their annual taxes (Kronstadt, 2010). As it stands the current budget balance also stands amongst the worst in the world (slide 8) which suggests that Pakistan’s manufacturing sector continues to struggle, and this paired with its high inflation and security challenges have severely hurt its outlook for potential investment (Kronstadt, 2010).
Purely from a trading perspective the country’s outlook is also mixed. From independence up to the 1960’s the country embarked upon heavy capitalist reforms and a wave of economic liberalization (“Country Profile: Pakistan”, 2005). However many of these openings were subsequently closed under frequent regime changes that have occurred in Pakistan up to the present. There has been some progress made with government shifts towards privatization and large reform of the financial industry. All the same regionally and globally Pakistan rates poorly in terms of barriers to investment generally and this has been detrimental to any potential foreign investment into the country. Foreign Direct Investment (FDI) inflows have been extremely low in recent years, once again putting Pakistan amongst the worst in the world (slide 10) (Pasha, 2014). This is in large part due to previously mentioned economic concerns, but to add to this rampant security problems along with Pakistan’s poor infrastructure have scared away many potential foreign investors. Particularly concerning for such investors is the country’s poor infrastructure:

The struggling power sector puts a significant damper on commerce and everyday activities, causing factory shutdowns and rioting by mobs angry with price hikes and shortages. A 2009 survey found that more than half of all Pakistanis go without power for at least eight hours per day. More recently, shortfalls in electricity supply have led to unannounced outages of up to 20 hours per day in parts of the country (Kronstadt, 2010).

As such this has had a significant impact on foreign investments, particularly regarding manufacturing where companies seek a more reliable infrastructure.

With these broad economic, governance, and infrastructure problems, Pakistan scores very poorly on societal indicators, suggesting that many of these other problems have had a large spillover for individuals. Pakistan’s health and education systems are lagging far behind those of even other developing states. Whereas India has struggled with literacy rates, Pakistan has experienced the issue to an even greater degree. Around 71% of India’s adult population is
estimated to be literate, which is among the worst in the world, and has been a huge area of concern for Indian governments (Coleman, 2004). Pakistan is expected to have a total literacy rate of only 61% by 2015 which is once again amongst the lowest, and creates an even more telling comparison even when looking at other developing states such as bordering India. Broadly this speaks to the country’s poor education system at the primary level. In addition this is due in no small part to the massive gender gap that exists in the country. The difference between educational attainment rates and opportunities for men and women are enormous in Pakistan as well as the overall literacy rates between men and women, with women averaging at only a 44% total literacy rate. Although improvements have been seen and the overall literacy rate has improved, Pakistan still has significant educational issues and a substantial gender gap, particularly attributable to a poorly managed system (Ghosh, 2014).

Other societal indicators for Pakistan show a poor outlook, though once again some improvements have been made. Pakistan has one of the worst healthcare systems in the world; the country scores amongst the worst in the world in all major health indicators, e.g. infant mortality and life expectancy amongst others. The country’s healthcare system has been identified as one of the most corrupt in all of its sectors, once again a byproduct of its legacy of extractive institutions (“Challenges to improving healthcare in Pakistan”, 2013). Healthcare costs are one of the largest costs for a majority of its citizens, and 78% of Pakistanis pay for such costs themselves. The country has no National Health Ministry which has meant that other political institutions have been in charge of administration, owing a large part in why corruption has been such a broad issue in the healthcare sector. Once again as in the case of education, some improvements have been made, however Pakistan will need to see large structural changes and
improvements in terms of its level of corruption before the country can see any major improvements in such health indicators.

When analyzing a country such as Pakistan, or any country for that matter, as we have mentioned it is very important to keep in mind important contextual factors that have impacted their development. As any country develops, a huge variety of variables play into how such developments occur, and as such also owe to key differences between what would otherwise be very similar countries. In political science we try to explain the systematic portions of the world so as to provide a guideline for what we can expect, whether it be for state development, or any type of political phenomenon. And yet this isn’t always enough; state development is very complex, and once again this paper would argue that a huge number of variables play into how such states develop. In their book *Why Nations Fail*, Daron Acemoglu and James Robinson (2012) argue that extractive political and economic institutions lead to flawed developing states such as Pakistan in our case, and indeed that can be seen across the rest of the world. As they would have it, only with inclusive institutions can we see the kind of development that can be seen across many western states. According to Acemoglu and Robinson, with imperialism and Colonial expansion, larger Western powers which constituted the ‘mother’ countries built government and economic systems in new resource rich lands, which most often were technologically less developed. At the time of such developments trade was generally seen in terms of a zero sum game, or more specifically meaning that trade was competitive and rather than posing a mutual benefit to states, trade policy often focused on pure enrichment of the home nation. With this in mind, colonial powers sought to build what Acemoglu and Robinson deem “extractive institutions”; meaning systems of governance and economics that were aimed to extract as much possible from colonized natives for the ultimate enrichment of the home nation.
This is a very useful blueprint, to be sure; undoubtedly the colonial legacy left in Pakistan and
many other developing states that developed politically and economically extractive institutions
to suit the needs of a mercantilist system have played an enormous role in their modern
development. But this once again does not tell the whole story behind the development of
Pakistan; as Acemoglu and Robinson’s longtime opponent Jeffrey Sachs (2012) would argue,
these are just variables amongst many others. As he would have it, it isn’t useful for us to put too
much weight simply in the formation of such institutions; we need to examine a huge variety of
factors including geographical differences, cultural differences, and historical differences that
have also played important contributing roles. Nonetheless this paper would argue that both are
correct in their own right when examining a country such as Pakistan. It is quite clear that the
colonial legacy of British rule has left a strong lasting impact on Pakistan and for that matter
India, a country that has very similar historical origins. And yet the two have developed
differently; in the short span of their existence they have shared many of the same issues as a
result of their common colonial legacies, but yet they have formed very different modern states.
Many of their problems once again are attributable to politically extractive institutions, but all
the same they face unique challenges as they have unique cultures and geographical attributes.
Works Cited


