

# The Political and Economic Implications of the 18 February 2008 Pakistan Elections

*Institute of South Asian Studies*

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Presented by:

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## *Pakistan Elections-Backdrop*

- Cold war times.
- India-champion of non-aligned.
- Pakistan suffered from a tremendous sense of insecurity.
- Ripe for external interference and exploitation.
- Pakistan becomes part of western anti-communist alliance.

## *Pakistan Elections- Backdrop*

- Promoted Pakistan's military as a bulwark against the Soviet Union.
- Both sides bluffing the other.
- India-China war and 65 war shook many of Pakistan's illusions.
- Pakistan continues to postpone democracy.
- Dismemberment of Pakistan.

## *Pakistan Elections-Internal Observations*

- Free and credible elections only at the end of prolonged military rule-1970, 1988, 2008.
- People vote unconventionally- anger vote.
- Vote against religious extremism.
- Vote for left of the center or centrist parties.
- Defeat of alliances cobbled by the military.
- Mullah-Military-West nexus.

## *Pakistan Elections-Internal Observations*

- Empowerment of people disallows manipulation from outside.
- Pakistan is a country with weak institutions.
- Belie Musharrf's claim that he is the only bulwark against religious extremists.
- Strong regional showing by parties not good for the federation.

## *Pakistan Elections-External Interests*

- Perhaps no other place where interests of US, Russia and China converge so starkly.
- Russians naturally want a friendly underbelly.
- Western interest-keep Soviets/Russians away.
- Control of huge oil and gas reserves.
- Control of strategic land passage and waterways.

## *Pakistan Elections-External Interests*

- The Chinese bank on popular sentiments and remain friendly with all leaders in Pakistan.
- A stable, secure Pakistan is conduit for economic development of western China.
- China is a major investor of public funds in infrastructure development in Pakistan.
- A strong Pakistan balances against India.

## *Pakistan Elections-External Interests*

- Popular sentiment with Saudis and UAE.
- Supporters of stable, prosperous Pakistan.
- Brokered Benazir's and Sharif's exile and return.
- The Ambassadors remain in touch with Nawaz and Zardari.
- Helping Pakistan in difficult economic times, they draw strategic support from Pakistan.

## *Pakistan Elections-External Interests*

- The US interests now directly collide with the expression of popular will in Pakistan.
- Pakistanis do not believe that this is their war.
- Election results reinforce belief that Musharaff is fighting America's war.
- Nature and extent of killings different now than before US attack on Afghanistan.

## *Pakistan Elections-External Interests*

- The US Ambassador has twice met the winners advising them to work with Musharraf.
- Public statements: "look forward to working with President Musharraf in his new role."
- What role?
- Such statements actually lend credence to the belief that US is not for democracy.

## *Pakistan Elections-External Interests*

- 2002 anti-US vote. 2008 anti-Musharaff vote.
- Expect the new leadership to fight for them.
- It is dangerous for incoming government to be seen pursuing the same agenda.
- US fears, failed Afghanistan can lead to failed Pakistan.

## *Pakistan Elections-External Interests*

- US has little idea of Pushtoon history and culture.
- Victory of Pashtoon nationalists can work either way for Pakistan.
- Our western border remains unrecognized by the Afghans.
- Too much foreign presence dangerous for us.

## *Pakistan Elections-External Interests*

- Afghan government must be watching the situation with grave anxiety.
- Continuously disturbed environment can cause Pashtoon nationalism to boil over.
- Demand of renaming the province by the winning party-ANP.

## *Pakistan Elections-External Interests*

- India is interested in a stable Pakistan with leadership that can deliver on commitments.
- Election results pose a dilemma for India.
- Must be still skeptical if the new government will be backed.
- Powerful military at odds with civilian rule can still derail the process.

## *Pakistan Elections-External Interests*

- It is in both countries interest to nurture economic relations.
- Zardari-relations with India should not be held “hostage” to Kashmir issue.
- Both Zardari and Sharif have declared support for normalizing relations with India.
- Sharif has demonstrated track record.

## *Pakistan Elections-External Interests*

- Post election government needs and wants a friendly Iran.
- Iran will be happy if the post election setup reflects the public sentiment against western pressure on Iran.
- With boycott of elections by Baluch nationalists Iran will watch if the incoming government is able to satisfy their aspirations.

## *Pakistan Elections-External Interests*

- As long as Pakistan is unable to set up a democratic order that answers to its people Pakistan will remain subjected to “anarchical global order” when its domestic institutions will continue to be manipulated by outsiders.

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# Party position NA and PA (2008)

Party	NA	PP	PS	PB	PF
PPPP	87	80	69	7	17
PML(N)	67	104	0	0	5
PML(Q)	41	68	10	18	5
MQM	19	0	39	0	0
ANP	10	0	2	2	31
MMA	6	2	0	7	10
PML F	4	3	7	0	0
BNP(A)	1	0	0	5	0
PPP(S)	1	0	0	0	6
NPP	2	0	3	0	0
INDEPENDENT / OTHERS	29	35	0	12	21
<b>RESULTS</b>	<b>267</b>	<b>292</b>	<b>130</b>	<b>51</b>	<b>95</b>
<b>TOTAL SEATS CONTESTED</b>	<b>268</b>	<b>292</b>	<b>130</b>	<b>51</b>	<b>96</b>
<b>TOTAL SEATS IN THE ASSEMBLY</b>	<b>272</b>	<b>297</b>	<b>130</b>	<b>51</b>	<b>99</b>
<b>RESERVED SEATS (WOMEN &amp; MINORITIES)</b>	<b>60+10</b>	<b>66+8</b>	<b>29+9</b>	<b>11+3</b>	<b>22+3</b>
<b>GRAND TOTAL</b>	<b>342</b>	<b>371</b>	<b>168</b>	<b>65</b>	<b>124</b>
				<b>728</b>	

# Major Political Parties

National Assembly (2002 and 2008 Elections)

Party/ Alliance	2002	2008
PML (Q)	92	41
PPPP	46	87
PML (N)	14	67
MMA	45	6
ANP		10
MQM	13	19

# 2002 Elections Vs 2008

## ■ PML (Q) Setback

- Garnered less than half the votes compared to 2002 (From 92 seats to 41 seats) Party stalwarts defeated.
- Clearly an anti-Musharraf vote.

## ■ PPPP comeback

- Largest party with 87 seats; from 46 in 2002.
- Does not seem to have benefited as much from the sympathy vote as widely expected.
- Zardari factor and Bhutto's closeness to the US

# 2002 Elections Vs 2008

- **PML (N):** Impressive performance
  - 14 general seats in 2002 it increased its tally to 67 general seats.
  - The vote was also a result of Sharif's consistent and uncompromising stance towards President Musharraf.
  - Not seen as too closely allied to the US on the war on terror
- **MMA:** Apparent setback (down from 45 general seats to about 6)
  - Dissatisfaction of the people with its performance
  - But, perhaps the 2002 results were an aberration due to US invasion of Afghanistan and the 2008 result is simply a return to the status quo

# 2002 Elections Vs 2008

- ANP:
  - In a crucial swing, ANP which did not win a single seat in the NA in 2002 picks up 10 seats in 2008, despite the Taliban and Al-Qaeda hold there

# 2008 Elections

- Anti Musharraf vote
- Vote for the revival of democracy
- Regional and ethnic identities continue to play a role
- Coalition politics in Pakistan

# Immediate challenges

- Formation of government
- Overcoming differences between coalition partners
- Reconciliation on important issues:
  - Restoration of Judiciary
  - Presidential Powers

# Challenges (Cont'd)

- The role of the United States
- Role of the army
- Rise of fundamentalism

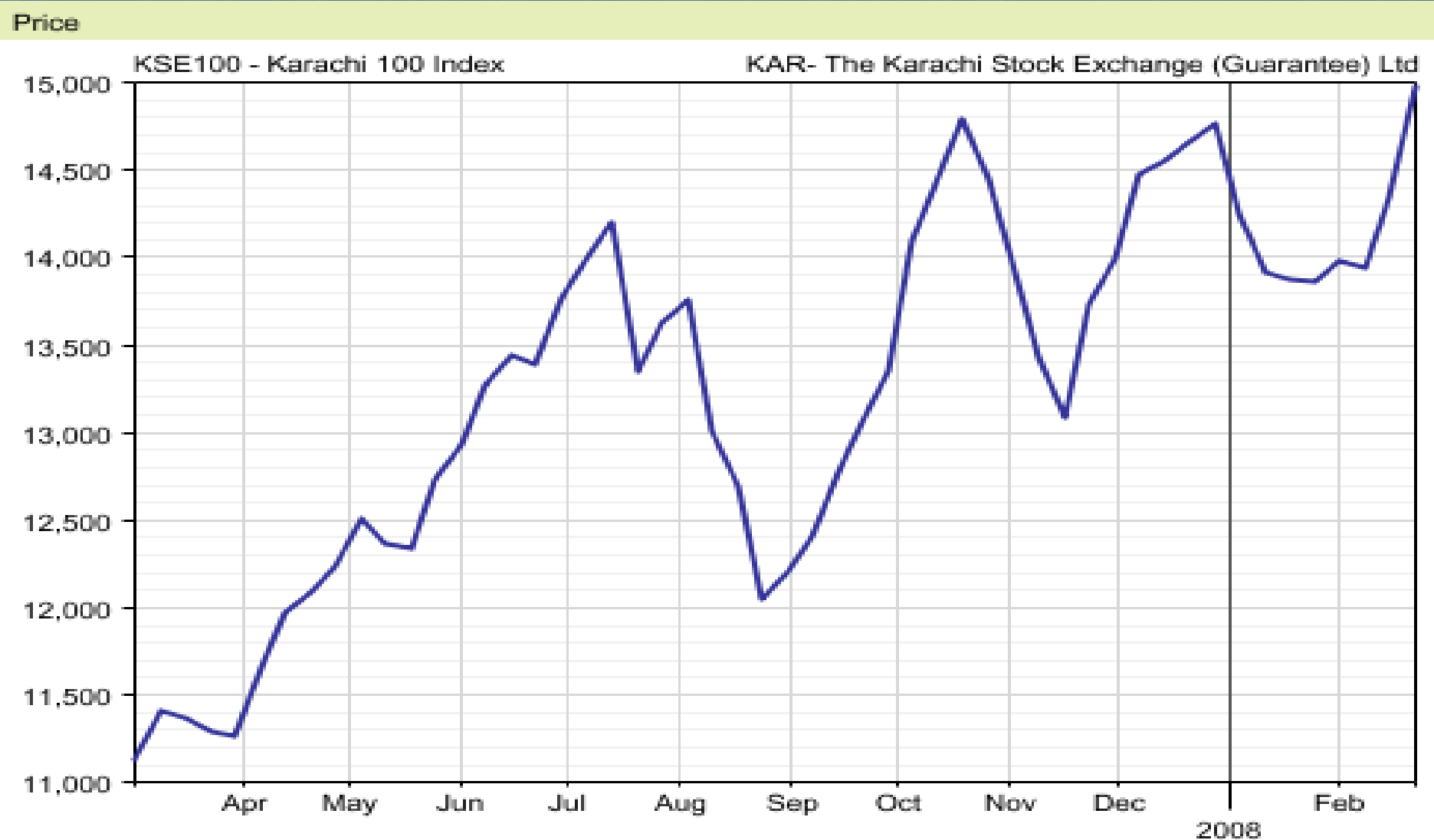
Presented by:

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# Pakistan Economic Outlook

- Past Economic Performance
- Historical and Regional trends
- Policy Continuity & Institutional Strength
- Challenges Ahead

# One Year KSE100 Index progress



Weekly Prices: 26-Feb-2007 - 26-Feb-2008

Reuters Investor

# Five Year KSE100 Index progress

Price

KSE100 - Karachi 100 Index

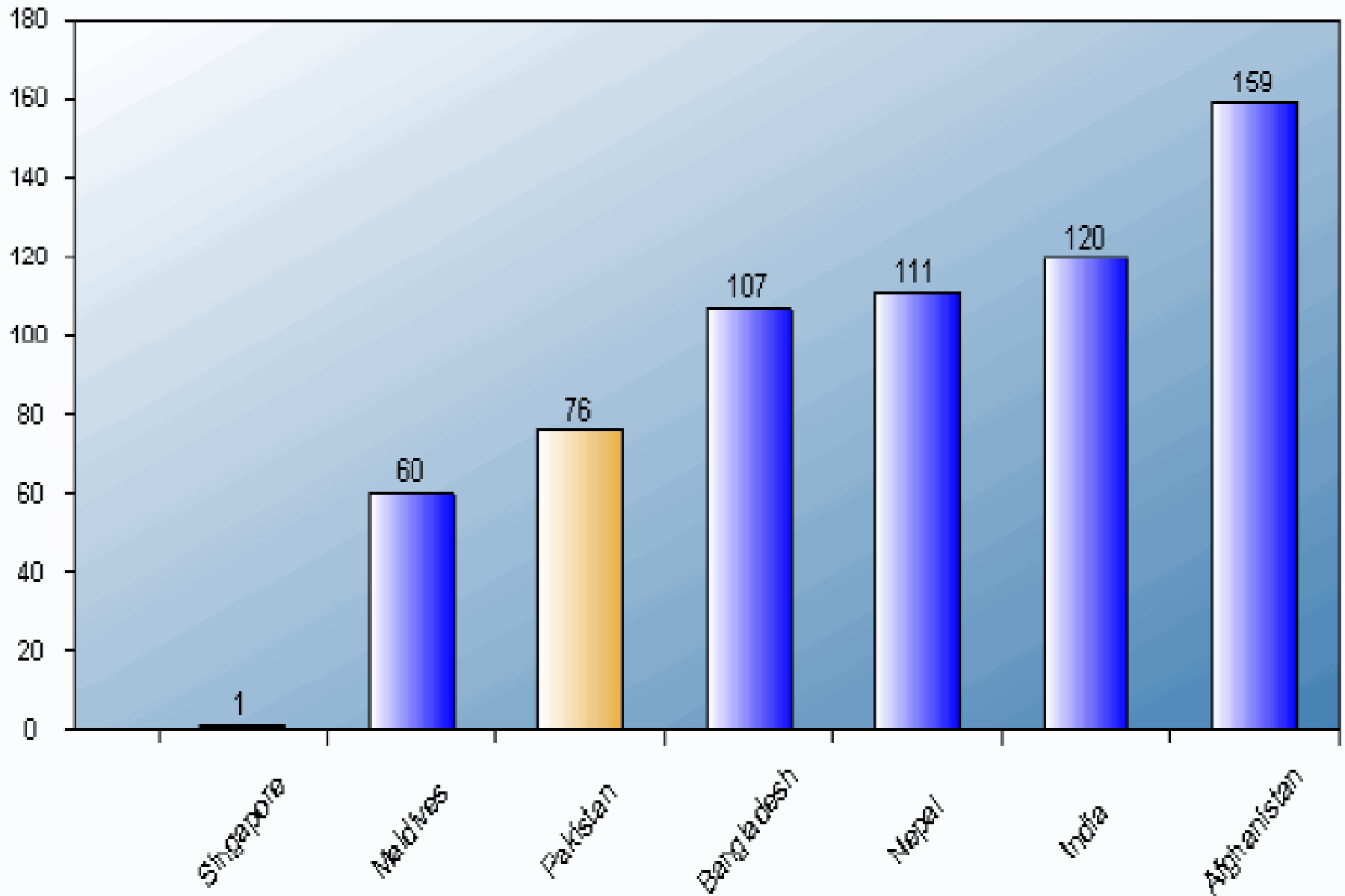
KAR- The Karachi Stock Exchange (Guarantee) Ltd



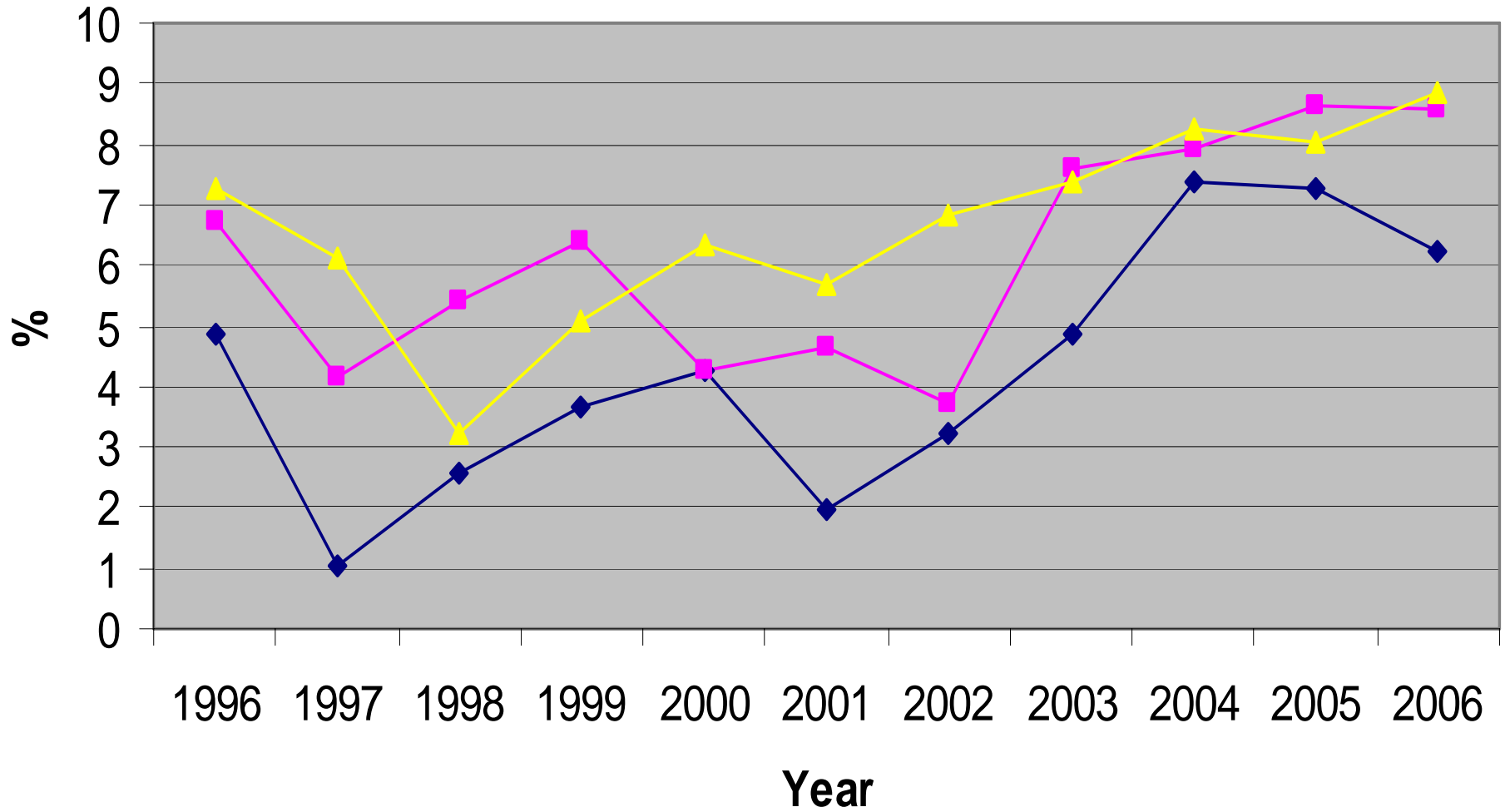
Monthly Prices: 04-Mar-2003 - 04-Mar-2008

Reuters Investor

## Ease of Doing Business - Global Rank

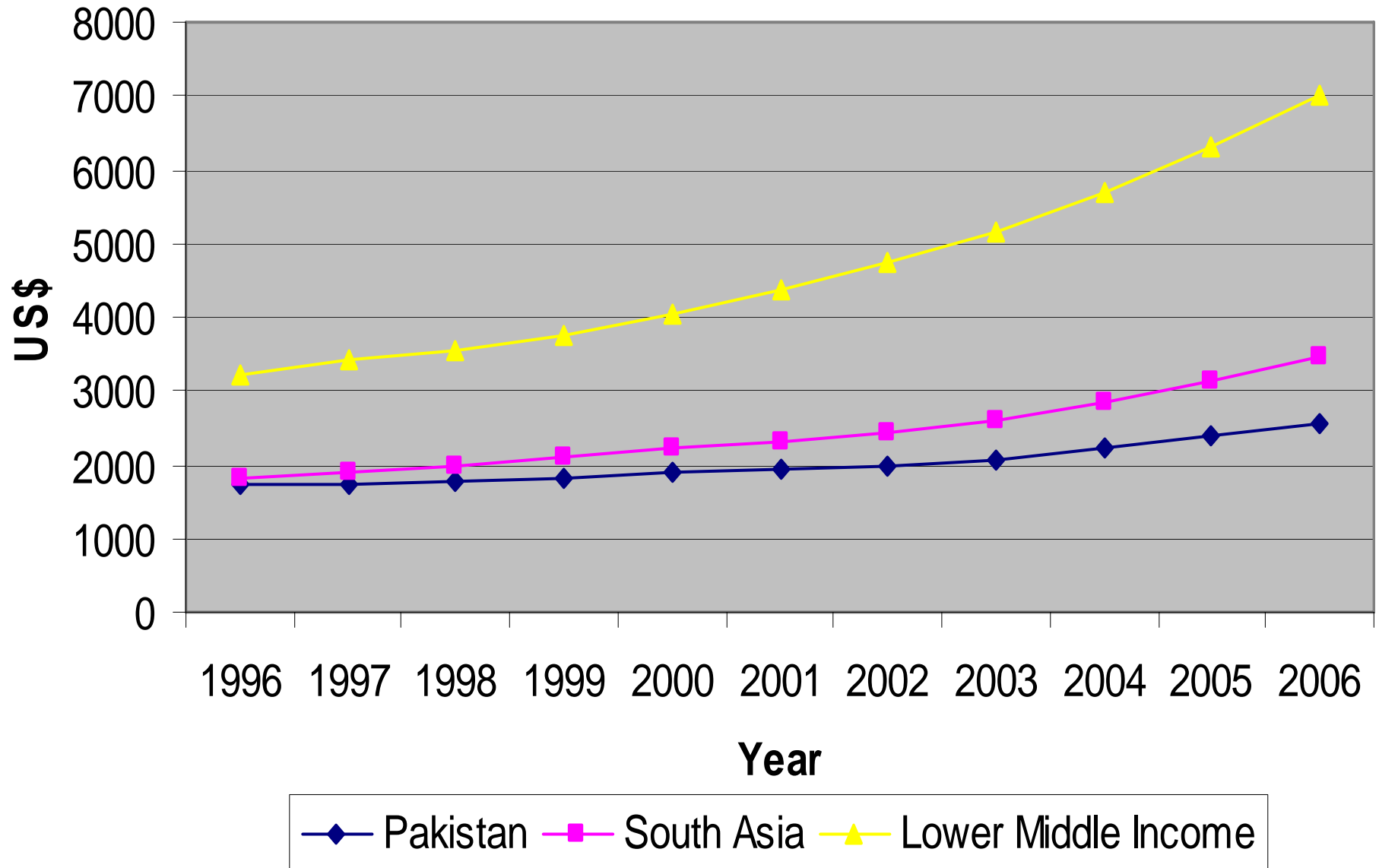


# GDP Growth Rate

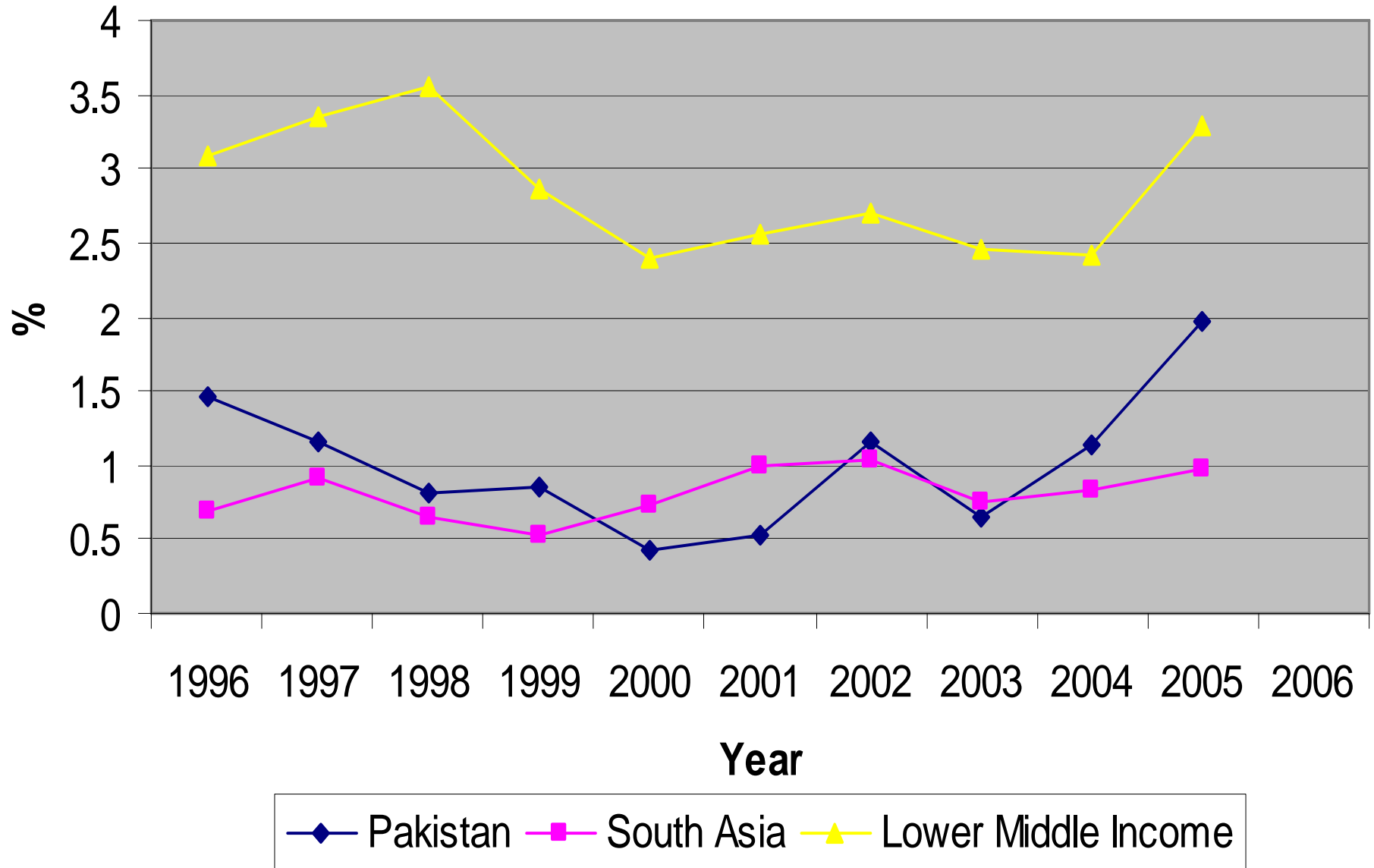


◆ Pakistan    ■ South Asia    ▲ Lower Middle Income

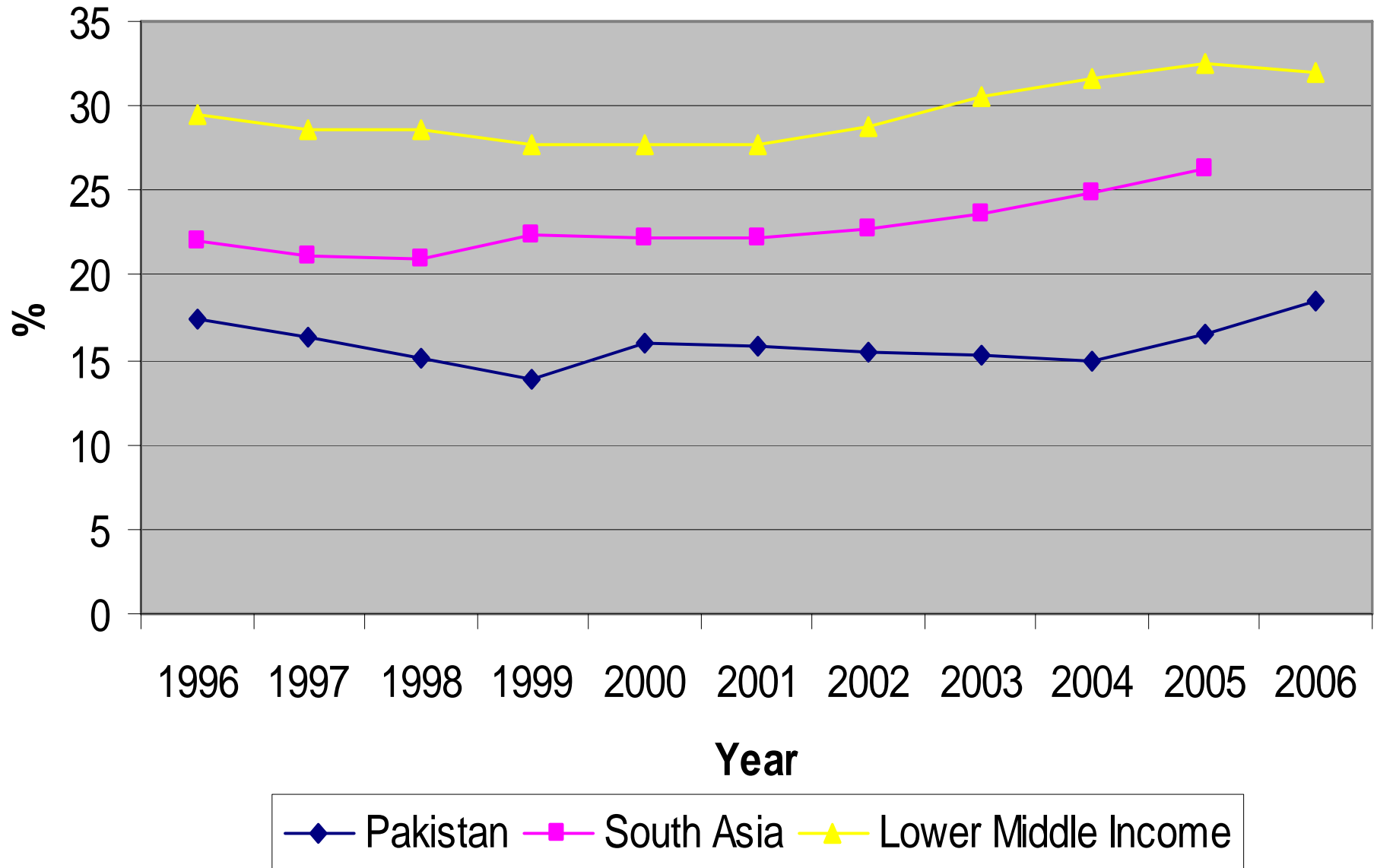
# GDP per capita PPP current US\$



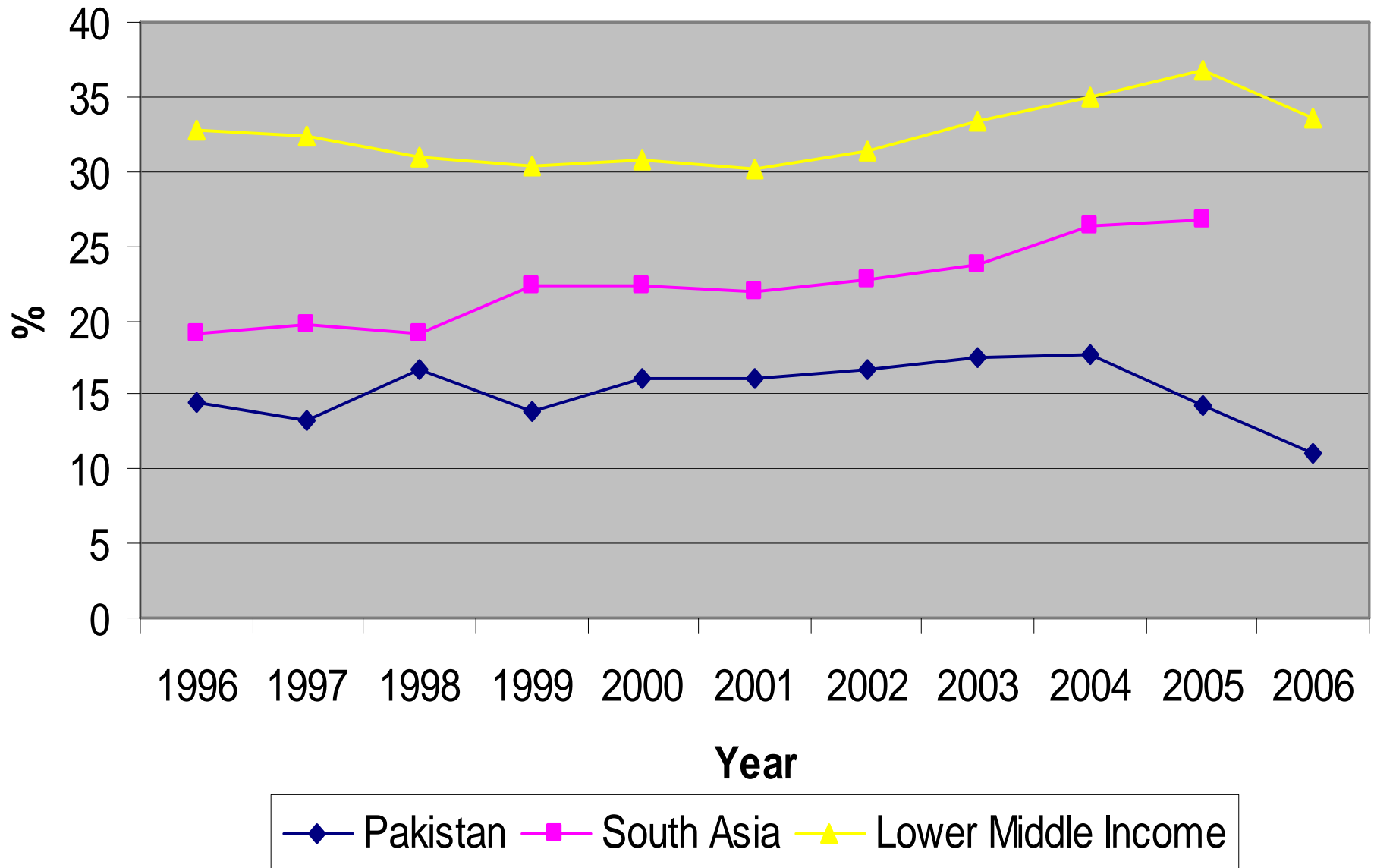
# FDI % of GDP



# Gross Fixed Capital Formation % of GDP



# Gross Domestic Savings % of GDP

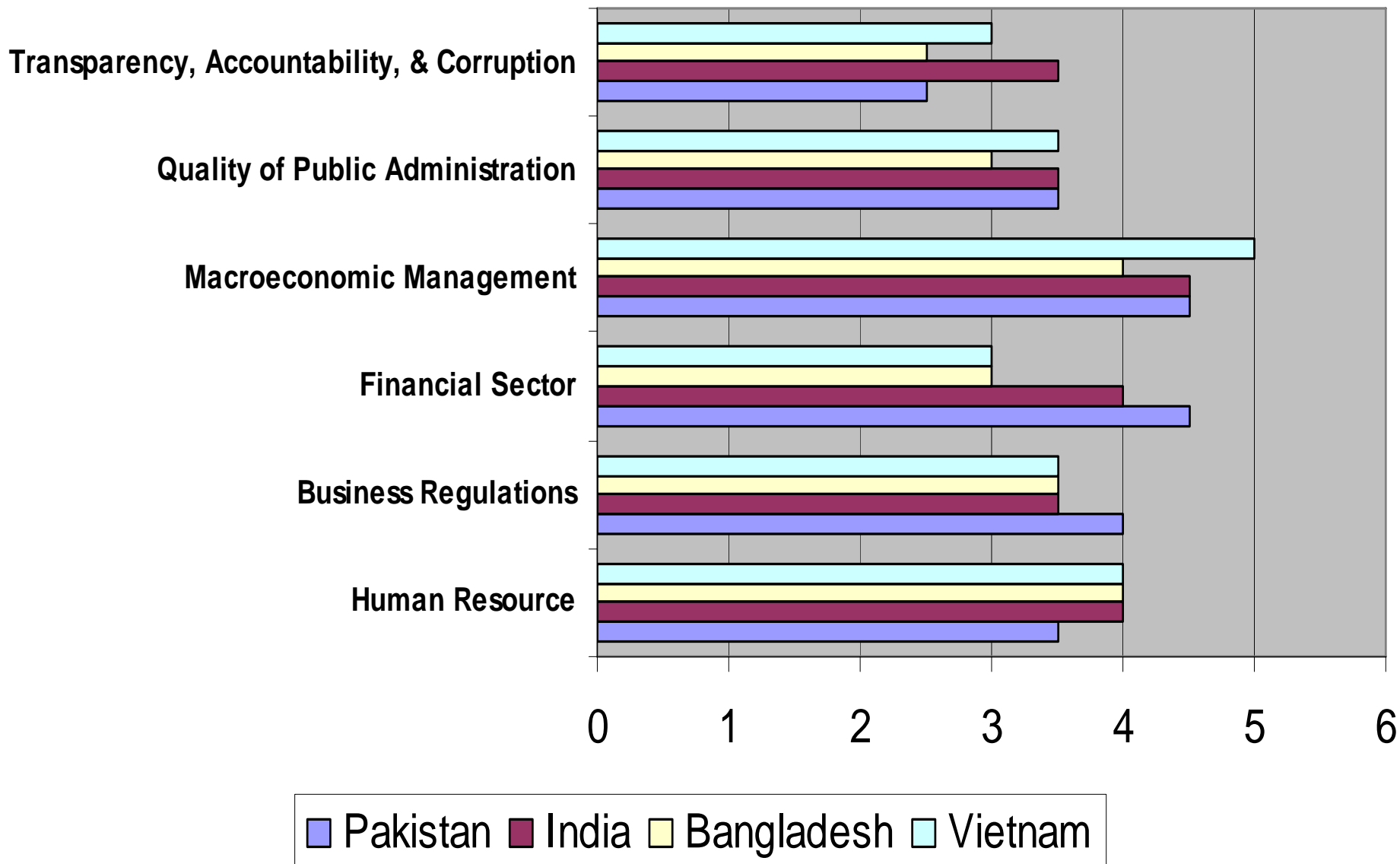


# Policy Continuity

“Despite political differences, there’s an agreement in Pakistan on the general direction of the economy.”

– Secretary Finance

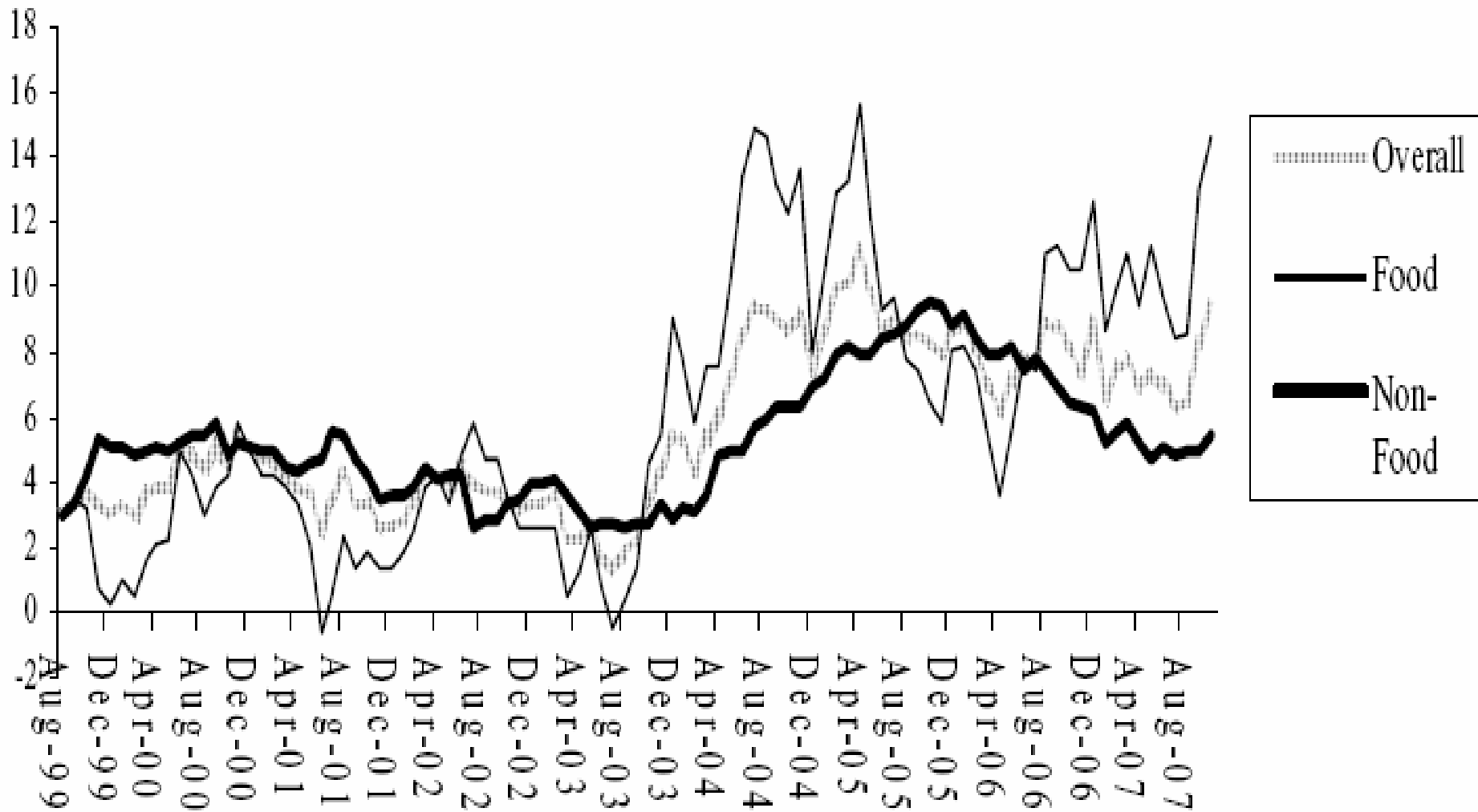
# Institutional Strength



# Challenges Ahead

- Inflation
- Infrastructure (Power & Communication)
- Balance of Payments
- Unemployment
- Education, Health, Poverty

**Fig: Month-wise Overall, Food & Non-food Inflation (%)**



# Unemployment

- 60% Population under the age of 25
- Unemployment 7-9%
  - NWFP & Baluchistan 12-15%
  - Punjab & Sindh 5-7%
- "There will be many 'madressah Hafsas' in Pakistan if we fail to provide jobs to this young population of more than a hundred million," Dr. Salman Shah

Presented by:

Professor Ishtiaq Ahmed  
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# What prospects for democracy and end of military rule?

## The military

- What is different this time?
- For the first time, the military has named the *jihadis* as threat number one to Pakistan's security. Previously this position was always held by India. This is the most significant change because now the conflict between the military top brass and the extremists is assuming alarming proportions. If nothing else, the close connection between them will weaken: this is good news for democracy
- I think the difference this time is that both internal and external pressure on the military to withdraw for good exists. The lawyers movement; free elections, defiant media – all are signs of a growing awareness that the military should keep out of politics. Even in the Punjab, this feeling prevails quite widely. Externally we find the USA definitely not in favour of continued military rule though it may prefer Musharraf and an elected government in power.

# What prospects for democracy and end of military rule?

## The political society

- Often times, one hears about the civil society but some political scientists distinguish between the civil society and political society and I think this is useful. The political society comprises political parties, leaders and alliances.
- It is important that the elected representatives of the people understand their responsibilities and not abuse public office for amassing personal fortunes.
- This will be the ultimate test of democracy. The military has justified its coups on the basis of bad government and corruption. Both PPP and PML-N are acutely aware of the fact that in the past they have paid dearly for their zero-sum approach. They will probably negotiate and accommodate each other as well as other parties. This too is good for democracy
- An elected government's ability to bring terrorism and extremism under control would be of paramount importance. A democracy that acts resolutely to crush terrorism and extremism can claim to be acting in the best interests of Pakistan more convincingly than a government that the people have not voted into power.

# What prospects for democracy and end of military rule?

## The civil society

- Pakistan's civil society has gained considerable acclaim for having stood up to the authoritarianism of President Musharraf. In the absence of democratic institutions civil society becomes even more important as the terrain from where authoritarianism can be challenged. This was done very well. Now, it will be a test of this democratic civil society acting as monitor of the rights of people in a civilian milieu.
- But there is the Islamic civil society too, that can act an anti-democratic force in society. The Lal Masjid insurgency is a case in point. It will be important for the government to manage both according to some overall plan of reconstruction of the nation.
- On the whole, The prospects for democracy are better now than they were in the past.

Q & A

Thank You !