

Developmentalism and CPEC: A Study of Challenges

Muhammad Shakeel Ahmad *

Abstract

There are multiple challenges to CPEC, and one amongst many is developmentalism. In developmentalism, the idea of development is imposed on the masses without their consent. This paper is an attempt to analyze selected challenges to CPEC along with developmentalism. The socialization of development plans and infrastructure with a social cause to creates multiple challenges and opportunities. The question is whether a CPEC being a development plan can meet emerging challenges in politics and development? How does CPEC address these challenges? The present study explains the various challenges related to CPEC as a game-changer developmental project. The major challenges are strategic impacts of CPEC on Pakistan, profit rate charged by China on loans regarding CPEC, its effects on Pakistan's balance of payment, environmental issues, security costs, regional and international impacts, etc. The internal and external challenges are also shaping potential threats to mount pressure on the development projects of CPEC, which cause undermine the economic interests of different actors in the region.

Key Words:

CPEC,
Pakistan,
China,
Development,
Economy

Introduction

Developmentalism and CPEC are both interrelated to each other. In the developmental process, when people's choices have not been included in the developmental sphere, then it is termed developmentalism. It means authoritarianism through development. In developmentalism, development projects have been implemented from above, meaning from dominant forces instead of from the below. The development from below has the potential for emancipation, but development from the above has the potential of authoritarianism. (Bugra, A, 2017) stated that nations' productive structure may be improved through comprehensive economic policy. This economic policy is

* Assistant Professor, Centre for Policy Studies, COMSATS Institute of Information Technology-Islamabad, Pakistan. Email: shakeel.ahmad@comsats.edu.pk

controlled by other dominant elite whose primary mission is to maximize their profit on the name of these policies.

Developmentalism: Exploring Internal and External Challenges

CPEC is a 21st-century development project which is largely projected as a game-changer for Pakistan. But the question is who is changing this game and to whom? And why internal and external challenges are emerging and what challenges are still silent. For exploring the nature of "challenges," there is a need to rethink the idea of development. Developmentalism is a term that can be explained as "an ideological orientation characterized by the fetishization of development or the attribution to the development of the power of a natural (or even divine) force that human beings can resist or question only at the risk of being condemned to stagnation and poverty" (Dirlik, 2014). This term is also used in discussions of "national developmentalism" with respect to economic development strategies promoted by international organizations and implemented by peripheral countries (Bresser Pereira, 2006; Kahn and Christiansen, 2011).

	Military Developmentalism	Developmentalism Network	Bureaucratic Developmentalism
Collective Development Strategies	Building Industry by Underwriting Key Features of Industrial Organization <ul style="list-style-type: none"> • Provision of markets • Creation of related professions • Funding research 	Building National Champions by Managing Dependency <ul style="list-style-type: none"> • Strategic Use of Protectionism • Industrial Subsidies • Domestic Banking System 	Building Global Regions by Mediating Global Connections <ul style="list-style-type: none"> • Building Local Networks around Global Capital • Taking Local Innovation Networks Global
Institutions Embeddedness	Embedded in Military Industrial Complex; Big Science and Domestic	Embedded in Domestic Capital	Multiply Embedded in Capital Fractions of Domestic and International Capital
Autonomy	Military Secrecy and National Security	Coherence of State Bureaucracy	Valorization of Industrial Development Agencies
Accountability	High Quality Criteria	Bureaucratic Rules and Performance Measures	External Evaluations of Benchmarks

Source: Riain, S. Ó. (2006).

Developmentalism is a very complex idea that apparently seems more supportive of economic progress but favored the political interest of the elite.

“Developmentalism, then, refers both to a particular ideology marked by a sense of inevitability about the nature of historical change and to political interventions to implement particular strategies of development. There is,

therefore, a somewhat paradoxical relationship between the ideology of developmentalism, which attributes to economic progress the characteristics of a natural force, and the very idea of development policy or strategy, which is about political action. This paradox between the ideology of development and development policy, first, challenges the notion of market-led economic progress that proceeds without government intervention. Second, it is closely related to social conflicts engendered by economic progress. The impact of the economic progress of different social classes or groups is never the same, but progress might also put social cohesion at risk in a way which might be unbearable for society at large". (Ayşe Buğra, 2017).

This paradox between ideology and progress (Mihailescu, BC, 2013) proceeded without governmental interventions. Moreover, it is closely linked with social conflicts arising from economic progress. The effects of prosperity and economic progress of different strata and social classes are never the same. Social cohesion is unbearable to society at large. On the other hand, the idea of progress is central to capitalist ideology, as reflected in Communist Manifesto.

"The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society. Conservation of the old modes of production in unaltered form was, on the contrary, the first condition of existence of all earlier industrial classes. Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty, and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away; all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses, his real conditions of life, and his relations with his kind" (Marx and Engels, 2005 [1848]).

The challenges to CPEC are deeply entrenched in the capitalist orientation of the economy. "These mega challenges reflect a brief representation that distinguishes capitalist structure from all other. It also makes us wonder if any human society could survive without taking measures to control such 'creative destruction in order to secure social cohesion. In his treatise on the capitalism of the nineteenth century". (Karl Polanyi, 1944), he discusses "how the unleashed forces of economic progress would be detrimental to the survival of society and argues that not only the form but also the pace of progress should be determined politically according to non-economic character objectives."

However, in different important historical periods and significant societal contexts the, "extent to which the forces and agents of creative destruction are checked by political action or left to function unhindered differs ."This is a political economy theoretical framework for exploring related challenges to CPEC. CPEC's analysis of internal and external challenges reflects the incompatibility between political action and domestic natural force.

Internal Challenges

The analysis of existing challenges presented in different scholarship produced on CPEC is a clear representation of incompatibility between the destructive, creative force and indigenous natural force. For instance, cultural challenges, environmental challenges, indigenous employment challenges based on strengthening the local economy, local wisdom, and capacity building, along with security related challenges, are a few examples of these challenges.

Security Challenges

As per official narratives, Pakistan is passing through a state of inter security concerns which include religious radicalism, extremist groups, ethno-political violence, nationalists, and hardcore separatists funded by foreign anti-state players. Infrastructural development (Ahmed, R., & Donovan, C. 1992) needs time and proper security to fully address the construction and preparation of designed projects. But security analysts are of the opinion that CPEC projects may become the target of such extremist groups in the regions of former Tribal Areas (FATA) now part of KP and Balochistan in particular (Ritzinger, L. 2015).

Similarly, the indigenous population of Balochistan has political grievances regarding development, welfare, and their economy, as mentioned earlier in the initial responses of the provinces, so any instability and sense of exploitation among the locals in Balochistan may undermine the implementation of CPEC. Baloch nationalists and hardcore separatists have portrayed CPEC as a tool by the center to subjugate the indigenous resources of Balochistan. Henceforth, it would be a challenge for Pakistan to deal with such groups and their facilitators?

On the other hand, Pakistan has already set up SSD (Special Security Division) to provide security to CPEC and the workforce involved in the project. Pak Army has launched operations, i.e, Zarb-e-Azb and Rad al Fasad, to put an end to the internal security threats. To meet the security challenges and safety of CPEC, Satellite surveillance has already been launched by China (Eurasia Times, 2020).

Political Challenges

The internal political pull and push may be yet another challenge in the long-term CPEC projects implementation. Major political parties of Pakistan have been transformed into political pressure groups, which damaged their credibility in the sight of the public sphere. These political parties are promoting the agenda of individual gains and serving specific interests instead of common welfare. Despite the fact that a consensus was developed among the entire major political parties in an APC (All Party Conference) held in Islamabad in May 2015, there are still reservations over transparency, secrecy, and implementation of the projects. The major concerns came from the least developed smaller provinces of KP and Balochistan. The lack of political consensus and sense of deprivation among the

least developed regions refer to the history and political economy of mega projects in the country, which have led to political turmoil. Indigenous voices and interests were sacrificed for the individual economic gains of the ruling elite (Nazneen, S., Xu, H., & Din, N. U. 2019).

Though all the major political parties have extended their political ownership to the benefits of the project, the Ministry of Planning & Development and Reform Initiative and CPEC authority is also working for addressing the obstacles and hindrances in its implementation, but researchers and analysts stress upon the need of transparency and open decision-making processes.

Environmental Challenges

The CPEC as the mega-development project can pose severe environmental challenges, which may endanger the local natural resources (Nabi, G., Ullah et.al, 2018). For example, the excessive exploitation of underground water resources may result in water scarcity. The industrial park's polluted water, mixing with the river channels, would adversely affect the marine life in the Arabian Sea in particular.

Moreover, the emission of untreated gases like nitrogen oxide, carbon mono oxide, and dioxide, sulfur dioxide from the chimneys of industries can have serious effects on the Ozone layer, which is already under the negative effects of global warming and climatic changes (Zubedi, A. et. All, 2018).

Furthermore, the excessive spread of concrete structures in the form of housing colonies, paved roads, industrial parks, and other infrastructure buildings would reduce the cultivable land and further reduce the fertility of the soil. The degradation of the natural landscape and vibration of the land by heavy machinery can pose serious challenges to the environment. The solid waste may also be difficult to treat, and it would spread on the land surface, which would also cause land pollution (Durani, M.et.all, 2018).

Continuous use of heavy machinery and other equipment's in factories, transportation of raw materials, and consumer/manufactured goods through vehicles and railways would create high pitch noise. Extraction of minerals by boring/drilling and blasting can also result in noise pollution, which is a serious challenge to the environment.

The excessive use of HYVs (High Yielding Varieties of seeds) and chemical fertilizers can attract pests, insects, and diseases which may result in crop failure sometimes and it can even lead to destroy local species of seeds or "desi varieties of seeds" and can have adverse effects on the native natural habitat(Shiva, V. 2006).

Temporary or permanent land acquisition can deprive the local population of their social prestige as land is considered a sign of social prestige in local society, and it would instead of supplementing their income can result in unemployment and poverty that would result in low living and eating standards.

Most of the areas towards the north and north-west, through which the CPEC's route would pass, are geographically characterized by tough mountainous terrain,

which includes the cluster of highest mountain ranges i.e., The Karakoram Range, The Himalayas Range, and The Hindukush Range, harsh climatic conditions, steep slopes, snow-capped peaks, sharp v-shaped valleys, and rugged landscape. The central and eastern routes in Upper Indus Plain and Lower Indus Plain enjoy flat land topography. The north and north-west experience frequent and destructive earthquakes. Land sliding, heavy snowfall, the presence of glaciers like Siachin, Batura, and Baltoro, freezing temperatures, and difficult terrain towards the extreme north make it difficult in the winters to manage the logistics. As a result, it would lead to the suspension of road-based trading activities during winter since the KKH (Karakoram Highway) is the only connection between Pakistan and China.

The Regional Inequalities

The regional inequalities (Mengal, S. 2010) are indeed a big challenge to CPEC as these inequalities have shaped up into regional disparities and a sense of deprivations. The regional imbalances are the core factors of friction between the center and regions. It was due to the regional inequality that Pakistan lost its East Wing in 1971. However, the issue could not be addressed on account of excessive centralization in all vital portfolios, particularly in the means of production, resources, and finance-related areas. The issues of regional inequalities are directly linked with economic freedom. Inequality has grown despite a drop in consumption-oriented poverty, "from 57.9% to 29.5% between 1998-99 and 2013-14, and multidimensional poverty, which includes health, education and living standards which fell from 55.2pc to 38.8pc between 2004-5 and 2014-15". (Ikram Junaid, 2016).

Table: Provincial-wise Comparison of Gini Coefficients Of The Per Capita Income Inequality

	1987-88	2013-14	Percentage change
Punjab	0.35	0.43	22.9
Urban	0.4	0.45	12.5
Rural	0.31	0.4	29
Sindh	0.34	0.38	11.8
Urban	0.38	0.36	-5.3
Rural	0.22	0.3	36.4
KP	0.31	0.36	16.1
Urban	0.35	0.44	25.7
Rural	0.3	0.32	6.7
Balochistan	0.32	0.38	18.8
Urban	0.32	0.41	28.1
Rural	0.31	0.34	9.7

Source: Daily Dawn, 30 July 2016

“The prospect of development and equality in Pakistan remains hindered by the unfortunate political trajectories. Development policies (and their implementation) have ‘seldom incorporated any significant element of equity’” (Rashid, 2009).

Moreover, "Megaprojects like the CPEC have a tendency to either fall prey to lack of vision or stall on political tussles. Furthermore, large-scale development initiatives often face setbacks due to the lack of political will to share power with the regions and grant ownership to local residents” (Fazal, 2016).

Governance and Corruption

Corruption is one of the major challenges which directly affects the credibility and performance of the government. Transparency International and other organizations have reported widespread corruption in the country ranging from the public sphere to private, commercial, and socio-religious levels. The following table shows the corruption index of Pakistan from 1996-2009. In 2019, Pakistan's corruption index is 120/180, which has persisted since 2016.

Table Corruption Index

Year	Pakistan Rank/Score	Pak Most Corrupt Rank	No. of Countries Ranked
2009	139/2.4	42	180
2008	134/2.5	47	180
2007	138/2.4	42	179
2006	142/2.2	20	163
2005	144/2.1	16	159
2004	129/2.1	19	147
2003	92/2.5	42	133
2002	77/2.6	26	102
2001	79/2.3	13	91
2000	N/A	N/A	90
1999	87/2.2	13	99
1998	71/2.7	15	85
1997	48/2.53	5	52
1996	53/1	2	54

Source: http://www.transparency.org.pk/.../CPI2009/CPI2009_Press_Release_November_2009.doc.

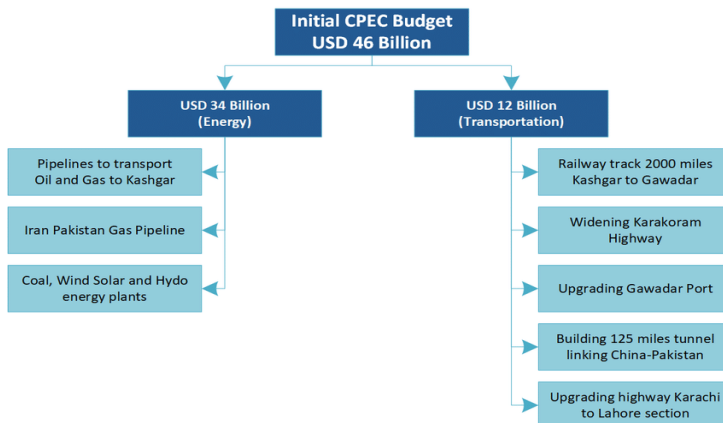
It is a common practice that is badly shrinking the national and international investment by shaking the trust of the investors. Corruption has severely affected the growth rate, increased the negative balance of payments, depreciated the local

currency, and put a question mark on the banking and financial institutions. Corruption has poisoned the whole society and weakened the roots of governance in Pakistan. Complex bureaucratic rules, lack of institutional transparency, the special financial status of the ruling elite discourage investors from investing. Cheating, bribery, trust deficit, and complicated rules of business are posing threats To Foreign Direct Investment (FDI) in the country.

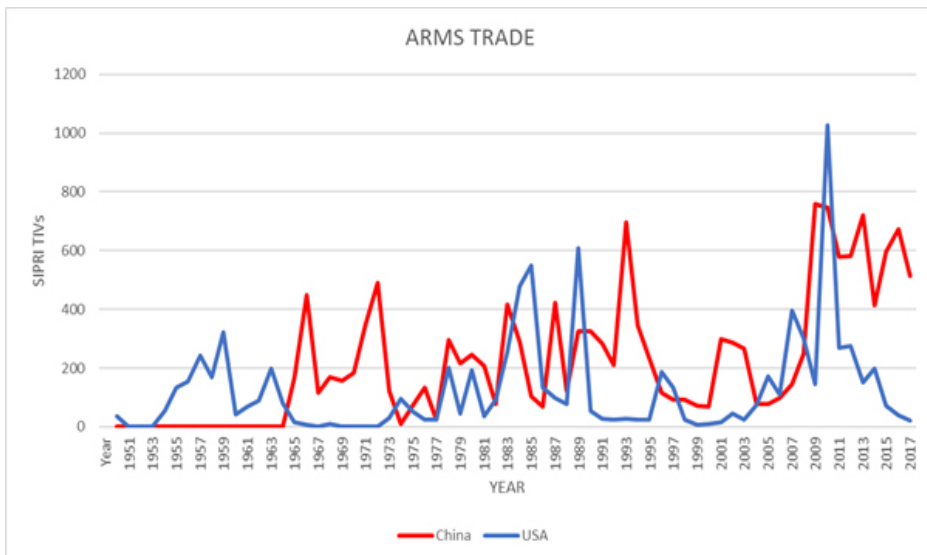
Developmental Authoritarianism and CPEC

Militarization of state and CPEC are directly linked with each other due to a principle of securitization. Military, being a dominant institution in the political system of Pakistan, has captured the State under the narratives of national interests. The idea of state capture is a threat to deliberative and representative democracy (Mtimka, 2017). The idea of state capture in transitional economies gained prominence, and henceforth it is a challenge to political stability (Joel Hellman, Daniel Kaufmann, 2001) explained that "in transition economies, corruption has taken on a new image, that of the so-called 'oligarchs' manipulating policy making and even shaping rules of the game to their own advantage. This happens by providing the public officials with illicit and non-transparent private gains" (Omelvanchuk, 2001). This behavior is called "State Capture" (Hellman and Kaufmann, 2001). The scholars further argue that "state capture is one of the most widespread forms of corruption in which firms, institutions or powerful individuals or groups use corruption, such as the purchase of laws, amendments, decrees or sentences, as well as illegal contributions to political parties and candidates, to influence and shape the policy, legal environment and economy of a country to their interests" (Hellmann & Kaufmann, 2001). The following diagram shows the developmental sketch.

Source: Ahmad, M. S., Asmi, F., Ali, M., Rahman, M. M., & Abbas, S. M. (2017). China-Pakistan economic corridor: In the context of 'String of pearl strategy'. *International Journal of Business and Social Research*, 7(8), 26-42.



It is important to understand that state capture agents, i.e, captors, do not belong to well-placed dominant individuals and firms but, "State capture can be found in entire nations which includes military, ethnic groups, kleptocratic politicians or organized criminal groups. These are extremely powerful and shaping the political decision-making process and influencing legal structure". (Martini, 2014). Francis Fukuyama (2014) said, "State capture reduces the legitimacy and accountability of the population as a whole, the decision-making bodies of the state ignore the public interest and favor only the interests of a particular group or individuals. Such laws, policies, and regulations are designed to benefit a particular interest group. State capture can therefore have a serious impact on regulatory quality, economic development, quality of education, public service provision, and health services, infrastructure decisions, and even on public health and environment" (Martini, 2014). The strategy of State capture is making development initiative more expensive and time-consuming, which challenge the sustainability of developmental projects. Such challenges to developmental projects are distorting the overall structure of the business environment, which leads to declining productive results. In other words, "diverting money and other resources (especially human resources) from areas of public interests to partisan targets of powerful 'captors' hampers economic growth" (Faisal & Jafri, 2017). The state capture process, as Fukuyama (2014) put it, "is a disease that affects all modern public institutions such as the legislature, the executive, the judiciary, and regulatory agencies, both at the federal and local level ."Moreover, armed trade, as reflected in the following graph, also facilitated the 'captors' to capture a state in the name of defense. Graph showing the armed trade in the name of defense.



Source: Sushant Sareen, 2019

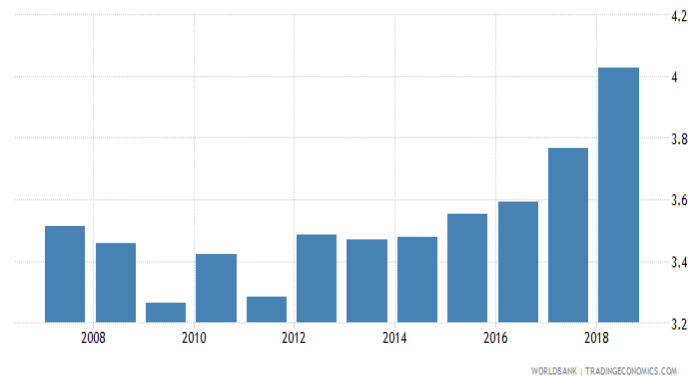
In the light of the above facts, two important concepts emerged, i.e. Miltablism and MILBUS. In the Pakistani context, these two concepts explain military strategies towards state capture. Najam Sethi (2014) coined the term Miltablism which describes the relations amongst different interest groups that include army, senior judiciary, government bureaucracy, and politicians. The Miltainstitution describes the nature of military institutions working parallel to the civil institution and underscores conflict over political power. This also distinguishes a political space between civil government and military leadership.

According to these concepts, the military holds control over political and administrative affairs through the propagation of in-competency of civil institutions. Najam Sethi also explains military direct and indirect rule through the co-option of civil bureaucracy that supports top military leadership to achieve a political edge over the political system in Pakistan. Therefore, any attempt from the civilian government to loosen military control over bureaucracy causes negative effects over the political arena. The military has deeply captured a state, for instance, when Mr. Nawaz Sharif became Prime Minister in 2013, the deeply entrenched conflicts between elected politicians and the military appeared on the surface of governance. Mr. Nawaz Sharif's government attempted to get influence and control over strategic policy-making areas like foreign policy and security policy but could not get success due to military hold over state internal and external mechanisms. To some extent, PML-N has managed to increase access for corporate elites to state resources. Therefore, the military in Pakistan perceived these allocations of the state resources to "civilian corporate as a threat to their own business activities ."This concept is called MILBUS by social scientist Ayesha Siddiq. This idea covers all the business activities of the military from top to bottom, including the Ministry of Defense and its different branches, officers, and individuals (Brommelhorster and Paes, 2003). The military business operations encompass all levels and branches of the military, including welfare foundations to military-owned corporations that belong to multiple services and reach to unit-level enterprises and individual military personnel. The military is using this whole business structure to maximize its economic benefits. (Brommelhorster and Paes, 2003). Ayesha Siddiq (2009) goes beyond the concept of Brommelhorster and Paes (2003) by considering and including "defense ministries as actors, non-institutional benefits as additional motivations for the military to get involved in the economic sphere, as well as aspects of accountability. She defines MILBUS as military capital which is being used for the personal benefit of the 'military fraternity .'In particular, the officer class, which is not included in the defense budget or does not follow the state's normal accountability procedures, makes it an independent kind of capital. It is controlled either by army or under its implicit or explicit patronage". (Siddiq, 2009). In this existing context, the idea of MILBUS revolves around all related activities that may transfer relevant opportunities and necessary resources from private and public sectors to military-related groups and individuals, without taking

consideration of standard protocols of public accountability and acquiring personal gratification (Siddiqa, 2009). In under-developed countries, like Pakistan, MILBUS includes military presence and engagement in non-traditional spheres such as creating business empires in different beneficial economic sectors like airlines, hotel industry, dairy farms, bakeries, construction companies, and transport, banks, cement plants, and real estate agencies (Waseem, 2016). Since Pakistan was created, the military got a central role in the political sphere, and even in the early phase of Pakistan, the “Southeast Treaty Organization (SEATO) and Central Treaty Organization (CENTO)” agreements gave this institution a great edge in internal and external politics of Pakistan. Even during the time of partition, the military personnel opted for Pakistan to get quick promotions as it was not possible for these Muslims to get prominent positions in joint Indian army. Later, this suitable place which was got to get promotions and status, turned to an economic empire under the central command of the military in Pakistan. The central administrative institution in the form of the Ministry of Defense (MoD) is functioning to bridge the military to the political system of the country. The Ministry of defense is the leading authority over armed forces, which are also captured by the military to oversee military business affairs. In 2016, the Senate of Pakistan was briefed about a military business that is running fifty economic units, housing colonies, and projects (Waseem, 2016). But it is important to understand that ‘this number does not reflect all economic activities by the military in Pakistan’. In addition to these aforementioned under-administrative ventures, four core military subsidiaries are also there which include, the Shaheen Foundation, the Fauji Foundation, the Army Welfare Trust (AWT), and the Bahria Foundation which have the far broader economic role in Pakistan's armed forces. Some organizations such as the National Logistic Cell (NLC), the Defense Housing Authority (DHA), the "Special Communication Organization (SCO), and the Frontier Works Organization (FWO) were also able to establish 'monopoly-like situations' in their respective areas of work due to their ability to obtain disproportionate business opportunities". (Ibid)

The minister of Defense is an institutional form of administration that does not explain the idea of MILBUS itself, as the idea is deeply entrenched in a social structure which is beyond its institutional and administrative visibility, and it further does not hold and control the entire structural process. Instead, the three main services, the Army, the Navy, and the Air Force of each, the army plan and the run business independently without civilian oversight and influence. Civilians should, of course, be represented as part of the governance structure and be in charge of MoD. However, “the MoD itself became a civil-military hybrid regime, working under the supervision of military rather than under that of the civilian control, while at the same time occupying a crucial position in running and penetrating the economic sphere of the country”. Ayesha Siddiqa states, “the MoD is used as a forum to negotiate economic opportunities and the monopolization of resources. In other words, as administrative mechanisms for economic

exploitation, the MoD and other government units cooperating with the defense establishment are being used. The defense administration's influence plays an essential role in obtaining contracts from the public sector and in securing industrial or financial inputs at subsidized rates and other benefits” (Siddiq, 2009). The direct military involvement and participation in the economic structure of Pakistan is supported and facilitated by state institutions which have tremendous effects on the development of the country. The MILBUS idea signifies socio-political cost to Pakistan's State and Society, which cannot be calculated in numbers. It gives the armed forces preferential access to decision-making and national resource allocation to the disadvantage of other economic and social actors. Military expenditure also increased, but this expenditure has always met from the civilian budget, as shown in the following graph. Graph showing Pakistan-Military Expenditure (%of GDP)-Current and Capital Expenditure.



Further, military participation and involvement in wealth and money-making activities is creating severe distortion for a free market economy to be established and run. The MILBUS as a structural framework of developmentalism and infrastructural dominate the entire economic sphere of Pakistan, which include agriculture, goods manufacturing, and service sectors such as road constructions, transportation, cereal manufacturing. The (MILBUS) dominates the entire segments and society of Pakistan's agricultural, manufacturing, and service sectors, such as road construction, cargo transport, cereal manufacturing, and fertilizers. The consent of civil elite groups with military leadership to monopolize state resources further strengthens monopolistic tendencies and ultimately favour military business units. This situation further creates a political context in which decisions about accessing and allocating public assets are considered and taken on the basis of military interests; even these interests contradict the interests of the masses. This can be seen and observed in the context of military reserved economic structure but also in other sectors that have been left behind from the eyes of MILBUS. Presently in Pakistan's economic sphere, non-military corporate agents and business players entered to get patron-client connections and relationships with the military setup and their co-opted civilian elite's network in order to secure

their economic interests and access state resources and business opportunities. Military establishment entered into the economic sphere to discuss the economic situation of the country in the wake of Chinese economic support on CPEC. In the light of the idea of MILBUS, the existence and continuity of MILBUS in Pakistan's political system seem like a major challenge towards sustainable development. There are some indications that the military is using CPEC related infrastructure to extend and strengthen the policy of MILBUS. For instance, large sections of road construction have been handed over to the military-owned Frontier Works Organization and the management, and operational command of the important SOST Dry port in Gilgit Baltistan has been granted to National Logistic Cell (NLC), which also belongs to the military. (Mir, 2016)

Moreover, the emerging political struggle between the civilian administration and top military elite over CPEC proves military domination over developmental process (Pantucci, 2016). In such militarized elitist economy, it seems a difficult task to translate the idea of development into the welfare of the masses. The voices of welfare, resistance against economic exploitation seem silent due to the idea of developmentalism and MILBUS theory. CPEC seems to distort the economic structure of federation in Pakistan, and military firms seem to get more financial, technical, and strategic control over CPEC, which give additional advantages over private entrepreneurs in Pakistan (Siddiq, 2009).

Human Resource & Administrative Challenges

The lack of educated and developed human resource is an indicator of another challenge to grab substantial and high-ranked employments in CPEC. The lack of standard vocational centers, well equipped educational institutes, and limited training institutes have left the country with little progress in preparing a sufficient Human Resource Development (HRD) (Rathore, K., 2020). It is vital to have a skilled workforce for the efficient administration and execution of projects in different fields. The traditional mechanisms of driving up the standards of bureaucracy could not achieve the desired goals, henceforth, there is a huge gap in the demand and supply of a well-educated and skilled workforce for CPEC (Ahmed, A, 2010).

The present structure of educational institutes cannot meet the demand of high-level developmental projects. The least developed areas are at a further disadvantage since the jobs created by CPEC might be grabbed by educated lot from other regions. For example, the workforce from Balochistan might be eliminated at large because of the lack of a skilled indigenous workforce.

Socio – cultural Challenges

The Socio-Cultural challenges can risk and negatively damage the local traditions, local collective wisdom, historical and cultural heritage (Solangi, 2018). The local

languages, customs, dresses, and customs may either be replaced or be affected at large on account of the arrival of the people speaking different and other languages. The rights of minorities and the rights of indigenous people may also be compromised in the name of better cooperation and good implementation and execution. The lack of labour security rights along with wages and staff benefits are adding to the concerns. The differences in economic interests and rewards can also intensify contradictions between different groups. The fiber optic has its own challenges to local culture, norms, and values and can also facilitate the process of globalization.

External Challenges

The external challenges are also shaping up potential threats to mount pressure on the development projects of CPEC, which can undermine the economic interests of the external players in the region. For instance, the security analysts in Pakistan believe that the approach of regional neighboring countries may hinder and create hurdles in the implementation of CPEC. Like the ongoing situation in Afghanistan on the western frontier and the historical rivalry with India in the east may also pose challenges to CPEC (Riffat, H., Maini, T.S, 2016) since the paradoxical competition regarding economic and political interests has always been a bone of contention. Henceforth the uncertain circumstances in Afghanistan, rivalry with India and the stance of the U.S. on CPEC may adversely increase the challenges for the mega-project on account of the conflicting economic and political, and regional interests. Russia has also been facing CPEC as a challenge due to its effects on Caspian Sea related to trade with Central Asian States and Europe. However, severe external challenges to CPEC came from India, USA and Afghanistan.

Moreover, some reports claim that many Chinese who are working on these projects were mainly from People Liberation Army of China. In the Indian context, China is going to reach and control Indian ocean through Gwadar Port.

Table 4: Gwadar Projects

#	Project Name	Estimated Cost (US\$ M)
1	East-Bay Expressway	140.6
2	Gwadar International Airport	230.00
3	Construction of Breakwaters	123.00
4	Dredging of berthing areas & channels	27
5	Infrastructure for Free Zone & EPZs port related industries	32
6	Necessary Facilities of Fresh Water Treatment and Supply	130
7	Hospital at Gwadar	100
8	Technical and Vocational Institute at Gwadar	10
	Total	792.6

Source: Rafiq (2016)

India considers that Pakistan's occupied Kashmir is a part of the disputed Jammu and Kashmir territory that claimed it as part of its territory. In addition, Indian views the, "involvement of Chinese companies in development projects in the Pakistani part of Kashmir as Chinese support for Pakistan's claim on the territory" (Mustafa, S., & Zafar, A. 2017). Therefore India is concerned that CPEC project in Gilgit Baltistan is going to provide a concrete legitimacy to Pakistan's unjustified and illegal occupation over the territory. (Lim, 2016).

In the Indian context, it would strengthen Chinese influence in the region which may curtail Indian influence in South Asia, in addition to its increased leverage for Pakistan (Bhattacharjee, D. 2015). Second, the relationship between Sino-Pakistan poses a challenge for India's race to establish regional hegemony. India views the project, particularly the port of Gwadar, with suspicion over its impact on the Indian Ocean's maritime balance of power (Christopher Ernest Barber, 2014). "Sino-Pakistan's growing security cooperation has become a source of concern for India beyond CPEC and the subsequent possibility of Gwadar port becoming a Chinese naval base. Along with these CPEC projects, China has secured a supply of eight submarines to Pakistan, about US\$ 4 billion to US\$ 5 billion in military hardware". (Jack Detsch, 2015). Such deals further strengthen Indian and US collaboration in the region. The Pakistan China deal further further support Indian US apprehension about Chinese use of Gwadar port as its Naval base. (Nazir, M., 2016).

In addition, India fears that it will be encircled by the so-called Pearl String strategy, (Barber, C. E. 2016). By involving China in the development of a number of strategic naval ports in the region, for example, "Hanmabanthota in Sri Lanka, Sittwe in Myanmar and Chittagong in Bangladesh". (Chowdhury, D. R. 2013). Finally, the India regards the CPEC project as a major threat to their sovereignty. China does not allow any kind of developmental activities and projects in Arunachal Pradesh. "Considering it a disputed area; China has even protested the visiting Indian Prime Minister. Some other experts argue that if India supports the Chinese project openly, India's sovereign position in those regions will be endangered, including the Aksai Chin, to which China claims". (Bhattacharjee, D. 2015).

CPEC also helped China to counter US influence in Asia. It is considered by Chinese policymakers as part of US policy to contain China's military power and economic growth. "Proponents of this theory in China's ruling circle believe that United States needs a militarily, economically, and socially weak and divided China so that US can continue its martial hegemony in Asia and Africa". (Abid, M., & Ashfaq, A. 2015). Thus in the context for foregoing, the corridor symbolizes an attempt by China to restrict US accessibility and influence in Southeast Asia. This has enormous implications for the prospect of strategic tensions and rivalry in Southeast Asia between Sino-US. Unlike the common perception in Pakistan, the US government has not opposed CPEC. Commenting on the project, a U.S. State Department official Alice Well stated, "The planned corridor is one we very

much support and is aligned with a shared vision of regional economic connectivity. Fundamentally, we hope that in the end it will not only be Pakistan and China. We hope eventually that it will include other neighbors as well, particularly Afghanistan, where we and the Chinese are also making common efforts” (US State Department, 2019). Still, conscious of the perceived strategic ramifications of the CPEC project, the United States views the corridor as having long-term risks. “Thus, the Chinese development of Gwadar port may face opposition from the US government as operational port control gives leverage to Chinese naval power in the Indian Ocean, a potential threat to the ocean supremacy currently enjoyed by US naval forces. In addition, the United States is developing strategic ties with India to keep its dominant position in the region”.(Ibid)

The other most important external factor in Afghanistan. Afghanistan is gaining its significant position in terms of US-China Relations. After the withdrawal of US forces for Afghanistan, there are perception regarding Russian and Central Asian influence over Afghanistan (Perveen, S., & Khalil, J. 2015). Therefore, US needs China to counter Russian influence over Afghanistan and tends to see China role in Afghanistan. In March 2015, The US Deputy Secretary of State gave an indication while addressing to Brookings Institute that Chinas investment in Afghanistan is supplementing US Afghanistan policy. (Zimmerman, T. 2015). Regardless of US intentions in the region, connecting Afghanistan with China's broader regional integration initiative is of mutual benefit to the United States and China.

Experts suggest that China expects Pakistan to play a central role in promoting the Afghanistan political reconciliation. President Xi has said publicly during his visit to Pakistan, “China supports Pakistan playing a constructive role on the Afghanistan issue and will work with Pakistan to advance the reconciliation process and smooth transition in Afghanistan” (Mateen Haider, 2015). Considering all these challenges, domestic political policy and foreign policy of Pakistan need to be translated to economic sphere of masses at grass root level.

Conclusion

There are multiple internal and external challenges to CPEC. Moreover, developmentalism itself is posing a threat to CPEC. The major challenges are disharmony among provinces, strategic impacts of CPEC on Pakistan, profit rate charged by China on loans regarding CPEC, its effects on Pakistan’s balance of payment, environmental issues, security costs, regional and international impacts, etc. These challenges are reaction to CPEC as developmental project in the context of developmentalism. Public participation in developmental sphere and decision-making process can overcome the challenges to CPEC.

References

- Abid, M., & Ashfaq, A (2015). CPEC: Challenges and opportunities for Pakistan. *Journal of Pakistan Vision*, 16(2), 142-169.
- Ali, A. (2016). China Pakistan economic corridor: prospects and challenges for regional integration. *Arts and Social Sciences Journal*, 7(4), 3-7.
- Bhattacharjee, D. (2015). China Pakistan economic corridor. *Available at SSRN 2608927*.
- Bresser Pereira, L.C. (2006). *The New Developmentalism and Conventional Orthodoxy*, paper presented at XI Congreso Internacional del CLAD Sobre la Reforma del Estado y del Administracion Publica, Ciudad de Guatemala, 7-10 November.
- Brömmelhörster, J., & Paes, W. C. (2003). Soldiers in business. An introduction. In J. Brömmelhörster & W.-C. Paes (Eds.), *The military as an economic actor*. London: Macmillan.
- Buğra, A. (2017). Two lives of developmentalism: A Polanyian view from Turkey. *Development Policy*, 37.
- Chowdhury, D. R. (2013). Pakistan happy to aid in China's quest for land route to the west; India, not so much. *South china morning post*, 19.
- Christopher Ernest Barber. (2014). "The Pakistan-China Corridor: A New Project Will Give Pakistan the Tools of Globalization. Will It Use Them?," *Diplomat*, February 27,
- Durani, M. Q., & Khan, M. B. (2018). The Environmental Impact of The China-Pakistan Economic Corridor (CPEC): A Case Study. *Abasyn University Journal of Social Sciences*, 11(1).
- EurAsian Desk. (2020), China launches Surveillance and communication Satellite to Track CPEC BRI, Projects, Eurasian Time, August 23, <https://eurasianimes.com/china-launches-surveillance-communications-satellite-to-track-cpec-bri-projects/>
- Faisal, F., & Jafri, A. R. (2017). Corruption as a source of failure of good governance and management in Pakistan: Proposed remedial measures. *Journal of the Punjab University Historical Society (JPUHS)*, 30(1), 57-75.

- Fazil, M. D. (2016). *Pakistan: What stands in CPEC's Way? The Diplomat*.
- Fukuyama, F. (2014). *Political order and political decay: From the industrial revolution to the globalisation of democracy*. London: Profile Books.
- Hellman, J. S., & Kaufmann, D. (2004). The inequality of influence. In *Building a Trustworthy State in Post-Socialist Transition* (pp. 100-118). Palgrave Macmillan, New York. <http://www.humanrights.asia/news/ahrc-news/AHRC-ART-014-2017>
- Ikram Junaid (2016), Economic Inequalities are Rising in Pakistan, Daily Dawn, July 30, <https://www.dawn.com/news/1274206>
- Jack Deutsch. (2015). "China's Grand Plan for Pakistan's Infrastructure," *Diplomat*, April 21, <http://thediplomat.com/2015/04/chinas-grand-plan-for-pakistans-infrastructure>.
- Martini, M. (2014). Corruption and governance indicators in selected Asian countries. U4 Expert Answer. Berlin: Transparency International Helpdesk.
- Marx, K. and F. Engels. (2005[1848]). *The Communist Manifesto* (Minneapolis: Filiquarian Publishing LLC). DOI: [10.2307/j.ctt1k85dmc](https://doi.org/10.2307/j.ctt1k85dmc)
- Mengal, S. (2010). CPEC route controversy: Problems and opportunities. *Bi-Annual research journal "BALOCHISTAN REVIEW" ISSN, 2174*.
- Mustafa, S., & Zafar, A. (2017). China Pakistan economic corridor: importance and challenges for Pakistan and China. *International Journal of Social Science and Economic Research*, 2(11).
- Nabi, G., Ullah, S., Khan, S., Ahmad, S., & Kumar, S. (2018). China-Pakistan Economic Corridor (CPEC): melting glaciers—a potential threat to ecosystem and biodiversity. *Environmental Science and Pollution Research*, 25(4), 3209-3210.
- Nazir, M. (2016). Macro and Micro Dividends of CPEC: Efforts of Regional and International Players to Disrupt the Development in the Region, Its Ramifications and Rectifications. *Islamabad Policy Research Institute*. Last modified November, 1.
- Pantucci, R. (2016b, July 15). China–Pakistan: With great investment comes some responsibility (RUSI Newsbrief). London: The Royal United Services

Institute (RUSI). Accessed February 13, 2019, from <https://rusi.org/publication/newsbrief/china%E2%80%93investment-comes-some-responsibility>

- Perveen, S., & Khalil, J. (2015). Gwadar-Kashgar Economic Corridor: Challenges and Imperatives for Pakistan and China. *Journal of Political Studies*, 22(2).
- Polyani, K. (1944). *The Great Transformation*, New York: Rinehart.
- Rathore, K., Khan, M. A., & Chawla, M. I. (2020). Challenges and Opportunities of China Pakistan Economic Corridor (CPEC) for Pakistan: A Human Resource Development (HRD) Perspective (1970s to 2018). *Pakistan Vision*, 21(1), 299.
- Reinert, E. S. (2010). *Developmentalism* (No. 34). TUT Ragnar Nurkse Department of Innovation and Governance.
- Rifaat, H., & Maini, T. S. (2016). *China-Pakistan economic corridor: strategic rationales, external perspectives, and challenges to effective implementation*.
- Ritzinger, L. (2015). The China-Pakistan Economic Corridor. *Regional Dynamics and China's Geopolitical Ambitions*.
- Sethi, N. (2014, August 15). *Miltabishment's end game*. The Friday Times.
- Shiva, V. (2006). *Earth democracy: Justice, sustainability and peace*. Zed Books.
- Siddiqi, A. (2009). *Military Inc. inside Pakistan's military economy*. Karachi: Oxford University Press.
- Small, A. (2015). *The China Pakistan Axis: Asia's new geopolitics*. Random House India.
- Waseem, A. (2016, July 21). *50 commercial entities being run by armed forces*. Dawn. www.cpec.gov.pk
- Zubedi, A., Jianqiu, Z., Arain, Q. A., Memon, I., Khan, S., Khan, M. S., & Zhang, Y. (2018). Sustaining Low-Carbon Emission Development: An Energy-Efficient Transportation Plan for CPEC. *Journal of Information Processing Systems*, 14(2).