

## CPEC and Politics of Infrastructural Development

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**Abstract** *China-Pakistan's economic corridor provides a strategic link to Belt and Road Initiatives (BRI) and its global outreach. The infrastructural connectivity between China and Pakistan is primarily focused on the trade route to get access in the markets of the Middle East, Europe, and Africa. In the context of CPEC, what does infrastructure mean? What does it reflect/represent? And to whom is it? Are the major questions that have been explored in this paper. Infrastructural development encompasses a holistic social sphere that relates to physical and institutional structures. It also facilitates the flow of commodities, including capital and sources of production. After the 9/11 incident, Pakistan became a frontline state against the war on terror; then, its internal and external factors compelled Pakistan towards Chinese-led infrastructural development to consolidate State power. This paper is an attempt to explore the politics of infrastructure development in the context of CPEC. The findings are based on empirical evidence with strong insights from a theoretical framework. Positivist, post-positivist, and critical approaches have been used to explore the relationship between CPEC and the politics of infrastructural development.*

### Key Words:

Infrastructure,  
CPEC, BRI,  
Pakistan, China

### Introduction

China-Pakistan Economic Corridor is a mega infrastructural development project which is underway to connect China's autonomous Xinjiang province to Pakistan's Gwadar city located in its southwest. The infrastructural connectivity between China and Pakistan is primarily focused on providing a trade route for China to access the markets of the Middle East, Europe, and Africa. China's initiative of 'One Belt, One Road' hinges on the interconnectivity of the region through the network of roads, railways, pipelines, infrastructural projects, telecommunication, and flow of goods and services.

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The framework of political economy provides an insight to explore important questions, like who are getting benefits? How? and why? This study also illuminates how economic socialization influences and develops various social and economic systems, and it unveils how public policy is conceived and implemented. More specifically, in Pakistan, almost all the megaprojects are engineered by the ruling elite to serve their class interests which led to the exploitation of the common masses and working class. Media reports and commentaries on CPEC are constantly projecting this project to be beneficial for Pakistan in terms of Foreign Direct Investment (FDI) and infrastructural betterment in the short run, but it seems to be a challenge for Pakistan's local production, exports, remittances, colossal increase in debts, provision of security to CPEC and partiality towards China in the long-run.

Pak-China Economic Corridor is being controlled by the dominant class (ruling elite) to increase their hold over political and economic structure. This causes to upsurge the living standards of the masses. Enhancement of the indigenous industrial production and capitalization of Pakistan's human and natural resources are also compromised. Moreover, self-centered elitist traditional groups have widened the gap among the people of federating units and their underdeveloped regions. Moreover, this study encompasses all the relevant evidence regarding CPEC up to the completion of its first phase in 2020.

### **Significance of the Study**

The present study is significant due to its two major dimensions. One is the academic dimension, and the other one is related to the domain of policy. From an academic perspective, there are multiple studies that focus on the nature of projects and their prospects. Some other studies revolved around the geo-economic position of Pakistan within the prism of CPEC. This study is significant in terms of academic perspectives as it is an explanation of the politics of infrastructural development in liberal, realist, and Marxist perspectives by employing infrastructural and developmental theory. In the domain of policy, this study is significant due to the multi-billion-dollar megaproject of CPEC, which has numerous strategic, political, economic, and social dimensions. The political economy of this project is being studied to make it significant for the policymakers to devise such mechanisms that would benefit the common masses rather than confining it to the traditional ruling elite. The very project can bear fruit only if the government succeeds to develop consensus among all Federating Units, Gilgit-Baltistan and Azad Jammu, and Kashmir.

### **Debate in Existing Literature**

Pak-China friendship is deep-rooted in the history of both the countries. It has

passed through many phases but always proved to be stronger than in the past. Andrew Small, a senior transatlantic scholar at the German's Marshall Fund of the United States, wrote a book, *The China Pakistan Axis: Asia's New Geopolitics (2015)* and maintained that Pakistan acted as a channel of backdoor diplomacy between Mao and Nixen during China's isolation. The enmity of India with both China and Pakistan further moved both countries closer. Moreover, China helped Pakistan make nuclear weapons, making its security unbeatable. China has always been interested in accessing the Persian Gulf and the Mediterranean Sea through the Gwadar Port.

Fortunately, Pakistan is located at China's future plans of pipelines, roads, railways, and ports, which would connect energy fields of the Middle East to the East Asian countries. Pakistan can also counter the threat of terrorism by devising a joint mechanism with Afghanistan after the US withdrawal. Apart from economic interdependence, the Pak-China partnership would play a vital role in the security of South Asia. Religious extremism and terrorist attacks are the major threats that can decelerate the momentum of Pak-China bilateral relations and execution of CPEC. Pakistan cannot cope up with the terrorists alone; it will need China's multi-dimensional support to crush it. In this way, the writer urges that Pak-China friendship is the need of the time. China became global power from the status of regional power because of Pakistan, whereas China has become a protection layer for Pakistan. (Small, Andrew, 2015).

Shi Zhiqin, a Chinese resident scholar at Carnegie- Tsinghua Centre for Global Policy, maintains that security and economy are intertwined, and CPEC should be studied keeping in view the strategic interdependence of China and Pakistan. Huge investment from China would increase Pakistan's internal stability and thus the Western periphery of China, especially the province of Xinjiang. Pakistan can play the role of a bridge between China and Central Asia, South Asia, and the Middle East. The fundamental reason under this strategy is to strengthen Pakistan's economy, which will help to alleviate it by the challenges posed by radicals, political extremists, and Jihadists. (Luyang, Shizhiqin,2016).

Dr. Shabir Choudhry in his book, "Is CPEC Economic Corridor or a Strategic Game Plan?" is of the view that CPEC is undoubtedly a mega project which has several dimensions and goals. Its significance can be seen from the effective involvement of both the partners as it would hail the problems and many socio-economic issues. Nevertheless, there are debates and questions around the globe regarding the project that who will benefit more from it? But it is a clear fact that a weak partner in any project or agreement cannot dictate the terms. However, both the friends claim it is a huge future outcome and a game changer (Choudhry, Dr Shabir, 2017).

Yaqoob Ul Hassan (2020) highlighted the importance of CPEC in the context of party politics and civil-military relations. He elaborated on CPEC as a balance

between geopolitics and geo-economics and also explained that how CPEC can affect internal political conditions in Pakistan.

Peerzada Salman, yet another renowned writer of Pakistan, has also mentioned the CPEC as a game-changer for Pakistan in his article published in Daily Dawn. He referred to the lecture of Dr Jean-Francois Di Meglio regarding economic strategies and silk route at the Area Study Centre University of Karachi. In this lecture, Francois Di Meglio talked about two important things regarding China, one is the utilization of old silk route. This route was primarily used by western countries to get access to the east, and in the 21<sup>st</sup> century, China provided access to east towards the west. The second important point is the past 35 years' reforms in China from 1978 to 2013, and another 35 years would bring it 2048, which is the 100th anniversary of the "People's Republic of China". Managing richer people is comparatively easier. On the other hand, Pakistan has an important strategic position, and even if it benefits only 10% from the project, there are other benefits like "influence" and "footprint." (Salman, Pirzada, December 2016)

Whereas on the contrary to the above, Abbas Nasir, yet another important analyst, is of the opinion in his article raised the question regarding income generated through CPEC and its utilization. According to him, the primary question is whether CPEC has the potential to create enough wealth to manage itself, repayment of loans which are currently estimated at more than 96 billion USD, and translate CPEC generated wealth into the wellbeing of society. Secondly, there is a debate on social media where there are two viewpoints regarding the CPEC. One is comparing the CPEC as to that of EIC, whereas the other view is supporting its positive outcomes. But the writer is leaving the result of this debate to the readers. One more important phenomenon to which this article is pointing is the benefits of this project which can be calculated in the light of an accurate assessment of terrorism in the region (Nasir, Abbas, March 2017).

While many others like Professor Panos Mourdoukoutas has regarded the CPEC as a gamble for both the countries i.e., Pakistan and China. In the case of Pakistan, its infrastructure would dramatically improve, which would be a catalyst in bringing the country to a mature economy, and it would further intensify the commercial activity. On the other hand, the Chinese would have an easy approach to Middle East Oil reserves, and their transport cost to reach the 'third continent,' Africa, would also reduce. But analysts are of the opinion that both the countries have miscalculated the magnitude of corruption. Pakistan's corruption index has been reduced from 143 index in 2015 to 117 index in 2015, while China's corruption index increased from 78 (2010) to 83 (2015) index (Transparency International, 2019).

Though both the countries have announced the 'transparency' commissions, according to Professor Panos Mourdoukoutas, such commissions rarely help to solve the problem of corruption in the countries where corruption magnitude is high. Muhammad Amir Rana, a security analyst, has examined the CPEC as an

economic and strategic opportunity for both the countries in his article. He rightly pointed out that both the partners are enthusiastic and excited, but the pace is slow. According to Rana, it is "ONE BELT, ONE ROAD" for China and quite significant for Pakistan as an economic opportunity and balancing power in the region. To maximize the benefits of the project, he is of the view that the pace should be intensified, consensus should be developed in Pakistan, and that the defense authorities should not only take it "as a strategy for balancing regional power, mainly against India, with less focus on the economic advantages of the initiative ."Moreover, consensus can be developed by the political governments as it suits them to evolve consensus on national issues. Rana has also suggested that forums like the 'Council of Common Interests' should be activated to address different views, and 'One Window Operation' can be set up to remove the bureaucratic hurdles and to attract other investments (Rana, Muhammad Amir, June 2016).

### Politics of Infrastructure Development

Infrastructure is a key indicator of development, but it is a 'matter' that enables the flow and movement of other material components of social life (Larkin B, 2013) in order to strengthen neoliberal order. In a broader context, "infrastructure is a physical and institutional structure that facilitates the flow of commodities, people, information and ideas" (Guldi J, 2012). Pakistan and China are collaborating on CPEC in two major areas; one is infrastructure, and the other is the energy sector. Details of infrastructure inflow and outflow is given in the following table.

<b>DETAILS OF INFRASTRUCTURE INFLOWS AND OUTFLOWS (CPEC)</b>		
<b>Infrastructure Schemes</b>	<b>Received by the Government of Pakistan from China.</b>	<b>Will be paid by the Government of Pakistan to China.</b>
1) Karakoram Highway phase – II	\$1.3 billion	\$1.63 billion
2) Sukkar – Multan Motorway	\$2.8 billion	\$3.6 billion
3) Orange Line Metro Project	\$1.6 billion	\$2 billion

As infrastructure has existed in different shapes and multiple forms for centuries, a modern phenomenon is an intersection of economic requirements, technological expertise, and political incentives for the development of centralized frameworks to integrate nations and consolidate state power. (Knox and Harvey, 2012). In another context, infrastructure being a phenomenon of public space, is increasingly seen as a way of gaining political legitimacy through building an integrated ideology and national space whose meanings are not the same everywhere. (Knox H, Harvey, 2012). Karl Marx, a philosopher on the critique of

political economy, has deep reflections on a link between the provision of capital accumulation and infrastructure, which he called public works. He argued that only in an advanced stage of capitalism, capital itself provides "the general condition of production and reproduction." (Marx K, Grundrisse, 1857).

Until at that stage, the capital turned to provide a mechanism of dialectical relationship with infrastructure and state system. Alternately, "the state still enjoys the authority and drive to make the society pay for the infrastructure in form of revenues." (Marx K, Grundrisse, 1857). Moreover, Henri Lefebvre also explained Marx point in a different way by establishing connections between infrastructure and capitalist state and theorized a relationship between space and state (Lefebvre H, 2009). In addition to providing capital facilitation infrastructure, he argued that "the state has a deeper relationship with space" (Lefebvre H, 2009). There is need to explore deeply the politics of infrastructure in the context of CPEC. Hameed. M. (2018) also elaborated the theoretical framework of infrastructure by articulating the arguments of Marx, Lefebvre, and David Harvey. This is an important point regarding infrastructure, and it is worth exploring further in the light of economic cooperation on infrastructural development in Pakistan as presented in the table.

Table showing Pakistan’s Economic Cooperation between US and China

Economic Cooperation Projects			
Year	projects (US\$ million)	Dispatched Labour (number)	Persons abroad on contracted projects (number)
1997	0		
1998	372.24		
1999	307.98		
2000	329.41		
2001	424.89		
2002			
2003	615.78		
2004	586.01		
2005	751.54		
2006	987.97		
2007	1391.07		
2008	1943.83		
2009	1734.25		
2010	2110.55		
2011	2372.77	3606	4395
2012	2778.32	4204	5411
2013	3700.93	3541	5586
2014	4246.19	5122	7481
2015	5162.89	6292	9038
2016	7268.09	11830	14582

*Source: Sushant Sareen. 2019*

The studies on infrastructural, also show that it remained a colonial tool in developing a structure of colonization. Manu Goswami (2004) argue,



“infrastructure became a tool for the colonial government to legitimize the narrative that British rulers were there to help India advance and integrate the state space through new subjectivity rules”. Infrastructure, being symbolic representation, provided legitimacy to colonial state to rule over the masses. “Infrastructure has also become the center of the initiation of new forms of subjectivity”. (Anwar NH, 2015). Infrastructure seems more dangerous to freedom and it subjugates people on the name of given rights and duties. (Goswami M, 2004). The agreement related to infrastructure development between China and Pakistan are predominantly in Chinese favour. Article-6 of the agreement provides a mechanism of repayments through State Bank of Pakistan in foreign currency, moreover article 3 states that Chinese commercial purpose loans will be exempted from interest. The details of power companies (IPPS) areas:

<b>DETAILS OF Chinese IPPs Inflows and Outflows (CPEC)</b>		
<b>Power Project Scheme</b>	<b>Inflows</b>	<b>Outflow</b>
Kohala Hydropower Project	\$2.4 billion	\$2.3bn (Debt Repayment) \$2bn (Dividend)
Karot Hydropower Project	\$1.7 billion	\$2.1bn (Debt Repayment) \$700m (Dividend)
Suki Kinari Power Project	\$1.7 billion	\$2.1bn (Debt Repayment) \$1.94bn (Dividend)
Port Qasim Hydropower Project	\$2.1 billion	\$2.1bn (Debt Repayment) \$1.73bn (Dividend)
Sahiwal Power Plant	\$1.8 billion	\$2.1bn (Debt Repayment) \$1.37 (Dividend)
Hubco Power Plant	\$2.0 billion	\$1.8bn (Debt Repayment) \$1.5bn (Dividend)
Engro Power Generation Project	\$1.1 billion	\$770m (Debt Repayment) \$407m (Dividend)
Gwadar Power Project	\$435 million	\$368m (Debt Repayment) \$417m (Dividend)
Thar Electricity Power Plant	\$1.64 billion	\$1.64bn (Debt Repayment) \$749m (Dividend)
5 Clean Energy Projects	\$1.1 billion	Debt and Dividend payments more than the cost.

Similarly, the studies on cross-border highway in Albania and Greece shows the relationship between infrastructure and modernity, "infrastructures reflect the fetishistic desires of the planning authorities to take part in the conceptual and visual patterns of modernity as imagined by advanced nations" (Dalakoglou D, 2010). Other scholars also make a similar point regarding Russian infrastructure investment being a precondition for socialist modernity. (Larkin B, 2013). Development and infrastructure go hand in hand, which is not only planned to serve economic purposes. It was primarily conceived to increase consumerism and neoliberalism in the form of “investing in a new being, a new humanity, a new cosmos”. (Pedersen MA., 2011). In studies of roads in northern Peru, Knox and

Harvey (2012) make a similar argument, but with a different approach, i.e how the local population experiences infrastructure? Roads, they argue, “are intimately tied to the desire for connection and modernity of the local population. The idea is that roads are a regional economy's physical support system that initiates a process of economic advancement through closer integration with the global trade system and state”. (Knox H, Harvey 2012). National-building exercises and development of infrastructure are two closely tied state projects as manifested in Pakistan's infrastructure development history. “A distinct discourse emerged in the 1950s in global economic development circles that focused on development as an infrastructure” (Anwar NH, 2015).

<b>SUMMARY OF CHINESE DEBT TRAP FOR PAKISTAN</b>	
<b>Infrastructure Projects</b>	<i>Government of Pakistan will return \$7.5 bn to the Government of China against \$5.9 bn loan. The Twist: Interest Rate 2% to 5.2%</i>
<b>Power Projects – Chinese IPPs</b>	<i>1) The Twist: Government of Pakistan will provide foreign currency (dollar) to Chinese IPPs - \$20bn- so that they can pour it in Chinese state-owned banks. 2) Dividends: \$11.3bn to IPPs (Towards Chinese economy from Pakistan) The Twist: Return on Equity in some cases as high as 34.2%</i>
<i>They will extend CPEC it to a total of \$62 billion.</i>	<i>It will cause more outflow of dollars from Pakistan's economy.</i>
<b>Tax exemption</b>	<i>Pakistan has foregone tax on \$4.42 billion profit that Chinese financial institutions would earn on \$15.42 billion loans for the energy projects.</i>

The role of the state as central planning authority is under severe question in the age developmental structuralism. The situation in under-develop third world is under pressure as they have no control over the indigenous resources in the presence of patent and copyrights of developed countries. They are only providing space for wealth extraction by the multi-nationals. "Infrastructure has been put at the center of post-colonial societies such as Pakistan's economic reconstruction. Pakistan was to develop using World Bank and Ford Foundation foreign finance and expertise. Foreign consultants and economists developed ideas that assisted local development of the new discourse. Their writings particularly signaled the intensely metonymic relationship between infrastructure and the state" (Anwar NH, 2015). Literature in the field of population studies focused on the quality of population and infrastructural development. Such knowledge production highlighted that disciplined, enterprising and productive population is more relevant to overcome backwardness and poverty. It helps to improve development



indicators and contribute in energy production, industries, and other infrastructural development sphere. "In addition, infrastructure was also conceived as a binding force between the geographically bizarre East and West Pakistan". (Anwar NH, 2015). The relationship between infrastructure and state authorities in Pakistan is embedded in its colonial history. Colonial infrastructure like rail networks and roads were used by colonizer to extract the resources for colonizers. Similarly, the post-colonial and neoliberal infrastructure is being built to strengthen neoliberal interest in global arena. The close relationship between state and infrastructure persisted throughout the history of Pakistan. Pakistan inherited the infrastructural development model from the colonial period. The infrastructure development is projected in Pakistan as a model of development, but all development model and infrastructural development have political in nature. Apparently, they are projected in the larger interest of people but in neoliberal framework people are just a commodity for buying and selling.

## **Conclusion**

The politics of infrastructural development is directly linked with the public sphere in which people perceive infrastructure a mere real development. The infrastructure development is primarily a development of capital. China Pakistan cooperation on CPEC and infrastructure development is predominantly a cooperation of capital, it's a neoliberal welfarism means to pay for welfare. The domination of infrastructure and its propagation in the public sphere is like a manufacturing of neoliberal consents whose sole purpose is to benefit a capital. Infrastructure is a neoliberal colonization on the name of development. Moreover, the infrastructural development is directly controlled by China.

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