

CHALLENGES TO INTERNATIONAL ECONOMIC DEVELOPMENT OF CHINA AND BALOCHISTAN

Musarrat Jabeen^a, Rubeena Batool^b, Adnan Ahmad Dogar^c

^{a,c} Development Studies, COMSATS Institute of Information Technology Abbotabad Pakistan.

^b Gender and Development Studies, University of Balochistan, Quetta, Pakistan

^a Corresponding author: musarratjabeen7@yahoo.com

©Ontario International Development Agency ISSN: 1923-6654 (print)
ISSN 1923-6662 (online). Available at <http://www.ssrn.com/link/OIDA-Intl-Journal-Sustainable-Dev.html>

Abstract: The phenomenon of International Economic Development (IED)¹ is associated to the history of international relations but its magnitude has been extended in current international system. The predictor factors are economic productivity, and political capacity of states to utilize resources in their own territory and the resources in other states territories. These factors depend on security structures working at the local, national, regional and international levels. The Silk Road hung around the Bolan Pass (in history) and Gwadar has new dimensions to be sorted out² referred to China and Balochistan. The paper addresses the questions: What are the challenges and opportunities to international economic development in Balochistan? Why China is not having legitimate position to effect the economic development in Balochistan? The objective of this paper is to signify the economic development of Balochistan to invigorate the regional economy; which may support in reality the international economic system.

International economic development takes place when potential resources exist somewhere and the geo-economic capacity to utilize the resources exists somewhere else. This paper show cases dynamics of

cooperation to utilize the geo-economic potential of Balochistan and geo-economic capacity of China. IED occurs when two entities (institutions or states), interact with each other for economic outcome. The interaction creates economic intimacy shaped by the process, structure, and the benefit of economic development. What are the contents of economic development? The query is not raised only by the endogenous components of the structure (the structure in this study is China-Pakistan/Balochistan) but by the exogenous components of the structure (they are USA, Russia, India, Afghanistan and Iran) as well.

The multi stakeholders including state and non state actors have their respective conflict strategies vis-a-vis Balochistan causing insecurity to impede the economic development. The hypothesis for this paper is: "If political and social insecurity persists in and around Balochistan, the region may well suffer from containment policies of America and the peripheral powers as, India, Russia, Afghanistan and Iran."

Neorealist (Kenneth Waltz, 1979) puts the argument as follows: The anarchic structure of international politics makes states worry about their vulnerability, thus compelling them "to control what they depend on or to lessen the extent of their dependency." For Waltz, it is this "simple thought" that explains, among other things, "their imperial thrusts to widen the scope of their control." The control is threatened by external pressures as in late 19th century, Germany, a rapidly industrializing power, seemed to threaten not only the British economy, but through its naval build-up, the empire's life support mechanism, the fleet.

¹ The author aspired to write this paper after studying the book, "China's Ascent: Power, Security, and the Future of International Politics" edited by Robert S. Ross and Zhu Feng.

² In Balochistan: the Bolan Pass proved in history the Interjecting spot of land and coastal economy of the region; and now Gwadar is being developed for the purpose.

The contemporary security structures have affected the historical economic linkages. The history of Silk Road is pertinent here: For almost four thousand years, though most notably from the 3rd century B. C. onwards, the old Silk Road connected a dozen cultures on the swaying backs of camels carrying silk, incense, gold between China, Central Asia, the Middle East and the (Levant Franch & Brownstone, 1986). The term 'Silk Road' itself was first used by the German Geographer, Baron Ferdinand von Richthofen, due to the fact that silk was one of the main products that travelled the full length of the route (Christian, 2000).

Keywords: International economic development, cooperation, competition, conflict

INTRODUCTION

The phenomenon of International Economic Development (IED)³ is associated to the history of international relations but its magnitude has been extended in current international system. The predictor factors are economic productivity, and political capacity of states to utilize resources in their own territory and the resources in other states territories. These factors depend on security structures working at the local, national, regional and international levels. The Silk Road hung around the Bolan Pass (in history) and Gwadar has new dimensions to be sorted out⁴ referred to China and Balochistan. The paper addresses the questions: What are the challenges and opportunities to international economic development in Balochistan? Why China is not having legitimate position to effect the economic development in Balochistan? The objective of this paper is to signify the economic development of Balochistan to invigorate the regional economy; which may support in reality the international economic system.

International economic development takes place when potential resources exist somewhere and the geo-economic capacity to utilize the resources exists somewhere else. This paper show cases dynamics of cooperation to utilize the geo-economic potential of Balochistan and geo-economic capacity of China. IED occurs when two entities (institutions or states), interact with each other for economic outcome. The

³ The author aspired to write this paper after studying the book, "China's Ascent: Power, Security, and the Future of International Politics" edited by Robert S. Ross and Zhu Feng.

⁴ In Balochistan: the Bolan Pass proved in history the Interjecting spot of land and coastal economy of the region; and now Gwadar is being developed for the purpose.

interaction creates economic intimacy shaped by the process, structure, and the benefit of economic development. What are the contents of economic development? The query is not raised only by the endogenous components of the structure (the structure in this study is China-Pakistan/Balochistan) but by the exogenous components of the structure (they are USA, Russia, India, Afghanistan and Iran) as well.

The multi stakeholders including state and non state actors have their respective conflict strategies vis-a-vis Balochistan causing insecurity to impede the economic development. The hypothesis for this paper is: "If political and social insecurity persists in and around Balochistan, the region may well suffer from containment policies of America and the peripheral powers as, India, Russia, Afghanistan and Iran."

Neorealist (Kenneth Waltz, 1979) puts the argument as follows: The anarchic structure of international politics makes states worry about their vulnerability, thus compelling them "to control what they depend on or to lessen the extent of their dependency." For Waltz, it is this "simple thought" that explains, among other things, "their imperial thrusts to widen the scope of their control." The control is threatened by external pressures as in late 19th century, Germany, a rapidly industrializing power, seemed to threaten not only the British economy, but through its naval build-up, the empire's life support mechanism, the fleet.

The contemporary security structures have affected the historical economic linkages. The history of Silk Road is pertinent here: For almost four thousand years, though most notably from the 3rd century B. C. onwards, the old Silk Road connected a dozen cultures on the swaying backs of camels carrying silk, incense, gold between China, Central Asia, the Middle East and the (Levant Franch & Brownstone, 1986). The term 'Silk Road' itself was first used by the German Geographer, Baron Ferdinand von Richthofen, due to the fact that silk was one of the main products that travelled the full length of the route (Christian, 2000).

METHODOLOGY

Partial correlation analysis method has been applied to evaluate international economic development structure of this paper comprised of China-Pakistan/Balochistan. We measure the strength of the linear relationship among three variables: geo-economic potential of Balochistan and geo-economic capacity of China (as dynamics of cooperation); and Mindset of geo-politics in and around Balochistan (as dynamics of conflict) keeping aside the low profile of HR in Balochistan and center-province disharmony. (See Figure, 1).

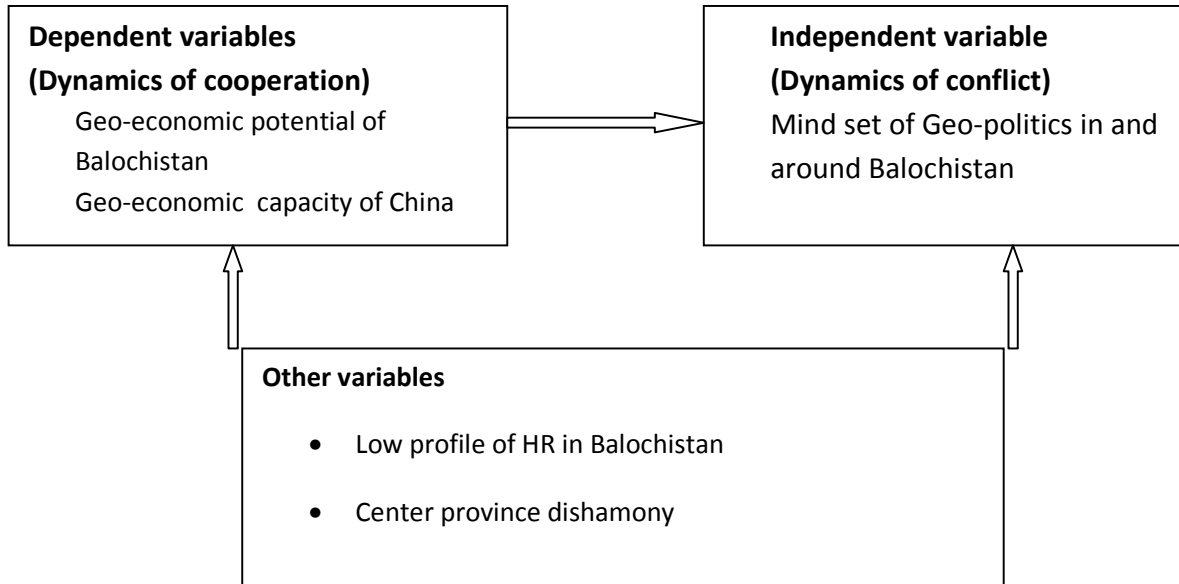


Figure 1: Mindset of geo-politics

Table 1: Index for System Wide Valuation of Balochistan

Indicators	Factors
The size of the unit involved	Geo-economic potential of Balochistan
The growth of units appearance size in the international system	The magnitude of potential to gravitate the regional and extra regional powers.

Source: Self made

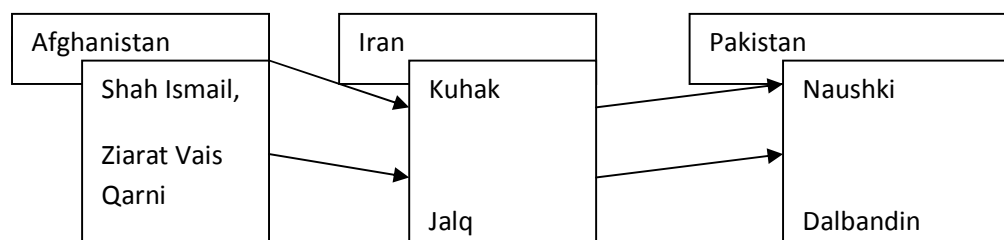


Figure 2: Innstability Corridor

Source: Self made

To validate the independent variable a specific survey consisting of a stratified sample of 130 decision makers and delegates from academia, civil society, civil and military bureaucracy and media was carried out. 93% of respondents verified the containment of China in and around Balochistan by regional and extra regional powers. The specific argument of the study is that though Balochistan has the geo-economic potential and China may cooperate to utilize the resources for economic development but the process is delayed because of interests of peripheral and extra regional powers.

Dynamics of economic cooperation for international development of China and Balochistan

There can be two effective variables for international economic development of Balochistan.

(a) Geo-economic potential of Balochistan: To have system (the international system) wide valuation of Balochistan an index has been developed; elaborated in Table. 1

The province of Balochistan has become the center of attention for regional and international powers because of following reasons as *opportunities*.

Economic independence of Central Asian States (with large energy reservoirs) ---blinks a huge economic opportunity. The economic uplift of Balochistan may serve as economic corridor to conjoined economic systems. Central Asia is a resource-rich region, in particular in hydro-carbon and hydro power energy for which the growing economies of South Asia have a huge appetite. The Saarc countries possess a great potential to provide a wide range of products to meet the needs of CARs. The CARs also need an access to sea for their growing trade, commerce and industry and the nearest ports for them are the Pakistani ports of Karachi and Gawadar. The CARs are just 16 hours by

road from Pakistan, through Afghanistan. This time saving convenient and economical access to the international markets can make the goods of South Asian states, CARs and Xinjiang province of China more competitive in the global markets. However, so far the regional countries have not been able to fully exploit their potential for trade because of strife in Afghanistan (Alauddin Masood, 2011) and instability in Balochistan.

Balochistan is; where the alternative route of the Europe Asian Highway passes from Zahidan in Iran to Taftan in Balochistan on to Quetta. Another alternative road turns south from Kandhar in Afghanistan into Chaman in Balochistan; this is the route freight bond for Afghanistan arriving through Karachi harbor.

There are mineral resources in Balochistan, which are just beginning to be tapped. 30 exploration companies mostly British, Australian, Canadian and American are active in the region. The mineral resources at Reko Diq are estimated at 5.9 billion tones. From this resource, an estimated 2.2 billion tones of economically mineable ore, will be processed to produce 10 million tones of copper and 13 million ounces of gold in the form of payable metal in about 56 years on mine life (Ashfaq Bukhari, 2011). Natural gas pipeline linking Iran with India via Pakistan, and the other linking Caspian Sea gas rich Turkmenistan with Pakistan via Afghanistan: these proposed pipelines, plus the development of Gwadar⁵ into deep 27-berth port that would accommodate both large tankers and military vessels.

Balochistan rich in geo-mineral resources and providing strategic depth to the nation state of

⁵ Gwadar is restive Southern part of Balochistan, sitting on the Southern Makran coast, about 70km from the border with Iran and about 320km from cape al-Hadd in Oman

Pakistan would remain in focus of international economic system.

(b) Geo-Economic Capacity of China: China has worthwhile geo-economic capacity of the world having great impact on world trade, and resources. The following are supporting facts: (a) Persistent 8-9 percent GDP growth since last ten years (b) As Asia's fastest growing economy over the past 25 years, China saw 7-fold increase in GDP from 1985 to 2010 (c) China achieved 12 percent of the world economy on purchasing power parity basis (second to the United States) (d) China contributes one-third of global economic growth. (e) China accounts for half of global growth in metals demand and one-third global growth in oil demand. (f) Only 2.8 % population is below poverty line. (g) China's economy has high energy intensity. The country uses 20-100 percent more energy than OECD for many industrial processes. (h) About 40 percent of China's exports go to the United States (China quick facts, 2012).

The collapse of various corporations and joblessness in international markets indicates the high economic boom and *sustainable* export level of the China whose goods are appreciated and used everywhere irrespective of any state. According to Alliance Trust, an investment company, China will be the second biggest economy in 2050, second to US with India taking third place (Zafar Khan, 2005). China may reduce dependency of Pakistan in knowhow and capital for economic development. China has great stakes in emerging energy map of Asia, where Pakistan may become the corridor and China the beneficiary.

As WTO discourages China to consume coal produced energy that is hazardous to the environment, China is initiating alternatives to explore the oil resources in the continental shelf by using the "Exclusive Economic Zone" of the sea. This is possible through remote-guided submerge sable. China, in this context, has become successful in making such a scientific device that can merge into sea for about 20,000-30,000 feet that previously was only 10,000 feet. Such sciento-economic rise of China is threat for the US strategic interests in the region.

China considers the US support to India as a token of containment. Pakistan, because of its strategic location, provides the outlet to China, with access to Arabian Sea and vast oil and gas resources of the Middle East. This convergence of strategic and economic interests provides sound basis for futuristic economic development in Balochistan.

Mindset of Post 9/11 geo-politics in and around Balochistan

Mindset of post 9/11 insurgency in Balochistan is composed of organization of stakeholders from retrospective to prospective in and around the region.

In Oct 1994 the Taliban became a handy instrument for strategic market of oil discovered in Caspian Sea, by Pakistan and America undertow of UNOCAL project. Within three months Taliban took over 12 out of 31 provinces of Afghanistan. In September 1995, they entered Herat, effectively clearing the road from Pakistan to Central Asia. The following month the American oil giant, UNOCAL, signed an oil pipeline deal with Turkmenistan. The whole exercise, which also gave birth to the Taliban phenomenon, was originally designed to convince and persuade UNOCAL to go ahead with the project by guaranteeing safety of the route for laying of the 1,000 mile oil pipeline, which Pakistan was also greatly benefit from. According to one estimate, Pakistan was to earn eight billion dollars in transit fees, and get its oil at half price. Later, American policy makers saw in the Taliban an instrument for furthering US aims in the Caspian basin and Persian Gulf, and placing increasing pressure on China and Russia (Ashfaq Bokhari, 2001).

But a major deterrent has been the lawlessness, chaotic conditions and internecine strife. The oil company wanted a single administration in the whole of Afghanistan before it could put in millions to realize the cherished pipe dream. Unexpectedly, the Taliban emerged as possible solution.

Four years later the link stood broken when the Taliban chose to protect Osama bin Laden, the Saudi fugitive who had taken refuge in Afghanistan after having launched *Jihad* against the United States and was wanted by Washington, rather than to protect the pipeline and get 15 cents per 1,000 cubic feet from UNOCAL for the service. So, the pipeline dream went sour and the Taliban became a pariah regime. Come September 11, 2001, President Bush declares an indefinite global war on terrorism as America's answer to the unthinkable attacks on New York and Washington, with top priority being getting hold of Osama "dead or alive" and dismantling of the Taliban regime. Afghanistan is as indispensable to the regional control to the US and the transport of oil in Central Asia as Egypt was to the West in the Middle East in the 1950's (George Monbiot, 2001).

Whereas international conflict was governed by political and ideological considerations, the wars of the future will largely be fought over the possession and control of vital economic resources. The Bush administration's war on terrorism is, in fact, a war for resources and the most precious resources are oil and gas (Michael T. Klare, (2001).

The Gwadar project and the unrest in Balochistan must be understood and analysed in larger regional/international context. America has concern over the Chinese interest in Gwadar. In 2001 China agreed to develop the deep sea port of Gwadar. The arrival of the United States in late 2001 in Afghanistan- at China's doorsteps- nudged Beijing to step up its involvement in the Gwadar project. In March 2002, Chinese vice premier Wu Bangguo laid the foundation of Gwadar port. By developing the Gwadar port and roads in Balochistan, China is helping herself by creating a convenient conduit for commerce that would connect China with Central Asia, South Asia. The scenario will bring down the distance up to 3500km as the Chinese industrial zone distance to Shanghai port is 6000 km and Chinese industrial zone distance to Gwadar port is 2500 km (M. Arif, 2009).

To manage post 9/11scenario America required modus of operandi independent of Pakistan establishment with secular color. This objective was possible by utilizing earlier links of Russia with Baloch tribes in Balochistan and contiguity of India to format the desirable outcome because of its persistent presence in Afghanistan and invert relations with Iran and Russia.

It was presumable agreed that as long as their interests did not clash with each other directly, the United States (or at least Pentagon) and Kremlin would cooperate with each other in Balochistan. Actually, most of the elements were in place, though dormant, it was not difficult for any one with sufficient resources to reactivate the whole thing (Tariq Saeed et al, 2009).

In 1980's USSR supported certain Baloch tribes in Balochistan to counter Pushtun factor which was utilized by USA enforced as Mujahideens to kick out USSR from Afghanistan. The Baloch recognition stamped in academic establishments particularly in University of Balchistan as Baloch Student Organization (BSO); and Baloch Liberation Army in geo-political position. In Balochistan, the economic agendas with global perspective have created widespread destitution, which have fed into economically motivated violence.

Balach Marri the son of Nawab Khair Baksh Marri qualified as electronic engineer from Moscow. As was customary during those times, any Baloch students in Russia were cultivated actively by the KGB. Balach was one of the success stories. Because of intimate connections with India and Russia, it was no surprise that Balach Marri was picked as the new head of the revived BLA. The mountains between Kuhlu and Kahan belong to the Marris. In 1980's BLA (Balochistan Liberation Army) was simply an instrument to create problems in Pakistan. There were

no ideological reasons –it was merely a pragmatic solution for a strategic problem. Pentagon revived BLA with good support from Kremlin. Revival of BLA is dependent on help from RAW that has hundreds of active contacts all over Balochistan; Russia helped negotiate the involvement of Balach Marri in the project. It is found that in July 2005 “the discretionary grants” budget [a euphemism for espionage fund] was increased by 700% in the Indian consulates in Kandhar, Jalalabad and Zahidan. Sardar Akhtar Mengal has returned from self imposed exile in London to keep a check on Balach as Americans can never fully trust Russians.

Kishangarh is a small Indian town, barely five kilometers from Pakistan border where the provinces of Punjab and Sindh meet. There is a supply depot and a training center there that maintains contacts with militant training camps in Pakistan including Balochistan.

There is also a logistics support depot near Shahgarh, about 90 km from Kishangarh, that serves as launching pad for the Indian supplies and experts. The trucks have to travel only 140 or 180 kilometers to reach Sui, and a little more to reach Kuhlu a distance that can be covered in few hours. The route is also handy for sabotaging the Pakistani gas pipeline because the two main arteries of Sui pipe – Sui-Kashmore-Uch-Multan and Sui-Sukkur-are passing at some points, less than 45km from the Indian border.

The geography show case a triangle of extreme instability in Balochistan. This triangle can be drawn on the map by taking Barkhan, Bibi Nani (Sibi) and Kashmore as three cardinal points. There is another, larger, triangle that affords a kind of cushion for the first triangle. It is formed by Naushki, Wana, (KP) and Kashmore. Apart from triangles of instability; there is an arc- a wide, slowly curving corridor of extensive activity vis-à-vis Afghanistan, Iran and Pakistan (See figure. 2). By encouraging trouble in Balochistan Russia may hope to discourage Trans-Afghan pipeline or any other similar projects.

For Americans except Balochistan, the rest of Pakistan is useless for them. Americans have two long term-objectives in Balochistan: first, create a safe and reliable route to control resources of the region, and second to contain China. Balochistan offers the shortest distance between the Indian Ocean and Central Asia outside of the Gulf.

Indians would go to great lengths to prevent Pakistan from developing a direct trade transportation route with Central Asia because it would undermine the North-South corridor that goes through Iran. She intends to use Afghanistan as its main artery system to connect with Central Asia and not to allow Pakistan

to share it. Iran has developed Chah Bahar and excellent road between Herat and Chah Bahar the economic development network in Balochistan will undermine the Iranian interests.

Afghanistan most of the time considers Pakistan as intervening in Afghanistan and siding with US in 1980's and now. It is clear from recent developments that India, Iran and Afghanistan have formed kind of economic transportation alliance all efforts have been made to exclude Pakistan from any such deal.

The US strategic interests with India, in the form of 10-year defense pact signed on June 28, 2005, has created many hurdles due to which Pakistan suffered from serious limitations and uncertainties. In all these developments China seems non collusion stakeholder in the geo-economic politics in and around Balochistan.

KEY SUBTRACT OF THE PAPER

A Regional Forum for the international economic development of Balchistan should be created calling in all stake holders; Pakistan, India, China, United States of America, Russia, Afghanistan, Iran and of course the Multinational Corporations which are interested to have security concerns managed to take away the benefits of economic endeavours.

As it is found that India is interfering in Balochistan the case may be registered in International Court of Justice.

Pakistan should crack down powerfully on the private armies. The constitution of Paksitan does not allow private armies and there would be no legal question if those laws are implemented with full help of state power. Pakistan should try to cut down the sources and channels of supply of arms and cash to insurgents.

LEARNING STATEMENT

The partial correlation analyses of international economic development vis-à-vis China and Balochistan allows to format the following findings:

America, Russia, China, India and Iran have their interests to hold their position in and around Balochistan. It is found that most of them collude at certain moments except China. US has already grip on Afghan Balochistan, trying to get hold on Pakistani Balochistan and will get hold of Iranian Balochistan. China is being contained from economic development of Balochistan. China has natural part in geography of Pakistan and enchanted status in the will of governance of Pakistan as compared to other stakeholders in Balochistan; this fact gears assorted challenge to China in Balochistan.

In 1980's Balochistan geo-strategic location was utilized with Pashtun factor; in post 9/11 the scenario

Baloch factor replaced the Pashtun factor. In 1980's Religion and the spirit of Jihad was exploited to oust Soviet Union from Afghanistan while now the secular theme of Baloch organizations is being utilized. Historical evidence suggests ethnicity of Balochistan has always made Balochistan to lean to external powers to struggle for independence and this notion has been exploited by the regional and extra regional powers.

Balochistan is more linked to international structure than to Pakistan; because other states are more active about Balochistan and they have more knowledge about the issue so they better know to manage it in their interest; e-g US congress debate on Balochistan February, 2012.

More work is done by international intelligentsia as compared to Pakistan's think tanks about Balochistan; the academia is not encouraged to research on Balochistan insurgency rather directed to remain mum.

While locating Balochistan in international geo-politics the study establishes; that the natural resources have become integrated into the political economy of local, regional, and global conflicts. With the present distribution of factor endowments and technology between developed and developing nations, the theory of comparative advantage thus prescribes that developing nations should continue to specialize primarily in the production of and export of raw material, *fuels, minerals*, and food to developed nations in exchange for manufactured products (Dominick. Salvatore, 2000). The development of mineral resources in Balochistan reflects the global politics.

Regionalism and globalization may continue to be growing forces while the power of individual states in relative terms continues to decline. Combined with its geo-mineral resources, position in and around Balochistan would give a major world power America or China, a significant global power advantage. If economic development fails in Balochistan, it will in fact remain drain on technological resources and investment, and thereby fail to be the economic basis for international economy. Economic development in Balochistan could seriously reduce tension over access to energy and metal resources in the 21st century, and help maintain a system with high levels of cooperation.

REFERENCES

- [1] Alauddin Masood, (2011) "Back to ancient Silk Road trade", Daily DAWN Islamabad, October 31
- [2] Ancient Silk Road Travelers, <http://www.silk-road.com/artl/srtravelmain.shtml> accessed on September 29, 2011

- [3] Ashfaq Bokhari, (2001) "*The pipeline of greed*," DAWN Daily, Dec 9.
- [4] Ashfaq Bokhari, (2011) "Clouds over Reko Diq", Daily DAWN Islamabad, October 31
- [5] China Quick Facts <http://web.worldbank.org> accessed on 13 January, 2012
- [6] Christian, David "Silk Roads or Steppe Roads? The Silk Roads in World History", *Journal of the World History*, 2 no. 1, Spring 2000, pp1-14 [Internet access via Infotrac Searchbank]
- [7] Dominick. Salvatore, "*International Economics*"- Seventh Edition, (USA Fordham University, 2000), p. 362
- [8] Franch, Irene & Brownstone, David *The Silk Road: A History*, N. Y., Facts on File Publications, 1986
- [9] George Monbiot, (2001) "*A late colonial adventure*", *The Guardian*, Oct 23
- [10] J. A. Hobson, (1988), "*Imperialism A Study - Third Edition*", London, UNWIN HYMAN, p. 15
- [11] Kenneth Waltz, (1979) *Theory of International Politics* (New York: Random House), p. 106.
- [12] M. Arif [assistant professor International Relations), (2009), round table discussion organized by International Relations Dept University of Balochistan, titled, "Post 9/11 Balochistan in Peace _ Conflict Spectrum and International Dimensions", on July 17
- [13] Michael T. Klare, (2001) "*Resource Wars: The New Landscape of Global Conflict*," New York, Henry Holt Company.
- [14] Tariq Saeed in Ashgabat, With Sergi Pyatakov in Moscow, Ali Nasimzadeh in Zahidan, Qasim Jan in Kandahar and S M Kasi in Quetta. Additional reporting by Rupa Kival in New Delhi and Mark Davidson in Washington, "Unveiling the Mystery of Balochistan Insurgency", February 6, 2009, <http://pakalert.wordpress.com/2009/02/06/unveiling-the-mystery-of-balochistan-insurgency/> accessed on July 20, 2009
- [15] Zafar Khan, (2005), "*China: an Emerging Giant*", Peshawar, *The Frontier Post*, Dec, 9