



Pakistan's Floods: A Humanitarian and Strategic Challenge

Mohsin S. Khan assesses the damage in Pakistan, the prospects for recovery, and the threat to Western interests and to Pakistan's democracy.

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Steve Weisman: The floods in Pakistan have inflicted a horrific humanitarian crisis and also a geostrategic and political crisis in one of the most dangerous and sensitive parts of the world. This is Steve Weisman at the Peterson Institute for International Economics welcoming Mohsin Khan, senior fellow at the Institute, who for many years was at the IMF and before that at the World Bank, and has been studying South Asia, and is a native of Lahore in Pakistan. Welcome, Mohsin.

Mohsin Khan: Thank you very much, Steve.

Steve Weisman: You and Shuja Nawaz did a recent posting for us and others, assessing the totality of the crisis. Give us some sense of the magnitude.

Mohsin Khan: At this point it's still early days. No one has done a full assessment just yet of what the economic damage of these floods has been. But just to give you a broad overview, these floods have affected the entire country—all four provinces of the country have been affected. The area that has been hit by these floods is very large—it's about one-fifth of the size of the country. If you like, you can think of it as the size of England, the size of Florida. That's the sort of area that's been affected by these floods or, if you like, been submerged. Twenty million plus people affected by the floods that live in that part of the world, with 8 million or so in urgent need of food, water, shelter; 4 million left homeless; approximately 2,000 killed in the floods; nearly a million homes destroyed.

If you go beyond that to the agriculture—this is by the way the agricultural heartland of the country—[there has been] tremendous damage to agriculture. In the country, people estimate that at least 30 percent of the cotton crop, which is very important to Pakistan, has been washed away—which will have an impact on the textile industry, which is of course the main manufacturing industry in the country. It generates 60 percent of exports. Textile mills are now lying idle because they don't have the raw cotton, partly because it's been washed away and partly because the infrastructure has been so badly damaged in the country.

On infrastructure, I would say that the estimates range—but people argue that it could be as high as \$15 billion to \$20 billion worth of damage to infrastructure. This of course covers roads, highways, power generation plants—seven of which are in fact submerged and are nonoperative. It affects every form of transportation you can have in the country, so you can't transport whatever cotton there is, for example, to the textile industry. And the damage to schools and health clinics, I think that the WHO [World Health Organization] estimates that one-fifth of all medical facilities in the affected regions are lost. Of course telecommunications [are] damaged or destroyed. Dams, irrigation

systems for the agricultural sector [are] destroyed. This is a grim picture. I mean it's a real catastrophe for the country.

Steve Weisman: When we see these crises—the tsunami in the Pacific years ago or Katrina or Haiti—the first months are chaotic. Nonetheless, can you try to assess the effectiveness of the government response and the international response?

Mohsin Khan: It's always a big struggle. The Pakistan government has in some ways tried to do its best, but it has limited resources. And sometimes you have to sort of think back and say that look, the effectiveness of Pakistani response, given the resources they had available to them, was about as one would have expected. But these are very chaotic situations. Compare that, for example, to the government's response to Katrina here in the United States, where the United States had the resources and had the facilities and the technology, etc., and yet five years later, as we saw from the anniversary, there are still problems. So I think the Pakistan government did respond, but it's short of resources.

The international response has been very interesting. I think the United States has done a lot. It's very visible in Pakistan in terms of helicopters, delivery of food supplies, and so on. So they are very visible, which is interesting because a few months ago they intended to keep a very low profile because they were simply just associated with the war in Afghanistan—that is, American troops. Now, of course, they are being welcomed. When they arrive in villages from the air, people actually cheer. And that is a pretty amazing thing. But it's not enough by far. The amount of resources that the world has pledged is minuscule compared to the amount, for example, that was pledged in the case of the tsunami, or the case of Haiti—

Steve Weisman: What are the numbers?

Mohsin Khan: At the present something like between \$700 million and \$800 million has been pledged by [the] government. What is even sadder is that the private response to this disaster in terms of private foreign response has been very limited. For example, the Red Cross ran its text messaging facility whereby through texting you can pledge. And the first two weeks it's collected something like \$10,000 in donations. Over the same period in the case of Haiti, they've collected \$30 million plus from the American public. It could be donor fatigue; it could be less concern about Pakistan. Whatever it is, the resources being pledged both by official resources and certainly the private donations just haven't shown up. I'm really surprised also, for example, that the US administration has not appointed somebody to take charge of this effort. We don't see President Bill Clinton out there as we did in the case of the tsunami. We don't see President George Bush out there as we did in the case of the tsunami or President Clinton in the case of Haiti. We don't see that. You don't see the private jets flying in and saving the children. Unfortunately, in some sense, it's not nearby, it's not close. Perhaps it's a distant country. Perhaps there are other reasons. But I think, Steve, I mean from a strategic point of view for the region, and for that matter for the world, Pakistan is extremely important. And to have a country hit this way will undoubtedly impact on the United States' strategic interests in the region.

Steve Weisman: I agree, as somebody who has spent a fair amount of time in that part of the world. You mentioned Katrina before, and this is the fifth year anniversary, although the successes

are mixed there, there is a sense that after five years, some things have turned around. Five years from now, maybe it will take that long to get a sense that things [are] returning or reviving in Pakistan. What are the resources this country can rely on to revive itself?

Mohsin Khan: Undoubtedly outside aid is going to be very important. I think the country can revive itself. It has the resources in one particular sense. Natural resources are limited, but it has a very capable and very enterprising population. Look at how many Pakistanis do so well abroad. It's the environment in Pakistan that has inhibited Pakistan's development—that's my view. You see these Pakistanis who go abroad and they do great things abroad, once they are free to do them. I think that it's its big resource.

But you know, what it's going to take is political certainty and basically some sort of sense of security. Pakistan has been lurching from crisis to crisis—economic crisis to crisis. And always what lies behind the economic crisis is a political problem. It's not subprime mortgages or anything like that. It's always been a political problem that has led to an economic problem. And then the economic crisis turns and feeds on another political crisis and so on. So the country lurches from one economic crisis to another. Until—in my view—the politicians get their acts together in this country this is going to be a pattern that we are going to continue to see.

Steve Weisman: Is there any sign of that being attempted because of the crisis?

Mohsin Khan: At the present, no. You don't really see any signs. I mean, there is the sort of usual, you know, "We're all in this together" and so on and so forth. But I'll give you an example: An idea was proposed by the current minister, Yousuf Raza Gillani, that people are worried about pouring money into Pakistan, what's going to happen to the money? This has been a concern of his. So he proposed an independent aid authority, which is that the money from abroad be channeled into this fund. And this fund would be independent of the government, independent of Parliament, and would use those resources wisely. And it could have been the World Bank, the IMF, whoever involved in it, overseeing it. He got agreement from the major opposition party, the PML [Pakistan Muslim League] of Nawaz Sharif, the previous prime minister. But the provincial governments all turned it down. They said, "No, we want the money directly."

Steve Weisman: They wanted to be in charge.

Mohsin Khan: Absolutely, they want to be in charge. They don't want to be seen as sitting on the sidelines and not doling out the cash. So, yes, there is talk of political reconciliation and coalition, etc., but it's just talk. When it comes down to it, it's just talk.

Steve Weisman: Pakistan has had trouble retaining its democracy, but it's still a lively politicized environment.

Mohsin Khan: That is very true. I'm glad you mentioned this issue of maintaining its democracy and its democratic traditions, such as they are. Right now, there is so much talk about the military taking over. This is always what happens. Politicians may bicker; they make a mess of things. People say, "Oh, please bring in somebody, you know, a disciplined force to it." So that is the general feeling. Secondly, the Pakistani army has played a very important role in the floods, in flood relief. They have been at the forefront. They're

the ones out there in the helicopters. They're the ones out there in their boats. They're rescuing people. They're doling out food. They're doing all the things that a civilian administration would be doing.

Steve Weisman: And they're getting credit?

Mohsin Khan: And they're getting credit for it. People are already calling—legislators are calling for martial law.

Steve Weisman: Wow.

Mohsin Khan: Having the army run things. I think that is again symptomatic of the fact that people lose faith in their political system, and then they look for the army to take over and take charge.

Steve Weisman: Let's hope that floods don't wash away democracy along with everything else.

Mohsin Khan: That's a hope that I have too, that they will recognize that this is a very crucial time. And not only Pakistan. The world should recognize that this is a very crucial time for Pakistan. And if Pakistan—to continue with your analogy about the floods—goes under, this is going to be a tremendous amount of trouble for the region and for the world at large.

Steve Weisman: Yes, I'm glad you pointed out that it's both a humanitarian and a potential political crisis.

Mohsin Khan: Undoubtedly.

Steve Weisman: Mohsin, thanks very much.

Mohsin Khan: Thank you very much, Steve.

