

Pakistan: The violence of the economy

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The debate on the current economic crisis facing Pakistan is shrouded in technical jargon that veils the conflicts inherent in economic decision-making. We are flooded with figures of revenues shortfalls, deficits, debt and investment that require the intervention of 'neutral' technocrats. This reign of numbers betray a desire for the rule of experts where economic decisions can miraculously rise above the divisions of class, gender and ethnicity present in society.

Marx had warned that this search for neutrality was premised upon denying the class antagonisms that inform economic decision-making. Societies are not built on 'natural' economic laws. Instead, each epoch is determined by the ability of certain classes to control and appropriate the labour of others. Such an understanding takes us beyond the restricted field of economics to themes of coercion and violence that are required to shape and reproduce class relationships in any given society.

In our region, the link between violence and capitalism is rather too obvious to ignore. The Indian subcontinent did not enter capitalist modernity due to the pull of 'natural' market forces. It was abruptly thrust into it by colonial rule that violently rearranged social relations to promote private property and excessive taxation. The purpose of this encounter was to ensure that the Subcontinent's wealth was made available to the burgeoning industries of Victorian Britain via the newly-built port cities of Bombay and Karachi.

The monstrous exploitation of the Subcontinent's resources led to mass displacements and famines in which millions perished. Colonial domination required a mass bureaucratic apparatus, local elites and modern techniques of policing to ensure that the locals continued paying revenues without disruptions. The parasitic growth of the British Indian military was a direct result of this necessity to perpetuate class relations internally and to maintain India's subordinate position globally, signaling the direct relationship between militarization, violence and the economy.

This brief history is meant to make us question assumptions about 'neutral' solutions to our economic crisis. Instead, we must pay more attention to the themes of domination and exploitation in order to understand the orientation of our economic policies and the local and International class relationships that each policy prescription aims to sustain. Such an approach can be a corrective to the narrative being peddled by various experts in which the IMF appears as a benign institution that simply wants us to rein in our excessive spending. This narrative erases the ways in which the IMF acts a disciplining mechanism used by local and global elites to aggressively reshape societies in the pursuit of private profit. Particularly since the debt crisis of the 1970s and 1980s, International Financial Institutions (IFIs) have dedicated themselves to pursuing an economic agenda loosely termed as 'neoliberalism'.

In short, this theory suggested that the economic stagnation of the 1970s was a result of excessive government spending and "unnaturally high wages", which in turn was a result of "rigidities in the labour market" (read: trade unions). The prescription proposed by these theorists was to break the

power of unions, privatize public institutions and deregulate the financial sector. Rather than focusing on workers, it was believed that facilitating Capital should be the primary responsibility of the government as the fruits of profitable private investments will eventually 'trickle down' to the public. These policies were pursued in the US and the UK under president Reagan and prime minister Thatcher respectively, while they were imposed upon debtor nations across the developing world as part of the 'Structural Adjustment Programs' attached to loans.

Such shifts not only required a change in economic policy but also necessitated an abrupt rearrangement of the social and political relations in each country. For example, Chile became the first laboratory of neoliberalism only after General Pinochet took power in a CIA-backed military coup on September 11, 1973 and killed four thousand political opponents on his first day in office. It was the blood of trade unionists, student leaders and progressive artists that opened up space for pursuing an economic policy that appeared "natural" in retrospect. Another illustrative example is of Thomas Sankara, president of Burkina Faso, who faced economic sabotage for his refusal to pursue neoliberal policies. He was overthrown in a military coup by Blaise Compaore, whose government was immediately given massive financial assistance from the IMF in exchange of promoting privatization and free trade in the country. Once again, abstract economic 'laws' depended on the violence necessary for reshaping class relations in favour of the elites.

What has been the result of pursuing these policies globally? An exponential increase in global inequality in which, according to Oxfam International, the richest eight individuals now own more wealth than the bottom 50 percent of the global population. The deregulation of the financial sector led to a speculative economy at the expense of the productive sectors. Welfare budgets, including investments in education and health have been reduced globally while real wages remain stagnant for a majority of the workforce.

The 'trickle down', however, never materialized as tax havens such as Panama, London and Cayman Islands stored the excess cash available to multinational corporations. This left little resources for ordinary people, generating popular discontent that fueled right-wing movements threatening the West today. Moreover, academic Jason Hickel suggests that neoliberal policies tied to economic aid have forced poor countries to open their economies and resources to exploitation by multinational corporations. He demonstrates how for every one dollar received by the third world in aid, 24 dollars flow out of them to Western countries. This 'aid in reverse' explains how institutions such as the IMF continue to lend money to poor countries not out of benevolence, but to accomplish the task of opening societies to foreign exploitation in collaboration with compliant elites.

In Pakistan, the IMF's policies have followed the trajectory predicted by Dr Akmal Hussain in his critical commentary in the late 1980s and 1990s. He rightly pointed out that the forced removal of subsidies from industries would lead to de-industrialization and unemployment, while the reduction in development spending would have grave consequences for social indicators such as health and education. After 13 IMF programmes, our GDP growth rate has almost been halved while the import bills continue to rise to satisfy the consumption patterns of our nouveau riche. To make matters worse, debt repayment has now become a leading component of our economy alongside defence expenditures, deepening and prolonging our subservience to finance internationally, and to coercive apparatuses internally.

Currently, the double digit inflation followed by a 50 percent reduction in funding for the already immiserated higher education sector lays bare the class priorities of this programme, which aim to impose the burden of failed policies onto the people. Moreover, since the 1990s we have witnessed a number of finance and prime ministers (and now governor state bank) who came from IFIs, displaying the deep-rooted tentacles of the IFIs in our political life, making a mockery of claims of democracy or sovereignty.

Therefore, the technical jargon of economics veils the exploitation, violence and displacement that is at play in economic calculations. As our civil and military elites engage in internal squabbles on how best to implement the IMF's diktats, we should not forget that the rules of the game are rigged against the people. In the given circumstances, if the people decide to fight against a logic that undermines their social and physical existence, they will be on the right side of history, irrespective of the supposed laws of the economy. As Mao used to say for such situations of blatant cruelty and exploitation: "It is right to rebel!"

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