

President's Address at Oxford University London

President of the Oxford Union James Wise, distinguish guests, ladies and gentlemen, I am delighted to have been given an opportunity to address such a lively gathering. I know that this Oxford is the home to may be the oldest university in the English speaking world and also it enjoys the influence and the global reputation therefore it is my privilege to talking to all of you. I am grateful to Oxford Union for this invitation to speak at this forum and I am told that perhaps it is the world's most prestigious debating society in the words of your own leader of the opposition Mr David Camellon whom I met just now before I was coming here, he said Oxford Union is much more lively than House of Commons.

The subject on which I am going to speak to you is Pakistan's challenges, responses and opportunities. This is very close to my heart; I think we need to put in perspective what I inherited when I came on the scene in 1999 so that we understand what challenges I faced and then I will briefly give you a run through of what we did to remedy all the distortions and challenges we had.

What we inherited, ladies and gentlemen, was a technically defaulted economy; we were almost declared a "failed state". Just to give you a rough idea our Foreign Exchange reserves stood roughly at too weak equivalent to imports our exports were very stagnant, revenue collection was extremely low, there was a spiralling debt to the extent that our debt to GDP ratio which is the gauge of economy's performance stood at 101 percent which was most unhealthy and there was barely any foreign investment coming into Pakistan. As a result of all this our credit rating internationally on the standard of poor was at the rock bottom that was the performance of our economy. Our fiscal deficit was over 8 percent that means it even touch the double figures it means that we were spending much more of what we are earning, our external current account or balance of payment stood at the deficit of about 4 to 5 billion dollars annually again which means in foreign currency we were earning far less than we were spending. Our education institutions were in a state of decay because there was no funding of these institutions because of the failure of the economy. Healthcare, again the focus was more on treasury healthcare whereas the population living in the villages and rural areas 70% of the population dependent upon primary and secondary healthcare were denied facilities and there was no development activity going on in Pakistan because again the lack of finances. Democracy you sound it odd that man in uniform talking about democracy. There was no freedom of expression in that we had no open media; we had only one TV channel the Pakistan Television where I would say the news was all controlled so therefore media was siphoned and because of all this we had a very poor international standing, our reputation internationally was very low, now in short what I will said on all this is that in Pakistan was direction less ship, moving in the whims of the leaders without any strategy or direction set for it. Now how I give direction to the ship, how did I provide ruder to this ship is the story which I would now tell you very very briefly.

First of all we set out to set the economy right, because I feel any nation if at all achieve anything in any whether it is a social sector or development or poverty alleviation or employment generation it is the economy which forms the basis of anything. Therefore I started looking at what really a malaise confronting the Pakistan's economy. Basically in a layman language as I am not an economist and I never studied the economics so whatever I know is through on job training. I saw

that there were two problems, the problem of fiscal deficit and the problem of balance of payment deficit in other words whatever I said earnings far lesser than expenditure. We had to control both. Therefore, basically we adopted a strategy first of all an overall strategy of deregulation, liberalisation and privatization. This we form as a basis how we need to go forward to revive our economy, then we geared out into issue of fiscal deficit, why is the spending is more than the earning? Where is the spending and we seen that spending is in running the Government the Establishment cost in haemorrhaging all the Government corporations. Government should not be doing the business but we were doing business there were dozens if not hundreds corporations being run by Government and each of them was default in loss, therefore they were being subsidise by the Government, so this was the second malaise and third one of course was the defence expenditure and defence expenditure was essential and is essential still because of our security needs but however this was we need the three major chunks of expenditure. We can controlled all of them by checking reducing establishment cost, freezing the defence expenditure and controlling haemorrhaging through restructuring these corporations putting act at their head quality people of substance and they manage to turn these corporations around almost all of them, so this was the reduction in the expenditure, the earnings would come mainly through revenue generation, taxes we didn't want to put more taxes on the people, we saw that people were not paying taxes actually there was a narrow base, so therefore we went for broadening the base of taxes revenue collection and we started documenting the economy, we did that through not only involving the people of revenue but we even involve the Army in documenting the economy, through this documentation we broadened the base for those who were to pay taxes, so this is how we control the fiscal deficit converted the over 8 percent of the deficit to 3% we reduced it to 3.6 percent. When we looked at the balance of payment deficit and we saw that the expenditure here are on imports and debt service liability, the spiralling debts that we had, we couldn't reduce the imports because imports have to do with your industry, but we attacked the debt service liabilities, we went around the world and may I say the world assisted us in that we got our debts to the Paris Club, the bilateral debts of about ten and a half billion dollar were rescheduled through debt right offs debt rescheduling. And we reduced the debt service liabilities from about 5 hundred billion dollars to 2 hundred billion dollars and we saw the earnings, earnings came from our exports which were stagnant we concentrated on our exports we focused on new markets we diversified our products and therefore we raised the exports over the last five years by about 135 percent roughly.

Then we saw another source of income which was Foreign Direct Investment, which was stagnant, nobody invested in Pakistan we approached I went around the world we created an investor friendly environment and FDI over these five years has risen about 1200 percent 12 times although the base was low I am still not satisfied and we need to increase further, last area where we needed further to concentrate to earn more are from our remittances from Pakistanis, overseas Pakistanis they were not remitting their money through the normal banking channels or they were remitting less, we are concentrating on that improve our banking channels to give better services motivated the Pakistanis and the remittances have now risen by 450 percent they have increased by four and a half times. So therefore we managed to convert the balance of payment deficit into a surplus of 2 billion dollars. This was the story of how we managed to turned the economy around and the result of this turnaround is today all macro economic indicators are positive in that our Foreign Exchange Reserves is equalent to about seven to eight months of imports may say any Foreign Exchange Reserve equalent to over six months of imports is a healthy

situation, so we are in a healthy situation, our GDP growth over the last few years is more than seven percent, our GDP has doubled over the last five years, our per capita income has been more than doubled over the last five years and now we are no more in a low income category countries we are in a middle income category countries. Our revenues have risen by 200 percent over the last five years because of the documenting of that economy, because of which the allocation for development projects which is the main expenditure of any government whatever it wants to do in a country have risen by 450 percent, that is the kind of money we have in our hand to spend towards whether it is infrastructure development project ,poverty alleviation or in a social sector health or education, we have 450 percent more money available to us now.

The Karachi Stock Exchange Index which is the barometer of the economic activity of the country has risen while previously 1999 the index to debt was about thousand we touched 12 thousand and now it is around 10 thousand, so this is the barometer of the economic activity of the Pakistan. Our credit rating from rock bottom has risen substantially in both in Moodies and Standard and Poor's, we launched mega development projects, we concentrated in communication infrastructure in which we developed the new port altogether we built a new port at a new place and that place is coming up as a new town altogether a new city and it attract lot of tourist also because it has a beautiful site. We are improving our railway system and the road communication infrastructure from south to north, this is a communication infrastructure we are putting on ground and we are concentrating on water projects, dams and canals to take water because we are agrarian society and 70 percent of Pakistan lives in a rural areas and dependent on agriculture. Having revived the economy ladies and gentlemen, I think we need to concentrate on poverty alleviation and employment generation, unemployment control. We needed to first of all see where poverty is and we saw poverty obviously lies in the villages of Pakistan, therefore we need to focus as I said on agriculture yield intensification and area intensification bringing more area under irrigation, through dams and canals that is exactly what we are doing and then we needed to see how we generate more employment in the rural areas and generate the economy in the rural areas. We are concentrating on two areas i.e. dairy and fruit and fruit processing, we are the fifth larger milk producer in the world by the way and nobody knows about it, so we have strategise that and big organizations like Nestle is in Pakistan and helping us in dairy and they are putting their probably biggest plant in a town of Punjab in a town in Pakistan. So this we have initiated and as I called a white revolution in Pakistan, we have the best fruit and vegetables but we don't value add in it in the fruit and fruit processing, that what we are going to do. So that will hit the poverty in the rural areas which affect 70 percent of our population. The other sector is the poverty and unemployment in the urban areas and I put them in two categories, the educated unemployed and the uneducated unemployed. For the educated unemployed, we went for two sectors. That is IT and Telecommunication. This generates the fastest employment. And requires the least training. Therefore we opened universities and institutes for training people and we improve the telecommunication and IT infrastructure. I want to give you a feel of which I did. On the telecommunication side, we opened out; we gave mobile phone licenses to mobile telephone companies. And we have initiated the WLL (wireless local loop system) system and also going forward on the fixed line system.

As a result of which the Telephone density, which stood about 2.9 % in 1999 is today touching about 20%. And If I was to tell you the staggering figure of increase of mobile telephones. About three years back, we had only 600,000 mobile telephones

in Pakistan, today we are touching 40 million. I will leave this mathematics with you how you convert this into percentages. And the mobile phone company Nokia is predicting that Pakistan would be the second biggest Nokia market of the world. This is the telecommunication revolution. In IT we looked at the problem and we remedied the problem. The problem was that there was no internet connectivity in Pakistan. Only 40 cities of Pakistan had interconnectivity. We increased that. Today 2000 towns of Pakistan are connected through internet. Then we saw that the fibre optic connectivity was only with 50 cities of Pakistan. Now today over 1000 cities and towns of Pakistan are connected through internet. We even reduced the bandwidth cost of 2 mega bites, from 86 thousand dollars where it stood; today it stands only at 1400 dollars. Therefore lot of IT business is coming into Pakistan. There is lot of boom and there is lot of jobs that have been created in these two sectors. Then of course we have to concentrate on urban uneducated, unemployed. We say that it is the industry, investment and industry which will create the jobs for the labour. We did that. And today our industry is growing in double figures. Every year, to give you a feel of boom in the industrial sector, automobiles, production have increased by over 600 %. Motorcycle production has increased about 800 %. And all these gadgets of televisions, refrigerators and air conditioners, each of them have increased by about 500 to 1000 %. This is the kind of activity going on in the industrial sector. Therefore the jobs are created.

The other sector we concentrated on building and construction because this is another labour intensive and there is tremendous amount of job creation to the extent we don't find any skilled labour in Pakistan today. Therefore we are going for technical education to produce more skill generation in the people of Pakistan. If they have skills, the jobs are available. This is how we tackled the issue of poverty and controlled the unemployment. And the result was obvious with the poverty figure reducing from 34% to 24.3% in Pakistan. This is the success of the strategy that I have spoken of and I am very sure that we will keep reducing poverty and we certainly meet the millennium goal target of the United Nations and bring it down to 15 % before the target set by the United Nations.

I would like to talk very briefly on the social sector. We realized that ultimately the progress of any society, the realize progress and sustenance of the economy of any country, growth of the economy will be through human resource development. That is quite clear; it ought to be clear in everyone's mind. Therefore we concentrated on education and health. In the education sector, we concentrated; we have taken the broad spectrum of education. We going for literacy, adult literacy and universalizing education. Because our literacy level is pathetic. We have launched a special programme on that we have a special commission the National Commission on Human Development, Mr Naseem Ashraf and he joined me from US and is a doctor from USA. He suggested that he can open a commission. Look at education and health and capacity building at the grass root level. And we encouraged that and today his organisation is spread to all the districts of Pakistan at the grass root level. And what he is doing is opening feeders' school at the primary level and going for adult literacy centers which he has opened by thousands. So we are going very well in improving the literacy level. Then we looked at the primary and secondary level of education. We went for improving the curriculum. Improving the examination system, and also improving the training of teachers. Then we went for higher education. We created a higher education commission in Pakistan, and the allocation to this Higher Education Commission was increased by 4400 %. These figures are quite mind boggling. But we have done that because the economy did well and because we have more as I said 450% more finances available for development.

As a result of which today, 9 engineering and science and technology universities are being opened in Pakistan. Two of them will start next year and seven in 2008 with the assistance of countries like France, Germany, Netherlands, Austria, Sweden, South Korea, Japan. These are the countries which are assisting us in opening up of these universities. We have also launched a PhD program. We used to produce only 2 dozen PhD's per annum in Engineering and Science and Technology. We are targeting 1500 PhD's getting abroad and in Pakistan by 2010. Today there are 900 students doing PhD's abroad and in Pakistan.

This will form a core of improving our universities and form a core of research and development that we all need in Pakistan. In the health sector, we are looking at the primary and secondary level of health. And again on this side this commission of National Commission of Human Development is assisting us in trying to reduce child mortality and maternal mortality. Which is very high in Pakistan and developing countries. We are looking at that. Our focus is primary and secondary health care where the people live 70% of our population.

I am a strong believer in democracy. But democracy never functions in Pakistan. And what I would like to say is I analyse why its not function. It did not function because it was not tailored into the environment of Pakistan. Democracy has no standard format. Ought not to be a standard format. It has to be tailored to the requirements of the people, to ethos of the people of any country. So we tailored it accordingly. And what we have done is nobody else did in Pakistan. We have introduced a local government system which never existed. That is the third tier of the government at the local level. Where the people today elect their own representatives and mayors from the grass root level and they have full financial, administrative and political authority in their areas. World Bank says this as a silent revolution in Pakistan. Then we empowered the disadvantage and underprivileged, two categories, the women and minorities. One of the women sitting here has contested against the men. And we have given them reserved seats also. They have been given 33% seats at the local level. They have been given 17% seats at the National assembly. Today 72 out of 242 National assembly members are women. This means 22%. These ladies are the members of the National Assembly of Pakistan. We also empowered the minorities. They had a separate electorate system, which means Muslims would not go there to ask for their votes. Therefore they have their own interest in bringing them up. We have given them a double advantage. We have given them a joint electorate and given them reserved seats at every tier of the government.

Therefore Muslim candidate has to go to the minority to ask for his vote. Therefore he better do something for them to get their vote. We mainstream the minorities. We have liberated the media totally.

While there was one television, now today there are 43 channels operating in Pakistan and they are totally independent. We introduce check and balances which will ensure that there will be no military take-over and Martial laws in future. And I mean every word of it what I am saying. This is the sustainable democracy; unfortunately the man in the uniform has introduced. But in many countries of the world, men in uniform did that.

I will touch on terrorism also, but I won't go in the details. Terrorism is a scourge in the world. But let me assure you that Pakistan may be the only country in the world, which is addressing terrorism in all its perspective. And when I say all, I mean

terrorism and extremism. Extremism sponsors terrorism. So unless you address the core, extremism, why there is extremism? And you remove causes of extremism; you will never succeed in countering terrorism. So we know we have differentiated and extremism and strategies the both. When you talk of terrorism, we saw Al-Qaeda and we fought Al-Qaeda very successfully in our cities and mountains and we are still continue doing that. The emergence of Taliban, this needs a different strategy al together. Al-Qaeda were foreigners, identifiable, Taliban are from the people, not identifiable. So we strategized how to meet the challenge of Taliban? And also another factor of Talibanisation. Which is really an obscurantist thinking. No television, no music, we have to counter all that. This is what we have strategized and we are implementing that strategy. Because there is so much of misperceptions of Pakistan. I just want to say few words on that.

Pakistan is a misperceived society and its an intolerant society. Nothing could farther from the truth. If you see our history till 1979, we were perfect and proceeding very peacefully towards our line with development. But came 1979, and the Soviet invasion of Afghanistan and the free world launched a war against them. This war was called a Jihad against them, we launched a Jihad, when I say we, means US and the west. And Pakistan was in the lead role. Our intelligence organisation played the key role in it. And not only that, how did we launch, who fought this Jihad? The people of Afghanistan but 20 to 30 thousand Mujahideen brought from all over the world. Mujahideen who were our heroes for 10 years, not only that, let me alarm you more, Taliban from our Madrassas armed and sent into fight the Soviets. This happened for 10 years, ladies and gentlemen. Then in 1989, when we won the cold war, and I say we won it for you. We won it for the west. Pakistan and Pakistan intelligence won it for the West. Because we defeated the Soviet Union. We won the cold war and we were responsible for defeat and dismantling of Soviet Union, and dismantling of the Soviet empire. We were responsible for unifying Germany. Breaking down of the Berlin Wall. This will come to you as a surprise, but let me tell you a piece of the Berlin wall presented by the chief of German Intelligence to the chief our intelligence, which I have seen. And the plate under it reads "To the one who struck the first blow". That was the first blow struck in the Afghanistan. The victory in Afghanistan led to the unification of Germany. Now why I am saying all this, after 1989 what happens? Everyone goes and Pakistan is left alone. To be fend for what? 20 thousand Mujahideen hold up there. Every war lord fighting each other and rebating the country, those Mujahideen are those who coalexed Al-Qaeda. And change their focus from the Soviets to their own political agendas against anyone in the world. And we get 4 million refugees into Pakistan.

Nobody was there to help us. And the Taliban, reemerged in 1995. Nobody there to help us, except that they are cribbing themselves that we are pro Taliban, we are doing this we are doing that. When we are doing something, which we thought that is in our geo political of geo strategic interest. There was no body to assist us. Therefore we did whatever.

When comes 9/11, all this which was created over 26 years, there was vacuum in this area. In the mountains, wide west countries, anybody who wants on job training, fighting and militancy, please come there and get your training. This is the environment we suffered. Its fall-out, destroyed Pakistan's national fabric. This is what happens to Pakistan. Whatever militancy, whatever you see people, who may have gone there to some Madrassas for, something or the other, have got some training there. And we blamed Pakistan; yes indeed they may have gone there. But it is the whole world to blame. Who created this, it was in input. Which we have to

rectify now. But why it fell all this, we need to understand. And west and anyone who criticizes us, need to understand that we need assistance and understanding. Anything which I want to lay down, because its my vision for the future.

In brief, there are three areas we are concentrating on. No.1 with all the economic gain and which all I have said. We have to peruse strongly the root of employment generation and poverty alleviation. No. 2, we have to improve the quality of the life of the people through provision of electricity, gas and safe drinking water. 60 percent of diseases in Pakistan are water born diseases. Therefore provision of safe drinking water. We have strategized all this. We are doing it. No.3 we have to improve the quality of human resource. That will come through quality of health and education. And we have strategized that also. This is the future line we have taken. And lastly we have to draw maximum investment into Pakistan. This we are doing as I said we have created an investment friendly environment. And then I am trying to sell Pakistan's strategic location. This is very important for anyone to understand. Pakistan is located at the center of Gulf in the west, Central Asian Republics and Afghanistan; all land lock looking for access to the world for imports and exports. And the western region of China, which get its imports from the Gulf going across south though India and then through Malaka Strait to their host. Pakistan provides the easiest and shortest route. Then South Asia and India. Anyone in these three regions who wants to trade with each other or wants energy, gas and oil has to go through Pakistan. Therefore, I keep saying that Pakistan provides the connectivity to this entire region. Interaction between them is not possible without Pakistan. Pakistan is to be treated as a hub not a stand alone country. And we are succeeding in that. Therefore investment is coming into Pakistan. I would like to conclude by saying that all I did was to understand the environment of Pakistan. And that is anyone if I was to leave an advice to the students here that if you want to tackle anything, no 1 is to understand the environments, first of all, understand the environment and don't go wrong on that. And then strategies, make a strategy, how do you tackle that problem. What are the problems and how do you tackle the problems. And then get into the implementation tactics. This is the three steps which we did that and we continue to do that. We are implanting all these strategize and programmes, the success varies. Remember that also. Another piece of advice is that in any developing country and even any developed country, you will never achieve 100% success in whatever you do. The success will vary. And you should never be disheartened.

I keep quoting, the glass being half full and half empty. Those who are pessimist and cynics, and they will never move forward, are those who see the half empty part of the glass and keep thinking that we are failing. Those who are optimists and they want to keep moving forward, sees half full of the glass. This is what we have achieved. May not be 100%. We need to fill the glass more.

Pakistan has filled more than half of the glass. We have a lot to do. There is no doubt. But we know what to do. And our direction is set. Our strategy is clear. We will keep moving in that direction. And Pakistan will keep rising as a progressive dynamic Islamic society.

Thank you very much.