

**SPEECH BY THE PRIME MINISTER OF PAKISTAN IN COMMAND
AND STAFF COLLEGE QUETTA ON JUNE 7**

General Ashfaq Pervaiz Kayani, Chief of the Army Staff,

Maj. Gen. Khalid Rabbani, Commandant Staff College,

Members of Faculty, officers

Dear Participants:

It is a pleasure for me to visit this prestigious military institution again. This time, I have been asked to speak to you on “issues of vital importance to the country”.

Distinguished audience:

It would be appropriate to recapitulate the situation at the time when your elected Government was formed in March 2008. At that time, a major economic crisis was looming large while scarcity of essential food items had made the common man’s life miserable. The yawning gap between supply and demand of electricity had brought the industrial wheel to stand still. Even the optimists were apprehending hyper inflation and melting down of the economic structure. Capital flight further depressed the economic prospects. Consequently, poverty and unemployment were on the rise. A mix of international financial crunch and skyrocketing oil prices in the global market further compounded the already aggravated economic situation. Terrorists were roaming around unchallenged while law enforcements agencies looked helpless. Political parties were disarrayed and public at large was terrified while there was no consensus and strategy to deal with such a menacing situation. Judicial crisis brought the whole legal community on the streets. Center-provincial, Inter-provincial as well as intra-provincial relations were estranged. Institutional wrangling brought the whole government machinery to a halt. International isolation was staring in the face. Our adversaries were complacently projecting Pakistan as a failed state. Even, the confidence of

our friends had worn thin. All these issues of vital importance to the country required Government's immediate attention.

Now, I will explain you the steps taken by your democratic Government during the last two years to overcome these challenges under my watch. Besides addressing the momentous challenges at both external and internal fronts, the transition to the nascent democratic order also required careful and deft handling at the top, for any indiscretion could deal a blow to the system.

Dear Participants:

However, the single most important issue that stared the democratic government in the face and warranted urgent policy response was that of terrorism and extremism. Yet resort to military action was not without its perils. One, no military action of such proportions was ever undertaken in the history of the country. Secondly, massive displacement of millions of people was feared in case of an open-ended military action whose care was expected to add to the government's economic worries. Thirdly, given the nature of terrain and battle, collateral damage and destruction of infrastructure was feared. Fourthly and to top it all, there was pronounced lack of definitive national consensus against terrorism. Pakistan's independent media was also vacillating.

Distinguished audience:

This presents the context in which the democratic government found itself. It was either make or break time, a moment of truth as they say. There were two roads waiting to be trodden with their differentiating lines clearly drawn. The first path was politically expedient but the cost to the country and our future generations was incalculable. The second road appeared bumpy, full of risks but a journey on it could also lead to abiding survival of our nation. We were to choose between two options i.e. between progressive, tolerant and welfare Islamic state as envisioned by the Quaid-e-Azam Mohammad Ali Jinnah, our founding father; or a theocratic, intolerant and extremist state as

desired by the extremists. We followed the Quaid-e-Azam's path. We made up our mind to safeguard the identity, values and ethos of our country and nation.

Then came the turn of developing this policy decision into a collective national response. We decided to reach out to the people who are the real stakeholders in a democratic dispensation. I convened and presided over an All Parties Conference, which was attended by all streaks of political and religious opinion across the divide to craft a consensus on the issue. I also requested the Chief of Army Staff General Ashfaq Pervaiz Kayani to brief the political leaders about the seriousness on this threat. Pakistan's sovereign parliament met in a joint session to consider the matter where parliamentarians of all hues and colors were briefed on the threats to the national security and territorial integrity of the country.

Parliamentary Committee on National Security formulated a counterterrorism strategy which was subsequently approved by the parliament. It formed an institutional response to terrorism and went a long way in giving political ownership to war. As a result of national consensus across political divide, our military successes in Swat, Malakand and South Waziristan have been acknowledged globally thanks to the sacrifices of the people of these areas and demonstration of bravery by our armed forces and security agencies. The instant response of the entire nation and the focused attention of the Government in looking after the 2.5 million IDPs and their safe return were unprecedented. Now, peace has been restored in Malakand and Swat, and the people have started their normal life.

Distinguished audience,

The major attribute of a democratic system is that it tends to find solution to the complex and intractable problems by evolving consensus and accommodating all stakeholders. Democracy in its very essence is inclusive and participatory. It establishes unity within the broad and diverse viewpoints. There is no doubt about the fact that federations are very delicate political arrangements and can only be kept intact and strengthened by

taking everyone on board through inclusive approach. The democratic government has been very clear in its vision that if federation were to be saved from dangers, it would have to win the strong support of the federating units by addressing the long-standing issues.

Dear Participants:

Upon taking over, the democratic government acknowledged the criticality of situation in Balochistan. The President of Pakistan Mr. Asif Zardari visited Quetta and apologized for the treatment meted out to Balochistan. He promised to divert all resources to the province and undertake other critical reforms to end backwardness in the province. The parliamentary committee on Balochistan came up with an ambitious Huqooq-e-Balochistan announcement envisaging economic, political, administrative, constitutional and monitoring reforms. The key points of the Huqooq-e-Balochistan announcement include facilitation of political exiles' return to homeland; immediate release of political workers; launch of political dialogue with major Balochistan stakeholders; establishment of fact-finding commission to investigate the circumstances that led to Akbar's Bugti's killing; setting up of judicial inquiry into killing of three Baloch nationalist leaders; end to construction of cantonments; withdrawal of armed forces from Sui and Kohlu; tracing missing persons, facilitating their immediate release; provincial consent in the launch of mega projects and 10 percent of profits of the natural resources to be allocated for development of these areas. Our government announced jobs for 20, 000 Baloch youths. One of the important decisions relates to the payment of royalty and gas development surcharge, which is Rs. 120 billion to be paid in 12 years; that means Rs. 10 billion every year.

Dear Participants:

The democratic government also accepted the long-standing demand of Khyber Pakhtunkhwa to pay it Rs. 110 billion under the head of hydel profit. Since Khyber Pakhtunkhwa happens to be the frontline province where the war against terrorism is being fought and the former has to bear a huge loss in both men

and material. As a mark of support to the province, 1% share of divisible pools has been reserved.

Gilgit-Baltistan Empowerment and Self Governance Order -2009 is yet another major success of the democratically elected government. It was a long-standing demand of the people of the area that they should be given constitutional rights so that they could become master of their own destiny. They wanted socio-economic development, construction of roads, schools, hospitals and above all political rights to be able to determine their future. Under the new political arrangement, the status of Gilgit-Baltistan is almost that of a province with an elected assembly, chief minister, cabinet and other state institutions.

Distinguished audience:

The signing of the seventh consensual National Finance Commission Award between the Centre and provinces is a historic step in promoting inter-provincial harmony and strengthening the federation. The present vertical distribution of resources under the NFC meets the long-standing demand of provinces for financial autonomy. This year, provinces will get more than one trillion under the NFC Award. In consonance with its commitment to grant provincial autonomy to the provinces, the federal government has cut down its share from the divisible pool and increased provincial share. The consensus award has resolved a complex inter-provincial dispute that festered for 19 years. It marks a triumph of consensual politics pursued by our government leading to a win-win situation for every one.

The democratic government has paid special attention to strengthening the role of institutions. We believe that democracy can take deep roots in the country if we strengthen the institutions and not the personalities. Even before taking oath, I ordered release of judges from house arrest and subsequently restored them as well.

The passage of the historic 18th Constitutional Amendment through unanimous support of both the Houses of the Parliament represents a giant leap forward in that direction. The President's voluntary surrendering of his powers as the head of

National Command Authority and also under the 18th Amendment to the Prime Minister and by extension to parliament shows our commitment towards strengthening parliamentary democracy in the country. The federation of Pakistan has become strong as provinces have been empowered both economically and administratively under this amendment.

Through the policy of reconciliation and understanding, we have filled the vacuum which was being exploited by inimical elements to destabilize the country. Perhaps, it is first time that the President, Prime Minister, Chief Ministers, opposition, media, civil and military leadership enjoys good understanding and each one is playing its due role within its sphere.

Distinguished audience:

Let me tell you, these are extraordinary times. Over the last three years the world has gone through the worst recession since the 2nd World War. We have seen iconic names like AIG, Citi Group, Lehman Brothers, Toyota, General Motors etc. crashed to the ground.

Beside past baggage of wrong policies, Pakistan's economy also suffered due to the global down turn, the security situation inside the country as well as in the neighborhood. In the face of 25% inflation rate and 1.2% annual growth rate---lowest in the three decades--, your Government took a number of hard yet sound decisions to shield the economy from global recession and put it back on the path of recovery. Our economic woes got accentuated due to addition expenditure to finance war on terror. On the whole, our national economy suffered a staggering loss of about 45 billion US dollars due to this war. As a result of peculiar circumstances currently prevailing in Pakistan, therefore, pace of Foreign Direct Investment in the country is slow. Sever energy crisis further added to our economic difficulties.

Sluggish response of the Friends of Democratic Pakistan forced us to enter into Structural Adjustment and Stabilization Programme with the IMF to avert a looming default on balance of

payments in November 2008. However, due to wide-ranging reforms and economic belt-tightening introduced by our government, we have come full circle from a default-like situation to a reasonable stable economy. Moody's has recently placed Pakistan in a B3 sovereign rating with a stable outlook. The economic policies pursued by your government have brought about macroeconomic stabilization, narrowing the gap between fiscal and current account deficit. GDP growth has begun to turn upward reaching 4.1% in the outgoing year. Foreign exchange reserves surpassed US\$ 16 billion. Remittances are up sharply to a record level of US\$ 8.5 billion.

Dear Participants:

At this point, let me read the quote of Mohtarma Benazir Bhutto Shaheed who once remarked: "...the success of a nation, as we head towards a new century, shall be based upon its level of exports, hard currency reserves, its per capita GNP, and creative genius of its citizens". We have been successful in achieving a measure of macroeconomic stabilization, checking inflation, restoration of a growth momentum, effective managing our international commitments, and developing innovative schemes for the disadvantaged. Our economy is back on track and needs more hard work and continuity of policies for consolidation.

One of the major problems inherited by the democratic government was the power shortage and load shedding. Not a single power generation unit has been installed since 1997. Sensing the magnitude of the challenge, our government went into action mode with short-, medium- and long-term plans to overcome the problem of power outages in the country. 32 small and medium dams (08 in each province) would be constructed at a cost of about Rs. 250 billion. Work on construction of 6 dams has been launched. To exploit Thar coal reserves, a number of projects under Thar Coal Energy Board have been initiated. Our government has prepared a plan with full blessings of all key stake holders to double the generation capacity of the country from the current 20,000 MW to 40,000 within the next ten years. In the new budget, we have allocated Rs. 131 billion for hydel, thermal and nuclear power projects.

Distinguished audience:

Our Government historically has been conscious of labour rights. Consequently, under the new labour policy, the minimum wage of workers has been raised from Rs. 6000 to RS. 7000. We have empowered the workers and gave them 12% ownership rights in state-owned enterprises. We have already given 100% increase in salaries of armed forces and day before yesterday we have also announced 50% increase for civil servants.

The Government is deeply sensitive to the needs of the poor. For the first time we have developed a subsidy programme titled Benazir Income Support Programme (BISP) for targeted cash grants to the poorest of the poor. Rs.46 billion was disbursed in the outgoing year, and we will increase the outlays to Rs. 50 Billion next year to benefit 4 million families. The Government is fully conscious that beneficiaries of BISP need to graduate into income earning individuals. Several initiatives have already been taken. For example, Waseela-e-Haq scheme provides self employment through setting up small businesses. Scheme of vocational training to one person of a beneficiary family is also been launched.

We are going to launch an employment generation scheme for rural unskilled workers. Under this scheme the unskilled workers in the rural areas would be guaranteed employment for one hundred days in a year. A pilot scheme will be launched in 120 union councils in 12 least developed districts, and other that have suffered the most due to the security situation. Such like measures will address the issue of unemployment in the country.

Dear Participants:

The coalition government led by Pakistan People's Party is committed to making women part of the mainstream. The cause of women empowerment and emancipation was very close to the heart of Shaheed Benazir Bhutto. The parliament has enacted a law called Protection against Sexual Harassment at Workplace Act, which would provide security to women at the workplace.

Similarly, in order to create space for women within the public sector, the federal government increased quota of women from 5% to 10% for recruitment in all the federal jobs.

The future of Pakistan lies in creating gender equality environment in the country. I see women of Pakistan playing an important role for the future of Pakistan. The Government has taken a number of initiatives to improve gender equality.

Distinguished audience:

The Government recognizes that accumulation of human capital is as important as the accumulation of physical capital for sustaining development. Education is our long term salvation and I have called for focusing all energies in this field. We have earmarked Rs. 55.439 for the Education sector in the next fiscal year. The Government is committed to ensure improved access to education, vocational skills, training and other education services that enhance human capital and enable to generate better income through gainful employment.

Distinguished Audience:

The foreign policy of our government is guided by the protection of Pakistan's interests both at regional and international levels. Democratic Pakistan is playing its due role in the global affairs at all multilateral forums. You would be glad to know that it is not taken for a ride anymore. With the support of people of Pakistan, our dear motherland has emerged as an important player in the international politics. The one-sided demands of 'do more' are not hurled anymore.

Friendship with China constitutes the cornerstone of our foreign policy. Our bilateral economic ties are good and the two sides have concluded many agreements encompassing cooperation in the fields of education, infrastructure development, mining, telecommunication, defence collaboration programmes and tourism, which would imply significant Chinese investment and financing in Pakistan.

Dear Participants:

My government greatly values Pakistan's long-term strategic partnership with the US. We have always looked forward to concretizing our bilateral relations in the broad-based framework. Pakistan recently concluded the fourth round of Strategic Dialogue with the US, which covered a number of areas. During my meetings with the US leadership, I made it clear that Pakistan rightfully expects the US to adopt non-discrimination in terms of civil nuclear deal with Islamabad. Our country is already reeling under the burden of the worst ever energy crisis with serious implications for our national economy. Our energy needs are also growing with every passing day. We need to explore viable options to meet the energy demands for our socio-economic development. The civil nuclear power generation is an essential part of our national energy security strategy. Islamabad has taken effective steps for nuclear safety, security and non-proliferation through extensive legislative, regulatory and administrative framework. President Obama recently acknowledged this reality about Pakistan's nukes being safe and secure. We believe that the objectives of nuclear non-proliferation, safety and security would be better served if the policy of non-discrimination reforms the international paradigm in the peaceful uses of nuclear energy.

Besides, we need greater market access to the US for our exports through early passage of long delayed ROZ regulation and preferential arrangements to address the restive unemployment which is directly related to the phenomenon of militancy.

Distinguished audience:

Pakistan seeks negotiated and peaceful resolution of all disputes with India. My government believes that if the lives of people of South Asia were to be improved, peace is the only course to achieve this purpose. By suspending composite dialogue following the Mumbai attacks in November 2008, non-state actors succeeded in dictating their agenda. It is unfortunate that the leaderships of both India and Pakistan, who

have immense stakes in the future, have been meeting on the sidelines of regional and multilateral forums instead of holding direct talks. Our consistent viewpoint has been to delink peace process from terrorism. The Indian leaderships' willingness to resume stalled dialogue and international support for initiation of talks represents a win of our diplomacy. Better late than never.

I recently led a high-powered delegation to hold second EU-Pakistan Summit. During my interaction with the leadership of European Union and NATO, I brought this point home to the hosts that Pakistan looked forward to strengthening our mutual ties into structured framework beyond the issue of terrorism. We also sought greater market access for the Pakistani exports. I believe that these interactions would prove very productive in marketing what is the best in Pakistan.

Dear Participants:

Since independence, Pakistan has faced great challenges. I have great pride and confidence in the people of our country. Our people have shown unmatched resilience and came out with flying color from every test. We will overcome the present challenges through the public support, institutional strength and sound policies. We have sovereign parliament, independent judiciary, free media, seasoned bureaucracy and professional army; and all institutions are working within the ambit of their jurisdiction.

In the end, I may conclude that there is a long term strategy in place for building a modern, enlightened and progressive Pakistan that values the spirit of inquiry, critical and independent thought and public duty. Pakistan is self assured of its destined role to play according to the aspiration of people of Pakistan. Pakistan indeed is on the road to progress and prosperity with a bright future ahead.

Let me conclude with the words of the father of the nation, Quaid-e-Azam Mohammad Ali Jinnah on the occasion of the independence of our country, which is equally relevant today:

“let us now plan to build and reconstruct and regenerate our great nation. ... It is in your hands. We have undoubtedly talents. Pakistan is blessed with enormous resources and potentialities. Providence has endowed us with all the wealth of nature and now it lies with man to make the best of it”.

Our destiny is in our own hands. Let us as a nation united go forward and translate it into a reality!

Thank you.

Pakistan Piandaabad!