

# ***Understanding the Underdevelopment of Balochistan through ‘Core-Periphery Relationship’: A Political Economy Approach***

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## **ABSTRACT**

*The present paper analyses the economic underdevelopment of Balochistan considering the relationship between the centre and Balochistan province. It provides a critical discourse based on historical, constitutional, institutional, representational and resource distribution perception and dimensions of the relationship between the federation of Pakistan and Balochistan. The paper is descriptive and analytical, applying a contextual analysis. It discusses how the politics of Balochistan has been manipulated by tribal and other elements with excessive support and guardianship from the federation at the cost of the inclusive development of Balochistan. The central theme of the paper is to critically analyse the political economy of underdevelopment of Balochistan in the light of the relationship between the province and the federation, as for the progressive and productive policy, political institutions*

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*are the backbone for sustainable development and economic progress of any society. The absence of sound and inclusive political and economic institutions leads to economic and social deprivation and marginalisation. Resulting in a core-periphery situation, like the one that exists between Balochistan and the Federation of Pakistan. Applying the 'core-periphery relationship' framework, the paper analyses the economic underdevelopment of Balochistan. It concludes that to ensure the economic development in Balochistan the federal structure of Pakistan needs to be realigned with a shift in policy approach in mainstreaming Balochistan in the federal core through a balanced representation and robust social and economic development initiatives.*

### **Introduction**

The modern concept of economic development is only two centuries old. Before the late 18<sup>th</sup> Century, the aristocracy and rulers were rich, but nations were poor. The economy was seen as a pie of fixed size. One could cut oneself a bigger piece of the pie, but only by taking away a portion that originally belonged to someone else. Few saw the possibility of increasing the size of the pie so that all could have larger slices. But the essence of modern economic growth is that, on average, the per capita income in a country should rise, not just the income of the select few. The growth process should be inclusive, as it may affect the other fundamental changes that may influence the way people live. The household as a production unit declines and is replaced by a larger enterprise that finds it economical to locate near each other. The result is that more people live in cities and work in factories rather than on farms. As income rises and urbanization takes place, the behaviour of the households also changes. Families no longer needed large families, and so the birth rate began to fall. Modern economic growth,

therefore, involves fundamental structural changes in the way both production and society are organized.<sup>1</sup>

Like many developing countries, the economic development process in Pakistan has been widely cyclical. While the average growth rate, despite having a cyclical pattern, has been around five percent, all economic and social development indicators show a bleak picture: from basic services such as primary healthcare to physical infrastructure, the performance of the country has been extremely poor. Though the development process has not been very impressive due to which Pakistan lags far behind other countries in the region, within Pakistan, the process of economic and social development of Balochistan province has been abysmal. In all respects, Balochistan missed the process of economic development and has been demanding a fair share of development for decades. Yet there has hardly ever been a time when it has received its due share of resources and representations that could ensure a modicum of development.<sup>2</sup>

Not only in the colonial era, during which Balochistan was considered and treated as a frontier region and a tribal affair, having almost no investment in its economic and social sectors but in postcolonial Pakistan, there has been sheer negligence from the economic and political establishment of the country towards the economic development of Balochistan. This resulted in a situation where much of its population reels under poverty and deprivation, with a high level of illiteracy, and almost no provision of public healthcare.<sup>3</sup>

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1 Nelson Mandela, 'Make Poverty History,' Speech at Trafalgar Square, London, 2005.

2 Siddiq Baluch, *Balochistan: Its Politics and Economics* (Quetta: Goshaa-Adab, 2012), 52- 191.

3 Manzoor Ahmed & Akhtar Baloch, "The Political Economy of Development: A Critical Assessment of Balochistan, Pakistan," *International Journal of Academic Research in Business and Social Sciences* 7, no. 6 (2017).

Balochistan faces numerous political and social constraints to its economic development, and the economic policies rendered either by the state or local political and bureaucratic elite largely explain the process of underdevelopment. Bad economic policies by the central and local elite crippled the processes of social and economic growth in the province. The underlying political dynamics are invariably key in explaining the underdevelopment in the province, which is deeply rooted in its socio-cultural structure. The social structure and politics of Balochistan have little in common with the social structure and politics of the rest of Pakistan. To understand why Balochistan has failed to initiate and sustain the process of economic development, lagging behind other regions of Pakistan, we need to understand the political economy of economic underdevelopment of Balochistan in the light of the relationship of Balochistan with the federation, and the economic and political policies that have been meted out to the former by the latter over the decades.

Since the economic underdevelopment of Balochistan has its peculiar political economy, and that has its manifestation in the centre-province relationship, it is, therefore, important to know the political economy dynamics of the economic underdevelopment of Balochistan and the underlying policies that have been adopted by the state with serious and far-reaching implications on the economic development of Balochistan.

The rest of the paper is organised as: section 2 provides a critical review of the relevant literature and gives an overview of the Balochistan economy and its politics. Section 3 briefly discusses the theoretical framework and methodology. Section 4 critically analyses the political economy dynamics of a centre-province relationship and vested interests that would potentially manifest the underdevelopment of Balochistan. It is followed by a conclusion.

## Literature Review

Economic development is a critical component or a dimension of the overall development of a society. We usually focus on the nation-state as the unit of development, but national development is a term that encompasses, at a minimum, social, political, and economic development. It is important to understand how socio-cultural and political development contributes to economic development, and in retrospect is determined by it. To fully grasp the concept of over-compassing social development, an interdisciplinary approach is required to determine the interplay of the economic and non-economic forces.<sup>4</sup>

It is also necessary to caution against equating economic development with either economic independence or industrialisation. As a result of their colonial history and newly acquired political independence, many poor and developing countries have expressed discontent with their dependence on export markets and foreign capital. Such dependence is often interpreted as synonymous with foreign domination or exploitation. Similarly, economic development is much more than the simple acquisition of industrialisation. It may be defined as nothing less than the upward movement of the entire social system, or it may be interpreted as the attainment of several ideals of modernization, such as a rise in productivity, social and economic equalization, knowledge economy, improved institutions and attitudes, and a rationally coordinated system of policy measures that can remove the host of undesirable conditions in the social system that have perpetuated a state of underdevelopment.<sup>5</sup>

Such an interpretation also implies that economic development involves more than merely economic growth.

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4 M. Gerald Meier, *Leading Issues in Economic Development* (New York: Oxford University Press, 1989).

5 B. Milanovic, "Global Inequality of Opportunity: How Much of Our Income is Determined by Where We Live?" *Review of Economics and Statistics* 97, no. 2 (2015): 452-460.

Economic growth is only one component of development, though it is a crucial one, as there are essential qualitative dimensions in the development process that extend beyond economic growth.

If we turn from what economic development is not and attempt to consider its meaning more directly, we immediately encounter ambiguities because the ideal of economic development tends to be associated with different policy goals. The phenomena that one chooses to denote as economic development are very much a matter of what one values as economic policy goals. And any definition of development inevitably becomes a persuasive definition, implying that development—as so defined—is a desirable objective.<sup>6</sup>

Although requiring careful interpretation, perhaps the definition that would now gain wider definition of economic development is the process whereby the real per capita income of a country increases over a long period—subject to the stipulations that the number of people below a certain threshold would gradually move upwards—and that the distribution of income becomes more equal, which is the overall process of growth becomes more inclusive.<sup>7</sup> We emphasise the process because it implies the operation of certain forces in an interconnected and causal fashion. We also need to stress the long run, for what is significant from the standpoint of development is a sustained increase in real income, instead of a short-run cyclical fashion. An upward trend over decades—at least two or three decades—is a sound indication of development. From this standpoint, a five-year development process remains to be seen as the

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6 B. R. Weingast, "The Economic Role of Political Institutions: Market-Preserving Federalism and Economic Development," *Journal of Law, Economics & Organization* 11, no. 1 (1995): 1-31.

7 Milanovic, "Global Inequality of Opportunity".

determinant for sustaining the process so that per capita real income continues to rise over a longer period.<sup>8</sup>

Political economy is the study of the system of social production at various development stages. In other words, it deals with economic and political relations, which manifests the distribution, production, and consumption of resources available to a country or a nation.<sup>9</sup> In addition, the political economy is the subject of dealing with trade, commerce, and their links and relation with the consumptions and the laws and regulations of the government for an economic mechanism. The process of political economy explains how economic theories and practices underline the socioeconomic gap. It also analyses the process of public policy-making that affects the overall production, distribution, and consumption of resources.<sup>10</sup> The term “political economy” refers to the interaction of economic and political structures which ultimately affects the process of decision-making and economic policies and implementation. The political economy as a term was coined in the 19th Century, purposefully underlining the impact of politics on economic decision-making. Smith defines political economy as the process through which the allocation of resources among various economic units and agents.<sup>11</sup>

### **Political Economy in Resource Distribution in Pakistan**

Arguably politics or the political process is essential and plays an important role not only in the distribution of national resources but also in devising public policy and planning and

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8 Montek S. Ahluwalia, Nicholas G. Carter & Hollis B. Chenery, “Growth and Poverty in Developing Countries,” *Journal of Development Economics* 6, no. 3 (1979): 299-341.

9 Bruce R. Scott, *Capitalism, Democracy and Development* (New York: Springer, 2006).

10 R. B. Adler and G. R. Rodman, *Understanding Human Communication* (New York: Oxford University Press, 2009).

11 Adam Smith, *The Wealth of Nations* (London: W. Strahan & T. Cadell, 1776).

development at the national and sub-national levels. Since the political elite drives politics, the process of resource distribution, planning and execution of development plans and policies are invariably influenced and shaped by the political elite or political culture.<sup>12</sup> In a country like Pakistan, where politics is very much patronage-based and resource distribution is undertaken by political priorities and considerations than purely on economic grounds, resource distribution is determined largely by political economy dynamics.<sup>13</sup>

Typically, it is the responsibility of the state to ensure through the incumbent government(s) a just distribution of public resources among all different segments of society, regions, and provinces so that all individuals or communities of the nation are treated fairly and equally, as resource distribution plays a key role in increasing the overall living standard of any society, help in reducing poverty and inequality and create opportunities for social and economic mobility.<sup>14</sup> Such a utopian distribution mechanism does not take place voluntarily or through market forces, hence the government(s) must ensure such a distribution where the weakest segments of society are involved in economic and social activities. Hence a vibrant, just, and inclusive governance mechanism needs to be in place to ensure resource distribution through constructive government interventions and distributive policies.<sup>15</sup>

However, in Pakistan, the political process has already been misrepresentative. Be it political dispensation or military dictatorship, the representation and consequently the

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12 M. G. Presbey, "Unfair Distribution of Resources in Africa: What Should Be Done About the Ethnicity Factor?" *Human Studies* 26 no. 1, (2003): 21-40.

13 Douglass C. North, "Economic Performance through Time," *American Economic Review* 84, no. 3 (June 1994).

14 M. Tariq, "Conflict in Balochistan: Natural Resources and the Way Forward," *Strategic Studies* 33, no. 3-4 (2013): 23-40.

15 Presbey, "Unfair Distribution of Resources in Africa:".



resource distribution has highly been skewed towards a much bigger province at the very expense of other provinces, particularly the smaller (in terms of population) province of Balochistan.<sup>16</sup>

Pakistan is a federation of four provinces: Balochistan, Sindh, Punjab, and Khyber Pakhtunkhwa. The resources are distributed, through the National Finance Commission Award, between the federation and four provinces—the vertical distribution—and among the four provinces—the horizontal distribution. However, the trend of distribution of resources in Pakistan shows that the process has remained extremely uneven. The population has been the sole criterion for resource distribution among provinces, which inherently harmed small provinces. The politics of resource distribution has endowed Punjab and adversely affected Balochistan, leading to a course of politics of discontent and political disillusion in the latter. Therefore, one can argue that the tension between the federation and Balochistan owes a lot to the pattern of resource distribution.<sup>17</sup> The development literature shows that conflicts, which at the surface appear more political, are fundamentally driven by the discontented resources mechanism. Conflicts primarily based on resource distribution are not uncommon in many other developing countries. For example, in many African, Middle Eastern and Latin American countries, resource distribution is a key source of political conflict.<sup>18</sup>

Resource distribution in Pakistan follows a principle of a typical game theoretic bargain, where the province with more political and military clout has far greater leverage to get a disproportionate size of resources far over its size and fair share. Such political leverage normally leads to a situation where the economic interest of the dominant province is

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16 Ahmed & Baloch, "Political Economy of Balochistan, Pakistan."

17 A. S. Akhtar, "Balochistan versus Pakistan," *Economic and Political Weekly* (2007): 73-79.

18 Weingast, "The Economic Role of Political Institutions,".

reflected in the public finance distribution of the country, while weaker provinces with lesser political muscles to manoeuvre, end up with far fewer resources than their just share.<sup>19</sup> Ahmed and Khan<sup>20</sup> show that the budget deficit in Pakistan has been much higher when there was a democratic dispensation of government in the country. They ascribe such a situation to the Alesina and Tabellini<sup>21</sup> prediction and political economic modelling. This model describes that government spending invariably remains higher with a much higher budget deficit, as the elected governments tend to allocate more resources to people-centric social and economic services. Akhtar<sup>22</sup> argues that the resource distribution pattern—both at the federal and provincial level—is purely driven by political dynamics. The federal and provincial representatives tend to their respective constituencies in all public policymaking, which is reflected very prominently in the allocation of resources to their regions. This may not necessarily reflect the economic needs of that region. Looking at the budgetary documents of Pakistan, one would realise that the political elite and its preferences always influence projects' selection and resource distribution. Such an uneven distribution tends to create a huge and chronic disparity among the regions and provinces in terms of development.

### **Pakistan, Federating Units, and Balochistan**

Hamza Alavi<sup>23</sup> argues that the establishment of Pakistan was most threatened by the demand for provincial autonomy

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19 Ahmed & Baloch, "The Political Economy of Development,".

20 Manzoor Ahmed & Khalid Khan, "An Essay on the Political Economy of Fiscal Policy Making in Pakistan," *International Journal of Business, Economics, and Management* 1, no. 9 (2017): 229-241.

21 A. Alesina & G. A. Tabellini, "Positive Theory of Fiscal Deficits and Government Debt," *The Review of Economic Studies* 57, no.3 (1990): 403-414.

22 Akhtar, "Balochistan versus Pakistan,".

23 Hamza Alvi, "The Overdeveloped Post-Colonial State: A Reevaluation," *Review of African Political Economy*, no. 5 (1976).

on the part of the Bengali people when Bangladesh was East Pakistan. Hashmi<sup>24</sup> argues that the economic policies of the state of Pakistan helped West Pakistan grow much faster than its Eastern counterpart at the expense of the latter growth and development, leading to a significant economic imbalance and the disparity between the West and East wings of the country in the 25 years history of unified Pakistan. The deepening economic disparity further fuelled Bengali nationalism into a secessionist movement with the external support of India. Both Sheikh Mujeebur Rahman's exiled government and Liberation Army Mukti, a guerrilla movement force formed by the Bangladeshi military, paramilitary, and civilians in erstwhile East Pakistan in 1971 were supported by India. The economic exploitation on the surface appeared to have paved the way for India's incursion in West Pakistan's affairs. Thus, the very policy of centralization, aiming primarily to promote the unity between the two wings backfired leading to further alienation of Bengali people.<sup>25</sup> After the separation of East Pakistan, the domineering and centralist nature of the Pakistani state continued with a strong and overpowering scale, subjugating, and negating the ethnic and linguistic diversity which is the hallmark of Pakistani society. The homogenising project by the state of an otherwise diverse society with different ethnic and linguistic colours did not bore well, creating a sense of discontent among the smaller federating units of Pakistan.<sup>26</sup>

The centralist and homogenising tendency adopted by the state further restricted the representation of Balochistan not only in state institutions, but it pushed it through the fringes of mainstream politics and economics. For instance, in the first three decades since the creation of Pakistan, there were only four Balochs out of 197 who joined the Cabinet of

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24 R. S. Hashmi, "Ethnic Politics: An Issue to National Integration: The Case of Pakistan," *South Asian Studies* 29, no. 1 (2024): 345-361.

25 Imdad Ali, *The Balochistan Point*, February 23, 2015.

26 Akhtar, "Balochistan versus Pakistan,"

different federal governments.<sup>27</sup> In Pakistan, where the armed forces play a central role in all critical policy decisions of national and regional importance, the representation of ethnic groups or provinces is of utmost crucial. However, Balochistan's representation has been marginal in the armed forces and other important state institutions. The state appeared to have continued with the legacies of the colonial British that used to recruit 77.7 percent from the Punjab and Potohar region, 19.5 percent from NFFP (now KP), 2.2 percent from Sindh, and 0.6 percent from Balochistan.<sup>28</sup> In postcolonial Pakistan, a similar ratio of regional and ethnic representation is pursued.<sup>29</sup> In the famous Baloch Regiment of the Pakistan Army, the representation of the Baloch is minuscule. However, the quota system for the recruitment of soldiers was changed in 1991 by raising the quota of Sindh and Balochistan to 15 percent along with the relaxation about height and educational standards, encouraging the recruitment and induction of the Baloch and Sindhi, who hitherto were not fairly represented.<sup>30</sup> Similar underrepresentation of Balochistan was also conspicuous in all other state institutions, causing the Baloch and the people of Balochistan to find it rather difficult to identify themselves and assert their just cause in the federation.

### **Theoretical Framework and Methodology**

Considering the nature of the research, the scope, and the main question of the paper, the qualitative research approach is a suitable technique to apply. Qualitative

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27 K. S. Adeney, "Federal Formation and Consociational Stabilisation: The Politics of National Identity Articulation and Ethnic Conflict Regulation in India and Pakistan," (Doctoral dissertation, The London School of Economics and Political Science (LSE), 2003).

28 S. S. Harrison, *Pakistan: The State of the Union* (Washington, DC: Centre for International Policy, 2009).

29 C. Jaffreot, *The Pakistan Paradox: Instability and Resilience* (New York: Oxford University Press, 2005).

30 Bansal Alok, *Balochistan in Turmoil; Pakistan at Crossroads* (Balochistan: Manas Publications, 2010), 20-21.

research is based on what sociologists and political economists state as social constructivism and interpretivism. Unlike quantitative research, which is usually deductive (theory testing), qualitative research is usually inductive (theory construction). Social scientists do not simply discover or find knowledge; they are not detached from the world they are researching. Rather, they actively construct knowledge by inventing tools and instruments to collect and produce data. Their tools and instruments are constantly renewed and revised. Social scientists formulate concepts to make interpretations of the data.

Qualitative policy research must be conducted systematically to make the recommendations seriously more plausible and applicable for policy circles. For any methodology, it is imperative to discuss various paradigms and issues related to ontology and epistemology when undertaking research. While conducting any kind of research the researcher must construct a well-defined theoretical framework and scientific and systematic methodology applying different techniques, approaches, and rules to process the information and reach a plausible conclusion. There are many ways to undertake any research, and the researcher needs to select the approach that satisfies the need of research designs and corresponds to the research question(s).

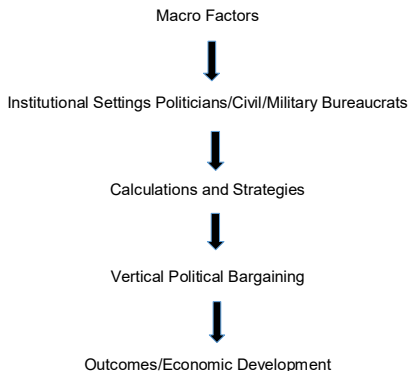
This paper is a critical analysis of the economic underdevelopment of Balochistan applying a political economy approach. For any critical analysis, the availability of information is very informative—both primary and secondary information. Using secondary literature, the paper conducts a discourse analysis of available literature and data. For the description and analysis of trends and nature of economic development and under-development of Balochistan, the paper analyses the relevant secondary sources, which include official documents, both classified and declassified, budgetary documents, official reports, books, Journal articles, etc.

While applying the “Core-Periphery Relationship Approach,” *prima facie*, the paper assumes that the social and economic underdevelopment of Balochistan owes a great deal to its relationship with the federation. Thus, to examine the true nature of such a relationship and its consequent impacts on the underdevelopment of Balochistan, the underlying political economy dynamics need to be considered while conducting this analysis.

### **Theoretical Framework**

Following Krugman's<sup>31</sup> political economy model of Core-Periphery of two regions, we assume that there are two tiers of government: the federal and provincial. The federal government is the Core, and the provincial government is the Periphery. This is a very powerful model to produce not only the fiscal relationship between the federation and its federating units but also yield a process of treatments and institution-buildings, which plays an important role in the process of economic development.

FIGURE 3.1: *Factors that Enter the Political Logic of the Core-Periphery Relationship*



31 Paul Krugman, “Increasing Returns and Economic Geography,” *The Journal of Political Economy*, 99, no. 3 (1991): 483-499.

The above figure presents the key components of the political economy framework in which we study and analyse the political economy of economic underdevelopment in Balochistan. In the process, particularly in a federation where political bargaining is imperative, the representatives will set their strategies once the cost, as well as the strategy of the programmes and policies, are calculated given the preferences of the representatives. The institutional framework is very important to consider, and such framework plays a key role within which the representatives of units or provinces set the benefits and costs entailed to their goals. Therefore, in all stages of the bargaining process and institutional setting, the representatives of provinces adopt such strategies, which allow them to optimise their development outcomes and preferences. Hence, it is plausible to assume that the bargaining process and strategies of provincial representatives would follow a dynamic shift and consistent change keeping in view several intuitional settings.

### **Political Economy Dynamics of Centre-Province Relationship**

Balochistan, the least populated and most underdeveloped, is the largest province of Pakistan in terms of landmass, constituting 44 percent of the total landmass of the country.<sup>32</sup> The geography of Balochistan can be one of its main economic and productive assets and resources. The low population density in Balochistan bestows its population with the highest per capita natural resource endowments. The strategic location of Balochistan and its coastlines not only provide the highest potential for trade and commerce with neighbouring countries but also with the wider world. Besides this, the economy of Balochistan is greatly based on the existence and production of natural resources and minerals beneath its landmass body. The economy of

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32 M. Ahmed and J. Faiz, "The Experiment of Federalism in Pakistan: An Analytical Study," *Pakistan Journal of History and Culture* XXXVII, no.1 (2016): 59-72.

Balochistan also commands huge potential for agriculture, horticulture, livestock, and fisheries production.<sup>33</sup>

However, despite such a strong economic base, the province is under a strong grip and afflicted with widespread and multi-dimensional poverty, economic backwardness, and marginalization beyond redemption, causing Balochistan to reflect and suffer from a typical resource curse, phenomenon. The resource curse in Balochistan is explained largely by the lack of representative legislative and political institutions, policy decisions, and the absence of an established framework of wealth and income distribution framework.<sup>34</sup>

Thus, the natural wealth of Balochistan has not been used to improve the lives of its people and develop its economy and society. In all measures, the people of Balochistan are the poorest if compared to any other province and region of Pakistan. The World Bank's estimates show that Balochistan with around 70 percent of rural poverty is the poorest region of Pakistan and one of the poorest in South Asia.<sup>35</sup> The physical and economic structure of the province is largely undeveloped. Multiple political, social, and economic reasons may explain the underdevelopment of the province, but a sharp and conflicting relation between Balochistan with the federation, and policies meted out to Balochistan by the federation in retrospect is an underlying reason shaping and explaining the chronic underdevelopment of Balochistan.<sup>36</sup>

Two oft-repeated portrayals of the province over the last seven decades are that "Balochistan is rich in natural resources", and "Balochistan is the least developed province

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33 Kaiser Bengali, *A Cry for Justice: Empirical Insight from Balochistan* (Oxford University Press, 2018).

34 Ali, *The Balochistan Point*.

35 United Nations Development Program, *Report on Balochistan Millennium Development Goals* (2011).

36 Jalal Faiz, "Nature of Education in Balochistan," *Balochistaniyat* 1 (2012). *Federal Budget of Pakistan, 2018-19*, (2016).



of Pakistan". This although very contradictory, is very true in all accounts. A search of economic development events over the first two decades of the country's creation aptly reveals that Balochistan does not figure meaningfully in any national economic plan or budget documents, except for the discovery and extraction of natural gas at Sui and other sites of natural resource exploration and extraction. An analysis of growth in Balochistan over the rest of the consequent three decades, that is during the 1970s, 80s and 90s shows the continuing saga of economic and political neglect of Balochistan in the national mainstream policy mechanism.<sup>37</sup>

Statistics depict a depressing story. For example, gross regional product (GRP) growth in Balochistan during the 1970s was a mere two percent on average. Though it picked up to 5.9 percent during the 1980s, it fell to 3.5 percent during the 1990s and further to 2.8 percent over 2000-2011. Per Capita income growth was 2.2 percent in the 1980s, sliding to 1.6 percent during the 1990s (see Table 1). Over the three-decade period—from the 1970s to the 1990s—per capita growth was 0.3 percent implying virtually zero growth and stagnancy. Resultantly, Balochistan's average share in national income has dropped from 4.5 percent in the 1970s to 4 percent in the 1980s and 1990s and further to 3.0 percent in 2020.<sup>38</sup> The situation does not appear to have improved post-2000s, given that GRP growth in Balochistan over the decade 2000-11 has been the lowest at 2.8 percent—less than 60 percent of the average combined GRP growth of the other three provinces. Balochistan is not only lagging behind other provinces but also falling further behind (Table 1).

The robust 5.9 percent average growth during the 1980s is attributable to the small base effect. The first steps to development in Balochistan commenced with its formation

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37 Bengali, *A Cry for Justiceochistan* (Oxford University Press, 2018).

38 Hafiz A. Pasha, *Charter of the Economy, Agenda for Economic Reforms in Pakistan*, Islamabad: FES, (2021).

as a province in 1970, with the provision/up-gradation of some essential services—electricity, telephone, official housing, etc.—that also only in the provincial capital, Quetta. Banks brought under public domain in the early 1970s, established/expanded their branch network in Quetta and other cities.<sup>39</sup>

**Table 1: Balochistan: Gross Regional Product Growth by Material Sectors and by Decades**

<b>Material Sectors</b>	<b>1970's</b>	<b>1980's</b>	<b>1990's</b>	<b>1947-2000</b>
Major Crops	10.2	14.0	4.3	9.2
Minor Crops	9.5	6.5	1.2	5.0
Livestock	5.2	6.8	6.0	3.8
Fishing	-4.9	3.1	4.9	2.1
Mining and Quarrying	1.4	4.8	3.2	3.4
Manufacturing	19.0	19.5	5.9	13.9
Construction	2.0	2.3	5.4	3.5
Electricity and Gas	29.1	8.5	2.8	10.8
Transport	0.4	9.7	4.4	5.3
Communication	22.2	10.5	6.9	11.6
Trade	4.5	8.0	3.8	2.8
Finance	12.4	8.4	6.0	8.3
Overall GRP Growth	2.0	5.9	3.5	4.3
Per Capita Income Growth	5.2	2.2	1.6	0.3
Share of Balochistan GRP in National GDP	4.5	3.9	4.0	4.1

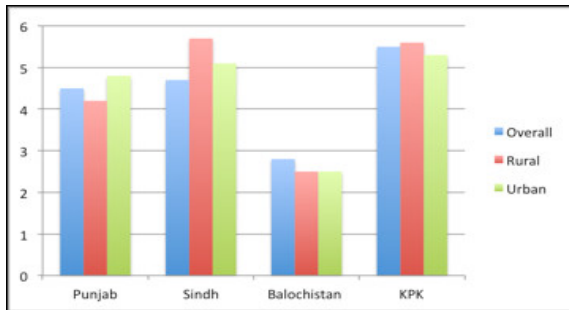
**Table 2: Gross Regional Productivity by Province: Average Growth Rate 2000-11**

<b>Province</b>	<b>Overall</b>	<b>Rural</b>	<b>Urban</b>
Punjab	4.5	4.02	4.8
Sindh	4.7	5.7	4.1
Khyber Pakhtunkhwa	5.5	5.6	5.3
Balochistan	2.8	2.5	2.5

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39 Bengali, *A Cry for Justice*.

FIGURE 1: Gross regional productivity by province: average growth rate 2000-11



SOURCE: Social Policy Development Centre, *Social Development in Pakistan Annual Review 2014*, State of Social Development in Rural Pakistan.

### Lack of Development Planning

A robust and sustainable development planning was not conducted by any of the governments that ruled Balochistan. Numerous factors contributed to this, but the weak political dispensation and ill-trained, inefficient and corrupt bureaucracy were the underlying factors in the absence of development planning. Officers from other provinces who were posted in Balochistan always had their vested interests, supporting the political dispensation in the misutilisation of resources. They were not committed to the well-being of the people in general or improving their economic lot. Many of them hailed civil or general administrative services having no experience in development planning or for that matter a reasonable or acceptable knowledge of public policy and development economics as guiding disciplines.<sup>40</sup>

The local officials, who are inducted mainly through provincial civil services, are not only professionally

40 Michael Brown *et al.*, "Balochistan Case Study," in *Ethnic Conflict: Causes, Consequences and Management*, ed., D. Carment (The Pennsylvania State University, 2012).

incompetent, but many of them have a strong tendency towards corruption and misuse of resources. On the issue of competence and the tendency to financial corruption, the political dispensation is even worse than bureaucracy. And the same incompetent officials and political representatives are tasked with planning for the development of Balochistan. Annual budget making for a fiscal year is an important exercise *vis-à-vis* development planning, given the centrality of public financing in the Balochistan economy. Yet the annual budget is seen as a typical source of pork-barrel politics and patrimonialism in Balochistan, as the politicians invariably afford schemes to their favours, buying political allegiance, meeting vested interests and ensuring kickbacks.<sup>41</sup>

Economic and social underdevelopment can be defined in various ways, one of them being the paucity of physical and human capital. Governments allocate a part of the annual budget for the Annual Development Plan for development schemes in productive, physical, and social sectors. The constitutional dispensation is such that provincial governments possessed little political or fiscal space to carry out the development tasks effectively. However, through the passage of the 18th Constitutional Amendment and the 7th NFC Award in 2010 the provinces gained a certain degree of provincial autonomy and fiscal space. Much of the development functions and responsibilities are now in the provincial domain. Yet for Balochistan fiscal autonomy has proved to be an empty shell. The historical lack of investment in basic economic and social infrastructure in the province—except for the extraction of natural gas for use in other provinces—has resulted in a low level of economic activity, implying a narrow tax base, and limited financial resources to invest in development. The primary responsibility of mega development projects still lies with the

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41 M. Ahmed, "The Dynamics of (Ethno) Nationalism and Federalism in Postcolonial Balochistan, Pakistan," *Journal of Asian and African Studies* 55, no. 7 (2020): 979-1006.

federal government. Had the federal government provided the correct economic price for natural gas to Balochistan—initially, the exclusive producer of the vital fuel—and channelled the proceeds to building the economic base in the province, a certain level of economic activity and tax base would have developed to enable Balochistan to locally raise the resources for development. This, unfortunately, has not happened and Balochistan remains unable to finance a small-scale development through its sources.<sup>42</sup>

As it is already mentioned that Balochistan constitutes 44 percent of the total national territory, it would stand to reason that developing surface communications would be a priority to bring remote areas into the national mainstream. However, in a real sense, no such agenda existed till recently and, therefore, road density in the province is half the national average: 0.16 and 0.32 respectively.<sup>43</sup>

China Pakistan Economic Corridor (CPEC) enterprise and development of a deep seaport in Gwadar, a southern city of Balochistan, brought the coastal town into focus and is being presented as a bonanza for Balochistan. However, Gwadar has been part of Pakistan since 1958 yet it grabbed attention recently, around the turn of the century when China discovered its commercial and strategic importance and subsequently huge capital around Gwadar under the guise of CPEC. Now CPEC potentially can address much of the infrastructure needs of the province when it is executed as per plan.<sup>44</sup>

For around half a century since acquitting Gwadar in 1958, the approximately 1000 km direct distance between Gwadar and Quetta, the provincial capital, had been connected by a patchwork of winding pot-holed part blacktop, part shingle

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42 Bengali, *A Cry for Justice*.

43 Bengali, *A Cry for Justice*.

44 M. Ahmed, "Political Economy of Elite Capture and Clientelism in Public Resource Distribution: Theory and Evidence from Balochistan, Pakistan," *India Quarterly* 79, no. 2 (2023): 223-243.

roads and part dirt tracks. Similar was the ordeal of travelling from Gwadar to Karachi, the country's port city and financial and industrial hub. The trip had to be made via Turbat on a shingle road and onwards to Lasbela via Awaran on a dirt track. The route from Pasni, a fishing town towards 140 km westward from Gwadar, to Karachi, was longer and proceeded through Gwadar, Turbat, Awaran, and Bela.<sup>45</sup>

### **The Causes of Underdevelopment**

The causes for persistent underdevelopment can be traced directly to gross federal underinvestment in basic infrastructure in the province. Underinvestment is indicated by the fact that average Public Sector Development Programme (PSDP) allocations for development schemes in Balochistan from 1989-90 to 2015-16 constitute less than six percent of the total PSDP allocations and a mere 0.19 percent of national GDP.<sup>46</sup> These meagre shares are also overestimates given that actual release is generally less than budgetary allocations.

Allocation to the province, as a percentage of total PSDP, varied from a low of two percent in 1989-90, 1990-91 and 2000-01 fiscal years respectively to a high of 11 percent in 2004-05, which indicates an erratic development path. Considering that Gwadar and concomitant shocks constitute a major intercept shift in Balochistan's development portfolio, the analysis can be carried out in terms of "with" and "without" Gwadar-related schemes.

A detailed examination of the portfolio of development schemes post-2001 shows that there has been a propitiation of schemes relating to Gwadar Port and allied projects of pork barrel projects by both provincial and federal elites. Investment in the development of Gwadar is motivated by national strategic goals and the objective of promoting prosperity in Balochistan appears to be a by-product and an

45 Government of Balochistan, *Mineral Resources of Balochistan* (2017).

46 Government of Pakistan, *Federal Budget Documents*, Ministry of Finance, various issues.

after-thought. Schemes relating to civil administration include offices and residences for federal and provincial departments and civil staff and can be considered foreign investments following the initiation of the Gwadar project. While being legitimate objectives, they cannot be classified as contributing to the general welfare of the people of overall Balochistan.

As already discussed, the social structure in Balochistan shows a very bleak picture. The province lags behind all regions of Pakistan in all social and economic indicators. As Table 3 presents all indicators of Balochistan are far worse than the national average.

**Table 3: Healthcare and Education Indicators**

<b>Indicators</b>	<b>Balochistan</b>	<b>Pakistan</b>
Literacy	26.6%	47%
(Female)	15%	37%
Prim. School Enrolment	29%	68%
Female Participation	21%	49%
Access to Sanitation	7%	18%
Infant Mortality Rate (Per '000' LB)	108	100
Village Electrification	25%	75%
Length of roads Per Sq. km.		
High Type	0.006	0.089
Low Type	0.024	0.036

SOURCE: Government of Balochistan, Presentation Paper, P&D Department, May 2012.

The geography and location of Balochistan can also be termed as a key economic source. The landmass endows the province with a unique trade route that can be used for trade and transit purposes not only with mainland country

but also enhances its economic worth if the emerging economies and particularly the landlocked Central Asian Republics are facilitated to use Balochistan landmass and coasts for their trade. Similarly, the coastal line of Balochistan can provide a passage through which the rich marine resources can be utilised.<sup>47</sup>

As we have shown earlier Balochistan is underdeveloped and drifted away from the mainstream national economy yet given the resource base and dividend of low population density, the ratio of resource availability per person is very high. This employs the potential of Balochistan to not only catch up with the national mainstream but also to surpass other provinces in terms of economic growth in per capita terms.

Currently, around 50 different kinds of minerals are being produced in Pakistan out of which 40 are found in and being exploited from Balochistan.<sup>48</sup> There are three categories of minerals; metallic, non-metallic, and fossil fuel. Metallic minerals are the ones, which have one or more metallic elements, and non-metallic minerals are those which, having no metallic elements, and are called industrial materials as well. Fossil fuels are also natural minerals that are formed by a natural process of anaerobic decomposition of dead organisms having a high percentage of carbons buried the beneath earth for ages. All these natural minerals are abundant in Balochistan. Accordingly, more than 50 metallic ores—chromite, copper, iron ore, lead, and zinc and non-metallic minerals—barite, marble, gypsum, limestone, coal, dolomite, calcite, silica sand, stones for engineering and building purposes are reported to have been discovered in Balochistan.<sup>49</sup> One of the main attractions of Balochistan is

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47 Ahmed, "Political Economy of Discretionary Allocation of Annual Development Programmes,".

48 Government of Balochistan, *Mineral Resources of Balochistan* 2017.

49 Government of Baluchistan, *Pakistan Development Forum: Baluchistan Prospective*, 2003.



its geological belt which potentially possesses world-class mineral deposits. For example, the area of Sarchashmah near the state of Iran is reported to have reserves of 1.2 billion tons of mineral ores and copper. Another such belt consisting of a 480 km long and 50 km wide area in District Chagai also has the potential of huge minerals. Out of nine such zones of minerals in Pakistan, five zones exist in Balochistan. Minerals such as copper lead and zinc are the base metal deposits that exist in huge quantities in Chagai, Khuzdar and Lasbela Districts. Gold and silver have been explored in abundance in Saindak which is one of the major mines in Balochistan along with coal mines in the region of Harnai-Duki-Quetta and the mineral called vermiculite which exists in huge quantities in the Ras Koh Hills, the area and site where Pakistan conducted its underground nuclear tests on 28th May 1998, at 15-km south of Dalbundin. The mining industry is estimated to employ more than 40,000 people with the potential to generate additional 30,000 jobs. However, many of these employees are from other provinces of Pakistan, given the lack of skilled labour force from Balochistan.<sup>50</sup>

All the given minerals are natural raw materials. The production and utilisation of such minerals are very important and essential for the development of industry, construction, power generation, distribution, and agriculture. Their availability and utilisation along with an equitable institutional and constitutional framework of distribution are inevitable to ensure the industrial and economic development of any nation or country. Mineral resources of any nation could become a blessing and get transformed into an asset provided their exploitation, distribution and utilisation are carried out employing a just, efficient, and constitutionally ensured system and framework allocation among all stockholders. Yet, despite the existence and abundance of huge valuable natural resources in Balochistan the economic and social gaps and disparities are strikingly large and wide.

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50 Government of Balochistan, *Mineral Resources of Balochistan*, 2017.

For instance, the per capita income in Balochistan is two times lower as compared to the per capita income of Punjab. The literacy rate in Punjab is seven times higher than the literacy rate of Balochistan whereas the infant mortality in Balochistan is 130 per 1000 as compared to the average national infant mortality rate which is 70 per live birth.<sup>51</sup>

The most troubling issues in the relation of Balochistan with the federation rest with the exploration and exploitation of natural resources and their unequal distribution and allocation among the provinces. In this connection, one clear example is the natural gas from Balochistan, which was discovered in 1952 in the Dera Bugti district, accounting for almost 80 percent of the total gas requirement of Pakistan till the early 1990s.<sup>52</sup> However, the province did not get its due share from natural gas. Balochistan is estimated to have 19 trillion cubic feet of gas reserves, six trillion barrels of oil reserves, and extensive deposits of gold and copper, which remain undeveloped.<sup>53</sup> These natural resources of Balochistan can also be used and utilised to produce valuable export-oriented goods to earn a huge amount of foreign exchange.<sup>54</sup>

### **Politics of Resource Allocation and Development of Provincial Economy**

The politics of Balochistan has historically been under the strong control of *sardars*, *nawabs* (the local tribal chieftains), who garnered ultimate support from the security apparatus and the state of Pakistan to perpetuate their power grip on Balochistan's politics, resources, and society. The elitist power structure not only promoted bad governance in Balochistan, but it also remained exclusionary, keeping the

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51 Ahmed & Baloch, "The Political Economy of Development,".

52 Harrison, *Pakistan: The State of the Union*.

53 Government of Balochistan, *Mineral Resources of Balochistan*, 2017.

54 M. Karimzadeh & E. B. T. Eidouzehi, "Economy of Balochistan: Potentials and Constraints across National Boundaries," *Journal of Social Science and Humanities Research* 3, no. 5 (2018): 138-148.

people in general out of the power matrix. In the colonial era, the chieftains were nurtured, financed, and groomed to rule over the masses at large for the very benefit of colonial rule. The state of Pakistan in the postcolonial era continued the same colonial legacy. The elitist political structure cultivated an extractive economy of a remarkable scale. Much of the economic base of the province is supported by natural resources, and the ruling through power politics tightens their grip on the ownership and exploitation of natural resources. Resultantly, even though the resources have been exploited unabated, the dividends were not invested in the people and economy of Balochistan, leading to a weak economic base. The ownership, exploitation, and extraction of natural resources by a tiny elite, made the latter not only rich but also provided them with every wherewithal and fiscal means to perpetuate their power grip on one hand, while on the other hand, the exclusion of the majority of people from power politics and benefits from natural resources caused Balochistan to have the lowest capita income compared to other provinces of Pakistan. Thus, Balochistan lags far behind in critical human development indicators, as reported in Table 4.

**Table 4: Ranking of the Province by Overall Human Development Index (HDI)**

Name of Provinces	Human Development Index	Human Development Rank
Punjab	0.550	1
Sindh	0.517	2
KPK/NWFP	0.515	3
Balochistan	0.463	4
Pakistan (average)	0.544	

SOURCE: UNDP, *Pakistan National Human Development, 2021*, Pakistan.

Besides other natural resources and minerals the cumulative royalty to Balochistan from its gas, according to some estimates, stands at approximately to the tune of \$114

billion, which is the yearly accumulation since the discovery of gas in the early 1950s.<sup>55</sup> To begin with, the utilisation of natural resources in this connection has remained a matter of great concern and the Baloch leadership has always kept debating and fighting the issue of resource distribution between the central and province.<sup>56</sup>

The natural resources, and geographical strength of Balochistan on the one hand, whereas the political control, economic exploitation poverty and economic underdevelopment on the other hand, have invariably remained contested agendas in Balochistan vis-à-vis its relationship with the federation. Balochistan, which was treated as a typical frontier region during the colonial era, remained as such even in its postcolonial history. The status of Balochistan being a “periphery” appeared to be the hallmark of mainstream policy circles and among both elected and unelected elite in the centre, not allowing the province from integrating into the “core”.

However, as recent as 2010, realising the consistent yearning for political autonomy and fiscal strength by the provinces, the federation has passed the 18th Amendment to the Constitution of Pakistan, aiming at addressing the old and contested issue of provincial autonomy. The Concurrent List, allowing hitherto the federation to share numerous subjects with the provinces, was completely abolished by transferring all subjects to the provincial domain. The 18th Amendment also provided for joint and equal rights over the natural resources to the federation and Balochistan mentioning and stipulating that the former is entitled to have an equal share in the income generated from the latter resources but with the condition to keep the province under obligation to make laws to facilitate and help the federation

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55 F. Ghani, S. Mushtaq & N. Mehmood, “Nationalism in Pakistan: A Comparative Analysis of Ethnic Factors in East Pakistan and Baluchistan,” *Berkeley Journal of Social Sciences* 4, no 1 (2014): 1-18.

56 Safdar Mahmood, *Pakistan: Political Roots and Development, 1947-1999* (Karachi: Oxford University Press, 2000).

for the exploration of oil, gas, and other natural resources. Yet, ironically, oil and gas exploration in Balochistan was already being carried out by Pakistan Petroleum Limited (PPL), Oil and Gas Development Company Limited (OGDCL), Sui Northern and Sui Southern Companies, and the shares of these companies are already held by the federation at the cost of Balochistan in terms of representation, employment, revenue share.<sup>57</sup>

### **National Finance Commission Award: A Resource Sharing Mechanism**

National Finance Award Commission (NFC) is a constitutional arrangement for the distribution of resources and revenues between the federation and the provinces of Pakistan. Article 160(1) of the Constitution mandates the NFC to ensure a formula-based distribution and allocation of resources between federal and provincial governments. From 1974 to 2010, a total of seven NFC Awards were formed of which three were 'inconclusive' (see Table 4.6) like other federations, the resource distribution has always been contentious not only between the centre and provinces but among the provinces.<sup>58</sup> Historically, the horizontal design and distribution of the NFC were carried out purely on population base, irking the smaller provinces, particularly Balochistan, as the latter being the least populated province yet with the highest per capita development and social delivery cost given its geographical size and magnitude, received just a fraction of its developmental and other economic and social needs. The overriding influence of the bigger province resisted the inclusion of other criteria for the horizontal distribution of the NFC, catering to the needs and aspirations of smaller provinces, as it would surely

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57 M. Tariq, "Conflict in Balochistan: Natural Resources and the Way Forward," *Strategic Studies* 3, no. 4 (2013): 23-40.

58 M. Ahmed & L. Kamal, "The Political Economy of Fiscal Decentralisation in Pakistan: A Historical Perspective," *Balochistan Review* XXX, no. 1 (2014):1-26.

compromise its share in the NFC, till the passage of the 7th NFC Award in 2010.

**Table 5: Chronology of National Finance Commission Award**

Serial No.	Name	Status
First	National Finance Commission Award, 1974	Conclusive
Second	National Finance Commission Award, 1979	Inconclusive
Third	National Finance Commission Award, 1985	Inconclusive
Fourth	National Finance Commission Award, 1991	Conclusive
Fifth	National Finance Commission Award, 1997	Conclusive
Sixth	National Finance Commission Award, 2002 DRGO 2006	Inconclusive
Seventh	National Finance Commission Award, 2010	Conclusive

SOURCE: Resource Distribution Mechanism in Pakistan – Development Advisor.<sup>59</sup>

After the deadlock over the new NFC Award in 2005 and the passage of the Presidential Ordinance in 2006 whereby an amendment made in the “Distribution of Revenues and Grants-in-Aid Order (DGRO), 1997” ultimately a consensus in 2009 was developed between the federal government and the provinces formulate a broad-based NFC adding more criteria besides population. The 7th National Finance Commission Award of 2009 altered the overall resource distribution in the favour of smaller provinces, as not only in vertical distribution the share of provinces increased many folds, but in horizontal distribution, the criteria of poverty, inverse population density, and revenue-raising capacity were included alongside population, though the latter with 82 percent weight (Table 4.7). The 7th NFC Award, therefore, was a significant initiative towards fiscal decentralization to provinces, increasing the share of provincial governments in

59 [www.developmentadvisor.pk/public-finance/](http://www.developmentadvisor.pk/public-finance/)

the divisible pool to 56 percent in the first year with effect from July 1, 2010, and 57.5 percent in this Award for the next four years to come. Besides this, the sales tax on the services under the federal excise duties was relinquished by the central government to the provinces. Sindh was the main beneficiary of the Sales Taxes on Services, given Karachi, the capital city of Sindh province is the financial and service sector hub of Pakistan.<sup>60</sup> As mentioned earlier, the horizontal distribution multi-criteria were adopted, which were somehow respectively given a weight in the Award in different percentages (Table 4.7).

**Table 4.7: WEIGHTAGE AND REVENUE SHARING FORMULA FOR THE 7TH NFC AWARD, 2009**

Multi-criteria Indicators	Weight (%)	Share of provinces in terms of indicators (%)			
		Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan
Population	82.00	57.36	23.7	13.82	5.11
Poverty/Backwardness	10.30	23.16	23.4	27.82	25.61
Revenue Generation and Collection	5.00	44.00	50.0	5.00	1.00
Inverse Population Density	2.70	4.34	7.21	6.54	81.91
	100.0	51.74	24.5	14.62	9.09

SOURCE: Resource Distribution Mechanism in Pakistan—Development Advisor. [www.developmentadvisor.pk/public-finance/](http://www.developmentadvisor.pk/public-finance/)

The 7<sup>th</sup> NFC was rightly acclaimed as a milestone towards decentralisation and the financial empowerment of the provinces, yet Balochistan to translate this fiscal space to ensure a modicum of service delivery and build an economic base that can potentially provide employment and create opportunities to grow remains to be a dream. In the face of

60 Usman Mustafa, Fiscal Federalism in Pakistan: The 7th National Finance Commission Award and Its Implication, *PIDE Working Papers*: 73, (2011).

widespread corruption weak governance structure lack of electoral accountability, and the presence of a politics of patronage, the fiscal space owing to the 7th NFC is likely to be misappropriated and support pork-barrel and patrimonial politics. Only the allocation and transfer of money and provision of packages on an ad hoc base without putting in place a robust and rule-based governance structure and systematic planning can hardly address the chronic underdevelopment in Balochistan.<sup>61</sup>

The underdevelopment of Balochistan has always been a thorny issue, yet it often featured in mainstream discourse without any serious consideration, which somewhat reflected the colonial policies treating Balochistan as merely a frontier affair with just a peripheral status. The core-peripheral relationship maintained by the British Raj caused chronic underdevelopment, which warranted an assertive and comprehensive development plan in postcolonial Pakistan. However, in the postcolonial era, Balochistan was treated as a peripheral region, a somewhat similar persuasion of British-era policies, denying the province basic economic, political, institutional and constitutional rights.<sup>62</sup>

Inclusive political and economic institutions are the ultimate choice of any society without which sustainable social and economic development may not be possible. In the entire gamut of politics and resource distribution, Acemoglu and Robinson<sup>63</sup> argue, the kind of institutions—either inclusive or extractive—rests to be the central point to understanding the causes and reasons for the success and failure of a nation. Inclusive economic institutions, for instance, in the United

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61 Baluch, *Balochistan: Its Politics and Economics*.

62 M. Ahmed & G. Khan, "The history of Baloch and Balochistan: A Critical Appraisal," *A Research Journal of South Asian Studies* 32, no. 1 (2017): 39-52.

63 D. Acemoglu, S. Johnson, and J. Robinson, "Institutions as the Fundamental Cause of Long-Run Growth," in *Handbook of Economic Growth*, ed., P. Aghionet, and S. Durlauf (North-Holland, Amsterdam: 2012), 386-472.



States of America and South Korea, bore perfectly well for sustainable economic and social development. On the contrary, the example of North Korea, Mexico, Argentina, and Uruguay where both the political and economic institutions are extractive, experience poor growth and development with the elitist and patrimonial social and political structure.<sup>64</sup> Both South American countries and North Korea are not less resourceful than North America and South Korea. The nature of institutions in both worlds explains the different economic trajectories they embarked upon. Balochistan despite its immense resource base remained an underdeveloped region, just because its institutional landscape is extractive, as we see in Acemoglu and Robinson<sup>65</sup> analysis, with a weak and dysfunctional governance structure. The extractive nature of its institutions and weak governance are somewhat a natural outcome of the policies meted out to Balochistan by the federation. The latter never treated Balochistan beyond a peripheral region featuring purely in a geostrategic context, without any serious consideration for the economic agenda of the province.

### **Conclusion and Policy Recommendations**

The underdevelopment of Balochistan is rooted in the persistent crisis of centre-province relations. The paper presents how the relationship between the federation and the province of Balochistan is typically explained by the underlying principles of the “core-peripheral theoretical construct”, whereby Balochistan features in a peripheral region of a mainstream core of politics and economics of the federation.

Both politics and economic decision-making in the federation have been highly centralist in their nature and attitude with

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64 Acemoglu, Johnson, and Robinson, “Institutions as the Fundamental Cause of Long-Run Growth,”.

65 Acemoglu, Johnson, and Robinson, “Institutions as the Fundamental Cause of Long-Run Growth,”.

daunting implications for the fiscal, political, and administrative autonomy of the provinces. Balochistan failed to engage constructively with the federation to change its peripheral status. The estranged relationship of Balochistan with the federation not only alienated the province from mainstream politics and the economy it also caused it dearly in terms of economic development. Under this milieu and given the weak development profile of Balochistan, the paper tried to analyse and critically evaluate some of the underlying causes of the underdevelopment of Balochistan in the light of the “Core-Periphery Relationship”. Since the matter has both political and economic aspects, the paper analysed the situation from a political economy perspective.

Balochistan, which constitutes more than 44 percent of Pakistan's total territory, remained largely underdeveloped, despite possessing assets and endowment for development. Its vast wasteland with a sound resource base and low population density presents a strong potential for sustainable economic development. However, despite claims of successive governments, and the provincial elite, the economic development of Balochistan has been marred with sheer contradictions and anomalies. Looking into the socioeconomic and development indicators, one may simply feel that the wheel of economic and social development in Balochistan has been stagnant. Though the development processes in other provinces have also not been impressive, a closer look reveals that, unlike Balochistan, there has been at least some pace of economic development other provinces achieved.

The economic nature of Balochistan is different from the mainstream economy of Pakistan. The growth and development potentials and constraints in Balochistan are somewhat different from the rest of Pakistan. Natural resource, though exploited with any tangible benefit to the people of Balochistan, is the mainstay of the provincial economy. The exploration and exploitation of natural gas in 1952 and the Saindak and Rekodiq Gold and Copper Projects in the 1990s and 2000s respectively are the classic

cases in point, where billion rupees' worth of gas, gold and copper have been exploited without much payback to province. Thus, arguably the natural resource of Balochistan has not been used to build a sustainable economic base with diversified sectors that could provide jobs to people and develop an economy that could sustain itself once the natural resources base is eroded. Equally important is the argument that Balochistan economy failed to develop itself in a direction where it could compete not only to absorb and accommodate its unemployed youth but also compete with other regional provincial economies of Pakistan. Thus, the lack of diversification and development of alternative economic sectors, apart from natural resources, caused the provincial economy to drift away from the national economy. Bengali<sup>66</sup> and Pasha<sup>67</sup> show a diverging trend of Balochistan's economy from the mainstream, whereby from the mid-1970s to 2020 the share of provincial economy to national Gross Domestic Product has dropped from around five percent to less than three percent of national income. In addition to this, the per capita income of the people of Balochistan has remained either stagnant or further dropped.

While looking at and analysing the political economy of the underdevelopment of Balochistan regarding the centre-province relationship, we conclude that despite a huge resource base in Balochistan, a deliberate and well-thought-out agenda to perpetuate an obsolete social order through nurturing and supporting the tribal chiefs and maintaining their political clout on Balochistan's political and economic affairs at the very cost of weak but teeming democratic forces, the Core (the central government of Pakistan) has been indifferent to the economic development of Balochistan. Such policies cost Balochistan heavily in many aspects, including a vicious circle of social and economic development.

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66 Kaiser Bengali, "Temporal and Regional Decomposition of National Income Accounts of Pakistan," (A Thesis Submitted for Fulfilment of PhD, 1995).

67 Pasha, *Charter of the Economy*.

### **Policy Recommendations**

As has been noted and argued that the economic underdevelopment of Balochistan owes a lot to the policies of the federation, the following recommendations can be made:

- The underdevelopment of Balochistan is not in the larger interest of the federation. Sooner than later the federal polity must realize the importance and severity of the matter and therefore make a radical shift in its policies.
- To make Pakistan a viable federation with lasting endurance, where the federating units enjoy a certain degree of content and cooperation, the federation must follow an accommodative policy towards all provinces in general and particular to Balochistan
- The federal and provincial elite should leave political matters and economic policies to the elected representatives of provinces.
- The electoral process should be transparent so that elected representatives can be held to account for political misconduct and economic and fiscal mismanagement.
- To ensure better utilization of resources, there must be a robust accountability mechanism in place.
- The bureaucracy and the public service delivery structure are completely obsolete, and it needs to be revamped.