Development and conflict

India-Pakistan issue on Indus Water Treaty and China Pakistan Economic Corridor

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Abstract

India and Pakistan are at war with each other for over 70 years. To date, the two countries have four full scale wars. This thesis evaluates whether the dispute between Pakistan and India is linked with the economic development of the rival country or there are other reasons for it such as terrorism, border disputes, etc. In the analysis, special attention is paid to tensions related to Kashmir which started in 1948 and are still there. Kashmir plays a vital role in development of Pakistan in a broader context because The Indus River, which is the lifeline to Pakistan, flows through the Jammu and Kashmir. Case study method was employed, based on secondary data from the existing studies. This thesis is based on theories of international politics to explore the Indus Water Treaty and China Pakistan Economic Corridor in relation to the economic development of Pakistan. The findings reveal that, contrary to the popular belief of the people of the two countries that India and Pakistan are fighting over Kashmir’s territory, much of the problems are related to economic issues. Indus Water Treaty and China Pakistan Economic Corridor are helping Pakistan in coming out of the vicious circle of poverty and moving towards development. Economic development in Pakistan is not beneficial for India, as Pakistan and India compete in their export markets. So, India is creating hurdles in the economic development of Pakistan. The violation of Indus Water Treaty by India and India’s interferences in China Pakistan Economic Corridor are two such examples of it. The China Pakistan Economic Corridor will increase foreign investment in Pakistan which will lead to economic development of Pakistan. This may strengthen Pakistan’s export sector and challenge India in its international export markets. Therefore, India is creating hurdles for Pakistan. Moreover, efficient utilization of water may lead to an increase in power generation in Pakistan which would help it in overcoming energy shortage problem, especially electricity. If this problem will be resolved, industry and export sector will be developed, and Pakistan may compete India in export markets. It was concluded that major reason of conflicts between India and Pakistan are economic, not political, geographical, or military.
**Key Words:** development, conflict, Pakistan, India, Indus Water Treaty (IWT), China-Pakistan Economic Corridor, case study
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List of Abbreviations

CPEC: China Pakistan Economic Corridor
EJV: equity joint ventures
FDI: Foreign Direct Investment
GDP: Gross domestic product
IWT: Indus Water Treaty
1 INTRODUCTION

This chapter presents the background of research, problem statement, research aim, and objectives along with an account of the relevance of the topic with Peace and Conflict Studies, the significance of investigation, and limitations of the research presented in the thesis.

1.1 Research background

The present world is facing a higher level of conflict as compared to the cold war (Powelson, 2015). On one hand, countries like the USA and UK are engaged in war in Iraq and Afghanistan, and on the other hand, insurgencies in Algeria, Burma, Syria, Iran, Columbia, Myanmar are also at their peak possibly because they have not experienced the involvement of international bodies. The involvement of international bodies, such as United Nations, European Union, etc. substantially decreases control over domestic operations and hence hinders the peace (Harris, 2002). Conflicts between India, Pakistan, and China are also in limelight. Likewise, the USA and North Korean conflict are also at their peak. Barbieri (1996) suggested that over the past century, humanity faced a crisis in the form of conflict between countries, while countries have been fighting to be the modern state of the present world. The underlying reasons were multi-faceted and include economic, agricultural, climatic, religious, technological, etc.

Tanaka, Tago, and Gleditsch (2017) suggested that conflicts are rampant in the social and economic interactions of the countries such that these countries compete with each other to gain more economic and political benefits. In its general terms, a conflict is disagreement between two or more entities (Barbieri, 1996). However, when it comes to military or armed conflict, it is a situation in which two or more nations, states or countries actively compete by using army and associated resources. Conflicts may lead to loss of human life as well as damage to national infrastructure, culture, social value system, and heritage. Kreutz (2010) suggested that conflicts are detrimental and very
seldom lead to a win-win situation for the parties involved. Even at the end of the conflict, considerable efforts are to be devoted to long-term and sustained peace between the parties. Owing to these negative impacts of the conflicts and wars between/among countries, all efforts should be made to avoid such conflicts and wars. Westing (1986) suggested that natural and human-built resources had been among the chief reasons for armed conflict. Countries try to control resources such as, forests, capital, gold, minerals, libraries, etc. and if these resources go out of their controls, then they initiate a full-scale war which may lead to a long-term regional conflict (Keshk, Pollins, & Reuveny, 2004). An understanding of underlying reasons for such conflicts may prevent wars and long-term conflicts. This may benefit both countries as they dedicate their military resources for their economic development. On one side, countries may not have to spend money on the development of militaries, on the other hand, countries may escape from the negative impacts of the war.

The economic interdependence and regional conflict had been and are the focus of scholarly debate. The traditional viewpoint, such as represented by Mansfield and Pollins (2001), emphasized that economic prosperity in a country brings its neighbors closer to each other and reduces conflict so that everyone can enjoy prosperity. This liberal viewpoint emphasizes that the economic prosperity of a nation and its trade with other countries brings peace and develops strong ties between nations as they are interdependent. Many researchers emphasized that economic resources bring peace in the country (Bazzi & Blattman, 2014; Chatagnier & Kavakli, 2017; Gleick, 2014; Manski, 2017; Yanagizawa-Drott, 2014). However, Le Billon (2001) suggested that on one hand, national resources help countries in financing their armies and defending countries from intruders waging war on them, while on the other hand, such resources also increase the vulnerability of countries to war because they enable countries to involve in economic development rather than war. Contrary to the traditional and widely held premise that abundant economic resources of a country bring in political stability and economic prosperity, Collier (2000) argued that such resources may bring political instability and an armed conflict between countries. However, very few studies were carried out to check if economic prosperity in a country leads it to conflicts with other nations (Keshk
et al., 2004; Ross, 1999). The thesis will pursue the premise that as a country develops economically, its economic and armed conflicts with other countries may increase. More specifically, this thesis will argue that economic development in Pakistan as a source of conflict between Pakistan and India.

1.2 Problem statement

The continent of Asia possesses an important place in the world. Its total population has surpassed 4.436 billion (Worldometer, 2017) and it is the home of existing (China, Russia, India, & Pakistan) and emerging nuclear states of the world (such as Iran, Azerbaijan, and North Korea). Among these, the contention of China, India, and Pakistan is unique as the level of conflict between these nuclear powers is high (India vs. China and India vs. Pakistan). The bilateral relationship between India and Pakistan faced considerable turmoil since their inception 1947. Burton and Wurfel (2016) highlighted that despite significant efforts, a lot of tension could be observed on borders in the form of full-scale wars between India and Pakistan in 1948, 1965, 1971 and 2001. The Kashmir territory is the main source of conflict between India and Pakistan. The dispute of Kashmir is a geographical conflict that is resulted in four full-scale armed wars (1947, 1965, 1971, and 1999). Moreover, both countries struggled to isolate each other on the international front. At times, the scale of tension rose to a level that the world feared a nuclear war between India and Pakistan. Among other issues, the issue of water coming from Kashmir territory to Pakistan, the Indus Water Treaty (IWT), and the China Pakistan Economic Corridor (CPEC) are ongoing.

In the 1960, World Bank moderated the dispute between India and Pakistan, and the two countries signed the IWT on 19th September 1960. Since then, India and Pakistan did not have a full-scale war on water. However, since then both countries have both political and military disputes on other issues (e.g., Bangladesh and Kargil). Further, in 2013, implementation of CPE project started and during that times India tried its best to destabilize using different tactics such as militancy and border-conflicts. Pak Observer (2017) highlighted that CPEC is evidence of the friendship between Pakistan and China.
and will bring revolution in regional economies. It involves an investment of US$ 62 billion to be spent on the development of the infrastructure and energy sector of Pakistan. It will open many new development avenues for Pakistan, rebalance geopolitics and geo-economics. India, Pakistan, and China are putting their best to win their stakes out of CPEC. Hostile relations between Pakistan and India are increasing chances of nuclear war between the two countries so there is a need for the evaluation of impact of IWT and CPEC on such chances of war. This thesis is designed to link the conflict with economic development in both countries and evaluate if each of the countries causes/raises conflict to resist economic development of its adversary. For this, this thesis investigates and analyze whether the current tensions are related to Kashmir, or are there other reasons, such as economic development, to it? Both India and Pakistan demand territorial rights to Kashmir. Where India claims Kashmir to be its integral part, Pakistan maintains that India had occupied Kashmir and people of Kashmir should be given the right of self-determination so that they may join Pakistan or may separate from India and become an independent state.

1.3 Research aim and questions
To eradicate conflict and bring peace between India and Pakistan, potential reasons for conflict need to be analysed. The thesis focuses on IWT and CPEC and will identify, describe and evaluate economic and political stakes of both India and Pakistan. More specifically, this thesis will evaluate water and road infrastructure-related disputes between Pakistan and India from different theoretical perspectives. Using theory of development and the theory of relations bewteen development and conflict, this thesis will present an evaluation of the way the tensions emerged and increased between these two states.

This research aims to evaluate the role of IWT and CEPC as a source of initiating and sustaining inter-state conflict between India and Pakistan. This aim will be reached by answering the following research questions:
1. What are the economic and political stakes of India and Pakistan in IWT and CPEC?

2. Is the economic development of Pakistan a source of initiating and sustaining conflicts between Pakistan and India?

1.4 Relevance to Peace and Conflict Studies

Peace and conflict studies provide us the comprehensive knowledge to understand the nature of conflicts and their social and cultural impacts. This study is relevant to peace and conflict studies as it deals with the assessment of the nature of the Pakistan-India conflict linked with the important sources of economic development such as water and road infrastructure. Since, conflicts cause disaster to human beings, natural and animal life of the countries, so it is important to understand the reasons and factors, which cause conflict and the possible way through which such conflicts can be avoided.

Fresh water is an enormously limited and precious natural resource. Research has shown that it had triggered wars, e.g., Mekong River conflict, Egypt – Sudan – Ethiopia conflict over Nile sharing, water conflict in Oregon, Colombia River conflict, Jordan River sharing conflict between Jordan, Israel, and Palestine (Swain, 2015). Undisputed water distribution lays the potential foundations for enduring peace. UN Secretary-General Kofi Annan has once said that fierce competition for fresh water may well become a source of conflict and wars in the future (Carius, Dabelko, & Aaron, 2004:60). Furthermore, referring to the case of IWT, water and development are connected particularly for upper and lower riparian states system. Hettne (1995) argues that development and peace should be considered two sides of a coin. Distribution of water can constructively promote peace or trigger conflict.

The development of CPEC is also linked to peace and conflict studies as development of road infrastructure from China to Gwadar deep sea port of Pakistan, would give better access to China to the Arabian Sea and connect it with many countries of the world by developing strong relationships that will consequently decrease conflicts. It would enhance exports of China. CPEC would also enhance Pakistan's capacity through the development of infrastructure, fulfilment of energy requirements, workforce
development, and economic progress. CPEC is an economic project and is a subset of One Belt One Road Initiative. The aim of this is to connect China with other countries like Arabian states. Indian hostility and the disturbing peace of Pakistan are also provoking to both Pakistan and China. It may hamper future relations among the three countries.

1.5 Limitations of the study

Only secondary data is used for this research. Secondary data has limitations related to currency, relevance, and authenticity. All attempts were made to use only secondary data which was credible and relevant. Moreover, I included the information on the latest happenings concerning the selected topic.

The subject of conflict and development theory is vast. If not impossible, it is genuinely difficult to cover all aspects of conflict and development theories in one BA thesis, given the amount of time and the word count limit. I therefore confined my interest to economic development in Pakistan as a source of conflict between Pakistan and India. Furthermore, the analysis is restricted to the economic development of Pakistan concerning water and road infrastructure.

The analysis and findings of the research are prone to the researcher's biases. All attempts were made to put forth a balanced analysis bringing perspectives of both India and Pakistan by referring to statements given by the officials of both countries in independent press. There are chances that official documents of both India and Pakistan may be biased as both countries may tend to project their own viewpoint, so I avoided using official documents of ministries of both India and Pakistan.
2 REVIEW OF LITERATURE

The previous chapter presented the problem statement and the research aim. This chapter offers a literature review relevant to this thesis and identifies a research gap.

2.1 Economic background of conflicts between countries

Economic reasons had been the source of conflict between countries. Collins (2016) highlighted that Europe faced lots of turmoil as development in one country deprived other countries of productive economic resources. The economic growth of one country at the cost of another country became a source of conflict between European countries, such as, e.g., France and Germany. Collins also observed that the European nations that developed their road infrastructure and contracts with other nations for favored access to resources and routes, had increased accumulation of wealth. Conversely, their trading partners, instead of flourishing, became poorer (Collins, 2016, p. 176). It implies economic prosperity in one country may be at the cost of another country.

Contradicting Collins and Wade (2012) suggested that considerable evidence asserts that economic development in a state provides constructive outcomes for the trading partners as well as for neighboring states to grow at a consistent rate because economic development is not a zero-sum game but a positive-sum game. Countries obtain/develop resources that may help them in controlling/deterring their rivals, but it does not mean to always have superiority, for this, it requires that a country could be able to justify and defend its position. This asserts that development in one country may attracts another country to initiate a war with the former so that later, usually stronger, may control the resources of the former country which has considerable economic potential.
The US and Iraq conflict is a good example where US invaded Iraq to control the oil and other economic resources of Iraq. The main motivation of this invasion was the economic prosperity of the US which can be used to leverage across the world, both in economic and political terms (Avant & Sigelman, 2010). Likewise, the conflict between North Korea and the USA over the Korean nuclear program is also an example of a situation in which a country (US) is interfering with another country (North Korea) without any probable threat to the USA (Onuf, 2012). It can be implied that such interreference of US in North Korean may have some hidden agenda, which could be economic or otherwise (Snyder, 2013). This literature shows that inter-state conflicts disturbed their relationships and hinder their economic development dependent on those relations. Onuf (2012) suggested that when if country perceives that a rival country is economical progressing, the first country may initiate conflict with its rival. Snyder (2013) added that scale of conflict may increase to the level of full-scale war as conflicting parties will try to defend their interest, capabilities, and existing and future positions. Even if it erupts at once, one can identify the conflicting situation, which ignited the situation. These may be sufficient for subsequent conflict behavior among the parties to the conflict. Moreover, Mitchell (1989) asserted that at times countries have different expectations from an important development project. The incongruence may be in the form of sacrificing material benefits from the development project so countries may initiate full-scale war. Mitchell’s work shows that such situation can be resolved if parties to the conflict can establish a dialogue and share their concerns so that the issue can be resolved.

2.2 Dimensions of the economic development

Harrod (1960, p. 48) suggested that for developing a country, it is important to understand the factors that serve as the basis for the economic development of the country in terms of trade, economic ventures, investment, development of economic institutions, and peace. This section will present a review of the literature on dimensions of economic development.
2.2.1 Trade

Nelson and Winter (1974) suggested that international trade is a fundamental factor of economic growth and development of a country. Trade between two countries generates economic activity which is beneficial for both countries. Exporting goods to other countries provides an opportunity to the local producers to use their idle capacity and sell excess production to those countries, which have demand and ability to purchase those goods and services. Even the importing country gets benefit from trade, as its people will obtain those goods and services from which they were previously deprived. Sial (2014) suggested that even a country that does not buy or sell to another country but just provides land for transporting goods between countries can still earn money in the form of increased business activity as well as duties and taxes.

2.2.2 Investment

North (1994) regarded investment as an important driver of economic prosperity in the country. He suggested that in an international scenario, investment comes in the form of foreign direct investment (FDI) in the country. This money can be spent on the development of infrastructure, institutions, technology, or people. The last few decades bring lots of evidence where FDI transformed the economies. Two pertinent examples are Malaysia and Singapore. Also Easterly and Levine (2001) suggested that such investment in the resources of the country not only increases revenues of the economy but also increases the production capacity of the economy as a whole. It paves the path towards economic development and prosperity.

2.2.3 Economic prosperity

Mokyr (1992, p. 210) showed that improved factors’ productivity leads to economic prosperity of a country. The creativity and innovation of the people and organizations in the country become the basis of the development of unique products and services (Porter, 2001). These goods and services become the basis of the development of competitive
advantage in the country. Such goods and services are sold to people in both local and foreign markets and thus help the country to earn revenues and use these for fostering economic development and prosperity.

2.2.4 Sound institutions
Nelson and Winter (1974, p. 71) suggested that the institutional base (banks, educational institutions, judicial courts, parliament, army, stock markets, financial sector) of a country provides a significant boost to its prosperity. It helps trade, investment, technology, and economic activities to flourish and move to prosperity and development.

2.2.5 Equity joint ventures
Beamish and Banks (1987) highlighted the emergence of equity joint ventures (EJV) and suggested that during the 1980s EJVs had sporadic growth. It is a form of a business association in which two or more parties (at both firm and government level) start a project by contributing resources to achieve common goals. Luo and Park (2004) highlighted the case of multi-party EJVs in international projects and suggested that since stakes of more than one party are involved, everyone tries to get the benefit of it. They highlighted that there is a substantial positive impact on cooperation between partners on performance as perceived by partners. Furthermore, Pan (1997) emphasized the case of EJV of Japan and the USA in China and suggested that EJVs have become the most common source of FDI in recent times. Owing to its importance, it has become an important area of managerial attention. Harrigan (1988) highlighted that despite its advantages, multi-government level EJVs have associated challenges. Park and Russo (1996) asserted that EJVs might have to face the curse of competition from the non-participating parties and there are times when the hurdles created by the non-participating parties have more devastating impact as compared to the benefits arising from the cooperation of the participating parties. They also asserted that this situation is devastating as participating have more to lose and less to gain from such participation.
3 THEORETICAL FRAMEWORK

This chapter presents the theoretical framework that I consider as relevant to the topic being researched.

3.1 Development theories

Rapley (1997, p. 43) suggested that development theories deal with bringing change in the society and economy and are developed from a variety of scientific disciplines (including sociology, political science, economics, anthropology, etc.). These theories focus on resolving problems of underdevelopment and structural transformation of economies (Leftwich, 1996). Moreover, development theories involve analysis of social changes and differences and implications of such disagreements over historical, cultural, ecological, and economic aspects of societies (Kothari, 2004, p. 165). In the modern sense, development implies intentional social change (Hettne, 1995, p. 49). A country may start development projects to control its rivals (Pieterse, 2010, p. 216). For instance, the development of dams by a country (upper riparian country) may deprive the neighboring countries (lower riparian countries) of water which will hamper the agriculture and industrial sectors of the lower riparian countries. Leys and Shaw (1996, p. 52) presented a detailed account of the progression of development theories and suggested that while most of the theories contributed one or more postulates, the primary motive of these theories was the development of policies and methods through which countries can improve their economic prosperity.

A major distinguishing feature of development theories is to include social and political factors in theory formation. These theories focused on the rise of nations yet little attention was given to the concept of development (Ekelund and Tollison, 1981, p. 27). The next notable contribution in development theory came in the form of ‘economic nationalism’. It appeared in the 19th century and was related to development through domestic production and industrialization (Stern & Wennerlind, 2013). USA and Germany had been the major proponents and beneficiaries of economic nationalism. The
focus of these theories remains on economic growth and structural transformation (Levi-Faur, 1997). A significant contribution in this area came from the work of Rostow (1959, p. 187) who put forth linear stages of economic growth. Rostow advanced the work of Marx and modified Marx’s stages theory of development. Rostow emphasized that utilizing both local and international resources may lead to economic development in the country. Another significant contribution came from the work of Harrod (1960, p. 37) who linked capital investment with economic growth. The theories of this time (1960s) were criticised as they were more focused on capital accumulation. Moreover, these theories did not focus on overcoming political, social, institutional, and international factors, which may hinder the development of a country (Arndt, 1989). After 1960s, it was the era of structural change theories. The focus after 1960s, remained on changing the economic structures of developing countries. This involved reduction in reliance on the agricultural sector and the development of infrastructure towards a more modern, urbanized, and industrial manufacturing and service economy. Structural change theories were criticised for being overly focused on the development of urban areas while ignoring rural sectors of the economy (Snyder & Kick, 1979). Although these theories have associated criticism, yet they are highly relevant for their application in the real world situations.

3.2 Rostow’s stages of economic development

Rostow theory of economic development is the first major theory that will be used for achieving research aim and answering research questions. Rostow (1959) presented the theory of economic development of a country which is still valid in the present era. He suggested that if a state spends money on training, education, and economic investment, then it may get out of poverty and move towards prosperity. Such payment can be arranged from local resources of the country or may also come in the foreign direct investment in the country. There are five stages of economic development, commonly referred to as the economic ladder of the country. The first stage is known as ‘traditional societies’ in which subsistence dominates economies, people have limited wealth, and the level of industrialization in such societies is also very low. The second stage of the
Rostow model is known as ‘the preconditions for take-off’. In this stage, the country gets investments in the form of financial aid, expertise, modern value system, and technology. Hunter (2012) mentioned that these are used to advance science and technology which is used to improve the agriculture sector of the country. Moreover, the country also develops its infrastructure, which includes improving roads and cities. Likewise, companies from developed countries also establish their factories in these countries. Since these factors indicate, that country is on the verge of economic development, so more and more foreign companies come into the country. The third stage of Rostow’s model is ‘take off stage’ in which society starts reaping the benefits of economic development. Moreover, a new urban class emerges in the country. This urbanized group tends to take the risk and invest in the new venture, which brings more prosperity to the economy (Hunter, 2012). Consequently, the country moves a step ahead and after fulfilling local demands, it starts exporting the rest of the products and services to other countries of the world. The economic activity trickles down on the population. This stage is followed by ‘the drive to maturity’ in which the country experiences more economic growth and investment in education. Likewise, the media of the country develops, and the population growth rate is controlled. The quality of life of people in the country improves a lot over the years. Finally, the last stage of the model is ‘the age of mass consumption’ in which the economy of the country grew to a full-blown level, and it matches the economic activity of the developed country (Hunter, 2012).

Wucherpfennig and Deutsch (2009, p. 30) highlighted that Rostow’s work is inspired from the work of Max Weber’s modernization theory. Both are considered as theories of economic development and are criticized on several basis. For instance, the Rostow model ignored country’s limits to growth. For instance, the development of projects such as dams requires lots of money for the longer period of time and countries do not have such funds. Then, these funds are provided by foreign donors or lenders. Bernstein (1971, p. 185) highlighted that when such lending is made, there could be underlying motives. For instance, one of the underlying motives of Western investment in the developing countries is to have control of the developing countries.
3.3 Conflicts over economic development

Different countries have different reasons for starting development projects. For instance, Hettne (1995) suggested that development in the modern sense implies the intentional social and economic change whereas Pieterse (2010) added that all development-related activities are not related to development: there are other benefits such as taking control of other countries. Highlighting the ways in economic development can be achieved, Hettne (1995) highlighted that there are five major elements of nation-building projects that a government may undertake. These include exclusive political and military control over a particular territory, defence of this territory, independence of creating material welfare, politically legitimization, and ability to organize culture.

Economic Development is not free from challenges. Stiglitz (1996) suggested that change in the balance of economic and political power is a sufficient cause of conflict of interest. When one party perceives that another party is engaged in development activities, which may in the future, short-run and/or long run, shift the balance of the power to the later party, then the first party initiates conflict. However, Stiglitz (1996) further stated that the scale of conflict may increase to the level of full-scale war as conflicting parties will try to defend their interest, capabilities, and existing and future positions. Such conflict may or may not erupt at once. Mitchell (1989, p. 45) suggested that there is a logical relationship between incongruent expectations from a development project, and conflict and tension between the parties. It implies that when one party perceives to be hurt by another party, it may consequently distract the relationship and turn into a full-scale war. A good example of this is the case of trade war of USA and China such USA feels that it is economically disadvantaged in its business relations with China, so it is imposing different types of sanctions on Chinese products being exported to USA and Chinese companies working in the USA (Liu & Woo, 2018). The problem became so eminent that US Chief of the Army Staff called his Chinese counterpart to assure him that US has no intentions to attack China.
3.4 Structural theory of conflict

The structural theory of conflict is based on the conflict theory of Karl Marx, and it attempts to explain that conflict between countries arise when two or more countries tend to compete with each scarce resource (Dorpat, 1976). The main postulate of the structural theory is the scarcity of resources which results in deprivation among the people which in turns becomes the deprivation of the countries. To eradicate this deprivation, countries initiate war so that they can bridge the gap between haves and have not. In the past, these resources have been the precious metals such as gold and silver. However, in the contemporary world, other resources such as land, capital, water, and other related resources may also become the basis of conflict between the countries (Grabendorff, 1982). This theory outlines that the country that initiates war has certain conditions which serves as the main influencing factors related to the war. These conditions include social exclusion in the society, deprivation of masses which may be related to basic amenities of life, class inequalities based on income, education, social class, etc., injustice among different sectors of the society, political marginalization of people in the society, racial profiling, and gender biasness along with different forms of economic exploitation, etc. These factors indicate that people in the society are facing different challenges and there must be some solution which may end such injustice. On a broad level, if the countries experience economic development, then there are less chances of conflict between the countries. Consequently, countries to develop them economically so that benefits of economic prosperity may go to the people living in these countries. In this regard, countries try to exploit local resources so that speed of economic development can be expedited. In certain cases, if such resources are not available in the country, then countries look outside the national boundaries and find such needed resources. For instance, countries fight with each other for food, land, capital, gold, livestock, etc (Coccia, 2019).

3.5 An economic theory of war

This theory asserts that economic reasons are among the main factors that lead to war between two or more countries (Yared, 2010). If a state fears that its economic interests
are not safeguarded, then it would tend to protect these resources even if it must be at war with another country. Generally, such motivation of war arises in the strong countries as they may needed resources to initiate and sustain war and its related aspects (Hess & Orphanides, 1995). Moreover, such war is generally initiated against a weaker state which either has resources which are needed by the war-initiating country, or the weaker country is threatening economic resources of the strong country. Weaker countries are at greater risk of exploitation as both war and deprivation of resources will break the country (O’Neill, 1994). Relying on the work of Karl Marx, the economic theory of war asserts that economic competition between the countries is the major source of conflict between the countries. The countries try to create a situation in which they have both short-term and long-term economic security. For this, countries may rage war with its neighbors or with far-off countries of the world (Copeland, 2014).

### 3.6 Research gap

Since their inception in 1947, India and Pakistan seldom enjoyed good relations with each other (Noor, 2007). India and Pakistan had four full-scale wars and share hostile borders (Ashraf & Shah, 2021). The first war took place in 1948 which was just one after the two countries got independence from the British and the latest full-scale war between the two countries was fought in 2001 in the Kargil valley which is located in the Kashmir territory which is under the control of India. In the last ten years, on several occasions, both countries had been on the verge of starting a full-scale war with each other. India-Pakistan conflict is related to the control of Indian-occupied Kashmir (Carter, Irani, & Volkan, 2015; Ejaz, 2016; Lamb, 2002; Shoaib & Shafiq, 2015; Wirsing, 1998). In 2005, India and Pakistan were about to settle the Kashmir conflict related to the control of the territory, but India Government step back and it is still disputed. The two avenues where Indian actions were quite evident were the water dispute between the two countries and the development of the China-Pakistan Economic Corridor.

It was highlighted in the chapter 1.2, the majority of the literature on developing theories arises from the work, which was carried out in the West (Barkema et al., 2011). It implies
that theories on economic development have been derived from Western culture because Western areas of the world have experienced a speedy development as compared to eastern areas (Barkema et al., 2015). Moreover, referring to the scale of CPEC, this provides the researcher an opportunity to analyze the development as a source of conflict in the context of equity joint ventures (EJV) projects. For instance, economic development has been considered as vital with the presence of CPEC, while the Indus water treaty may significantly impact the project in terms of hindering aspects to decrease the performance of the CPEC (Abid & Ashfaq, 2015). Moreover, referring to Indus Water Treaty, in the wake of the development of CPEC in the region, the issue became alive again as it is expected that if the current situation would prevail, Pakistan would soon face a water crisis which would become a bottleneck for not only Pakistan but also partnering countries of CPEC (Altaf, Kugelman, & Hathaway, 2009; Awan & Khan, 2014; Masood, 2015). Referring to the issue of water, Pakistan is not alone; even India is also facing similar problems (Biswas, 2016; Snyder, 2015; Vedwan, 2015).

The general belief in both countries, India and Pakistan, is that both countries are fighting with each other on Kashmir issue. However, researcher, based on his observation and experience as a citizen of Pakistan, believes that there are other factors that are causing conflict between India and Pakistan. Therefore, there is a need for the evaluation of the situation so that such factors, if there are any, could be investigated and the popular belief can be refuted.
4 RESEARCH METHODOLOGY

This chapter presents the chosen research design and ethical considerations.

4.1 Research design

A research design is a robust mechanism that highlights the strategy followed by a study to conduct research. Based on the Pakistan and India relationship, this thesis is considering the case study method to evaluate the role of IWT and CEPC as a source of initiating and sustaining inter-state conflict between India and Pakistan.

The case study research method is one of the major methods in Peace and Conflict Studies. It permits the examination, investigation, and robust understanding of multifaceted problems and disputes (Gulsecen & Kubat, 2006). In the academia more generally, it is considered a vigorous investigation method mainly when the researcher intends to conduct a study to an in-depth investigation of the issue under consideration (Tsang, 2014). The exploration of the conflicts through case study can include the bilateral and multi-lateral issues among the nations (Rose, 2017). The case study method involves in-depth exploration of the reason for such issues, it discovers the historical background of conflicts and focuses on the prevailing factors that can escalate or de-escalate the conflict among the states (Gulsecen & Kubat, 2006).

One of the most important causes for the acknowledgment of the case study method is that the researchers are getting more anxious and alarmed about the restrictions of quantitative methods in providing holistic and in-depth explanations of the social and behavioural problems in question. For instance, Tsang (2014) argued that using of case study approach is a substantial way of overcoming the limitation of quantitative data.

However, case studies may include both qualitative and quantitative data to explore the qualitative and quantitative aspects of an issue. Through the case study, a researcher can understand in detail the social and behavioral situations and the viewpoint of the parties involved.
According to Gulsecen and Kubat (2006), the case study is such a research method that empowers a researcher to thoroughly and meticulously inspect and observe the data in an explicit empirical context. Case studies focus on exploring and investigating the existing and present real-life occurrences and issues with the help of comprehensive contextual investigation and examination of a restricted number of issues or circumstances, and it also focuses on exploring the relationship between these issues and circumstances. Yin (1984) explained the case study research method “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not evident; and in which multiple sources of evidence are used”.

In some case studies, a detailed longitudinal investigation of a particular case or incident is used. The longitudinal investigation offers an efficient and organized method for the observation of the events, gathering the relevant data, analyzing the gathered information, and finally reporting and commenting on the results. It can be said that a case study is a distinctive way of perceiving any particular phenomenon (Yin, 1984). By particular it means that merely a limited geographic area or a particular issue of concern are observed and investigated in detail.

4.2 Designs of case study

Academics may embrace a single-case or multi-case design depending on the issue (Hyett et al., 2014). The researcher may adopt the single-case design in cases where there are very few occasions accessible for replication. For example, public research on the impacts of the fall of Highland Towers in the 1990s in Kuala Lumpur or the impacts of Tsunami in Aceh could be carried by using a single-case design, in which incidents are restricted to a single occurrence. The disadvantage of a single-case study design, however, is its incapacity to cover lots of participants, especially when the incidents are unusual. One way to overcome this is to triangulate the research with other methodologies to verify validity of the findings. A researcher may also develop a multi-
case structure which may include information related to events. Data for this can be collected from various sources of data. The generalization of case studies results, either through single or multiple designs, is based on theory. The case studies may be descriptive in a literary form (Saunders et al., 2007).

4.3 Benefits of applying case study method

The use of case studies has a number of benefits. First of all, the critical evaluation of the investigated cases can be made by comparing findings with the theoretical frameworks or theories which consequently aim to provide a robust understanding of the topic (Yin, 1984). For example, a case study may evaluate a phenomenon which may become the basis of a particular way in which a nation behaves. With reference to the current research, the investigator must examine the case in the environment or situation, like, how India and Pakistan behave regarding their economic policies in the context of CPEC and IWT, and what is the difference between the apparent behaviour of both India and Pakistan? What is the response of the Indian government, when they see the economic progress of Pakistan, and what is the response of the Pakistani government, while India progresses economically? Moreover, the comprehensive qualitative reports frequently generated in case studies may also help to examine the data in real-life settings, and also help explain the peculiarities of real-life situations that might not be apprehended by experimental research methods or survey research (Saunders et al., 2007). For example, a case study research method of finding out the reasons for a particular behaviour or response by a nation in a specific condition or situation can provide access not just to the quantitative data about the techniques and the responses by any nation, but also to the reasons for use of a particular approach used by nation (hostile or mitigating), and how such strategies are interlinked to other strategies (Block, 1986; Hosenfeld, 1984). Though Yin (1984) warns the researchers that they should not confuse the case study method with the qualitative research in general, he notes that “case studies can be based entirely on quantitative evidence.”
The case study method is used in this study because it implies a detailed scrutiny of the phenomenon under observation, namely the reasons behind the hostility between India and Pakistan, specifically, regarding the cases of the water issue (IWT) and CPEC. The purpose of the study is to explain that the economic development leads to conflict escalation by using China Pakistan Economic Corridor and Indus Water Treaty as these two cases are to be analysed. The case study method allows me to investigate both of these issues in detail and to answer the research questions posed above.

4.4 Data collection

This thesis is aiming to explore the economic conflict between Pakistan and India during since 2000 which are related to IWT and CPEC based on the economic interests of the two countries. For this purpose, data for the study have been gathered from the existing literature and documents. While selecting data, the relevance, absence of biasness and authoritative nature of the data were important considerations. For instance, there are chances that official documents of both India and Pakistan may be biased as both countries may tend to project their own viewpoint, so I avoided using official documents of ministries of both India and Pakistan. Consequently, findings of this case study are based on data collected from independent media. I acknowledge that media could also indulge in biased reporting but there are fewer chances of it.

4.5 Ethical considerations

Ethical considerations are important to any study because sometimes research may produce sensitive information that possibly harms stakeholders. Considering this, the present thesis has substantially focused on ethical principles to ensure that the data used in this case study information is valid, unbiased and authoritative and doesn’t harm anyone associated with it. The topic of the study itself is sensitive as findings and
arguments made in this thesis may hurt people of India and Pakistan. Therefore, all of the material used by the present study has been gathered from sources independent, unbiased and authoritative published resources. No human or animal life was harmed for conducting this research. Moreover, I produced this report myself without any support from any other individual except for the regular supervision which is allowed by my Malmo University.

4.6 Delimitations of the Study

The present thesis also contains limitations just like other studies. The present thesis substantially focuses on the association of Pakistan and China based on economic conflicts and considers that such economic conflicts rise to create conflict in the association of countries toward CPEC and IWT. Therefore, it delimits the thesis to consider variation in relationships based on economic conflicts. Furthermore, the present study has utilized the secondary data and aiming to explore the association of the countries based on the existing literature. It also becomes a delimitation of the study as the association between countries can also be explored by using empirical data like the economic history of the countries.
5 FINDINGS AND ANALYSIS

This chapter presents the findings and the related analysis, that is linked to the research questions. The findings are interpreted against the background of the academic theoretical framework, which were presented in chapter three.

5.1 IWT – stakes of India and Pakistan

The first research question of this study was to identify and critically evaluate the economic and political stakes of India and Pakistan in IWT and CPEC. I am answering this question by defining the stakes of both countries in an economic and political context, as presented below.

India’s and Pakistan’s major development strategies are based on industrial development and maintenance and improvement of the irrigation of their lands, the processes that require water from the river Indus (Zawahri, 2009). Water is not only needed for irrigation but it is also needed for the generation of cheap electricity in India and Pakistan. Both countries have developed lots of water storage dams, which help them in the generation of electricity (Sipahutar et al., 2013).

Both India and Pakistan are facing an electricity shortage and are struggling hard to make both ends meet as electricity is needed for sustaining and growing their economies. Further to this, around 65% of Pakistan and the entire province of Punjab is dependent on the Indus River. India’s violation of IWT would deprive Pakistan of its right on waters which may hamper its irrigation and may also deprive millions of Pakistani people of drinking water. If India will continue developing these dams, it will deprive Pakistan of water and will cut its lifeline (Akhter, 2015). Biswas (1992) reported that the dispute of water between India and Pakistan is not a new one. In the 1960s, World Bank brokered a water-distribution treaty between India and Pakistan. IWT resulted in India gaining control of three eastern rivers (Beas, Ravi, & Sutlej) and Pakistan had control of three Western rivers (Indus, Chenab, and Jhelum) (Roy & Sinha, 2016). Even when the treaty was signed by the countries in 1960, Pakistan had its reservations. Pakistan’s controlled
rivers’ water first flows into India so Pakistan (see figure 1) was concerned that in the event of war, India would control water and may use it to cause droughts and famines in Pakistan (Jamir, 2016).

At the same time, India was allowed to use Pakistan’s rivers water for transport, power generation, and irrigation (20% of total water). Since that time Pakistan and India did not have any water war yet had been lots of disagreements between the two countries on violation of IWT (Ali, 2015). Moreover, World Bank (2017) highlighted that IWT developed a mechanism for cooperation and information exchange between two countries. For this, a commission was developed which has representation from both countries.

The tensions during 2013, between India and Pakistan, were on the construction of Kishenganga (330 megawatts) and Ratle (850 megawatts) hydroelectric power plants by India (Dunya News, 2019). The two power plants are developed on river Jhelum (see figure 2) and Chenab respectively. Although under the treaty, India was allowed to use up to 20 % of the water of these rivers even for electricity generation yet India has to conform to the technical requirements of the water generation plant. IWT provides such guidelines. Although Pakistan has the World Bank to intervene in the situation India did
not stop the construction of these water plants and did not even change the design. Kokab and Nawaz (2013) highlighted that in 2010, Pakistan appealed in The Hague’s Permanent Court of Arbitration that design of Kishanganga is in violation of IWT as India will use more than 20% water and will deprive Pakistan of water. This may lead to droughts in Pakistan and may hamper its economic growth. India denied these allegations.

![Figure 2: Kishenganga Dam dispute between India and Pakistan](source: Sandrp (2013))

In December 2013, The International Court of Arbitration gave its decision, which compelled India to maintain a 9 m3/s of water flow at all times so that Pakistan may not deprive of water. During all these years (2010 to date), Pakistan continued asking India to stop the development of Kishanganga. However, India never stopped. As a matter of fact, at times, it is said that India blamed Pakistan for terrorist attacks in India and because of these, suspended all types of talks with Pakistan on all issues include IWT (Al Jazeera, 2021). Today, India can reduce water flow to Pakistan causing lots of damage to its economy. Pakistan has warned India that it will take appropriate unilateral actions as it deemed necessary to recover its losses from Kishanganga (Siddiqui, 2021). It reiterated that it closely monitored the situation even after India suspended talks in 2017 on the implementation of IWT and has also a good understanding of the economic loss that it has caused to India. As of August 2017, India once again has started building the
Krishanganga dam. The Dawn (2017) reported that the Indian Prime Minister said that India may scrap IWT and demand a new water treaty. Pakistan’s advisor on foreign affairs suggested that if that happens, then Pakistan has “all options” open to it and may take any unilateral decision, which Pakistan may deem appropriate. The advisor suggested that Indus water is not only important for the irrigation sector of Pakistan but water is also needed for the generation of electricity which is the catalyst of the economic development of the country (Mitchell, 1989).

5.1.1 CPEC – stakes of India and Pakistan

China Pakistan Economic Corridor (CEPC) is a collection of infrastructure projects (roads, export processing zone, power generation plants, dams, etc.) to be developed throughout Pakistan. Initially, it was estimated that the project will cost around US $ 46 billion but now it has surpassed US$ 62 billion (Ahuja, 2017). It is considered that CPEC will bring economic prosperity to Pakistan, as it will revolutionize Pakistani infrastructure and strengthen its economy through the construction of road networks, energy projects, and special economic zones (Akber, 2015). It also involves the movement of cargo items from China to Gwadar Port for onward maritime shipment to Africa and West Asia. As part of the project, a large network of roads and railways are to be built under the aegis of CPEC across the breadth of Pakistan. Markey and West (2016) reported that the current road infrastructure of Pakistan is leading to a loss of 3.5% GDP per annum. Courtesy of CPEC, northern areas of Pakistan, and other far off areas will be linked with Gwadar and Karachi (see figure 3). China, a major contributor to the project, will also be linked with Central Asian states. It also involves the development of a 1,100 km road between Karachi and Lahore. Moreover, it also involves the reconstruction and overhauling of the Karakoram Highway between Rawalpindi and China which is yet to be completed by 2025. In addition to this, CPEC also involved spending on railway infrastructure including train travel at up to 160 km per hour be completed by 2025 (Roy, 2016).
It will also involve the spending of US$ 11 billion on road infrastructure for the improvement of road transport infrastructure between 2013-2025. As part of this project, US$ 33 billion will be spent on energy infrastructure (WSJ, 2020), and will help Pakistani in overcoming an ongoing energy shortage of over 4,500 MW, which is also resulting in an annual loss of 2.5% GDP to Pakistan. It is estimated that by 2018, 10,400 MW will be added to the national grid of the Pakistan (Khan, 2016). In addition to this, US$ 2.5 billion will be spent on the development of natural gas and oil pipeline, which will be used to transport liquefied natural gas to different parts of Pakistan. Natural gas will be transported from Iran. Further to this, it is estimated that it will add up to 2.3 million jobs in Pakistan during the next 13 years. It is estimated that planned spending on these projects is almost equal to total FDI in Pakistan since 1970 (Malik & Azam, 2012). Ramachandran (2015) suggested that, since India is not enjoying friendly relations with both Pakistan and China, so the benefits of CPEC to Pakistan and China will strengthen both Pakistan and China that have non-congenial relations with India. As CPEC will strengthen the economic position of Pakistan, it will also help Pakistan in strengthening
its position in international markets and compete with India in international markets. Moreover, as of 2021, Pakistan is controlling Gwadar port; however, once CPEC will be completed, China will be involved in managing the affairs of Gwadar port (see Figure 5) This will create a situation where the Chinese will be only 300 km apart from the Indian Navy. The presence of China and Pakistan together will challenge the supremacy of India in the Arabian Sea which is not a desired situation for India.

![Figure 5: Link between China and Gwadar seaport](image)

Source: Business Standard (2017)

Apart from benefits coming to Pakistan, courtesy of CPEC, Chinese exports and imports to and from Asian countries will be cheaper as the total distance will be reduced by several thousand kilometers (up to 12,500 km) (Swain, 2016). It can be seen in figure 6, given below.
Joshi and Sharma (2017) suggested that after the start of the project, heads of different Asian states including Russia showed their interest in joining this project. This gave an even higher importance to Pakistan. Furthermore, China intends to get oil and gas from Central Asian countries, which will help China in meeting its energy requirements for improved economic growth. Once again, this will hurt Indian exports in international markets. India is not happy for Chinese involvement in nearby ports such as Hambantota in Sri Lanka, Sittw in Myanmar, and Chittagong in Bangladesh (Abid and Ashfaq, 2015). When China will share control of Gwadar, it will further weaken India’s position. India is also concerned that because of Gwadar, China will expand its control across the region. China’s border from Gwadar will be only 1500 km away. This is a distance that Chinese army can travel in 24 hours. This implies that in the case of an attack from India on Pakistan, Chinese help can arrive within 24 hours (I. Khan, Farooq, & Gul, 2016).

The question of what are the economic and political stakes of India and Pakistan in IWT and CPEC can then be answered as follows: The stakes were high for both India and Pakistan, in the matter of the Indus Water Issue and China-Pakistan Economic Corridor. In both cases, the economy of Pakistan was supposed to revive and accelerate, provided the smooth functioning of both the Indus Water Treaty and the China-Pakistan Economic
Corridor. Both these projects provide the much-needed water and economic resources to Pakistan, which are essential for the country’s economic prosperity. With regard to the stakes of India, the material reveals that the economic prosperity of Pakistan is neither in the geopolitical nor in the economic interest of India, and that is why the Indian government gets involved in sabotaging such projects which ensures the economic prosperity of Pakistan.

The findings of this section are consistent with the structural theory of conflict and economic theory of war. As highlighted by Dorpat (1976), the war between two countries may take place if both countries are competing for a scarce resource. In case of India and Pakistan, such scarce resource is water which is needed for both agriculture sector and for power-generation. Pakistan is an agriculture sector, and its economy has high reliance on the agriculture produce of its own. It is used, not only for domestic consumption, but is also sent abroad and Pakistan earns foreign exchange through such exports. In last 20 years, Pakistan is facing water shortage and it is unable to provide farmers water that they may use for irrigation. This is detrimental for the agriculture sector as country may not be able to achieve its food production targets. Consequently, country has to full its food requirements through importing. Moreover, as highlighted by Grabendorff (1982), the conflict between India and Pakistan is not on gold or silver, rather it is on water. The scale of conflict has been so high that it is feared that if next war between India and Pakistan would take place, it would be because of water conflict between the two countries. Moreover, as highlighted above, the findings are also consistent with the economic theory of war which suggest that if a state fears that its economic interests are not safeguarded, then it would tend to protect these resources even if it must be at war with another country. Referring to the case of IWT, both India and Pakistan feel that if they agree with the stand-point of the conflicting party, they would lose in economic terms so both country are not moving back from their stand-points even there is an actual threat of a new full-scale war between the two countries.
5.2 Economic development as basis of conflict

To answer the question concerning the economic development of Pakistan as a source of initiating and sustaining conflicts between Pakistan and India, this section will present the main events and skirmishes followed by the announcement of CPEC in 2005 where actual work started in 2013. The focus of this section will be on CPEC rather than on IWT.

In order to come out of the vicious circle of poverty, Pakistan is trying to develop its power sector, which is a bottleneck for the rest of the sectors of the industry as it needs water. Pakistan is trying to develop its urban areas. Pakistani and Chinese governments’ investment in the energy sector is an indicator of such efforts (Haider & Haider, 2006). Moreover, by the courtesy of CPEC, lots of economic zones will be opened in Pakistan (Abid and Ashfaq, 2015). This will lead to the development of both urban and rural areas of Pakistan. In line with international dependency theory, such development has both local and international influences. On one side, Pakistan and China have made equity joint ventures (EJV) in the form of CPEC and have started investment in Pakistani infrastructure.

At the same time, India has started creating obstacles for CPEC. India has started working with Iran for the development of Charbahr port (Iranian port) and it has asked other central Asian and nearby countries to refrain from joining CPEC. India has made strong ties with Afghanistan Government. In terms of area, Baluchistan is the largest province of Pakistan and Gwadar port is situated in the Baluchistan. Indian Prime Minister mentioned that although CPEC project is being carried out in Pakistan, but it is giving China a path to Indian waters which is not acceptable to India as it is apprehended that after completion of CPEC, China will develop its naval bases in the Indian sea which will be a threat to Indian sovereignty in the region (The Economic Times, 2015) so India will continue rejecting CPEC execution in Pakistan. India has started using its ties with the Afghanistan government and has worked through in gaining support from certain political parties of Pakistan, which opposed CPEC (Dar, 2018). These parties claim that once CPEC will be completed, Pakistan will become a colony of
China just like it had been a British colony. Moreover, it is claimed that India is spending money on terrorist financing in Baluchistan so that the law and order situation of Baluchistan may reach a level that foreign tourists and visitors refrain from coming to Pakistan (Shahid, 2020). India is using its influence in Afghanistan and terrorists are entering Baluchistan from Afghanistan (see appendix).

![Baluchistan Map](image)

**Figure 7: Baluchistan Map**

Source: China Focus. (2020)

Both Pakistani and Chinese intelligence agencies are actively working on it and China has given Pakistan lots of intelligence leads which indicated that the Indian intelligence agency is planning terror attacks for sabotaging the Silk route and stumbling law and order and security position in Pakistan (Khetran, 2017). Luckham (1978) suggested that developing countries face different types of problems prominent among these are institutional, political, and economic challenges. As part of its conflict with Pakistan, India has been interfering in Pakistan. For instance, India has made a considerable investment in the political parties and media of Pakistan, which resisted the water conservation plan of Pakistan (Jacob, 2018). Moreover, BBC News,
(2019) highlighted that even though India is violating the requirements of IWT, India is funding political parties especially in northern areas of Pakistan and the province of Sindh (see Figure 7 above). In addition to this, India is also funding Pakistani media who has launched a campaign against the development of the Kalabagh Dam in Pakistan (Javaid and Iqbal, 2019). These political parties and media groups served as Indian pulpits and instead of defending Pakistani stakes have started defending Indian stakes. Media campaigns and political parties provoke local people by claiming that, if Kalabagh Dam will be developed, then the Pakistani city of Nowshera will be drowned. People will have to leave their homes and would have to be settled elsewhere, as was the case on the northern side of Pakistan. On the Western side of Pakistan, India used another political party and provoked the people of Sindh by claiming that if Kalabagh Dam would be established, the people of Sindh would not have access to water, however, analysts reveal that the real situation is quite the opposite (Khalid & Begum, 2020).

As already noted in chapter one, World Bank supported India at the time of making IWT by allowing India to use 20% of the water of Pakistan’s rivers. According to Liebowitz and Margolis (1995), India is not allowing Pakistan to develop and is creating conflicts with Pakistan in different forms. To name a few, India has a history of political, military, and economic conflicts with Pakistan. India has involved both local politicians, businessmen, media groups and created resistance for CPEC as well as on water issues. India and Pakistan has conflicts over IWT and CPEC and both countries are maintaining their positions and are not willing to move back and end the conflict. For both IWT and CPEC, India is the one who is initiating conflicts. India has deputed experts who are giving false claims and sharing those with both people of Pakistan and the international audience. The purpose is to sabotage the development of CPEC and create problems for Pakistan on IWT related issues. These experts are not sharing the benefits of the economic development of Pakistan and are sharing a distorted negative picture of the situation to convince rest of the world that India is innocent and India’s would lose if these projects would be completed as per the desires of the Pakistan. Furthermore, as highlighted by Jones and Jackson (2016), Pakistan is currently in the ‘take-off’ as suggested by Rostow as country has overcome the conditions of the previous stage of economic development. Pakistani Government is spending on the development of roads
in the rich areas of Pakistan rather than spending money on the development of roads and highways in poor parts, so that economic activity in the country can flourish. If IWT settles in favour of Pakistan and the Kalabagh dam is constructed then Pakistan can get one electricity unit for US$ 0.23 as opposed to the US$ 1.78, which is per unit energy cost from many new power plants of Pakistan. This has increased energy costs in Pakistan and thus enormously increased the overall cost of production. Consequently, Pakistani products became expensive and therefore, less competitive in international markets.

Furthermore, the less developed countries, such as Pakistan, have different forms of imperfections. Consistent with Rostow's (1959) stages of economic development, Pakistan is on the ‘take-off’ stage and needs economic resources. It is doing everything to get such resources from abroad yet India is creating problems for Pakistan. It is asserted that since India assumes that the development of Pakistan will be at its economic and political cost, it is resisting such economic development in Pakistan (Khalid & Begum, 2020). Consistent with the work of Nelson and Winter (1974), by providing passage to China, Pakistan will get lots of benefits from CPEC both directly as well as indirectly. Consistent with the conflict theory of development of Karl Marx as highlighted by Wade (2012), India perceives that the economic development of Pakistan and China will result in a power shift, and India would lose its worth in the region and would suffer so India is creating all possible sort of resistance for the project. The main rationale is that India understands that water is a scarce resource and is vital for economic development of both India and water. On one side, water is needed for the agriculture sectors of both countries, on other hand, water is used for power generation such as electricity which is needed by households and industries of both countries.

The question of the economic development of Pakistan a source of initiating and sustaining conflicts between Pakistan and India can then be answered as follows: CPEC is a major conflict between India and Pakistan. Have IWT being dealt fairly by India and no disturbance from India may arise for CPEC, the economy of Pakistan will revive and accelerate. Both these projects provide the much-needed water and economic resources to Pakistan, which are essential for the economic prosperity of Pakistan. At
several times India tried to sabotage the smooth working of CPEC. Even the recent camping during the 2019 Indian election, by sitting Prime Minister of India, Narendra Modi, provides ample proof to substantiate the claim that the economic prosperity of Pakistan, in general, and the CPEC project and Indus Water, in particular, are the major factors for escalation the tension between both states (Bali, 2019). The material analysed in the case study reveals that the economic prosperity of Pakistan is not in the geopolitical interest of India, and that is why the Indian government gets involved in sabotaging such the projects which are meant to ensure the economic prosperity of Pakistan. CPEC emerges as particularly challenging in this regard.

The findings of this section are consistent with the structural theory of conflict and economic theory of war. For instance, Pakistan feels that CPEC is highly important for its economic development. The country is facing lots of economic challenges such as inflation, high unemployment, poverty, etc. Pakistan needs foreign direct investment which may come in the form of investment in different forms of CPEC project. Moreover, CPEC is also important for China as it is part of One Belt One Road. So, both Pakistan and China are not backing up from this project and want to make sure that no disturbances may take place in the implementation of the CPEC project. On the other hand, India is feeling that if CPEC will be completed in its fullest form, it would increase the economic competitiveness of Pakistan and Pakistan will compete with India in international markets as both Pakistan and India compete in several export markets such as Europe, USA, and Gulf region. Moreover, findings of this research are also consistent with the economic theory of war. As highlighted by Grabendorff (1982), if countries are marginalized then there are more chances of war between the countries. Referring to the case of India and Pakistan, both countries are marginalized and people in both countries are facing different economic challenges such as unemployment, inflation, etc. so, for both countries there is sufficient economic motivation for entering in a war with other country so that it may defend its economic objectives. Moreover, findings of this research are also consistent with the economic theory of war which asserts economic reasons are among the main factors that lead to war between two or more countries (Yared, 2010). As mentioned earlier, India and Pakistan their economic interests will not be safeguarded with reference to the CPEC project so, if needed, they would not hesitate from a full-
scale war with each other. If such war takes place, India will have a strong position as it has more resources and bigger size as compared to Pakistan. Moreover, Pakistan would be on defensive side as CPEC is a project which will benefit Pakistan so a war means that Pakistan will be deprived of benefits of CPEC, rather than India directly losing any benefit that were coming to Pakistan.
6 CONCLUSIONS

This chapter briefly presents the conclusion of the study, and future research areas.

The findings of the research revealed that contrary to the popular belief that India and Pakistan are fighting over Kashmir’s territory, much of the problems have been and currently are related to economic issues. IWT and CPEC are helping Pakistan in coming out of the vicious circle of poverty and set on the path of economic development. However, Pakistan’s economic develops would not be beneficial for India as India might lose its market share. Consequently, India is creating problems for Pakistan to hinder Pakistan in developing its energy sector. A strong and efficient energy sector will help Pakistan in reducing the cost of production and making its products competitive in international markets. India is creating hurdles for Pakistan by violating the IWT. Likewise, because of CPEC, lots of foreign investment will come to Pakistan which will result in the development of the energy sector, road infrastructure, oil and gas pipeline, railway lines and infrastructure, economic zones and would create millions of jobs. CPEC is also beneficial for China. India is the archrival of Pakistan and India so it is trying to create problems for both countries by doing all that it can to sabotage CPEC. In line with structural theory, which asserts that a war between two countries may be initiated if the two countries compete on scare resources. As analyzed for the first research question, both India and Pakistan are competing with other for water, so Pakistan cannot afford India’s violations of IWT. Moreover, in line with economic theory of war, IWT related conflict has economic implications for both India and Pakistan as water is used for several purposes such as agriculture and power generation in Pakistan. Moreover, with reference to second research question, it was evident that conflict related to the CPEC is also consistent with structural theory and economic theory of war. The foreign direct investment which will come to Pakistan is vital for its economic development. Given the poverty, inflation and unemployment condition of Pakistan, CPEC related investment is highly needed so that Pakistan may obtain scarce and needed resources and develop itself economically. India does not want this as a prosperous Pakistan would lead to a higher competition in the export markets in which India is selling its export items.
Owing to the importance of India, Pakistan, and China and the ongoing conflict between India and Pakistan over IWT and CPEC, the related issues concerning economic development of Pakistan are ongoing. This thesis presented an analysis to evaluate whether the dispute between Pakistan and India is linked with the development of the rival country.

In particular, this research aimed to evaluate the role of IWT and CEPC as a source of initiating and sustaining inter-state conflict between India and Pakistan. In order to reach this aim, it (1) identified and critically evaluated the economic and political stakes of India and Pakistan in IWT and CPEC, and (2) identified economic development as a source of initiating and sustaining inter-state conflict between the two countries. The answers to the research questions provided in Chapter 5 allow for the conclusion that economic development of Pakistan in general, and CPEC in particular, are the source of initiating and sustaining conflict.

6.1 Future research suggestions

Based on the findings and limitations of the study, the following suggestions can be made for the forthcoming researchers of this field.

The present study has used secondary data based on the economic development and relations between Pakistan and India based on the IWT and CPEC. The future research projects may collect primary data to better understand the stakes, the obstacles and the role in conflicts, of the economic development of Pakistan based on other infrastructural project and treaties.

This thesis has utilized Rostow’s stages of economic development, structural theory of conflict and economic theory of war, focusing only on the economic development of Pakistan. Hence, the future research may use this theory to explore the economic development of Pakistan with the focus on Pakistan’s relationships with China. Furthermore, the research interest could be broadened to include more sectors, such as the banking sector, textile, energy, etc., and check whether similar findings emerge or not. It is also suggested that similar case studies should be selected in other parts of the world and be tested so that one may affirm that countries are not war with each other.
because of religious, cultural, or social factors, rather it is the economic issues which is motivating countries to rage a full-scale with another country.


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