



RESEARCH PAPER

**Neocolonialism through Neo-Liberal Institutionalism: Unleashing
FATF's Manipulation of Pakistan driving Policy Changes**

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ABSTRACT

The objective of this study is to explore the neoliberal institutionalization is towards realism than to liberalism because international order has been designed and not destined in a way to restrict the decision making power exclusively to the Masters. IGOs like FATF are utilized as mere tools to legalize the agenda undertaken by the Masters. It is done in a legal sense by 'internationalization' of laws without keeping into consideration municipal laws and legal system. Economically it is done by promoting notions of 'free market' and 'corporatism' and politically by promoting western democratic values to be adapted in the name of 'peace' and 'shared community'. The methodology is used in this research is mix method research has been conducted to highlight FATF's neocolonial agenda to maintain the status quo in international relations and system. Published documents by FATF have been analyzed on jurisprudential basis to unleash geopolitical interests of so called apolitical technical organization. The result of this study Pakistan has been critically analyzed as per FATF's standards and a distinction has been created between 'terrorism' and 'terror' thus proving that there is no alternative for the LDCs in the international order except to obey the Masters. This study recommends that democratic values should be preferred over power politics, assessment process, helping to achieve its outcomes. FATF should not be used to put pressure of sanctioning on the states.

KEYWORDS Asian Development Bank (ADB), Corporatism, Financial Action Task Force (FATF), Masters, Neocolonialism, Neoliberalism, Soft Organization, TINA, International Monetary Fund (IMF)

Introduction

Everything in this world is not mere coincidence rather every move is well organized and structured when it comes to the World Order. The 'Hegemon' described later as 'The Masters' have designed the International System I way to serve and extent their own economic, strategic, political and social interests. It has been rigorously researched and proved by the researcher that the Neoliberal Institutionalism and IGOs serve under the realist agenda where the ultimate power rests in the hands of a few known to be the stakeholders of the World Order. The IGOs are utilized as mere tools to legalize the agenda undertaken by the Masters and so the exclusive 'power' held by the Masters becomes 'legitimate authority' for the rest of the world (Nitisha, 2017). It is done in legal sense, by 'Internationalization' of laws without keeping into consideration municipal laws and legal system. Economically it is done by promoting the notions of free market and corporatism which outsource the local industry thus trapping less developed countries (LDCs) in 'Circular Debt' (Saleem, 2021). Politically, by promoting Western democratic values to be adapted in the name of 'peace' and 'shared community', without considering the local political culture and literacy level which ultimately leads to institutional friction and societal gap among varied stratifications. As a result of which

the bifurcation among the Masters and Servants gets explicit making the rich states richer while tagging other to be 'failed' or 'tough' states (Litwak).

This research work has been divided into two sections. In the first section, a holistic approach has been used to highlight the underhand interest of the Masters in setting the International System for the servants. The power structure of IGOs has been critically analyzed along with the behavioral practices they adapted to make the LDCs meet certain geopolitical interests. Since the Big States have designed the destiny of the LDCs, 'There is no alternative' left to be opted, as (M. Thatcher, 2007) has highlighted in her biography. The same theme, Noam Chomsky portrays in this way 'Crimes are not of great consequences, disobedience is' (Chomsky, 2000).

In the second portion of the research, a more focused study has been conducted on Financial Action Task Force (FATF). The so called technical body has been practicing the coercive means. FATF is a Paris based monitoring organization said to be installed in 1989, to have control over newly emerged states in Eastern Europe after fall of Soviets. Later, post 9/11, the same anti-drug smuggling organization announced to observe the states on terror financing and money laundering and so putting sanctions like on Iran and North Korea for forcing such states to comply with FATF (Goncalves, 2020). This brief history depicts how FATF have been a tool of exploitation at the hands of the Big states to curb whatever and whoever challenges the status quo world order. The mandate, the Methodology, the recommendations made by FATF has been analyzed. The jurisprudential issues and gaps have been highlighted. The last portion of the research is based on the behavioral analysis of the practices conducted by FATF while keeping the subject limited to Pakistan. The vulnerability of lobbying as well as lacunas in the flexible FATF regime has been scientifically undertaken.

Literature Review

This research has been done using the mix method. As primary research, a number of published documentations of FATF have been critically analyzed. The secondary sources include interviews of the renowned scholars and politicians. Other sources of data collection include the books, Book reviews, research papers, articles. It is to be mentioned here that since this research is exploratory by genre, so a lot of analysis has been done by newspaper articles and opinions.

The west, called as the Masters in this research, has developed two pronged economic and international system i.e global and regional. Interestingly both of these are supra-national structures which directly coerce the sovereign states to comply their duly orders. For instance, the first prong being the regional one is Asian Development Bank (ADB) which has been installed in 1966, and is a pro west regional structure which is being dominated by Japan which is already serving the Western cause (Wan, 1995). The second prong working at global level and such institutions are referred to as the Key International Economic Organizations (KIEOs) like World Bank (WB), International Monetary Fund (IMF) and World Trade Organization (WTO) etc.

The hypocrisy and non-democratic values have been highlighted by some scholars and say that it a 'tacit agreement' between Big states that the President of World Bank would be from USA and the Executive Director of IMF would be from Europe. As far as bureaucracy of WB is concerned, they mostly are the retired public officials serving in the West (Bach, 2019).

Over the time LDCs have made multiple efforts against this partisan system and one such effort initiated the debate of 'Jubilee 2000'. The theme was to make some reliefs to the third world regarding the debt they owed to the West. In fact, this effort had fallen well short of its goal of cutting the burden of debt on the LDCs. Of 41 countries considered eligible, mere 22 got some relief and 16 of these would be spending more each year on debt than on basic needs like education and health sector (Jubilee, 2000).

The stakeholders of the world order, being in power decide and then legitimize their actions without keeping any consideration the interests of the rest. This is done by installation of the Non state entities in the name NGOs, NPOs, civil societies and Transnational Advocacy Networks (TANs) which serve to generate a soft image of the West in the minds of the public at large (Adamson, 1980).

The Free Trade Agreements FTAs being the offshoot of globalization, is a part of this plan which has led to increase the gap between the rich and the poor, both intra and inter states. These FTAs are imposed on the LDCs who lack competition with international markets as a result of which LDCs serve as mere markets and the lion's share go in the hands of business elite (Gupta, S & Ganguly, S, 2020).

In addition to the ideology and the values of neo-liberal institutionalism, the ideology of shared community, democracy and freedom have been installed superficially. The proponents of the real democratic values like Rousseau has said 'Man is free but everywhere he is in chains' which highlights the fact that despite freedom, man is bound to follow some universal principles, going beyond can cause the restriction of the freedom (Rousseau, 1968). Likewise, the principle of 'life, liberty and property' as proposed by John Locke was also limited up to the extent that the man does not vitiate the circle of the other man in the name of freedom (Locke, 1887). But what's happening in the contemporary times is simply the practicing of unlimited freedom with no chains and thus the sacred values had been taken in a biased way.

Financial Action Task Force was a money laundering based organization from an International Law perspective. (Keohane and Nye, 1971) highlights the hard powers which have been duly practiced by the soft institutes, which is in itself a paradox (De Vido, 2019). The very fact of changing mandates over time highlights the informality of this institution which was coined as trans-governmental network (Raustiala, 2002). FATF which came out of the meeting of G7 countries, which in itself an informal grouping, not get their roots linked backed to any international treaty (Brummer, 2011) and is characterized with limited institutionalization, generally small secretariats and vague mandates (Zaring, 2012) they are supposed to be soft organizations. As a soft organization, FATF is neither treaty-based, nor its creation. Their exist absence of any procedures and ratifications and support of national parliaments (Klabbers, 2001).

According to a report by the Belgian Financial Intelligence Processing Unit, "FATF shifted its scope from drug-money laundering and added proceedings towards consequential offenses as the rising global economy and international trade had triggered more predicted offenses globally" (CTIF-CFI, 1995). Another shift in the mandate was observed during financial crisis of 2008, when FATF published reports to curb the digital currency (FATF, 2019). In 2012, again the mandate got updated with a new target of analyzing the threats posed by the financing of the proliferation of weapons of mass destruction (WMD) (FATF, 2018). Over time, the mandate and methodology keep evolving but analysis shows how these deviating objects led to the poor outcomes.

Theoretical Framework

It has been rigorously researched that the neoliberal institutionalism and IGOs serve under the realist agenda where ultimate power rests in the hands of a few known to be the stakeholders of the World Order (Nitisha, 2017).

The theoretical support of this research has been taken from the concept of International Relations called Neo colonialism. It is a term coined by Jean Paul Sartre and first used by the Kwame Nkrumah which means that the colonial masters and the Big states, after they have left the *de jure* rule, still controls the subordinating states through *de facto* means (debts, investments, corporates). More likely, neocolonialism is coined to the foreign intervention in economic matters of the state which ultimately coerces the states to comply the "recommendations" of the international elite. The left-over sociological institutions and the incumbent government bodies are occupied by 'the compradors', which is the second means through which the Masters extend their hold at the municipal level.

It is a Marxist approach which enabled the researcher to realize that the neo-liberal economic order as proposed by the John Williamson, is basically further broadening the class difference between the states through structural violence and this evil of Capitalism was rightly criticized by Marx that it divided the society in 'Bourgeois' and the 'Proletariats'. Similar approach when applied to international arena emergence of dependency theories is seen which an idea is proposed by Marx. Dependency theorists have divided the nation states in three categories i.e core states, semi peripheral states and the periphery states.

Neo-Marxist proponent, Antonio Gramsci, has highlighted that in addition to the control over the means of production, the big powers justify their acts by legitimizing it in the minds of the people by controlling the source of information and so the minds (Adamson, 1980). Literary acumen of the indigenous people gets slipped into the hands of the Big powers and so they rule. This philosophy has been given by Foucault as well in relatable words; "Knowledge is Power" (Foucault, 1982).

Material and Method

I conducted an exploratory research on the subject in which multiple tools for data collection have been utilized including analysis of behavioral practices and documentary scrutiny of different reports published by FATF in different times. Historical approach has also been used to prove the topic. Interpretive qualitative methods explore the point of view of an individual about the problem (Careswell, 1998). Descriptive study describes the situations, activities, perspectives and focuses on behavior and attitudes. It can provide details and explicit idea about things. This study also provides a perception that how things have changes with the passage of time (Alder & Clark, 2006).

Both kinds of sources of data collection are used in the study i.e Primary and Secondary. As the primary data sources, documents been published by FATF are being taken under consideration and these include FATF mandate 2012-2020, the Methodology FATF, 'Update: Covid-19 related money laundering and terrorist financing risks' a report by FATF. Furthermore, argumentation in the research has been supported via different reports by official platform like United Nations Office of Drugs and Crime (UNODC),

United States Commission on international religious freedom (USCIRF) and Child Soldiers Prevention Act (CSPA) list.

Secondary sources were mainly based upon academic research papers, research articles, newspaper articles, opinions and online reputed websites. Mainstream interviews of the incumbents have been undertaken during research like FATF President Marcus Pleyer and other different officials from Pakistan.

Qualitative approach has been used to draw analysis because of the subjective nature of the topic. The political bias and geostrategic interests do not allow to draw generalized conclusions because International system is meant to be ever evolving as per the changing interests. Marxist approach of dependency theory has been used as the basic theme to answer the research questions that whether the IGOs serve the developed nations at the sake of developing world. This study employs thematic analysis to examine the data. This method identifies, analyzes, organizes, and describes themes within the dataset, offering an interpretation of various aspects of the research topic. Identifying the precise themes is crucial, as they serve as the foundation for analysis and help establish connections between different thematic elements. Themes capture important data relating to the research questions (Willig, 2013).

International Governmental Organizations-means to Extend Powers

Regional Organization- Manipulative Structure

The west has developed two pronged economic structures i.e global and regional. Both of these are supra-national structures which directly coerce sovereign states to comply their orders. For example, in Asia, Asian Development Bank is installed which is a pro- west regional structure being dominated by Japan, already serving the western cause. It was the main reason that China had to build its separate alternate organization like Asian Infrastructure and Investment Bank (AIIB). Only name 'Asian' associated with ADB doesn't mean ADB is fulfilling interests of Asian state's interests as a whole (Wan, 1995).

International Organizations- Manipulative Structures

Economic institutions working at global level are referred to as key international economic organizations (KIEOs) like World Bank (WB), International Monetary Fund (IMF) and World Trade Organization (WTO) etc.

As far as representation in the World Bank is concerned, there is one state one vote formula but biasness can be seen when it comes to the bureaucratic structure, human resource and decision-making body in the world bank, which is dominated by the west and is designed to serve the Master's interests.

Similarly, in case of IMF, where despite many attempts to change voting points, has led to no change yet. An attempt was made in Pittsburg Summit (2009) by G20, which even after being accepted but never ratified (Chodor, 2017). A similar attempt was made by LDCs in 2015 to balance this structure by adding some emerging economies in decision making process but again attempt was dusted. Voting points depends upon the quota of a state which depends upon GDP size and the extent of opening the market.

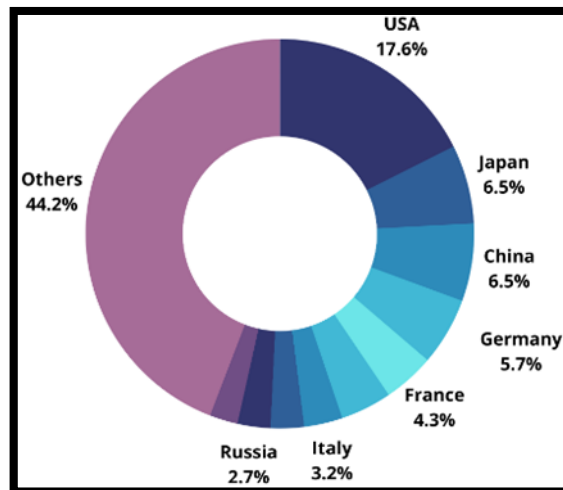


Figure 1: International Monetary Fund Voting Rights by Country

Source: <https://ensureias.com/blog/current-affairs/imf-quotas>

Political Agenda Institutionalized by IGOs

Labor Market Flexibility

Another example showing the covert intention of the IGOs is 'labor market flexibility'. IMF and WB has promoted the propaganda of labor rights. The 'wage flexibility' was meant to be a source of increasing the wages of labor in case labor performs duty well, but when it comes to actual practices, it was oppositely used to cut down the wages as per the quality and quantity of the work done. Similarly, 'labor mobility' was meant to be providing the job security that a person can offer his services in far lands but in actual, it was used to fire labors because already employed labors were posted too far from the families.

Corporation Rights

'Corporation Rights' were meant to serve the employer and the employee but it was used to bring corporations equal to human by making it a 'legal person'. Now the corporation have been given the 'national treatment rights' by the World Bank, due to which the corporations can enjoy the same status in the host state which was due to them in the home state. All these amendments are done by the IGOs to promote the culture of 'corporatism' which is greater part serves the west (Bach, 2019).

Amnesty Rights

In last years of millennium, the debate of 'Jubilee 2000' initiated by the LDCs to get some relief in the debts they owed to the west. Despite all the promises, of 41 countries considered eligible for relief only 22 countries got some relief and 16 of those are still spending more on debt annually than on basic necessities of life (Jubilee,2000). Similarly Pakistan was not considered in the list despite heavy debts were to be paid. Pakistan got irrelevant to the west as the Mujahideen had already made the Soviets disintegrated and western interests underlying "Holy War" had achieved. When Pakistan again got relevant to the world in 'War on Terror (WoT)' for its counter terrorism strategy, carrots were given in the form of Kerry-Lugar Bill and sanctions were revoked.

The Vicious Cycle- Legitimate means to Extend Power

The International order has been designed in a way that first the problems are sowed and then LDCs are bound to get the loans from IGOs and subdue their sovereignty, to get rid of the problem. Free market economy under capitalism has led to development of huge MNCs who have withered the role of a state.

Free Trade Agreements

The free trade agreements being the offshoot of the globalization has led to increase the gap between the rich and the poor, both intra and inter states. These FTAs are imposed on LDCs who lack competition with international markets as a result of which LDCs serve as a market and the lion's share go in the hands of business elite (Gupta, S & Ganguly, S, 2020). This is the major negative aspect in capitalistic economic model that competition gets to an extent that there is overproduction of the commodities in DCs which generate an artificial demand and then sale commodities in LDCs by outsourcing the local markets. The same idea was propelled by John Perkins where the present economic model is said to be 'predatory capitalism' (Perkins, 2004). For instance in a decade from 1960s to 1970s, the foreign debt of Latin America increased from \$60 billion to \$200 billion. Similarly, U.S made Mexico to join North America Free Trade Agreement (NAFTA) 1994, which outsourced the Mexican market and the purchasing power parity (PPP) of the locals fall by 40% the same year (Wall Street Journal).

Financial Interdependence leading to Debt Trap

After hollowing the local industry, the level of unemployment is increased and to create new jobs, the LDCs have two options, one is to support the economy artificially by lending from IGOs like IMF, WB and other regional banks like ADB and second option is to waive-off taxes and legislate for 'ease of doing business' in order to attract foreign direct investment (FDI). The loan packages of IMF are said to be 'debt trap' because these loans may prove helpful in the growth but not in the development (Saleem, 2021). As a result these loans become hard to pay back and concessions are made at the terms of IMF which intend to intervene the internal matters of a sovereign state.

Pakistan has fallen a prey to this debt trap and despite getting soft loans and concession, Pakistan had to get its 14th bailout package. Dictations made by IMF for the repayment of loans are harsher than the interest rate like to increase tax net, tax ratio, increase price of basic items like electricity, privatization of national institutions like State Bank of Pakistan (SBP) and Pakistan International Airlines (PIA) etc (Iqbal, 2021).

Unleashing FATF as an Organization

Financial Action Task Force is global organization responsible for giving guidelines and monitor compliance of recommended policy measure by the countries and mainly works on two paradigms i.e anti money laundering (AML) and counter terrorism financing (CFT) measures. It was established in 1989 to control money laundering, drug trafficking and weapon proliferation. There was an international trend of developing standard setting bodies (SSBs) especially post 2008 crisis like Financial Stability Board (FSB) where pre-existing setups were more formalized (De Vido, 2019) and FATF is one such example whose multifaceted role further added the surveillance on virtual currencies and to non-proliferation and now methodology has been changes from technical compliance to effectiveness. Informal trans governmental network like FATF which came out of the meeting of G7 countries which is itself an informal grouping,

not get their roots linked back to any international treaty (Bummer, 2011) and is characterized by limited institutionalization, small secretariats and vague mandates (Zaring 2012) they are supposed to be soft bodies but in fact it is mere an attempt of securing “the New World Order” (Slaughter, 2004) by using these soft bodies in a hard way.

FATF maintains three types of lists of countries i.e white, grey and black. White list contains all those countries which have satisfactory legislation and implementation on FATF guidelines to countries. Grey list contains those countries which lack implementation of guidelines and there are concerns about terror financing but are committed to implement action plans. Grey list contains those countries upon which FATF have grave concerns about terror financing and money laundering at national level e.g North Korea and Iran are residing in black list while countries like Syria and Iraq are listed in grey list.

Unleashing Efforts for Drug Trafficking

In 1989, FATF was introduced as an international watchdog to curb drug trafficking. Pablo Escobar’s drug mafia was a matter of serious concern for western states but FATF was installed and legitimized to curb drug mafias. This soft organization also got support of academicians who describes FATF as “the single most important international body” designed to curb ‘sophisticated’ and ‘organized crimes’ (Gilmore). According to the UNODC from 2011-2017 the volume involved in drug trafficking and financing amounted \$80 million and from 2017-2020 an increase with rate of 4 percent (4%) was observed amounting to \$315 million (UNODC, 2019). This highlights the hollowness and effectiveness of measure taken by FATF.

Unleashing Efforts for Terror Financing

According to the ‘Update: COVID-19 related money laundering and terrorist financing risks’ a report by FATF, the post pandemic situation as far as the money laundering and terror financing is concerned is subject to increase’ (FATF, 2020). During Pandemic, unemployment, financial problems and bankruptcy of corporations rise in circulation of cash, organized criminal groups highlight vulnerabilities which criminals can exploit over the years (Daniel, 2019). These facts and reports represent loopholes in the financial surveillance of FATF to counter terror financing. Despite the international call to maintain peace amid covid-19 by UN Secretary General Antonio, things happened during the Holy month of Ramadan 2021 and 2024 in the holiest of the nights between the rival groups say Israel and Palestine (Hamas) is a unique illustration of terrorism.

Unleashing Efforts for Proliferation

Post 2012, when FATF got its mandate updated and brought the proliferation and related financing issues within the jurisdiction of FATF, it collaborated with the International Atomic Energy Agency (IAEA) to curb the illegal financial loopholes being used for nuclear proliferation. This mandate seems to be fine but it is important to mention here that neither India nor Israel have been ever dejected or grey listed by FATF. Federal Minister of Human Rights, Shireen Mazari, has highlighted that Israel has developed its nuclear program without taking IAEA on board cashing its friendly relations with the Masters. Similarly, despite of several incidents of nuclear smuggling in India, more recently in 2021, India has not been penalized or condemned during the

plenary meeting of June 2021. This indicates double standards of FATF while penalizing the countries after failure to compliance.

Evaluation and Assessment Methodology

It focuses on the methodology being adopted by AFTF for its workings and assessments. Here 'working' represents recommendations to be made and its compliance by the member states which ultimately leads to decision making for a state to be placed in the relevant list of FATF.

The compliance levels and the status of a state for FATF depends and is adjudged according to two parameters:

- i. Technical Compliance
- ii. Effectiveness

Together the assessment of both technical compliance and effectiveness will present an integrated analysis of the extent to which the country is compliant with the FATF standards and how successful it is in maintaining a strong AML/CFT system required by the FATF recommendations (FATF, 2013)

Technical Compliance

According to the primary document published by FATF, 'technical compliance', means the materiality and structure of a state. As per the document published by FATF, it goes as;

'.... pertain to the country's relevant legal and institutional framework, as well as the powers and procedures of competent authorities, forming the foundational elements of an effective AML/CFT system' (FATF, 2013)

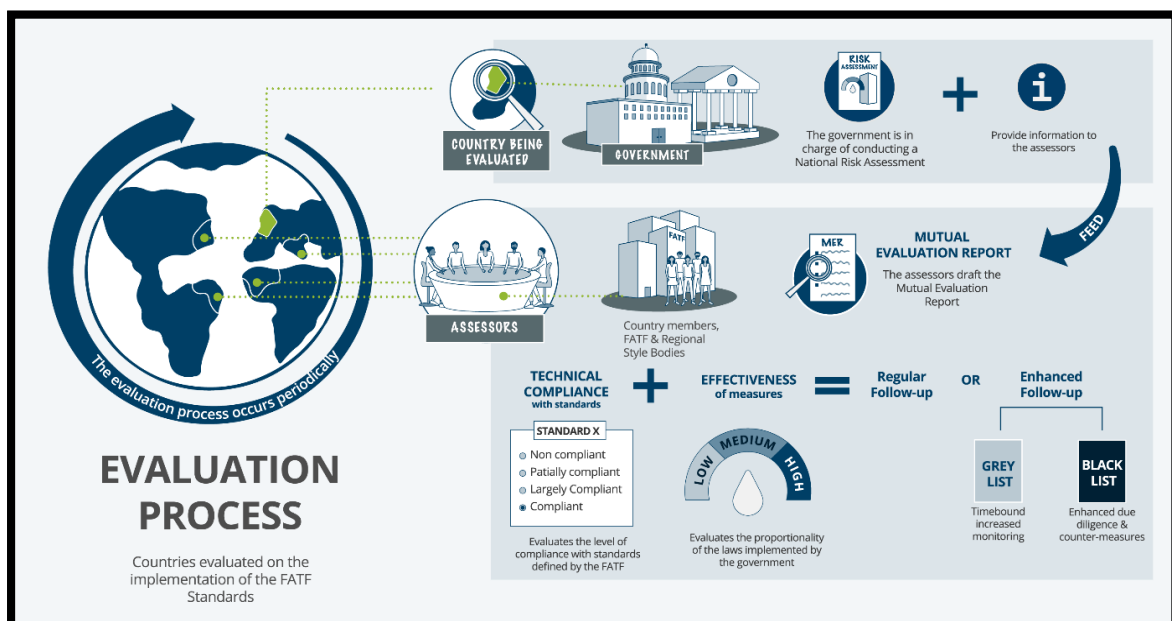


Figure 2: Evaluation & Assessment process of FATF

Effectiveness

A relatively new parameter to judge the level of compliance to the due recommendations is recording the outcomes explicit in the field. As per the published document illustrating the methodology, it defines effectiveness as;

‘to assess the adequacy of the implementation of the FATF recommendations, and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system. The focus of the effectiveness assessment is therefore on the extent to which legal and institutional framework is producing the results’ (FATF, 2013)

FATF and Pakistan

The trap of the global watchdog FATF, is getting more and more squeezed because over time both the mandate and the methodology has been revised multiple times setting out unique principles with ever increasing standards to meet by the states under observation. Such geo-political standard setting bodies which support the status quo, is one of the basic reasons why the countries like Pakistan got themselves to be stuck in the grey list where the black list is hanging like sword Damocles to coerce the failed state follow the foreign policy as designed by the Masters (Kataria, 2021).

Hammad Azhar, Former Minister of Economic Affairs of Pakistan, who was heading the concerns regarding FATF and Pakistan’s grey listing, conducted press conference just after the plenary meeting of June 2021, where he acknowledged the robust actions taken by the PTI led government but still made it clear to the public that how difficult it is to deal with the international powers in their own battleground, say FATF, when changing criteria further adds oil to the fire (Dawn, 2021). He said;

“Over time FATF has changed its methodology from technical compliance to effectiveness because former can be achieved on papers and later has to be showed on the ground” (Bol News, 2021)

‘Common Sense’- Methodology

It has been mentioned clearly in the methodology of risk assessment by FATF that the assessors neither should rely solely on their own evaluations nor should they give country’s own responses more importance (FATF, 2013). What should be more in focus is the common sense. As the published document goes;

‘....and should take a common-sense approach to whether the results are reasonable....’ (FATF, 2020)

Despite the use of common sense, the biasness still prevails as it has been made explicit and controversial and limited to ‘Quad’. Secondly and more important reason was highlighted by Hammad Azhar;

‘The immediate outcomes (IOs) for all states are same but threshold compliance to these IOs is different for each country and is according the risk profile of particular country’.

Pakistan’s geostrategic location is such that it is difficult to lower its risk profile in short period. A state which has ‘the safe heaven’ in the west, black listed Iran in the

South West, "Hindutva RSS" backed nuclear state in the East (Banerjee, 1991) and rising superpower China is in North and all season warm water Arabian Sea which is an important sea route for trade is present in the South.

Defamatory Cycle- Grey listed Pakistan

The Masters being the status quo proponents use neo-liberal institutions like FATF to drag states into black list or grey list by labelling them to be terrorists or abettors or instigators of terrorism (Nawaz, 2020).

This is exactly the case of Pakistan, where despite the complete follow up to 26 points action plan out of 27 total points, Pakistan couldn't make out of grey list in June 2021 meeting of FATF. Remaining one point of the action plan related to the UNSC 1373, was a bone of contention as despite the robust legislation (around 17 laws and amendments), FATF made judiciary to review its conviction rate which in a sense is questioning the integrity of an independent organ of a sovereign state (FATF, 2021).

Recent Compliance

'Pakistan was given the most action plan in February 2018 in the history of FATF and has been the most compliant country in the world in such a short and limited time' said Hammad Azhar. 75 recommendations out of total 82 recommendations were successfully complied till 2021 which were given by regional bodies like Asia Pacific Group (APG) as mentioned in mutual evaluation report (MER) in a short period of 2 years. Seventeen money laundering and terror financing ML/TF legislations have been passed in just one year 2020-21.

Pakistan was given two action plans of which first plan had 27 points related to terror financing whose 26 points got 'complete compliance' and second action was related to money laundering had 7 points which Pakistan complied in a time span of one year. Pakistan successfully made its way out of grey list finally in October 2022.

The Twisting 'Terrorism'- word play

There prevail lacunas in the definition of terrorism and its concept (Freedman, 2007). On August 15, 2001, the Anti-Terrorism Act 1997 was amended drastically as per international demands due to 'war on terror', through Anti-Terrorism (Amendment Ordinance 2001).

'Terror' vs 'Terrorism'

Despite multiple attempts to amend and define terrorism, the concept still demanded to be interpreted by the judiciary because of its complex nature. Same was highlighted by honorable Chief Justice of Pakistan (CJP) Mr. Justice Asif Saeed Khosa who highlighted the vagueness in terrorism as a jurisprudential concept and bifurcated 'terrorism' and 'terror' (Basharat Ali v. Special Judge, 2004)

'terror and terrorism are concepts pretty unique from each other. Terror as manifestation of fright, dread or insecurity in a consequential effect may arise from an act without the intent to deliberately cause such an impact, whereas terrorism is explicitly designed to instill fear and create an atmosphere of terror'.

Prone to Lobbying

During the plenary meeting of June 2021, it has been seen that there is lobbying in FATF where China, Maldives, Indonesia and Arab states supported and voted in favor of Pakistan while India, USA and France voted against Pakistan's exit from grey list. It shows importance of lobbying in decision making (Afzal, 2021).

The Indian efforts to politicize FATF are exposed now', the official stance by Hammad Azhar then Minister of Economic Affairs. This shows the two things, one is the malice efforts done by India and second is the flexible methodology of FATF which can be lobbied (The News, 2021).

Findings

- Neoliberal institutionalism is an ideology over which the international system has been structured.
- Neoliberal international system is inherently prone to politics and thus serve the realist values i.e interests of elites.
- IGOs are mere tools to regulate the world from the top and play at the hands of the Masters.
- Democratic practices are not adopted both in international arena and inside international institutions.
- The behavioral practices of FATF shows that it pursues hard laws.
- Change of mandate of FATF over time for about six times and change of methodology adopted by FATF over time depicts informality and softness of the institution.
- As per International Law, FATF is a de facto organization not the de jure organization.
- Process of judging a LDCs on 'technical compliance' with the same threshold leads to sanctioning of LDCs by FATF.
- Process of judging a state on the basis of 'effectiveness' while keeping the risk assessment vary from state to state, leads to sanctioning of LDCs.
- Case study of Pakistan and FATF depicts the ill political will and geopolitical interests of FATF.
- Structure of FATF is prone to lobbying to pursue geopolitical interests of the Masters and role of India in this regard is important.
- Partisan politics and bias st FATF makes it a political platform from 'technical platform'.

Conclusion

FATF is an organization based on the principles of equality and not equity. Expecting expedite and efficient outcomes likewise from the developed countries, developing countries lead to FATF's over expectation and utopian approach. FATF mandate prefers local surveillance model over FATF recommendations but FATF methodology makes it obligatory for states to follow FATF recommendations which is in itself a paradox. FATF is neoliberal institution dominated by the western powers who are pioneers of status quo and employ every possible plan to ensure their hegemony over developing countries. According to FATF, there is no difference between terror and terrorism but it is not the case in Pakistan as judiciary has bifurcated both concepts. Pakistan remained in and out of grey list plenty of times but most recent exit was special

one as Pakistan followed guidelines of FATF and other regional bodies and successfully achieved the status of compliant state in a short time period of 4 years and FATF removed Pakistan of grey list in October 2022.

Recommendations

- Democratic values should be preferred over power politics both in international arena and inside international institutions.
- FATF should make itself to the standards of an IGO just as it is defined in the glossary of FATF methodology to improve its legitimacy.
- Global watchdog should follow an inclusive approach thus helping to achieve its outcomes.
- FATF should make assessment process based on the basis of equity where decision is taken on merit.
- FATF should define itself precisely and concisely while backing it with international treaties.
- FATF should not be used to put pressure of sanctioning on the states and should practice meritocracy.

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