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Issue Brief

Soft Power and Knowledge Economy

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A few years ago, America's decline became a topic of an intense debate among scholars of international relations. Fareed Zakaria challenged the assumption that the power of the United States was fading away. As evidence, he pointed to primary roots of America's attraction and appeal. He said, "The future is being invented here".¹ It is the same fact that Joseph S. Nye based his prophecy on; America will continue to lead in international affairs by having information edge. Facebook was created by Mark Zuckerberg, when he was just a college student at Harvard in 2004. That's only 12 years ago. His idea grew so fast, that last September it reached a milestone by having 1 billion users login to it in a single day.² This is equivalent to 1 in 7 humans alive on earth logging in and using this man's idea in one day. This is an example of the incredible power of the knowledge economy. The knowledge economy is largely centered in computer software and the activities that surround it. It enables a person like Mark Zuckerberg, with a great idea, to implement and launch it to a huge audience without the huge factories and assets that would've been required in the traditional economy of a few years ago.

This is just one example of why Fareed Zakaria made this point: America derives this attraction and appeal due to leadership in technological and educational arenas. These enable a thriving knowledge-economy. Today, the most powerful tool of USA's appeal and attraction is its knowledge-economy which is changing the way all of us live. Power shifted to the US because of its strong democracy and capital market, and the strong knowledge economy that thrived from these has helped the US cement its power.

Knowledge-economy is a source of power in terms of economy, culture and technology. All these elements, according to Joseph S. Nye, are components of soft power. Joseph S. Nye, in his article, "*America's Information Edge*", writes that knowledge, more than ever before, is power. He emphasized the fact that in the information age, the importance of technology, education and institutional flexibility has become more important than that of geography, population and raw materials. To put it together, it appears that having a lead in knowledge-economy will not only help a country gain soft power but also sustain it. He predicted that the country which could best lead the information revolution would be comparatively more powerful. He further said that having an information edge will continue to sustain America's soft power and the force multiplier for its successful diplomacy to engage productively with the hostile nations.³

America is deriving its immense soft power from the information-edge that knowledge-economy provides it. But other less powerful states cannot gain and sustain soft power like America does. Such

countries are blending elements of knowledge-economy to build themselves as a brand for enhancing their appeal and attraction in the world. Spain has implemented a long-term policy, Marca Espana which is aimed at strengthening its image at home and abroad. It is a nation branding campaign that analyses the perceptions of Spain abroad and how they evolved over time. Through this campaign, Spain is showing its thriving knowledge-economy and trying to build its image as productive and innovative nation.⁴ Pakistan has the same potential to showcase its thriving knowledge-economy and gain soft power through it.

Pakistan's IT sector is shining bright. It's IT market has been ranked third for supplying freelance IT programmers and app developers.⁵ On Up work, freelance hiring site, it has been ranked in the list of top-ten earning countries alongside Ukraine, India and Canada.⁶ Rozee.pk, a Lahore-based company has succeeded in winning a third round of investments, \$6.5 million, from Piton Capital, Nafta and Vostok. In addition, Pakistani freelance IT programmers and app developers are ranked among the most hired persons by IT companies from USA, Britain and Australia. Every year, 1500 registered IT companies and 10,000 IT graduates enter Pakistani IT market.⁷ On average, it means, in five years, 7500 companies and 50,000 graduates would enter Pakistani IT market. These are encouraging signs of progress for Pakistan. Many can now envision a day when Pakistan becomes the next soft power hub or maybe the next Brazil.

There are some significant parallels between the IT sector Pakistan and the IT sector of Brazil. Before 2004, Brazil's IT industry was hardly recognized in the world. Other less developed countries like Costa Rica, Ukraine and Vietnam were frequently mentioned in industry research and analyst reports. Previously, Brazil was nowhere as an up and coming IT destination. To become a top IT industry in international market, it launched a nation branding campaign, Brazil IT. This campaign was launched in traditional print media, internet and trade show competitions. Through this campaign eighty one sectors of Brazil economy and 10,000 Brazilian companies were promoted. APEX also decided to work with several Brazil IT clusters, domestic and abroad, along with Brazil Information Centre, a non-profit organization that promotes Brazil exports to US opinion makers and consumers.⁸ As a result, Brazil is now considered a major player in the knowledge economy.

Pakistan has also launched a nation-branding campaign, Passionate Pakistan to showcase its innovation and productivity.⁹ It is clear that Pakistan can do the same thing by careful planning, coordination, and focus. Participating in the knowledge economy and gaining the kind of soft power that comes from this,

will enable Pakistan to present a positive and appealing face to the world and shed the negative image that has enveloped it for so long.

Notes and References:

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 - ⁴ Website dedicated for Nation Branding Spain
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 - ⁵ Bina Shah. "*Pakistan, the Next Software Hub?*". The New York Times. Aug 10, 2015.
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 - ⁷ Michael Kugelman. "The Aexact Scandal and Pakistan's Growing IT Sector". The Wall Street Journal. May 18, 2015. <http://blogs.wsj.com/washwire/2015/05/18/the-axact-scandal-and-pakistans-growing-tech-sector/>
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 - ⁹ www.dailytimes.com.pk/islamabad/08-Aug-2015/iqbal-pledges-to-open-up-passionate-pakistan-to-world