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Revisiting Economic Governance of Pakistan

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It has become the norm for Pakistan to face economic challenges every few years. Opposition prefers it, as it gives chance to them to undermine the government and question the capability of the government to govern the country. It provides the opportunity to agitate people against the government and pave way for their government. Regrettably, when opposition comes to a government they do not have the plan to revitalize the economy and face their own medicine. The opposition starts to apply the same tactics. This tactic trend is the results of a lack of

understanding of economic governance system among the ruling elite of the country. Another point is that Pakistan's ruling elite is still confused which economic governance system will work in the country. This practice is not helping the country or any political parties. It is adding to the problems of the country and the miseries of the people.

Since 1947, Pakistan is in experimentation mode. With every changing government the agenda of economic governance change according to the priority of the incoming government. Dream selling was a favorite tool of every government not the economic development on a sustainable footing. Therefore, the evolution of economic governance system lost somewhere during the experimentation. Haphazard economic management emerged as the single most prominent feature and model. It deteriorated the economy and putting the country on loan track. This led to the entry of International Financial Institutes (IFIs) in the national economic and governance landscape.

The dream of rapid growth and development in the 1960s led to borrowing for the subsidizing "Green Revolution" and big



infrastructure interventions. The industrial revolution was another component of this era. The story continues by passing through the periods of the socialist system

and the Islamic system. The unfortunate part of the story is that no system was applied according to its basic principles.

For any meaningful reforms or interventions Pakistan needs to know ;(how experimentation can be eliminated. b) For whom system will be designed? c) What are ground realities and most importantly? d) Who will run the system?

The ruling elite of country including political parties, bureaucracy, military and judiciary will have to sit together. They need to understand that economic governance is not a tool to play power politics rather it is an instrument to sustain the country. They will have to chalk out a system and fundamentals of a system with the help of national experts and academia. The role of IFIs and other external factors should be eliminated from planning and only offer them to be part of the implementation. Then make it part of the constitution of the country and make it obligatory for everyone to follow it irrespective of who is in power.

The second area of interventions should be for whom the system will be developed. Here comes the political economy of the system. In the context of Pakistan, political economy dimension remained dominant throughout history. First few decades were dominated by the landlords, bureaucracy, military and some part was taken by the business community. During 1970s socialist thoughts were promoted and the business becomes the victim of nationalization. From the 1980s onward the military, bureaucracy and business become the troika and control the system. Another

development was that major business families venture in politics and directly start to control decision making. It hampers the development of the business community and resources started to concentrate in a few hands. Another important player from 1960s onward is IFIs and they get stronger with the time. Now, IFIs are the most powerful players in the political economy of the country. IFIs are now dictating country to follow the proposed changes. This cycle needs to be a break and introduce the economic governance model which would be beneficial for the country and people.

The third dimension is ignorance of ground realities and introducing fancy buzz words in policy, planning and implementation. Pakistan is used to hear the words, turn around the country in a few months, industrial revolution in no time, digital highflying and so on. Every political party sell the dream of revolution within no time. This rhetoric is not serving the country or people. Rather it has put the ruling elite on the wrong path and they started to divert resources to fancy projects and forget the basic ingredient of development like health, education and human capital etc. Pakistan can learn from the experience of China that growth development cannot come in a short span of time it needs decades of hard work. China started in 1978 to start reform and now after 40 years, it says that it will be a moderately developed country in 2021.

The last area of concern is who will run the system. The practical solution would be to leave the business to the specialized institutions and only keep check and

balances on them. There would be minimum interference from the ruling elite. Pakistan should stop importing experts and ministers and concentrate on domestic wisdom.

In the prevailing context what policy should be adopted to turn Pakistan on the development path. The choices are very simple but require patience, dedicated work and apolitical behaviour. The ruling elite will have to redesign the governance system and rationalize the expectation of stakeholders. The first in line would be to refine the planning and implementation process. In Pakistan practice is that we hire some big names and give them a task to plan and suggest implementation pathways. The process should be restructured and it should be a bottom-up approach. For example, in China the process of planning start 2 or 3 years before the finalization of the plan. It reaches to the standing committee of politicalbaro by passing through the village, tehsil, district, province, National Congress and politicalbaro. The final decision is made in the standing committee of politicalbaro. Implementation is centralized and done through the local actors with strict monitoring and evaluation.

Pakistan is a democracy therefore, it cannot adopt the Chinese model, but it can learn from the Chinese model. Pakistan can use democratic institutions in the process. Pakistan can include local bodies in the process. The process can be started from the village and go through the union council, tehsil, district, province, parliament and end in the cabinet. A decision should be made in the cabinet and

implementation should be controlled by the center by engaging local governments. From the government side all relevant departments should support the local government bodies to implement the plans.

The purposed changes in process can only be achieved by a change in political behavior and expectation of people. Ruling elite must come up with a rational plan and timeframe. It should not sell the dreams rather it should tell the actual situation and mould the expectations of people according to reality. It must be communicated to people that development cannot be achieved within 5 or 10 years, it takes time. Lastly, Pakistan should learn that growth and sustainable development cannot be achieved by borrowing every time. It can only be achieved by relying on domestic resources and hard work. There is no alternative to work so we must follow the proverb "shut your mouth and move your hand"