



Policy Brief # PB-57-2019

June 20, 2019

Pakistan's need of the hour: A program of policy and structural change

**Shahid Javed Burki
Chairman, BIPP**



Pakistan's need of the hour: A program of policy and structural change

by

Shahid Javed Burki, Chairman

The demise of public policymaking in Pakistan.

I will open this lecture with a list of questions I intend to ask and attempt to answer some of them. They are about policymaking in Pakistan. But before I do that I would like to explain why I have invested a lot of my time and resources into building the institution based in Lahore that now carries my name -- the Shahid Javed Burki Institute of Public Policy, the BIPP. The institution started with a different name in 2007 when, at a lunch with my friend Sartaj Aziz who was then the Vice Chancellor of the Beacon House National University, we talked about the demise of policy work in the public sector. This work was put on track by President Ayub Khan soon after he took over the country in October 1958. He redesigned the Planning Commission into a well-endowed policy-making institution. Pakistan did not have the skills that were needed to staff such an institution, he turned to the United States for help. That came in the form of advisors mostly from the Harvard Development Service who were appointed in the Planning Commission in Karachi and the Planning and Development Departments in East and West Pakistan. When Ayub Khan surrendered his office, in 1969, the Planning Commission began to wither. A series of blows were delivered by the government headed by Zulfikar Ali Bhutto. The administrations that succeeded the one he had headed were not seriously committed to institutional policy analysis and policy-making. The Planning Commission had lost most of its original purpose when Sartaj Aziz and I had that conversation over lunch in Lahore.

We agreed that the best way forward would be to set up the capacity to do public policy work in the private sector. Aziz suggested that I return to Pakistan and establish such an institution. The funding for that endeavor would be provided by the BNU. Since I could not return to Pakistan to be here full time, we set up the Institute of Public Policy -- the IPP -- with me working as the visiting Chairman. When Aziz left the BNU to join the Pakistan Muslim League government in Islamabad, the BNU support could not be ensured. That is when I and the members of my family stepped in to inject finance into the institution. We were extraordinarily fortunate to attract Shahid Najam into the institution as Vice-Chairman. He has put in enormous amount of work on pro-bono- basis in keeping the BIPP functioning. With this lecture we are launching an effort to explain to the public what we are seeking to achieve and also make an attempt to broaden the base of support for the institution. With that brief background, I will ask the policy questions to which I had referred at the beginning. I will raise a dozen questions. However, embedded in these questions are other questions.

A dozen questions:

First, what are likely to be the most important political, economic and social consequences for the country of the elections of July 2018?

Second, while some of the political systems in the world are moving towards authoritarianism, is Pakistan likely to buck the global trend and develop a representative form of government?

Third, if Pakistan needs a new development paradigm to achieve a high and sustainable rate of economic growth and social change, what should be its main features?

Fourth, how should Pakistan move away from dependence on external financial flows and base development on domestic resource generation?

Fifth, in what way should Pakistan work to use the opportunities made available by the China-Pakistan Economic Corridor, the CPEC, to move towards a new development paradigm?

Sixth how should Pakistan deal with the threat posed by climate change?

Seventh, how should Pakistan bring the government closer to the people and deepen the process that began with the adoption of the 18th amendment to the Constitution?

Eighth, how should Pakistan deal with its five neighbors, Afghanistan, China, Kashmir, India and Iran? Related to this is the question why I have added Kashmir as a full-fledged neighbor?

Ninth, how should Pakistan address the problem posed by the rise of Hindu extremism in India?

Tenth, how should Pakistan deal with rapid urbanization and what should be the main components of urban-focused policy?

Eleventh, how should people's confidence be built in their own future and in their country?

Twelfth, how should the narrative about Pakistan be changed?

Some policy initiatives

I will, follow these questions by suggesting what some of the initiatives are that could be taken by those who are in power at this critical time in Pakistan's history.

One our leaders must recognize that a negative narrative prevails about Pakistan in the foreign press. Whenever a story appears about Pakistan in the western media its content and tone are negative. This situation can only be remedied if the current leadership comes forward and presents to the world a believable plan of action that would restore the confidence of the people in their future as well, as of the country in which they live. As economists emphasize all the time, confidence is an important driver of growth. Confidence leads to increase in domestic and as well as foreign investment.

Two, there is an urgent need to strength the Federal Board of Revenue. Those who don't pay taxes or pay only nominal amounts must be made to fear the revenue collector. It is that fear that has made the Internal Revenue Service, the most feared part of the United States government. In America April 15, the day taxes are due, the most important day on the calendar.

Third, we need to focus on three sectors as the future determinants of economic growth and social change: they are high value-added agriculture, small- and medium scale industries and modern

services. Development of the human resource would be an important part of this strategy. The CPEC could play an important part in this endeavor.

Fourth, our policymakers need to recognize that Pakistan is no longer a rural place but an urban country. No single urban policy would serve the purpose. We will need separate policies for the metropolitan areas, peripheral areas of large cities, medium-sized cities and small towns.

Fifth, the government must get closer to the people and this requires the formation of a multi-tiered system something on the lines of Ayub Khan's system of "basic democracies."

And sixth, working with Afghanistan, we should use the local system of government to bring economic and social development to these areas. It is only then that we will be able to prevent the tribal youth from being attracted to extremist causes.