

The government has made credible progress on all fronts, including energy, connectivity, security, and infrastructure – Professor Ahsan Iqbal

While delivering Special Invited Lecture at the second day of the 33rd AGM & Conference of the PSDE, organized by the Pakistan Institute of Development Economics (PIDE), Professor Ahsan Iqbal, Federal Minister for Interior, and Planning, Development, and Reform, said the old adage that this was the best of times and this was the worst of times was most appropriate for the case of Pakistan in the present day. The country is facing many challenges on several fronts, but the state is attempting to face those challenges to the best of its abilities. Pakistan experienced two periods of phenomenal and promising growth but the impetus generated was sadly lost each time. The first came in the 1960s when the country, under the leadership of Ayub Khan, was considered to be the rising star of Asia and was surpassing East Asian economies of South Korea, Taiwan and Thailand. Sadly, the country missed the boat due to a realignment of priorities to face security concerns and now those same economies of South Korea, Taiwan and Thailand are leaps and bounds ahead of Pakistan.

The second period came when Pakistan was among the first countries to initiate reforms that encouraged growth of the private sector in the early 1990s and attempted to remove the distortions created earlier. However, the subsequent political instability halted the reforms which adversely affected growth and, once again, other regional economies, particularly India and Bangladesh, which applied the same reform strategy, successfully reaped the benefits while Pakistan was left on the sidelines. The message here is that no country has developed when faced with political instability; a stable political environment is the key and the first necessary condition for achieving sustainable, inclusive development.

Prof. Iqbal said that the old paradigms of growth and development are becoming increasingly irrelevant in the present scenario and new drivers are emerging that we need to recognize and capitalize on. In particular, technology in various forms is now playing a key role. Developments in robotics are changing the existing dynamics by providing developed countries an edge to compete with developing countries on low costs arising from low wages and cheap labour. Developing countries will be unable to capitalize on this traditional edge for much longer and need to adapt quickly lest they become dinosaurs and fade away into oblivion like the Nokias and Motorolas of today. Capital mobility across borders is increasing and capital controls are less relevant now – the simple lesson is that countries and destinations are all now competing for stability, security and attractiveness of markets. Information is also emerging as a key driver and any country that can leverage it for development and growth will benefit. It is also emerging as a tool of spreading chaos and instability, which countries need to recognize and adapt to. The fourth emerging driver is now labour and talent. The developing countries need to do their part to attract and retain skilled and talented labour. How the country charts its way forward keeping these drivers in mind and in the new global scenario is the key question to focus on.

Stressing the economic success of the current government, the Minister said that in 2013, Pakistan looked like a hopeless case with widespread power outages of 18 to 20 hours that were crippling the whole economy. Secondly, Pakistan's infrastructure was languishing with no worthwhile investment having taken place in the last 14 years. Thirdly, the security situation in the country was bleak with numerous episodes of violence and loss of life. Recognizing the value

of removing these bottlenecks to achieve high growth, the present government identified priority areas in 2013 and formulated Vision 2025. The Minister said that the government had made credible progress on all fronts, including energy, connectivity, security, and infrastructure. The country was now in a position to achieve high growth in the coming years and reap the attendant benefits.

Minister's keynote address was followed by a panel discussion on agricultural reforms with a focus on modernization and cluster-based agro-business development, moderated by Dr. Stephen Davies, Senior Research Fellow at International Food Policy Research Institute. Chairperson at the discussion was Shoaib Ahmed Siddiqui, Secretary Planning, Development and Reform. Dr. Ejaz Qureshi, Research Program Manager, the Australian Centre for International Agricultural Research, opened the discussion with a presentation in which he discussed Pakistan's current agricultural policies and highlighted the pressing need to invest in research and development in the agricultural sector to increase productivity. Mr. Marcel Stallen, Chief Technical Advisor Balochistan, Food Agricultural Organization, shared his insights on advantages of developing food parks, citing success stories of clustering and food parks from Europe, China and India. Former member Planning Commission of Pakistan Mr. Mubarak Ali added that cluster approach has already been a priority of Planning Commission and they have also been successful in setting up mango, orange and rice clusters. Concluding the discussion Mr. Shoaib Ahmed Siddiqui, who was chairing the session, said that it is textbook knowledge for Pakistani students that agriculture makes up about 70% of the country's economy, however, agriculture has been pressurized so much that it is no longer generating enough exports to drive the economy. Hence, policymakers must come up with action oriented policies and prioritize agricultural productivity in their research.

The highlight of the second day of the Conference was Mahbub Ul Haq Memorial Lecture, delivered by Nadeem Ul Haque, former Deputy Chairman of the Planning Commission. The theme of his lecture was the nexus between macroeconomic research and policymaking. The session was chaired by Dr. Ishrat Hussain, Professor Emeritus, IBA. Dr. Nadeem Ul Haque delved into the critical issue of nexus between academic research and policymaking. He raised the question of why we are not able to produce any Mahbub-ul Haqs anymore. He said that despite a sharp increase in the number of universities and scholarship, the research community remains very weak and with little impact.

Dr. Nadeem Ul Haque identified important constraints to the development of such a community. He argued that perhaps the most important agent of change is a vibrant academic community pushing policy through research generated ideas. History is a set of ideas and humanity, and that the world moves with ideas. Without a vibrant local academia engaged in informed research there is no coherent policy or thought agenda. Fragmented and hasty policy has been par for the course in Pakistan since academia has offered no coherence or thought leadership. From the time of Dr. Mahbub Ul Haq, the focus in Pakistan has been on acquisition and implementation of donor funded infrastructure development projects whereas research shows that the requirement of the day is deeper reform of institutions for a more open, inclusive and creative society, collectively called the "software" of development. Easy access to and fascination with international consultants has meant that local research is not patronized.

International consultants merely apply the “best practice” solution, which tend not to work everywhere since they are not locally owned or readily adaptable to local needs. There is also lack of funding for research.

He suggested that historical evidence supports the notion that development requires innovative problem solving, and good policymaking requires a dense research. Government processes in Pakistan are overly centralized and ineffective. Putting the onus squarely on the academia, Dr. Nadeem Ul Haque said that it is incumbent upon them to explain and understand growth, the growth process, and what policies are necessary to accelerate growth in Pakistan. The lack of dialogue on this subject is the single biggest failure of the academic community. He said that in designing governance reforms, the role of government must be discussed and understood with clarity. The urge to overload government with all manner of tasks regardless of its ability to deliver must be resisted. Similarly, the urge to weaken government with some idealistic notion of market efficiency must also be resisted. Development happens when both government and the market are well designed for optimal social and economic outcomes. Concluding his lecture, Dr. Nadeem Ul Haque said that the academic community must take a few important steps such as focusing on building knowledge, engaging in discussion and discourse amongst themselves, asking questions, organically rooting the research agenda, and for donors to listen to this local research.

The second panel discussion of the day on academic diaspora was chaired by Dr. Zafar Mueen Nasir, Vice Chancellor the Punjab University. Expressing his views on the topic, Dr. Mahmood Ul Hassan Butt, Consultant HEC, said that there are a large number of Pakistani doctors working in the U.K, which, if brought back, would collapse the National Health System (NHS), UK. However, we do not need to have them back full time nor do we have the system attractive enough for them to do so. We can just devise ways to attract them back only for short periods to benefit from their expertise. Comparing the Pakistani and Indian migrants, Dr. Butt said that the second and third generations of Indian migrants have shifted to more influential areas such as politics and law something that Pakistani diaspora has not done. Dr. Vaqar Ahmed, Deputy Executive Director SDPI, said that the Indian and Chinese diasporas are structured very well while in the case of Pakistan, there is a need for a new social contract between the Pakistani diaspora and the state. The latter has lost its credibility for the Pakistani diaspora. Dr. G.M. Arif, former Joint Director PIDE, said that the proportion of international migrants in total population is much higher for Pakistan than for India but the latter has more impact because of the networking they have with home. Mr. Sakib Sherani, Chief Executive Macro Economic Insights, expressing his views said that a more structured approach is required to manage the professional and skilled diaspora of Pakistan. He further added that we need to create space on the policy table for the educated diaspora of Pakistan. Dr. Waqar Masood, former Federal Secretary Finance, stressed the need for relevant data to know exactly who the migrants are. He said that this data should be accessible not only to the public sector but also to the private sector. He suggested that the Overseas Pakistani Foundation and the Board of Investment should team up to form a joint strategy to attract the Pakistani migrants back.

Earlier, the second parallel technical session of the Conference was held in which both national and international researchers presented their papers on varied topics. The issues

addressed were macroeconomic policies in changing global and local landscape, regional economic integration, and agricultural reforms.