

## *Commentary*

### *Presidential Address*

## **Opportunity to Excel: Now and the Future**

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Availability of opportunities implies that people have a range of life options, specifically economic, to pick from, and have a realistic chance to adopt what they want to do and succeed in it. For Pakistan, where nearly sixty percent of the population is aged under 30 years, opportunities become even more significant. The fact that we live in a world where technology is changing the way things are done at an unprecedented pace makes it very easy for those not keeping up to be left far behind, without opportunities.

Is Pakistan offering such opportunities to its people to take up and excel? Is the country doing what needs to be done for its population to excel in the future?

### **I. OPPORTUNITY NOW**

#### **Youth Unemployment**

The reported unemployment rate of 6.9 percent is considered comfortable and frequently makes headlines. Far more females and those living in urban areas (7.9 percent) are unemployed than their male and rural counterparts (6.4 percent).

- A large part of the working-age group is not part of the labour force (79 percent female, 68 percent male, and 55 percent in total). These people are either discouraged workers or have other means of income to support them that they do not need a wage. The former is more likely, especially for males. Despite policy initiatives, the female labour force participation rate (LFPR) remains shockingly low (79 percent). The socio-cultural reasons seemingly continue to deter females from participating in the labour force.
- It takes about a decade or more for youth to be employed. All cohorts reach the national average at about the age of 30. Both males and females at a younger age have a higher probability of unemployment till 30s. Between ages 20-29, female unemployment is, on average, between 20 percent-14 percent.
- Over 31 percent of the youth with degrees, including professional ones, are unemployed, with females at 51 percent and males at 16 percent. Rural graduate unemployment is much higher than urban, begging the question of mobility.

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### **Paid and Unpaid Labour**

- It is believed that unpaid labour is confined to agriculture and in rural areas only. Data tell otherwise. Although more prevalent in agriculture, unpaid labour can be found in all industries, including manufacturing, construction, transportation, and retail. Likewise, the phenomenon is present in urban areas as well. Unpaid labour is, thus, prevalent across all industries in both rural and urban areas. Another indication of a lack of opportunities for quality jobs.
- Of the paid labour, the quality of jobs for both males and females needs consideration. The average monthly wage is below the minimum wage despite the males working longer than the average duration for a full-time worker. The females work slightly less than the average full-time work week but get paid much lower than the minimum payment.
- Services remain the largest employer, with retail and wholesale trade the largest segment in the urban areas, while agriculture continues to employ the majority in rural Pakistan. Surprisingly construction employs about 8 percent of the labour force in both urban and rural areas reflecting the harsh regulatory and zoning laws in urban areas that PIDE research has been highlighting (Haque and Nayab, 2006; Haque and Nayab, 2007; Haque, 2015; PIDE, 2020a, 2020b; Ali, 2020).

### **Urban Areas and Jobs for the Youth**

Do urban areas provide more lucrative jobs, especially to those educated? The trends clearly show signs of a highly regulated market or a mismeasure of urban and rural areas given that no significant wage difference shows up in the average wages across the two regions, specifically for those with no or little education.

In PIDE we have pointed out that (Arif, 2003; Haque and Nayab, 2007; Haque, 2013, 2016, 2020):

- The urban definition used in the census and government surveys does not adequately capture cities or city populations and their boundaries.
- Cities are heavily regulated to create bureaucratic sludge lowering productivity and wages.
- The LFS seems to point to a need to study and understand our labour and product markets more carefully, as PIDE has been pointing out for years. Why are the urban areas not providing the kind of opportunities they should?
- The LFS shows that one-third of the youth, in rural and urban areas, are disconnected from the system as they are neither employed nor enrolled. The disconnect is higher for young females, with 60 percent neither working nor studying. Socio-cultural norms, encouraging early marriage and childbearing, and reluctance to be in the labour market contribute to this trend.

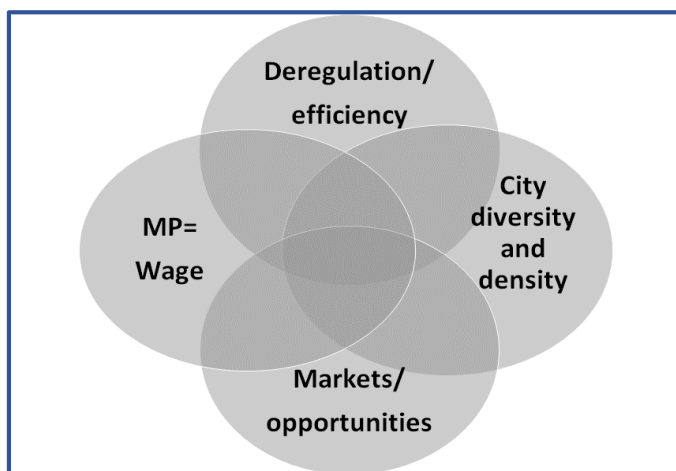
## **II. WHERE ARE WE GOING WRONG?**

- Social infrastructure (spaces for performance, sport, intellectual and cultural activities in communities) along with the requisite organisation (leaders and competitive structures for nurturing talent) need to be given priority in the policy.

- Individuals perform best and are the happiest through achievements and finding their true potential. Self-actualisation is desirable, and policy and governance must give it some priority.
- Talent is normally distributed in all societies, but it requires social “hard and soft” infrastructure to be realised. Such infrastructure must seek to set up a competitive structure for talent (e.g., competitions like a spelling bee, math marathons, and the like) in all areas. For too long, this has been neglected.
- The focus on mere education without complementary activities restricts opportunities and starves talent. In the past, universities had extracurricular activities which have been starved over time to the detriment of well-rounded, ambitious students. The policy must move beyond education to incentivise capabilities of all kinds (Sen, 1997).
- The policy is too focused on traditional sectors and has a mercantilist approach (Haque, 2006). Either it encourages agriculture and industry, and within those exports, or it thinks of entrepreneurship only as quick profits.

### III. CREATING OPPORTUNITIES

As per the PIDE agenda, following nexus has been detailed to articulate how opportunities can be created.



- (1) Sludge (excessive regulation and documentation) is preventing the growth of firms, investments, and entrepreneurship. The government's footprint is large, crowding out investment and economic activity (Haque and Ullah, 2020). The government processes are cumbersome, and the regulatory space for investment is also severely lacking.
- (2) PIDE RAPID (2021) and the FEG (2011) note the country's lack of market development. Markets are mere competitive devices. To allow all forms of competition to happen, the government must foster creative regulatory frameworks.
- (3) Opportunities abide from street/sidewalk economy to the corner store, neighbourhood businesses, shopping malls, entertainment, leisure spaces, and many more. This is contrary to our city master planning, where flyovers, roads

- and excessive zoning and height restrictions encourage a soul- and opportunity-killing sprawl. The current trend needs to be reversed.
- (4) According to LSF, a relatively small proportion of the labour force seems to be employed in construction. Despite the PM's pronouncements on increasing construction activity, the emphasis seems to be on sprawl and road construction. This means that city space for opportunity remains limited. The whole approach toward construction needs rethinking. The current sprawl with the limited public, community, commercial, and entertainment space offers no opportunity to youth. Denser, instead of sprawling, should be the idea around which cities are developed.
- (5) The talent-focused opportunity approach will allow creativity and entrepreneurship to flourish everywhere. Eventually, a network of activities will be developed, and many new and fresh activities will emerge. GDP will increase as we connect with more global supply talent and knowledge networks. In one calculation, GDP is merely a sum of all earnings. As new activities are allowed to happen and even fostered, GDP will increase, creating further opportunities.

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