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Streamlining the EAC

Prime Minister Imran Khan has constituted the Economic Advisory Council (EAC) to provide neutral and independent policy advice to the PM and the government on formulating a growth strategy and a reforms agenda to resolve the economic challenges.

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Before developing new hopes on the current EAC's contribution, it is important to look at the performance of the EACs constituted by previous governments. In May 2008, the PPP government constituted an EAC, which was reactivated in early 2014 by the PML-N government with more or less the same members and objectives as those proposed by the current EAC.

Sub-committees were formed in different sectors to seek specific advice to uplift productivity and performance. It is said that the Musharraf government was the first to constitute such a council. However, the role and contribution of the Harvard Advisory Group in the 1960s cannot be ignored.

Some officials of former finance ministries believe that former governments weren't serious about doing their business. Very few meetings were held despite the original recommendation to hold meetings every month. Similarly, there is no public report on the recommendations, with the implementation status of the EAC. There is no assessment on the performance of the EAC and its sub-committees.

Such councils are constituted in various countries, including India and the US, which signifies the role of the council in generating an evidence-based economic policy. The best example of an EAC is America's Council of Economic Advisers, which is a permanent body consisting of three or four leading economists. Many renowned economists have served as chairs of this advisory during different administrations. Some of them include Gregory Mankiw, Joseph Stiglitz, Allen Krueger, Jason Furman and Kevin Allen Hassett. The chair issues an annual report on the state of the economy, which is a comprehensive document on economic issues and policies.

Like Pakistan, India has also established an economic advisory council – the PMEAC – to give neutral advice to the government on economic issues. The PMEAC has clearly defined its role and responsibilities. It publishes regular reports on the recommendations made during its meetings.

No such practice can be found in EACs that were constituted in Pakistan. This calls for a comprehensive review of these EACs to identify the reasons for their failures and to offer solutions. It also helps to attribute the responsibilities on both the government and EAC members. Without this, we cannot obtain new results with an old EAC team.

To effectively use the EAC platform, the government needs to institutionalise this council. Here are a few suggestions: First, we must revisit the composition of the current EAC. There is no doubt about the intellectual capital of the members of the private sector who are part of the council. However, their areas of specialisations are a bit skewed and mainly focus on macro-stability indicators. Therefore, the old growth recipe may not produce the desired results envisioned by the PTI government.

The new SIS growth paradigm required a focus on three dimensions: economic, social and environmental factors. There is a need to include a few social and environmental experts as Pakistan continues to lag behind in achieving social and environmental goals that have been mentioned in SDGs. Similarly, regionalisation after CPEC, technological advancements, water management, and poverty deserve special attention in the coming years.

At least one female expert from the social sector and a female technology entrepreneur should be made part of this council to present the women-centered issues and needs of the future economy. Moreover, there is a need to include a natural scientist in the group. Young economists and researchers should be also made part of working groups or sub-committees constituted by the EAC.

Second, there is a need to clearly define the EAC's functions. Some of these functions are: i) to submit a monthly report to the PM on upcoming macroeconomic developments and their implications on the economy; ii) to analyse specific economic issues assigned by the PM and give independent policy advice; and iii) to analyse socioeconomic issues with high importance and present all findings to the PM.

Third, the rules of game should be defined to make the EAC effective. The government should establish a dedicated secretariat in the Ministry of Finance to operationalise the EAC. The secretariat creates a liaison between the relevant ministry and the EAC to ensure bi-directional feedback for finalising policies. It also organises meetings on a monthly basis.

Agenda-setting is very important for every meeting. The secretariat should follow the mechanism proposed by Dr Nadeem Ul Haque. Before convening the EAC meeting, it should invite working papers from members on all issues that are to be presented in the meeting. These working papers should be circulated among relevant stakeholders.

Policy suggestions that have been agreed to should be shared with relevant ministries along with implementation guidelines and time frameworks. In the next meeting, government representatives should brief members on the implementation progress of the proposed policy. This will show the seriousness of both the government and the EAC members in achieving reform targets.

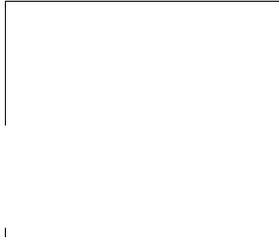
Fourth, a web-based monitoring tool should be developed to measure the proposed solution and showcase the monthly reports and policy papers.

After establishing the rule of games, the PM should convene the first meeting to finalise priority areas on which the government should work along with the formation of a working group and sub-committees on these areas to prepare a roadmap for implementation.

The EAC should periodically invite leading researchers and scholars from various fields to present a detailed research-driven perspective on the issue being discussed in the

council's meeting. Finally, more transparency in the working and operations of the EAC will help citizens share their ideas on the reforms being discussed.

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