



Would you trust the government?

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Asking the government to do what the private sector can do calls for increasing the role of the government in the economy. Should we have more of the public sector or the private sector?

The private sector is favoured on grounds of efficiency, responsiveness to demand and for incentivising innovation. The downside is the sector's tendency to exploit consumers whenever possible. The public sector, on the other hand, cares for societal and employees' welfare and produces goods and services which the private sector is shy of producing. Here the downsides are: serious inefficiency, costliness and enormous room for corruption.

The demerits of the two sectors have caused the pendulum to swing towards either of the two. To begin with, production is in the private sector. The sector is exploitative – cartels, high prices, poor quality and low wages, wherever possible. This causes the pendulum to swing towards the public sector. Now stakeholders experience elite capture, merit flouting, inefficiency, incompetency, long queues, elite jumping the queue, abuse of power, massive corruption and rent-seeking. The pendulum swings back towards the private sector. This has continued for centuries with varying degree of intensity across time and across countries – capitalism, socialism, capitalism, Adam Smith, Marx, Keynes, globalisation, the

Washington Consensus and poverty alleviation programmes are all examples of swings of varying intensity.

The arguments in favour of assigning more activities to the public sector would you seemingly assume that the government cannot fail. Evidence, however, suggests that governments, especially in developing countries, often fail to perform to the level considered satisfactory. While the public sector might have done wonders in the west and in China and Korea, its performance in countries like Pakistan and India leaves much to be desired. A look across the globe shows that the public sector has performed better only in countries (government)



with good governance. Such countries can assign greater role to government and can also regulate the private sector effectively. Countries with poor governance can do neither.

Would you delegate more tasks to an employee who is already performing poorly? Would you like to entrust more to a government in which the ambulance carrying the founder of the nation, who is in a critical condition, breaks down on the way, the brother of a sitting prime minister is killed and the killers are not nabbed, an ex-prime minister is killed and the murder-site is washed within minutes, the helicopter of a sitting president blows up in the air with almost the entire army high command. These events reflect either the incompetency of the highest order or deep-rooted conspiracies hatched within the government. Would you like to entrust more tasks to such governments? Would you like to entrust more to a government that cannot perform its most basic task – protecting life and property of the citizens.

Would you like you like to entrust more to governments which overtime have scored among top ten on world-wide corruption index or to governments which are restrained by political exigencies from doing what the good governments are supposed to do – subjects like holding; population census, poverty count, building dams, imposing agriculture tax in true spirit and creating new provinces are few examples.

The failure to see the brewing energy crisis, the failure to utilise hydel potential, to prevent depletion of gas reserves with appropriate pricing, to incentivise gas exploration and extract known mineral resources (Thar and Reko Diq, to mention a few) are nothing but governance failures. Would you like to entrust more to governments responsible for such failures? What to say about the state of governance while recalling incidents like APS, Safoora Goth, Sabeen Mahmud Ishaq and Mastung? The latest addition to the long list of governance failures is the local bodies elections in KP.

By opting out of the public health and education systems, the well-off have voted with their rupees that our governments have been running these systems badly. Some people, by migrating overseas, have similarly voted with their feet against the state of governance. Should we still entrust more to our governments?

This scenario, of course, ignores the many achievements to the credit of our governments – dams, refineries, motorways, metros, bombs and missiles, model motorway police, hassle-free passport office and Nadra. But would you opt for open heart surgery at a public hospital just because you don't face hassles at the



passport office? These achievements reflect our potential, but realising potential calls for good governance – and the balance remains tilted towards unexploited potentials.

Governance might be improving, but let's not put the cart before the horse. Let there be a marked improvement in governance before we decide to entrust more to governments of whatever shade and colour – for now, the lesser the better. The private sector might be bad, but this is the bitter pill that citizens must swallow, with governments likely to be much worse.

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