

Vote for economy

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The election heat is on; political parties are finally coming up with their respective economic pitch. The manifestos or main-point agendas are out. There are two main contestants in the show and one of them could well be in power; if not, a third party could take advantage. In that case; the agenda would be nothing but to maintain the weak coalition.

Let's assume that one of the big guns comes to power and see what they are promising. Shahbaz Sharif is demonstrating Punjab speed in quest to win an otherwise difficult election for his party. The PML-N works on development – seeing is believing! The game is to take loans and execute mega projects by the government herself without delving much into the social priorities or to justify adequate returns of the projects to repay loans or on the capacity of economy to absorb that scale of development.

The problem with the PML-N is that it has a history of working with close confidants posted at key posts, without the consideration of merit. They believe in trustworthy individuals but not much in the strengthening of institutions. Punjab is a classic case of one-man-show where Shahbaz has his loyal workhorses to resolve all kinds of issues – be it the construction of an underpass in three months, reforming a public hospital or running an LNG power plant. That's ad hocism.

The CM was workaholic and so were his workhorses. The way and with the speed the mega projects were executed in Punjab despite all the systemic red-tape is commendable. The CM even tried to instill policy reforms but unfortunately the bureaucracy does not have the capacity to do so. And the speed cannot be maintained by bypassing the bureaucracy.

The point is that if Shahbaz comes into power, he may continue with his projects spree, and will keep his dominance by giving more power to his close confidants. The institutional strength, social reforms and capacity-building may continue to wait for years until it becomes a priority.

Yes, the Punjab government has worked on improving education, healthcare and policing by deploying smart technological solutions; it has also worked a bit on the capacity-building side. But it's all about the visibility. There are CCTV cameras around the city of Lahore, connected to police emergency systems to timely start action against any crime; but there is almost no respect of police amongst the citizens. There is virtually no more ghost school in Punjab; but nobody is willing to send kids to public school, if private schooling is affordable. The story of health and other social safety nets is no different.

At the federal level, Ishaq Dar was a complete failure but the economic management changed significantly under the Miftah-Abbasi duo. They tried to salvage the economic competitiveness, which was adversely affected by Dar's policies. If the PMLN government comes back in power, the direction is right from where they left.

The caretakers have owned and continued the recent policies. In fact, there is not much that

can be changed; whoever comes in power will have to do the firefighting in the initial two years. An IMF programme is imminent and the stabilization policies prescribed by the Fund would be in play.

Hence, if the PML-N comes into power with Shahbaz as PM, the Punjab speed may not be replicated in other parts of the country, especially Karachi. The economy will struggle to stabilize and government would be forced to cut down on development despite Shahbaz's love for mega projects.

The need of the day is to instill tough, soft reforms, besides strengthening economic and law-enforcement institutions. But by doing so, Shahbaz's personal power and that of his close confidants will weaken. What the country requires today will need reforms, including in the way PML-N conducts its governance.

Having said that, the PML-N is a predictable option and not really the worst option. The alternate is to give reigns to the PTI, which is coming up with an agenda of change. The party's main focus, at least on paper, is to strengthen the institutions and to bring justice to the masses.

But it's easier said than done. The history tells that the PPP and the PML-N have weakened key economic and other institutions in their respective terms. And that has eroded the competitiveness in the economy by spurring crony capitalism and a rent-seeking culture.

People did not trust the leaders and refrained from paying taxes while the federal tax-collecting agency is in a shambles. The Planning Commission has become subservient to finance ministry while the most important institution of CCI (after 18th amendment) is virtually non-existent. Meanwhile, the SBP, SECP, CCP, Ogra and Nepra have been on the downhill since 2008.

The PTI has been talking for long about strengthening institutions, better environment, education and health as its top priorities. But they do not have much of a track-record to substantiate their plans. The performance in Khyber Pakhtunkhwa is good but nowhere is it close to Punjab.

However, it's hard to compare Punjab with KP on two grounds. One, the Punjab had support of the center, which played a key role in its development. And two, the people of Punjab demand better development; and in the past thirty years whoever was in power performed better than any other province in that time.

The bottom line is that PTI is an untested party; but it talks about soft reforms, which is the dire need of the country. The road infrastructure of Pakistan today is better than India and Bangladesh but on competitive grounds Pakistan is a laggard. In education, workers productivity and health, Pakistan is much behind the curve.

This is a snapshot of two major parties priorities. The PML-N way of operation is known and not much is expected to change, which is partially fine. But there is room for efficiencies in fiscal revenues and expenditure, public sector entities, energy value chain, agriculture and the list goes on. The next article of this series will cover the fiscal and public sector management agenda of PTI.