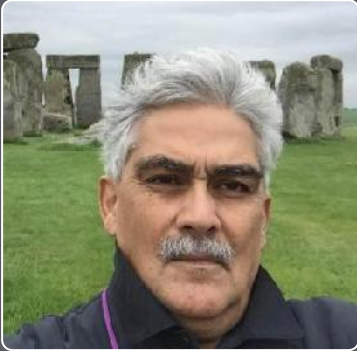


Message By Vice Chancellor



Much time is wasted debating the government or the market, as if the polar positions are more than a teaching device. Mere claims “leave it to the market” or “the government must provide or ensure” are used as clever closing arguments in debates and even research papers. Yet at no point in history has there been any human civilization that has functioned without either some form of market or some form of government.

Over the last 5 decades, historical experience has been distilled by global research effort to show that economic growth and opportunity is driven by the underlying institutions and culture that humans collaborate to govern their life. What are these institutions?

Institutions are laws, regulations and other rules (and how processes and systems that enforce them) that determine human transactions and relations. Without enabling laws and regulations and systems for their efficient management, contracts and transactions would cease, corporations would not exist, and markets would shrivel.

If these institutions are not carefully crafted and nurtured, or if the government becomes either overbearing or inefficient, productivity, transactions and investor confidence erode. Governments cannot be judged by claims but by their ability to develop, maintain the key rules processes and regulations that govern life and relations in society.

Despite this now evident importance of institutions, the economic conversation in Pakistan remains focused on projects, taxes and aid financing. The inefficiencies of government though they show up in the rising energy losses (IPPs, circular debt and high tariff rates), the poor project development (cost overruns and long development periods) and regulatory failures (wheat, sugar, cars, city development) are often in view but with little analysis of the causes of these failures.

The national economic conversation assumes the status quo is conducive to development and growth with clever economic policy and tight top-down administration. But for a few corrupt leaders, the institutions inherited from our colonial masters with some self-serving changes will foster investment and efficiency to achieve a sustained growth acceleration to allow Pakistan to break out of the poverty trap. This approach places large emphasis on clever financing and tax subsidy policy while downplaying the need for reform.

PIDE's mission is to develop the best research in Pakistan. In the last year, following international experience and research, we have developed a country-wide dialog on the state of our institutions, governance and markets and their impact on the economy. In this connection, we have looked at the state of our democracy, judiciary, laws and legal system, regulation and policymaking.

Policy and laws are largely not only implemented by the civil service, they are also monitored and evaluated by it. The civil service is critical, therefore, in all aspect of policy and is central to regulation as well as to shape laws and policy.

Decades of efforts to reform the civil service have made little difference to the colonial centralized pyramid that controls districts, divisions, provinces, federal divisions, PSEs, public service delivery and regulation. The Prime Minister too is committed to reform and appointed Ishrat Husain to be an adviser for reform. We have firsthand view from him on the progress made so far.

In this issue, we get a snapshot of aspects of thought in the civil service and reports of ongoing reform. This is a subject on which we intend to focus going forward. We look forward to hearing from you to help us deepen our thinking on reform.