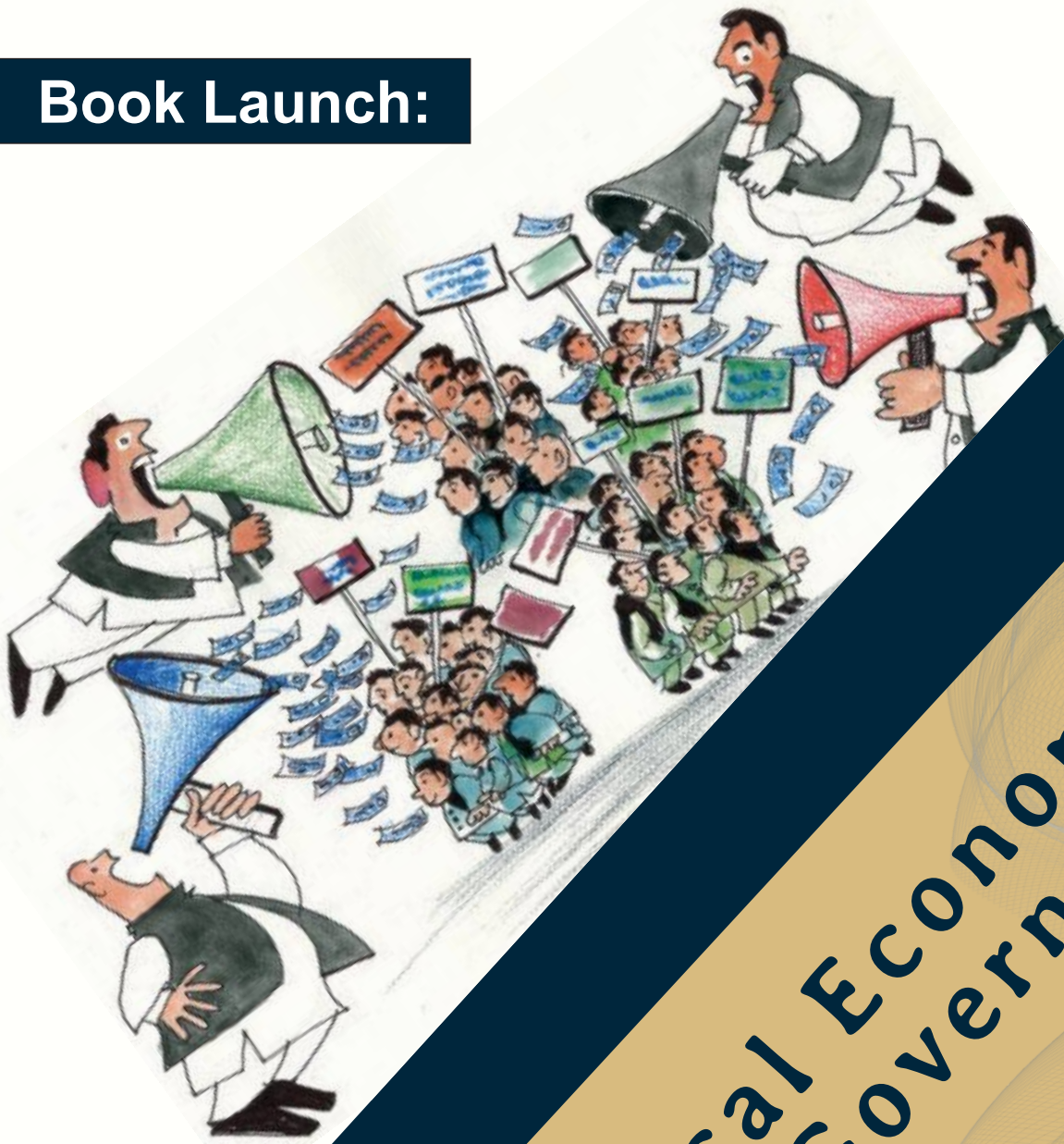


**Book Launch:**



# Political Economy of Bad Governance

**Pakistan Institute of  
Development Economics**



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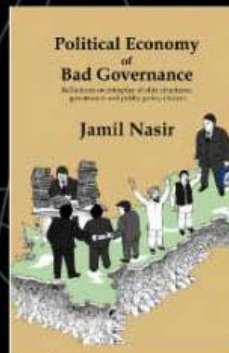
Political Economy of Bad Governance

## BOOK LAUNCH



**Jamil Nasir**

Senior Visiting Fellow  
PIDE



**Dr. Nadeem ul Haque**

Vice Chancellor  
PIDE

8:00pm Pak Time, 15:00 GMT  
Thursday 29th April, 2021



LIVE

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## Preamble

Jamil Nasir is a Columbia alumnus and a Chevening Fellow on 'Economic Governance and Reforms'. He is a public policy practitioner having over two and half decades of experience mainly dealing with the implementation of tax and trade policies in Pakistan. During this period, he has worked as Collector of Customs and Chief (Tariff & Trade) at the Federal Board of Revenue, Islamabad. He has also worked at the World Bank in Washington D.C. in 2010. He holds a Master's degree from Columbia University in economic policy management. He has contributed to various journals and leading newspapers of Pakistan on economic policy, governance, and development-related issues. A man on the street is the subject of all his writings and economics. Jamil Nasir wrote his first book '**Development for an Equitable Society**' based on areas of our academic interest and was published in 2020. His new book '**Political economy of bad governance**' is yet another marvelous attempt at investigating the interaction between economy, governance, and politics. His book tends to explore the issues of corruption, taxation, bad governance, and the urgent need for reforms.

## The Core Theme of the Book

- What is Bad governance and its interaction with economy and politics?
- Does democracy have a positive effect on the economies of developing and poor countries? Which reforms should be brought into the democratic system?
- Why is there ample need for reforms?
- How bad governance paves the way for corruption & fails the redistribution policies?
- How public service delivery is linked to economic growth and good governance?
- How do the transactional costs hamper the growth in an economy?
- Is there any trade-off between corruption & incompetence?
- Why are education reforms vital?
- Talent allocation is a neglected aspect, which needs to be researched and focused upon.

The book is divided into eight major sections; dealing with the public policy crucial issues in each section ranging from corruption, trade, education to reforms and taxation policy.

## Major Takeaways

- The main theme of this book is to explore the relationship between politics, economy, and bad governance from different angles and aspects. Bad governance is multifaceted, and needs to be investigated through a different lens to fully grasp the impacts and effects. This book plays its part in the examination of such relationships and their impacts.
- Bad governance adversely impacts public service delivery; enforcing the public service delivery effectively and efficiently becomes arduous and strenuous. Contract enforcement is another factor that is directly affected by bad governance; leading to disruptions in the economy. Bad governance has a bigger impact on the economy. There exists an interaction between the economy, politics, and bad governance.
- Democracy is the best system available for the aggregation of preferences, but democracy practiced in developing and underprivileged countries has many problems. Empirics of democracy in these countries show that not necessarily democracy reduces corruption (which is the case in India), and not necessarily reduces inequality (which is the case for the developing countries). One of the major reasons for this sort of behavior is that the majority of people in developing and underprivileged countries are poor; ideally, there should be efficient redistribution systems, leading to shifting of the scarce resources to the poor; but in reality, the redistribution policies are weak and filled with leakages, which causes the system to collapse.
- The author highlights the importance of democracy, by arguing that there is no substitute for democracy and it is the only system for aggregation of preferences of the people. The issue doesn't lie with democracy but with the practice of democracy in developing and underprivileged countries. a) The prevailing democracy system could be termed as 'Competitive authoritarianism', which could be simply interpreted as when the general public has no stake in the democratic process; and it could be easily identified through the policies which are not in favor of the general public. b) The second issue that prevails in the developing and underprivileged countries is the non-existence of the local government system which is the real essence of democracy. Democracy can only be strengthened when the real stakeholders are the general public and re-distribution policies are working efficiently and effectively.

- The author further argues that democracy can be improved through good governance. Systems and institutions should be working for the betterment of the society, otherwise, the democracy will be just for the namesake and it is in actual a 'competitive authoritarianism'.
- Improvement in the public service delivery could be brought in through the inclusion of the timelines in the service delivery systems. The author believes that these time lines could bring in efficiency and mechanism for check and balance.
- Educational reforms should be focused on the four aspects of education; namely: Quality, Quantity, Type, and Relevance. 1) Author points out that there are 3000 vocational training centres in comparison to 30,000 religious teaching centres. The focus of the reforms should be on the type of education we need to impart. 2) According to an estimate the gap between the rich and poor students is 7 years wide. The real question arises about the reach of education to the poor segment of society. 3) The quality and relevance of education should be enforced through reforms. Relevance in terms of learning to increase the livelihoods, to become the productive part of the society, and contributors of the wealth to the economy. The author further highlighted the issue of talent allocation; which needs to be researched and focused upon.
- Development of the human resource, up-gradation of the supply chains, innovations in the manufacturing process are a few of the factors which are mandatory for the improvement in the trade. Furthermore, the author emphasizes the issues related to regulatory bodies, lack of trust between the institutions and traders, and high transaction costs are the major issues that reduce the competitive advantage. Another crucial issue is that of the particular geographic conditions that restrict us from capitalizing on geographic proximity.
- The author suggested that the informal cost could be greatly reduced, to enhance the trade between the countries, through the reduction in costs at borders, making the import clearance faster and quicker, and the export exemption to be given in the form of tariffs instead of SROs.
- On the topic of increasing the tax base, the author believed that inequalities, corruption, and slow service delivery are the factors that influence the tax base, and cause it to shrink. To increase the tax base, a multifaceted approach and comprehensive strategy are needed which address these factors.

### **Closing Remarks**

Transparency, access to information, holding the people tasked with public service delivery accountable, upholding the rule of law and reforms are the only ways through which good governance can be enforced. The interplay between politics, economy, and corruption could only be corrected through good governance. For good governance, it is crucial that people have trust in the institutions and can have access to speedy and reliable public service delivery.





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