

Editorial

A budget for growth

It is budget time. PIDE sees itself as a think-tank of the public, not a fellow traveller of the government of the day. So do its professionals. They had been working on the missing software of high and sustained growth well before the build up of the present growth expectations. The readers will recall that PIDE made public its Reform Agenda for Growth, with the Minister for Planning, Development and Reform present, as a major pre-budget exercise. This pre-budget issue of the P&R broadens the debate to inform the budget makers to move beyond the traditional accounting exercise. It will be followed by a post-budget issue to ascertain the distance covered on the road to reform.

With unsustainably large twin deficits, economic growth in Pakistan touched an historic low in 2018-19. It was pushed into the negative territory by the additional impact of the COVID-19 pandemic in 2019-20. The current fiscal year, 2020-21, has shown signs of regeneration, with healthy recovery in the commodity sectors and related services, besides the much-incentivised construction sector. The Government is now upbeat about the future. The transition from stability to growth has been signalled by the change of guards at the Ministry of Finance, just before the presentation of the federal budget for the next year, 2021-22. A P&R team asks the new Finance Minister Shaukat Tarin a set of probing questions to elaborate on his well-publicised stance on growth. As the Government is promising to redouble its development effort in order to boost growth, another P&R team interviewed the Deputy Chairman of the Planning Commission, Mr Jahanzeb Khan. Away from the party lines, the P&R sought alternative views. Contributing Editors held extensive interviews with Hafiz Pasha, a former finance minister and ShahidKardar, a former governor of the State Bank.

In their own write-ups, the Contributing Editors lay bare the intricacies of tax reform, analyse the distortions in public expenditure planning and implementation, assess the sustainability of the rising debt burden and look at the federal-provincial discord on the next National Finance Commission Award. An interview with the unofficial NFC member from Sindh adds value to the coverage of the ongoing debate.

The budget is being presented at a time when Pakistan has been judged as a laggard in the region, with Bangladesh as the growth leader. It also brings back the memories of the Haq-HAG model of the sixties and consequential interpersonal and regional disparities. The latest book by a Bangladeshi academic has been reviewed to cover this dimension of the debate.