

Enough tinkering at the margins | The Express Tribune

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Markets cannot flourish if their access remains restricted to people with pre-existing financial capital

the writer is a research fellow at the pakistan institute of development economics he tweets [abbasmoosvi](#)

The writer is a Research Fellow at the Pakistan Institute of Development Economics. He tweets [@AbbasMoosvi](#)

Pakistan finds itself at a critical juncture in its history, staring down the barrel of economic default. There is a long and multifaceted backdrop to this grim predicament, having to do with a lack of democratisation, the political economy of rent-seeking, and constant inroads from imperialist powers. The best time for a governance reset was 75 years ago — the next best is today. What is to be done?

Social protection. Markets cannot flourish if their access remains restricted to people with pre-existing financial capital. The Pakistani state should ensure that ordinary citizens do not have to worry about basic sustenance needs so that they may move towards self-actualisation. This can be ensured through a gradual rolling out of a universal basic income, ideally by reimagining the BISP initiative to eliminate, to the highest extent possible, the vast bureaucracy involved in the process and transitioning to a model that renders void the need for ‘targeting’ — which opens up room for expropriation and has little benefits. The cost of this can be covered by cuts in other unproductive arenas such as blanket subsidies for unproductive industrialists, non-development and non-combat defence expenditures, sketchy projects under the PSDP umbrella, etc and the imposition of (hefty) taxes on land, wealth, and property.

Devolution of power. Information asymmetry is one of the primary reasons for governance failure, and the larger the distance between ordinary citizens and ruling elites the more acute it is likely to be. Mainstream parties must unite in pushing the 18th Amendment to its logical conclusion and ensure the genuine empowerment of local body governments — financially and administratively. The quality and effectiveness of service delivery is likely to multiply manifold if/when prospective leaders are directly accountable to their specific constituencies and know that their prospects for returning to power for subsequent terms is exclusively contingent upon merit rather than their ability to engage in the politics of patronage. This is impossible under current circumstances as the political process around LGs is hardly transparent and its overarching apparatus always under the control of the provincial government.

Industrialisation. Mainstream economists in Pakistan have convinced themselves that a country can transition directly from agriculture to tertiary, bypassing the

crucial manufacturing sector. They have also doubled down on the neoliberal mantra of privatise-liberalise-deregulate despite there being virtually no examples from history that illustrate its efficacy. All nations considered 'developed' today followed the infant industries model, which entailed a central state presence in the process of industrial growth — using instruments such as tariffs, quotas, embargoes, strong regulatory oversight, assistance in technology acquisition, facilitation in research and development, and more. It is a sophisticated approach that involves the government monitoring output, finances, export growth, etc and penalising/rewarding enterprises based on their particular performances. In Pakistan, this has failed not because intervention in 'free' markets is inherently bad, but because of the absence of genuine democratic norms that can incentivise efficient service delivery.

Land reform. This is an initiative shrouded in controversy, even though the likes of China, Japan, Taiwan, South Korea and even India have all conducted it — boosting agricultural output and productivity by restructuring the economic incentive structures of the sector and gradually eradicating dormancy. In Pakistan, this will also help revivify the process of electoral contestation: currently based around an intricate system of clientelism in which 'electables' (large landowners) essentially determine who gets a seat in the national and provincial assemblies by coercing their respective communities to vote for particular politicians — thus maintaining status quo. This is also crucial purely from an economic justice perspective, as the vast majority of landowners did not actually 'earn' this important asset through any meritocratic means but inherited it from the British in exchange for participation in wars and collaboration in administrative governance.

Energy sector overhaul. Pakistan loses an annual average of 2-3% of GDP due to the perverse incentive structures of the power sector. A comprehensive, wide-ranging move towards a) renewable sources of energy, and b) more lucrative deals from the global community is the need of the hour. An agreement with Russia in this regard is set to take place in March — which, if successful, will drastically slash the import bill (a quarter of which constitutes oil and gas) and ease the current account deficit. Similarly, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline — an initiative that has faced constant delays due to political complexities having to do with terrorism and sanctions — must be pushed ahead by all stakeholders. This kind of dynamic diplomacy will not only reduce pressure on the energy shortfall but also enhance regional harmony and cooperation.

Debt restructuring. One of the few things this PDM government did right during the course of its short stint in power was pushing the international community on climate justice and playing a key role in the establishment of a Loss and Damage Fund. More generally, the idea of financing not as 'aid or charity' but compensation for the unfettered industrialisation of the Global North is a welcome one. Colonial exploits ought to be part of the narrative. While the current round of diplomacy on that front was only partially successful, mostly managing to secure further debt, it is of absolute necessity that waivers, rescheduling, and reparations be pursued in a systematic manner in concert with other postcolonial countries of the Global South.

Arts and culture. *The Legend of Maula Jatt* has grossed over \$10 million at the box office since launch. *Joyland* almost made it to the Oscars. *Pasoori* currently has over 500 million views on YouTube. Arooj Aftab just won a Grammy. The creative sphere is not just valuable for its commercial potential, but more importantly for its critical role in fostering a culture of ideational vibrancy. Film, dance, music, theatre,

comedy, sculpture, literature, etc. all contribute to societal advancement by highlighting power dynamics, the nuances of cultural practices, and the complexities of history. In other words, they function to raise the consciousness of a citizenry. Continuing to perceive this arena as either peripheral or one that threatens established norms rather than a legitimate comparative advantage and vehicle for progress will come with dire consequences for Pakistan.

Talk of 'difficult decisions' is heard to no end, generally referring to austerity — particularly for the poor. It is time the parasitic elites paid their fair share: the failure of which may mean violent upheaval.

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