

## 'If you have the right person on the right job, that addresses 50 per cent of the problem': Ishrat Husain



Over the last decade or so, there have been at least three books that trace the roots of Pakistan's contemporary troubles by traversing through its historical and sociopolitical developments. Husain Haqqani's *Pakistan: Between Mosque and Military*, Christophe Jaffrelot's *The Pakistan Paradox: Instability and Resilience* and Anatol Lieven's *Pakistan: A Hard Country*. Dr Ishrat Husain's book belongs to the same genre, with the difference that he is the only trained economist among the writers.

Husain is also a distinguished public figure. He started his career in civil service and then did a long stint at the World Bank. Subsequently, he served as the governor of the State Bank of Pakistan for six years and then chaired the National Commission for Government Reforms during the military dictatorship of Pervez Musharraf. His most recent job was as dean of the prestigious Institute of Business Administration, Karachi. *Governing the Ungovernable: Institutional Reforms for Democratic*

*Governance* is in many ways a distillation of the experience he has acquired from all these jobs.

Spread over 550 pages and 18 chapters, this magnum opus covers every aspect of Pakistan's public life — from economy and politics to society and the civil service, from government structures and civil-military relations to the role of external actors. The author deems it necessary to carry out an analysis along this broad spectrum of subjects and issues because economic outcomes cannot be explained simply by assessing economic policies and critiquing economic performance. Both of them are impacted by the broader national and international milieus in which our economy functions.

Husain draws a line around 1990 when, according to him, the rot set in and governance started deteriorating in Pakistan. But he points out that the main reason for this failure has its origin in Zulfikar Ali Bhutto's bureaucratic reforms that broke the bureaucracy's 'steel frame'. His diagnosis is valid to the extent that a dysfunctional bureaucracy has adversely impacted governance in general and service delivery in particular over the last couple of decades.

But highlighting the distinction between a well-oiled and a disorderly bureaucracy conceals perhaps the biggest issue in Pakistan's political economy: iniquitous and discriminatory development. Husain portrays the 1960s as the 'golden age of development' even when alternative scholarship – most notably by Hamza Alvi – has made an equally convincing case that the seeds of rot were, in fact, sown in those early years. Ayub Khan's model of development, based on one unit, created both horizontal inequities (between East Pakistan and West Pakistan) and vertical ones (between the owners of capital and the industrial workers). It also led to the dismemberment of Pakistan.

The secession of East Pakistan was obviously just one of the many results of an unjust system of government enforced through a bureaucratic 'steel frame'. The fissures that developed then between different ethnicities, various classes and the federating units, have arguably left a deep imprint on the subsequent political, economic and governance failures.

**H**usain has learnt significantly from Pakistan's chequered institutional history to conclude that military rule and technocratic governments will never deliver sustainable economic growth. The deleterious outcomes of Islamisation pursued under General Ziaul Haq's martial law regime, and the onset of religious terrorism during Pervez Musharraf's administration – of which Husain was himself a part – suggests

that the way forward will have to be found from within the messy and noisy democracy we have.

One cannot but endorse Husain's prognosis that the drivers of change in Pakistan will have to be rooted within the country — to use economic jargon, they have to be endogenous. They cannot be driven by external – or exogenous – handouts or alignments. He picks growth in urbanisation and the swelling of the middle-class population as two factors that will create the need and momentum for progressive governance reforms. One hopes he is correct though this optimism should be tempered with a reality check.

Husain's own analysis, in fact, contradicts his optimism. He points out – and rightly so – that dynastic politics has made inroads into urban areas because “the power of capital appears to be as potent as the power of land”. There is also evidence that suggests many urban areas have been ruralised, where segregation on the basis of ethnicity and kinship there is a norm. These areas are far from being the melting pots that urban spaces are supposed to be.

He also points out that the middle class in Pakistan has developed extremist tendencies since the Zia days. The members of this class echo conspiracy theories that the increasingly shrill electronic media propagates, he says, blaming outsiders for all the problems in the country and showing few strains of progressive thought.

Husain, however, goes out on a limb to defend the dominant conduct of the military establishment in the civilian sphere. This may have been necessitated given the increasing body of literature that sees military domination as a central reason for Pakistan's failure to develop viable institutions for social and economic development. Precisely for this reason, this is bound to be the most contentious part of his book.

Husain is broadly correct in stating that defence spending has been on a decline as a proportion of the Gross Domestic Product (GDP) since the 1990s. Budget allocations made for the military during Musharraf's rule, as he points out, were lowest in the country's history. He, however, does not take into account the fact that military pensions were transferred to a civilian pension account in 2000, thus bringing down the aggregate allocation for defence.

This is but a rare omission in a book that otherwise makes an effective use of official data to critique, for instance, the military's increasing corporate influence. He demonstrates that military-owned corporations accounted for 4.5 per cent of the corporate sector's total market value in 2016. He is also critical of the monopolistic role of the Frontier Works Organization and the National Logistics Cell – the construction and transportation wings of the military, respectively – and suggests that

they should submit themselves to open bids and transparency while bidding for civilian contracts.

Husain, though, does not dwell much on the military's rapidly increasing and contentious interest in land. The book has only one paragraph on Defence Housing Societies — he considers them to be elitist and the manifestation of a “bad public policy”. There is no mention of the agricultural land acquired by the military, which has attracted a lot of attention because of the Okara military farms — where a peasant movement has been going on since the early 2000s for ownership rights, and vast tracts of farmland allotted to retired army generals.

He also does not pay adequate attention to Pakistan's geostrategic alignments and their impact on the economy and society. In the two pages devoted to the subject, he argues the merger of defence policy and foreign policy is warranted because of our tense relations with India and Afghanistan — a view many experts in foreign relations may easily dispute. He overlooks the fact that the merger of the two policies allows the military establishment to monopolise both of them, thereby undercutting civilian authority and creating tensions between the civil and military parts of the state.

Husain argues the onus of setting the problem right lies with the civil side that needs to coordinate better with the military establishment (see his interview). This is arguably a simplistic assertion given that the lopsided power dynamics generated by our long history of martial rule have completely eradicated space for the civilians in this highly important area of public policy.

Such absence of nuance does not take much away from *Governing the Ungovernable*. It is a significant addition to the analytical literature that looks at the whole spectrum of issues confronting Pakistan. Husain should be complimented for his hard work in putting together a highly readable volume that is both well-presented and well-referenced.

One, however, hopes that he will change the title of the book in a subsequent edition. The current title is at odds with the material presented in the book, which makes a case that the problem lies with those governing the country rather than with those being governed. The title may be read by some as a pejorative towards the citizens of the country.



**Q. Would it be fair to say that the civil service's decline over the last four decades is your central diagnosis for the failure of governance?**

**A.** Yes, you are right. Civil service reform is one of the main components of institutional restructuring proposed in this book, but other elements are equally important. These include operational autonomy [of bureaucrats]; setting of clear goals, targets and measurable performance indicators [for bureaucracy]; adequate financial resourcing and efficiency in the utilisation of these resources; simplification of regulations, rules, business processes and procedures; transparency and accountability; fairness and equitable treatment of all stakeholders in decision-making without any favour or fear; and abiding by the rule of law and not the directives of political bosses.

If you do not allocate resources to the civil service, if you do not give the officers autonomy to make decisions – with a section officer second guessing all their decisions all the time – and if the officers have no goals to achieve, then the civil service restructuring on its own will not work.

**Q. Other elements remaining the same, what kind of civil service reform would you want to have?**

**A.** If you have the right person on the right job, that addresses 50 per cent of the problem. But [the rest will remain unaddressed] if you don't simplify business

processes and procedures. Look at your income tax forms — a lot of people, even those highly educated, cannot fill them. Now that has nothing to do with the quality of the civil service. It is just a business process that has to be easy and simplified so that it can be easily fulfilled.

**Q. One gets a sense from your book that you categorise the period between 1947 and 1990 as the golden age of governance. Some may argue the model of governance practiced in the first 40 years led to the creation of significant horizontal and vertical inequalities that unleashed dynamics that have bedeviled the polity since then. How do you argue about that?**

**A.** If the first generation of bureaucrats had not rehabilitated 25 per cent of the population — that comprised of migrants back then — Pakistan would not have achieved a six per cent annual growth rate in its first 40 years.

Also, there was no single governance model until the 1990s. I can think of at least three highly contrasting models. The Ayub Khan model accelerated growth by using the private sector as the main driver of growth. This gave rise to the phenomenon of the 22 families and created regional disparities between East Pakistan and West Pakistan.

*Earlier, I never saw the whole secretariat change with a change of government.*

On the back of dissatisfaction with this model, the Pakistan Peoples Party (PPP) and Zulfikar Ali Bhutto, a highly charismatic and able leader, took Pakistan to the path of nationalisation that allowed the state to control the commanding heights of the economy. Private initiative and entrepreneurship were substituted by bureaucratic control. I can give you my personal example. As a young deputy secretary in the Sindh government, I was asked to take over one of the leading ghee mills. I must confess I had no clue how to run the business. This example can be multiplied hundredfold — bureaucrats having no stake in the enterprise made such decisions as where and how much to invest, whom to sell to and at what price. Most of their actions actually led to subtraction of value rather than addition to it.

Ziaul Haq adopted a hybrid between private enterprise and state domination. He entrusted economic management to a very capable and honest finance minister, Ghulam Ishaq Khan, who was highly suspicious of the private sector and did not reverse the policy of nationalisation. He, however, selected the right person for the right job and also permitted the private sector to set up new industrial units. You can see that the outcomes of these three pre-1990 models are quite divergent.

As far as inequities are concerned, a lot of people argue that Pakistan is not doing as badly as, for instance, Brazil. There is a school of thought that says accelerated growth is more conducive for taking people out of poverty and that you can tackle the problems of equity later.

I am not denying that inequity is an issue in Pakistan but what I am saying is it has nothing to do with the performance of the civil service. Look at the Pakistan Industrial Development Corporation, a government institution run by bureaucrats, that set up all these industries and then spun them off to private individuals who did not have capital.

**Q. So you do not think that the conduct of the bureaucracy has been responsible for creating divisions and inequities?**

A. No, I don't think so. I served in East Pakistan and was very popular as a young officer because I learnt the Bengali language and talked to them. I went to their villages and solved their problems.

**Q. But you were just one individual.**

A. No. There was an exchange programme. In my batch of bureaucracy, there were 20 West Pakistanis and 20 East Pakistanis. The West Pakistanis worked in East Pakistan and the East Pakistanis worked in West Pakistan. But the attitudes of politicians and the intelligentsia – not just civil servants – towards East Pakistan was that of superiority. I personally think that we should not have declared Urdu as the lingua franca of Pakistan. Both Urdu and Bengali could have been the national languages of this country. The Bengalis are very much attached to their language and culture and want to preserve it. Politics comes later for them. The sensitivity towards their language and culture was missing among our politicians and intelligentsia.

**Q. So the decline really started in 1973?**

A. That year the government took away the constitutional guarantee of job security and transferred it to the discretionary power of the prime minister and the chief minister. Before that, I could do anything without the risk of losing my job as long as I could justify it to be in the public interest. Once you take away that security, you would not attract the right people.

The post-1973 inductions in bureaucracy were fraudulent. A lot of people came through lateral entry. They were the PPP's political appointees. As a civil servant, I was completely demoralised. My brother wanted to appear in the civil service exam. I told him not to.

In our time, district administration and the foreign service were considered prime occupations by prospective civil servants. At some point, the first preference of the candidates became customs and income tax because those departments offered the most lucrative jobs.



When those inducted in 1973 – and later – came to positions of authority, they were already allied to one political group or the other. Earlier, I never saw the whole secretariat change with a change of government but when Benazir Bhutto came to power, civil servants who had worked under Nawaz Sharif in Punjab became persona non grata for the federal government. When Nawaz Sharif came into power, he brought in his own cronies from Punjab to the federal government.

**Q. Has this sort of structural break in the civil service continued since then?**

**A.** No. Like Ghulam Ishaq Khan, Shehbaz Sharif has brought the best among the lot to occupy key institutional positions. He has formed these public limited companies that are paying their officers 15 times more than what the secretaries of the government get, but he has told the employees of the companies to perform; otherwise he will kick them out. He is judging their performance through tangible indicators. The delivery of public goods and services, at least, has improved under him.

**Q. Is it sustainable?**

**A.** Yes, if there is leadership. If, after the 2018 election, Khyber Pakhtunkhwa gets the same government it has now, I would say its system is more sustainable than the one in Punjab. This is because Khyber Pakhtunkhwa is making institutional changes in such services as police, healthcare, education, land revenue records. Changes led by information technology that are introducing transparency will be sustainable in Punjab. All the ghost teachers and schools have already disappeared in the province.

Yet it is very much an individual-led system that I do not think should be the case. I do not know whether it will continue the same way [once Shehbaz Sharif is no longer ruling Punjab] but I will give you one example. After Shehbaz Sharif went away in exile in 2000, Chaudhry Parvez Elahi became chief minister in 2002. He always asked people as to how he could do better than his predecessor. If somebody like that comes in to rule Punjab, the system will be sustainable.

But if there is somebody who comes in and indulges in waste, corruption and patronage, as is the case in Sindh, the system will completely disappear. By the way, the federal government under Nawaz Sharif is a patronage-based, personal loyalty-driven administration. It is not driven by performance as the one under Shehbaz Sharif.

**Q.** You have extensively argued in the book that foreign aid was not the real cause of high growth spurts in the economy. There, however, is not much discussion on the impact of geopolitics and Pakistan's policies in that realm on the country's sociopolitical and economic trajectory, especially in the last 40 years.

**A.** I have devoted a whole chapter to the role of external actors, particularly the United States and the International Monetary Fund, in influencing the choices we have made as a nation since independence. My main conclusion is that with two economic giants – China and India – as our neighbours, we used our strategic location wrongly for geopolitical purposes and that brought us a lot of pain, grief and infamy. We have always supported militants and that has damaged our image. We have used our strategic location but not for economic advantage. For sustained and higher economic growth and job creation, your relations with your neighbours should be positively inclined rather than being the source of difficulties and problems.

We could have used our location for economic advantage by becoming a trade, transport and transit corridor linking South Asia with Central Asia and China (East-West Corridor) and linking China and Central Asia with the Arabian sea (North-South Corridor or the China-Pakistan Economic Corridor). We could also have developed stronger economic ties with Iran.

For all this to happen, we have to normalise trade with India sooner rather than later and grant it Non-Discriminatory Market Access and activate the agreement of the South Asian Free Trade Area. We missed two such opportunities in 2012 and 2014 when we were close to a formal announcement on both counts. Despite very tense relations between the two countries, efforts should be intensified to make this happen. This would help improve the unfortunate perception about Pakistan in the world community. If China and India can have bilateral trade of 80 billion dollars in spite of their political differences, why can't we strive to achieve the potential 20 billion dollar trade target between India and Pakistan?

If Pakistan can rectify its relations with India and the United States, those with Afghanistan and Iran will automatically fall in place, since they are derivatives of our policy postures towards Washington and New Delhi. If we allow India to send its goods to Afghanistan and Central Asia, what are we going to lose with this?

I have often heard about foreign policy that the security establishment is driving it but I have also heard from [former foreign minister] Hina Rabbani Khar that if you present facts and are willing to face the consequences of your decisions, people do listen to you. But if you do not do anything yourself and only say, "Let them do what they are doing," then that is a problem. We should have a mechanism whereby everybody provides input and nobody passes the buck to the next person.

**Q. You are favourably disposed towards the 18th Constitutional Amendment, the 7th National Finance Commission (NFC) Award and the Benazir Income Support Programme (BISP). Some individuals and institutions find these initiatives problematic. Do you see these being rolled back? And if so, what will be the impact of the rollback?**

**A.** I believe the 18th Constitutional Amendment and the 7th NFC Award cannot be rolled back notwithstanding many attempts to the contrary. I, however, argue in the book that the devolution process is incomplete because powers, authority and financial resources have not been shared with local governments. It is at this level that the interaction between an ordinary citizen and the government takes place in ensuring access to basic needs — education, healthcare, water supply, sanitation, roads, etc. Unless the communities are empowered to take decisions which are in their interest, to realise the spirit of the 18th Constitutional Amendment and the NFC award would remain elusive. I have also proposed a more integrated and harmonised budget-making process spearheaded by a constitutional body — the National Economic Council.

As an independent director of the BISP board both under the PPP and Pakistan Muslim League-Nawaz governments, I feel that there is now broad bipartisan support

for social safety nets for the poor. This is a powerful vote-attracting programme for all the political parties as more than five million families derive benefit from the cash grants made under it.

**Q. Chief of Army Staff Qamar Javed Bajwa is reported to be unhappy with the 18th Amendment, the NFC award and BISP.**

**A.** He was misinformed and he has corrected his views since. He asked me about them when my book was launched at [the army's] General Headquarters [in Rawalpindi] and I told him BISP is the only good step taken for the poor. I told him that it constitutes just 0.3-0.4 per cent of our GDP but helps millions of families achieve sustenance.



**Q. In the conclusion to your book, you pin hope for the future on endogenous dynamics in society, specifically urbanisation and the emergence of a middle class. What is the basis of your optimism?**

A. The evidence on which I base this hope is drawn from a careful study of electoral records since 1988. The attrition rate of legislators elected from urban constituencies is much higher than those from rural constituencies. Unlike in rural areas where kinship, *biradari*, feudal-tenant relationships and tribal affiliations determine election results, these factors are not significant and binding in urban constituencies. The key consideration for urban voters is how their elected representative has performed in responding to their demands for access to basic services. Even the MQM [Muttahida Qaumi Movement] had to change its candidates from one election to the other because their constituents – though diehard supporters of the party – were not satisfied with their performance.

If Naimatullah [Khan] stands on his own for election, Karachiites will vote for him. They will not vote for his party, Jamaat-e-Islami, but they will vote for him because he did his duty well and honestly [as the mayor of the city from 2001 to 2005].

I travelled with a friend of mine from Kallar Kahar to Pind Dadan Khan recently. There was a contiguous population all along the route. I asked a local shopkeeper who the local Chaudhry was and he answered there wasn't any. I asked him who he had voted for last time. He named the area's member of the provincial assembly but added that people in the area have told Shehbaz Sharif to not nominate the same person for the next election because he has done nothing for the people and mostly stays in Lahore.

Now this is the kind of sensitivity that has been developed by the media and urbanisation — that people are no longer dependent.

I am surprised by the census results that show only 36 per cent of the country's population to be urban. The urbanised population has, in fact, grown quite fast and some villages have become small towns. Based on many studies, my guess was that at least half of the population was urban — a number that would lead to increase in the proportion of urban constituencies in the legislature.

A shift in the balance of power from rural to urban constituencies [would empower] an educated, urbanised middle class that is well-connected to the rest of the world and is widely influenced by electronic and social media that, working alongside an active civil society and the superior judiciary, would demand a change in the present institutional landscape of Pakistan with the passage of time.

**Q. Middle-class sensibilities have evolved over the last 30 years in such a way that they can hardly be considered progressive.**

**A.** They have beards and they have hijabs but their outlook is very progressive. They say that [religion] is their personal matter. They follow it and there is nothing wrong about it but their outlook is the same as yours. As long as you keep politics away from religion, I have no problem with it. I have a problem when you integrate politics, state and religion.