Feb 6, 2012

**Pakistan’s Governance Deficit[[1]](#footnote-1)**

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 The current perception about the weak Pakistan economy has edged out some hard facts, e.g. Pakistan is one of the few developing countries that has had an average growth rate of 5 percent per annum over a fifty year span. Even more recently, during the period 2003-2007, Pakistan was the third fastest growing economy in Asia, preceded by China and India.

 Since then, however, the economy has been under stress and the growth rate has declined to 3-4 percent per annum in the last few years. Why has this happened? There are both external as well as internal factors which have impinged upon the economic performance. I would not dwell upon the war against terror, floods of 2010 and 2011 and global economic recession but focus upon the internal factors only. There are at least four main reasons for this outcome.

 First, the transition from the military to democratic regime was not very smooth and created several problems. The Care Taker Government did not make any adjustments to fuel and food prices in 2007 resulting from the hike in global commodity prices.

 Second, the assassination of former Prime Minister, Benazir Bhutto in December 2007 dislocated and disrupted the flow of normal economic activities and created panic and uncertainty.

 Third, the incoming elected coalition Government that assumed power in 2008 did not pay adequate attention to economic management as it remained occupied in setting the political parameters for the future.

 Finally, underlying all the economic and non-economic issues is the considerable governance deficit that has made most of the institutions dysfunctional.

To overcome governance deficit, six remedial measures have to be put in place: (a) The boundaries between the different organs of State – the Executive,

Judiciary and Parliament – have to be delineated, clarified and reset.

 (b) Strong civil-military relationship needs to be built on a more sustainable

foundation where the tensions and differences between the two are amicably resolved as a matter of routine.

 (c) The relationship between the Federal and Provincial government has

been redefined in light of the 18th amendment. The next step is to devolve powers down and strengthen the local governments.

(d) The civil service has become politicized and lost its competence owing to distortions in human resource policies. Reforms are needed to make the civil service efficient, competent and neutral once again.

(e) To meet the emerging requirements of the 21st century, Pakistan’s institutions must undergo a modernization of its technological foundations. E-Government will allow better access to government services and create transparency.

(f) Finally, the civil society is playing a critical role in the democratic evolution of Pakistan. It must be involved in the accountability for government actions on a day-to-day basis.

1. Opening remarks made at the conference on “Pakistan: Charting a course for Revival” organized by the Friends Group of Europe at Brussels on Jan 26, 2012. [↑](#footnote-ref-1)