

COLLABORATING FOR GROWTH¹

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Honorable Sayyid Yousaf Raza Gilani, Chairman of the Senate; International Delegates; Distinguished Ladies and Gentlemen,

It's always a great pleasure for me to be here at these summits organized by Nutshell. . The topic under discussion is of particular interest to me, as I have been actively writing, speaking, and advocating for Collaboration. In contrast to many other countries that have progressed, I believe that Pakistan needs a unified, agreed-upon goal as a starting point for collaboration. Without a shared vision or mandate, our efforts risk being scattered in various directions.

My belief is that Pakistan requires inclusive, sustainable, and consistent growth. This means not just benefiting a select few while the majority remains excluded, nor exploiting our resources at the cost of environmental harm. Sustained growth avoids volatile cycles of prosperity and downturns, providing investors with the stability they need to commit to long-term ventures.

Empirical evidence has now demonstrated that long term sustained growth depends not only on physical capital (machinery, infrastructure) , Natural capital (Oil, Gas, minerals) and human capital (Literacy, Health) which are widely recognized, but two additional forms of capital are crucial: social and intellectual capital. Social capital is the glue , a cohesive force that brings together all segments of the society together and binds them . Trust is the cornerstone of Social capital as societies with great degree of trust have lower transaction costs that in turn results in efficient allocation of resources. Countries such as Japan and Korea are great case studies for trust – based resource allocation and economic development, leading to fewer legal disputes and a focus on scientific and technological advancement . In knowledge economy that characterizes the 21st century Intellectual capital that encompasses innovation, technology, ideas, and Entrepreneurship would play a dominant role in shaping and influencing the future path of growth .

¹ Key note address delivered at Leadership in Islamabad Summit held at Islamabad on April 23, 2024

In the context of Pakistan, collaboration for inclusive and sustained growth is because of the coordination failures in addition to market failures and government failures. This nexus has led to the country facing crisis after crisis. I, therefore propose six dimensions of collaboration that are likely to produce successful economic and social outcomes and help the country avoid crisis situations in future.

1. Collaboration between government, private sector, and NGOs, akin to successful models where such collaboration propelled post war recovery.
2. Alignment between the executive, judiciary, parliament, and military to ensure unified progress.
3. Coordination among federal, provincial, and local governments, crucial for effective decision-making.
4. Collaboration with international development partners and the global community to address shared challenges like climate change , pandemics and health hazards .
5. Engagement with foreign investors and private sector entities through joint ventures and participation in global value chains to boost exports and innovation.
6. Integration of academia and industry for research and problem-solving, particularly focusing on domestic challenges.

The lack of effective collaboration stems from several factors:

(a) We have underutilized the existing constitutional bodies like the ECNEC, National Economic Council and Council of Common Interests for collaboration between the Federal and the Provincial Governments. We have failed to set up empowered directly elected local governments for delivery of basic services. Ordinary citizens are dissatisfied as most of their interactions between the Government take place with lower grade, ill trained, discourteous government functionaries such as SHO, Patwari, Court clerks. These functionaries standard reply to every citizen is “This cannot be done” . In most countries the response is “What can I do for you”.

(b) We have not systematically used the executive bodies such as the Board of Investment, Export Development Board, National Economic Council, National

Science and Technology Council to develop strategies action plans and monitoring mechanisms. These bodies, despite being chaired by the Prime minister are not functioning optimally due to a lack of experts at the helm of the affairs. Ad hoc committees with unrealistic deadlines and the same officials are formed instead.

© Our rules of business are completely outdated, time consuming, process oriented, and obstructive rather than facilitative and result oriented. Decision making is so diffused that accountability is difficult to pin down. Turf preservation has promoted a silo mentality rather than working together to solve the problem.

(d) Private sector bodies have focused on subsidies , exemptions, concessions, protection rather than enhancing productivity , promoting innovation, exploring new markets, developing new products and taking risks. Guaranteed returns in power sector and tax exempt returns in real sector have diverted investment from productive sectors such as Agriculture and Manufacturing.

(e) Capacity of the Government ministries and autonomous bodies has eroded over time and the influence of international development partners in shaping the agenda has expanded. Negotiations on Free Trade agreements and Bilateral Investment treaties have been too tilted in favor of the other contracting parties with little safeguards. Subject matter specialists are missing from the process of policy formulation and execution. Concentration of powers in the offices of the Prime minister and Chief Ministers has slowed down decision making .

(f) Incentive structure for the academics favors publications in narrow focused journals with high impact factor rather than coming to grips with the problems faced by our agriculture, industry, energy, finance, health and education sectors.

To address these challenges, we must revitalize existing institutions, empower the private sector for innovation and risk-taking, and foster a culture of collaborative problem-solving involving academia, industry, and government.

Thank you for your attention.