## BLUE CHIP MAGAZINE

## Democratic Governance

Monday, 06 July 2015 06:47

by Ishrat Husain

Director Institute of Business Administration Karachi and former Governor State Bank of Pakistan

Governance under a democratic dispensation has been under attack in Pakistan. The yearning for a messiah or strong authoritarian leader who can fix the 'mess' created by the democratically elected leaders remains quite strong. The frequent transitions from the elected governments to the military government and vice-versa have created political instability and uncertainty and we have not learnt the lessons. Political uncertainty leads to a wait-and-see attitude on the part of investors. Lack of investment – both domestic and foreign – retards the pace of economic growth. Low growth rates result in high open unemployment and rise in poverty. Furthermore, if the gains of even this modest growth are concentrated in the hands of a narrow privileged elite the noise level becomes more shrill. The consequential collapse in demand discourages investment in capacity utilization or new assets.

Detractors of democratic regimes point out to the 1960s, 1980s and early to mid 2000s as periods that were characterized by rapid growth, reduction in poverty incidence and lower unemployment rates. The temptation therefore, at a superficial level, would be to attribute these successful economic outcomes to the presence of military leaders such as Ayub Khan and Pervez Musharraf who were at the helm of affairs. But it is not realized that the transfer of power from the military to civilian regimes in 1971, 1988 and 2008 were marked with macroeconomic instability, a slowdown in economic activities, rising unemployment and poverty and high inflation. The 1970s, 1990s and 2008-15 have witnessed crises in balance of payments, depletion in foreign exchange reserves, depreciating exchange rate, flight of capital, below average growth rates and serious economic difficulties forcing the country to seek IMF assistance.

This problem arises because of the short term nature of economic policies under these regimes who remain preoccupied with establishing their legitimacy and maintaining themselves in power by demonstrating that they can attain rapid economic growth. For them, good economic outcomes provide the justification for perpetuating themselves. According to one analyst "Zia's economic policies represented a rather sharp contrast between reasonably satisfactory short-term economic management and an almost total neglect of long term policy issues. The long period of political stability and sustained growth under Zia ul Haq offered major opportunities for dealing with the underlying structural issues but these were never exploited".

Once, well intentioned and honest military leaders in Pakistan decide to coopt political leaders in order to gain popular support and legitimacy for their continued rule, they have to abandon their principled

stand and reluctantly make compromises and concessions which they may themselves not like. The first three years of Musharraf era in Pakistan represented one of the best periods in Pakistan's governance history. But the following five years under a quasi-political regime when he had to enter into a coalition with a group of politicians were a contrast, quite different.

Empirical evidence suggests that economic accomplishments devoid of political legitimacy, however impressive, they may prove to be elusive and transient, and do not leave any lasting foot prints. Similarly, those wishing that a politically neutral, technocratic government of experts underwritten by the Army may be installed to bring about the needed reforms, clean up the political stables and weed out corrupt elements are also sadly mistaken. In the 21st century with the social media so active and powerful in mobilising public opinion, a free press, a vigilant civil society and independent judiciary it is hardly conceivable that any non-representative group, however well-meaning and competent, would be able to succeed. Political parties would all coalesce and organise their supporters to resist this type of regime. Instead of the expected economic turnaround there would be more chaos and disruptions in economic activity. Once such an imposed regime also fails there is no other option but to restore democracy and hold general elections once again. In the meanwhile, the country and its people may have to face hardships for nothing and the economy would have suffered enormous dislocations and reversals because of political uncertainty.

Economy and economic players require a stable political environment. It is not realised that economic policy decisions are not purely technocratic solutions but affect various segments of the population in a differentiated manner. There are bound to be winners and losers from these decisions. In a democratic society, there are forums such as the Parliament or Provincial Assemblies which discuss and debate the implications of various policies. Conflicts among winners and losers are resolved through compromises, conciliation, give and take. In an authoritarian regime one person is the final arbiter. He may have made a wrong decision but there is no recourse available to get it reversed. That is why even very sound policies initiated by the military governments which had made an impact could not withstand the test of time after their departure. The recent examples of the complete dismantling of the local government system in all the four provinces, the supersession of the Police Order, the reversal of the HR reforms introduced in FBR, the hiatus in the privatisation of public enterprises and the suspension of the order of conversion of B districts that were planned to be covered by the Police rather than Levies in Balochistan are illustrative of this tendency. Those who were adversely affected by these policies became quite active and persuaded the newly elected governments that their popularity would rise if these wrongs done by an authoritarian leader were reversed.

Therefore, it can be inferred from these examples that without the involvement and participation of the people and their genuine representatives, elegant and technically sound solutions introduced by the authoritarian regimes are quickly replaced once the regime changes. Policies, however, sound they may appear, are reversed causing irreparable loss to the business confidence. The country pays a heavy price for severe economic disruptions, complete breakdown of civilian institutions and a lack of accountability. The other problem with the non-elected regimes is that they are not accountable to anyone. As the Chief of Army Staff takes over the helm of affairs of the Civilian Government all his subordinates fall in line and follow his orders as they are trained to do so throughout their careers and this is the requirement of the job. Dissent, Differences of opinion or Disagreements openly at decision

making forums are rare. The next tier of officers look upon the Chief for their promotions, postings and perks and it is not in their interest to raise any questions or express skepticism. The data and information the new ruler relies upon for decision making is also based upon the Intelligence agencies and lower formations of the Army. 'Group think' thus pervades throughout the system and an objective assessment and evaluation of the impact of the policies becomes quite difficult. Thus this widens the gaps between the 'percieved reality' of the authoritarian regimes and the 'actual reality' as seen by the population at large. But the population feels helpless and hapless because they do not have any means at their disposal to express their views or oust the ruler. To the extent that a dictator is benevolent or honest the damage remains limited. But in case we inherit a malevolent or corrupt dictator or the benevolent changes his stripes over the course of time there is no clear exit strategy. However intense the disenchantment or disaffection may be, there is hardly any predictable manner in which these leaders can be removed. Nasser, Sukarno, Babangida, Mobutu were all forced out of office by their own juniors as the latter believed their leaders had over stayed their welcome period.

Despite all its weaknesses and shortcomings, an orderly transition of power at regular intervals through a predictable democratic process is the least damaging means of keeping the economy moving on an even keel. What is the link between political stability and economic growth? Political stability promotes transparency, rule of law, predictability and continuity of economic policies thus creating confidence among investors that they can carry out business and earn a decent return. Efficiency in the allocation of resources and higher capital investment under a stable political environment increases the rate of economic growth. When political situation becomes unstable, the investors adopt a wait-and-see attitude.

Indian economy was not doing well in the last few years of Manmohan Singh's tenure although he was an accomplished economist and reformer. The electorate voted him out of power and brought in Narindra Modi who had piled a strong record of performance in Gujrat. The market sentiment took a turn for better right after his election and the Indian economy has started growing rapidly. The people of India exercised their choice wisely at the time of the elections and effected the change. It would not have been possible if India had a dictator who believed in his own indispensability. As a counter argument to democratic form of government, many analysts refer to China to substantiate their view point on the superiority of the authoritarian regime as a catalyst for rapid economic growth. But it is conveniently forgotten that the rules of the game i.e. the transition from one set of leaders to another in China are quite well known and the process well understood. The timing of transition is not shrouded in secrecy and although the right of adult franchise does not exist, there is limited franchise exercised by the National People's Congress.

The question therefore arises: if the democratically elected governments happen to be the only viable game in the town, how do we break the vicious cycle of political instability, economic stagnation, high employment, collapse in demand, low investment and further dissatisfaction with the existing political leadership and strengthen democratic governance in the country.

**First**, we need the reforms of the electoral process whereby constituencies are delimited afresh on the basis of the new population census. Electoral rolls have to be prepared from the new data of the households generated through this census. Election Commission and Chief Election Commissioner have to be given unfettered powers to organise the elections by directly taking over the administrative

apparatus of the provincial and the district governments. This will obviate the need for inducting the caretaker governments which have only proved to be disruptive of the smooth process of conducting elections. Electronic machines should be used for voting. Candidates for the National and Provincial Assemblies should be carefully screened and those who do not meet the eligibility criteria should be disqualified by the Election Commission from contesting the elections.

**Second**, the political parties themselves have to institute democratic contest within the parties. In the 1950s, for example, the elections for party office bearers were held at the grass root level. Those who were elected by the memberships through popular and transparent voting could stand up to their leaders. Since 1970s, this process has been substituted by the discretionary choice conferred upon the powerful top leader. The party leader is the one who selects the office bearers of the party at all levels, nominates the central working committee members, allocates party ticket for the National and Provincial Assemblies and the Senate. He chooses the Ministers for the Federal and Provincial Governments if his party gains powers. Such high concentration of powers in the hands of one single individual is inimical to the essence of democratic governance which is based on debate, consultation and consensus.

Constitutional amendments have stripped an individual member of the Assembly to vote according to his conscience. Thus dissent and difference of opinions within the party have given way to sycophancy and pleasing the boss at all cost attitude. The pendulum has swung from horse trading and changing of the party affiliations to obeying the dictates of one single individual. The combination of the offices of the Party Chief and the Chief Executive in the same person has withered away whatever little accountability could be expected.

Third, the 18th amendment and 7th NFC have very rightly devolved administrative, legal and financial powers and authority from the Federal to the Provincial Governments. But this devolution remains incomplete as the provinces have not transferred the powers and resources further down to the local governments where most of the interaction between an ordinary citizen and the Government takes place. Whether it is law and order and security, schooling for the children, immunisation and healthcare for the family, drinking water supply, sanitation, it is the local government that delivers these essential services. Since 2008 the powers of the local governments have been reassumed by the provincial governments. The proposed laws setting up the local governments are a big step backward from the Local Government Ordinance 2001. With the exception of KPK, the provincial governments would enjoy tremendous powers under the proposed laws to keep the elected local governments subservient to them. Under such a setup, the elected representatives at the local level will remain limpy and impotent. The tension between the provincial governments and the members of the provincial assemblies who wish to keep the powers centralised in their hands and the aspirations of the people to access basic public services at their doorsteps has to be resolved. Attempts to strengthen democratic governance are bound to fail in absence of decentralisation of decision-making, delegation of powers, devolution of authority and deconcentration of resources.

**Fourth**, the administrative machinery of the Government i.e. the Civil Services as a whole has broken down. If we analyse any of the crises facing Pakistan for the last many years i.e. the security of person and property and poor law and order, energy shortages, delays in administration of justice, ghost schools and absentee teachers, missing drugs and malfunctioning health facilities, piles of garbage in the urban areas, these can all be traced to institutional decay and governance deficit. Reforms in Police,

Civil Service, Revenue Administration, Land Management, Judiciary, Delivery of Social Services have to be immediately undertaken to set the country in the right direction. A road map has already been prepared and the Report of the National Commission for Government Reforms (NCGR) contains detailed recommendations. Civil services used to attract the best and brightest talent until late 1970s. The security guaranteed by the constitution was taken away and since then the politicisation of bureaucracy has impaired their capacity to remain neutral and objective which has been the hallmark of an efficient civil service. The challenge is to revitalise the Civil services so it is able to once again assume its lost glory.

**Fifth**, the dispensation of justice in Pakistan has become time consuming, expensive, convoluted and unnecessarily layered. Criminal and Civil Procedure Codes and Evidence Act have been modified in Britain itself but have remained intact in Pakistan. Backlog of millions of cases pending in the lower courts has taken away the deterrent effect of punishment from the criminals, defaulters, violators of laws. State revenues, amounting to over hundred billion rupees are stuck up due to litigation by tax violators and grant of indefinite stay orders. Bank loan defaulters enjoy a free ride because of the unending stay orders and appeals and lack of progress in execution of decrees granted by the courts themselves. Property titles and exchanges of deed have lost their sanctity because of the prolonged disputes and complex processes prescribed by the courts. Detection, Investigation and Prosecution of cases are so sloppy that the conviction rate is too low. Criminals get scot free and indulge in their nefarious activities without any fear.

**Sixth**, the Freedom of Information Act by the Federal Government is too diluted and is defanged. In fact it does not do anything to facilitate flow of information getting into the public hands. The Right to Information Act in India has played a major role in keeping the public servants and the political leaders on toes because their actions and deeds could become object of public knowledge and embarrass them. Civil society organisations and the media have played a critical role in accessing information and data under the Act. A similar effective legislation in Pakistan and the curtailment of Official Secrets Act can go a long way in ensuring transparency in the affairs of the government and thus strengthening Democratic Governance. Provincial legislations particularly those in KP and Punjab are an improvement but the requisite institutional arrangements have not yet been placed. Governments that do not have much to fear and believe in transparency do benefit from the efficacy of these laws.

Seventh, the Parliament is supposed to provide checks and balances to the excesses of the Executive Branch. But this is hardly the case in Pakistan. There is little legislative accountability to citizens, weak market oversight, and indifference in responsiveness to the citizen demands. The Parliamentary Committees such as Public Accounts Committee through public hearings can exert a sobering preemptive influence on the Government departments, Ministries and agencies. They could ensure that public expenditures are underpinned by value for money and waste, inefficiencies and irregularities are minimised. But the partisanship exhibited in the committees' deliberations and the lack of technical expertise among the staff assigned to these committees have weakened their watchdog and oversight functions. Strengthening of these committees would help placing effective controls over the misuse of power and resources by the Executive Branch.

**Finally**, the management practices in the government need to be modernised and overhauled. Overcentralisation, concentration of power in the hands of the Prime Minister and the Provincial Chief has

resulted in diffused responsibility, absence of clear accountability inertia and lack of commitment. Too long hierarchical chains, consultation for the sake of form and procedures rather than substance, turf building and turf protection, the tendency to pass the buck has created a big wedge between promises and performance. The rules of business have to be rewritten to assign clear responsibilities to the Ministries giving them the requisite authority and resources to fulfill their obligations and hold them accountable for results. Inter-Ministerial coordination and conflict resolution should take place at the level of the Cabinet Secretary, Secretaries' Committees, Cabinet Sub Committees and the Cabinet.

The above catalogue of comprehensive reforms is easy to describe but difficult to implement. It would not be possible unless all the major political parties agree and reach a consensus so that partisanship and point scoring do not come in the way of the implementation of these reforms. The ultimate beneficiaries would not only be the citizens of Pakistan but also the political parties themselves. The cynicism and wide distrust of politicians among the society at large would be replaced by delivery of essential basic services thus bolstering the confidence in the politicians.