

Foreword

Pakistani nation is faced with a grim challenge on the economic front. While the economy has (barely) survived a string of crises, particularly over the last twenty years, the cumulative effect of policy blunders, distorted priorities, inefficiency and gross mismanagement, surrender to domestic vested interests and outside pressures and inability to check corruption and exploitation is creating a situation that is threatening national security and sovereignty. Economic policy now needs a thorough autopsy. More of the same, mere tinkering on the fringe and recurrent bailouts are recipes for disaster. We are almost at the end of the tether. It is high time the nation paused to analyze the relevant issues critically and objectively with a view to making a fresh start. Instead of playing to the tunes of external oracles or failed prophets, the only honorable and realistic option is to re-examine rigorously the entire economic landscape in order to find what has gone wrong and where, and also to come out with some positive ideas as to what needs to be done. The gods of privatization and globalization have miserably failed to deliver. How to come out of this imbroglio? Only by critical re-appraisal and honest and sustained efforts to make a radical departure from what led to the mess we are in.

It is proposed that the nation must persuade, even force, its policy makers to abandon doctrinaire as well as dictated policies and come out with a new approach to development planning which is best suited to our national interests and is in keeping with the ground realities of our economy, whatever be the fashionable fads purveyed by the so-called 'liberal' economic pundits!

The Crisis of Development Planning in Pakistan

It is in this background that the IPS invited one of leading-most Pakistani economist and policy analyst Prof. Dr. Syed Nawab Haider Naqvi to examine the development strategies pursued in the recent past and inform the nation and its policy makers as to what alternative approaches are available. Prof. Naqvi is eminently suited for this re-evaluation. He has an incisive mind, a reputation for independence, and vast experience as a teacher, researcher, policy adviser and an international consultant. He has direct exposure to the mechanics of policy making. He has written extensively on issues of development economics and on Pakistani economic dynamics. We are happy that Prof. Naqvi has produced this special study on the crisis of development planning in Pakistan and has also outlined what he regards as a policy of 'instrumental interference', a combination of public-private enterprise under a flexible planning regime. While promotion of market forces may be a major plank of policy in the medium-and long-term planning, market mechanism alone cannot ensure development with efficiency and equity. If the twin goals of growth and social justice are to be attained simultaneously, the state must play a positive role. It should be clearly understood that state participation does not mean bureaucratization or politicization of the public sector. Professionalism, adherence to clearly formulated norms and a carefully planned system for accountability and timely performance evaluation must be integral parts of any viable planning strategy. The need is to move towards a participatory and a performance-oriented system; but this cannot be achieved by leaving the economy to the blind forces of market and the vagaries of international factors. The only answer is a planned way out of the labyrinth that we have created for ourselves.

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Prof. Naqvi has identified some of the areas and goals of this 'instrumental-interference' strategy and has also clarified what pitfalls are to be avoided. This short but incisive study addresses some of the thorny questions that beset the nation and provides a basis for policy evaluation and re-formulation. IPS is presenting this valuable document to promote informed discussion and debate on the current economic crisis.

I take this opportunity to personally thank Prof. Dr. Syed Nawab Haider Naqvi on producing a thoughtful analysis of the Pakistan's economy in such a short time. This study is characterized by analytical rigor along with realism, clarity and precision. It contains both diagnosis and prescription. Prof. Naqvi puts his fingers on what has gone wrong and also outlines what can be done. His recipe for revival is not only growth oriented but also aims at establishing a just economic order in the country, ensuring well-being for all and not the lucky few only. Pakistani economy is weak and sick, but there is no dearth of people wallowing in affluence and indulging in conspicuous consumption. This ossified and exploitative economic order must come to an end, and a fresh start in the right direction made to rescue the economy from the present 'cauldron of crises'. An effort has been made in this study to point out the direction that may lead to growth with justice and well-being for all.

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