

**P A K I S T A N**  
**MOVING THE ECONOMY FORWARD**

Rashid Amjad  
Shahid Javed Burki  
(Editors)



Lahore School of Economics

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Lahore School of Economics  
Intersection of Main Boulevard, Phase VI, DHA, and Burki Road  
Lahore 53200, Pakistan  
Tel.: +92 42 3656 1230  
[www.lahoreschoolofeconomics.edu.pk/](http://www.lahoreschoolofeconomics.edu.pk/)

## Preface

When we, the two editors of this volume, joined a group of South Asian economic experts at a meeting held in Kathmandu, Nepal, in the summer of 2011, there was much discussion on the economic gains to be made if the South Asian countries could work together. We discussed how the differences in the endowments and advantages of these countries could be aggregated and used for the benefit of the entire citizenry. “Connectivity” was another subject of great interest.

In meetings such as these, there is as much talk around the table as off it. The Kathmandu meeting was no exception. Several of us spent a few evenings together reflecting on how the possibility for achieving the regional goal could be realized in South Asia. In our discussion, we were struck by one thing: there was a great deal of hope expressed by the representatives from Bangladesh, India, and Sri Lanka about their countries and how they could contribute to regional integration and South Asian development. Even the Bhutanese and Nepalese at the meeting thought that their most significant difficulties were behind them. It was only the Pakistani group that displayed some diffidence. It was at some point in this discussion that we began to ask whether Pakistan had been dealt such a poor hand that it could not sit at the table with hope and play the game the other South Asian nations were eager to join. It was then that the idea of assembling a book of essays on Pakistan’s future was born.

We felt there was no reason for Pakistan should stay apart from the region, unable to take advantage of its size and the opportunities these offered. In fact, the country’s location offered some unique advantages that could be exploited by intelligent public policymaking. But that would need good and detailed knowledge about the nature of the economy. We thought a book was needed on Pakistan and the country’s future by a group of scholars who had deep understanding of the various aspects of the country’s economy. We were well aware that there were a number of analysts who were beavering away in various institutions around the

country – and also outside it – developing an appreciation of the ways the various parts of the economy worked. We thought it would not only be useful but also necessary for the crafting of public policy to bring together these scholars within the covers of one edited volume. We agreed to contribute essays of our own to such a book and to edit it as well.

In asking for contributions to the edited volume, we agreed that the following three criteria would be kept in view. One, the discussion should be about the future. We could talk about the past but only if it informed our thinking about the future. Two, the book had to deal with a variety of topics but not go into disciplines that were too distant from economics. In other words, the proposed volume would be a book by economists on economics for economic policymakers. By focusing on many subjects within economics, there would necessarily be an emphasis on the micro rather than only on the macro. “Small” in the economies under stress needs even more attention than the big picture. Three, we would ask the invited authors to present their recipes for the future, which should be made available to a new set of policymakers who would be ushered into policymaking positions after the elections of May 11, 2013.

As the title of the book suggests, this is a forward-looking book. It is also a collection that discards the notion that Pakistan for some inexplicable reason is condemned to being the “sick man” of South Asia. Between the two of us, we have enough experience from around the globe to know that there are no permanent trends in the lives of individuals nor in those of nations. Countries have their ups and downs; Pakistan is currently passing through a “down”. There is enough inherent strength in the country and its people, and enough richness in its endowments, to pull the country out of its current slump.

The book’s appearance is timely since we believe that, no matter which way the election goes (this preface was written a day before the country went to the polls), it will bring about a change in the making of economic policies and also in the direction in which the country will go. As a politician said not too long ago, a crisis is too precious a thing to waste. Pakistan is in crisis. This is recognized by all its citizens. It is also understood by all politicians and all political parties. Reading the manifestoes of the mainstream political parties shows a remarkable amount of consensus on what ails the country, and also that there is no reason why the difficulties that have produced the current situation cannot be overcome.

What is needed at this difficult moment in Pakistan’s history is a development paradigm that simultaneously seeks to “go over” the number of obstacles that have slowed the pace of the economy’s advance.

To carry the metaphor forward, these are not “speed-bumps” that we need to cross by slowing down; these are real walls that we have run into time and again in our move forward. We need to pull them down, not skirt around them, as we have tended to do too often in the past. Bringing the wall down is something economists call structural changes. We have shied away from these, taking the easy route ahead. This approach will not do and that is the main theme of this collection of essays. Reading them together, as they should be read, there are enough ideas present in these essays to help the country move forward and stay on a course that will finally produce high rates of sustainable growth. We wish the new policymakers well in their new endeavors.

In putting this volume together, we must thank and acknowledge a number of people and institutions who have made this book possible. First and foremost are the authors of the different chapters who set aside their precious time to contribute to the volume, and have done so purely as a labor of love and because of their commitment to improving the lives of the people of Pakistan. We must also thank the Pakistan Institute of Development Economics (PIDE), which, with support from the Higher Education Commission, arranged the first meeting of the authors to discuss the outline of the book and its individual chapters.

In preparing the manuscript, Ms Maheen Pracha did an excellent job in editing the different chapters and her work drew praise from all the authors. Ms Anam Yusuf provided splendid support in the preparation of the volume. Mr Nasir worked tirelessly and literally around the clock to ensure the timely publication of the volume. To all of them our heartfelt thanks.

Shahid Javed Burki and Rashid Amjad  
Lahore, Pakistan  
10 May 2013



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