

Pakistan in the Next Fifty Years

Pakistan's future destiny can be changed only by some fundamental reforms. A search for soft options will compromise our prospects in the next 50 years, just as much as it has in the last fifty years. Among these fundamental reforms must be included: comprehensive land reforms, massive investment in human development, a new social contract with the poor masses, an abolition of the elitist system, an open competitive private sector, a totally merit-based society and a major restructuring of all our institutions of state to establish new traditions of good governance.

Land reforms should fix an ownership ceiling of no more than 12.5 acres per family and support the new peasant ownership system through liberal credit, correct crop prices, appropriate research and irrigation infrastructure. Land reforms are needed not only to raise output per acre (witness South Korea where land reforms established a ceiling of 7.5 acres per family and where per acre yield is three times as high as in Pakistan). Land reforms are even more essential to ensure that the same feudal families are not recycled in parliamentary elections each time.

Pakistan stands at the lowest rung of human development today, having invested so little in the education and health of its people. No feudal, uneducated society has ever become an industrial tiger of any stripe or colour. Pakistan needs to spend at least 5 per cent of its GNP on education, and to spread basic education to all and to create relevant technical skills, if it is to prepare itself for the global competition of the 21st century.

Pakistan is transferring today less than one-fifth of one per cent of its national income to poor people in the form of zakat and baitulmal, as against 15 per cent allocated for social welfare state in US and UK and 35 per cent in Sweden. A new social contract must be designed to tax the rich and transfer economic opportunities to the poor; to provide small loans to the poor for self-employment rather than only big loans to influential people which they seldom repay; to provide social services to the poor, not to the privileged classes. This will be a total reversal of the present elitist system – and it is admittedly difficult to achieve within a political system where the ruling classes themselves will be hurt by these changes.

Pakistan's future destiny will also be shaped by a détente between India and Pakistan, by a lowering of military expenditures in this region and by a rediscovery of the enormous potential of regional trade and development cooperation. Since regional disputes and tensions have sapped up our development energies in the last 50 years, their resolution is a key to unleashing our full development potential.

We must also make a genuine commitment to open competitive markets, with the state focusing on the provision of social services and selected physical infrastructure. The present half-hearted privatization process must be converted into an open, transparent privatization, with national regulatory boards guarding the consumer interest — a massive privatization process with a social conscience.

Pakistan must also abolish the domicile-based quota system in jobs which has partitioned Pakistan permanently along provincial lines. We can integrate Pakistan economically, socially and politically only by establishing the supremacy of the merit system and by opening up equal opportunities to all Pakistanis, without considerations of caste, domicile or sex. The government has a unique opportunity to establish this merit system by not renewing the former quota system whose constitutional cover has already lapsed.

A major tragedy for Pakistan has been a gradual weakening of all its institutions. Unless we reform and strengthen them, we are condemned to revisit the tragic public clash of these institutions of state that we witnessed only recently. Let us not forget that human and social capital (good governance) is estimated to have contributed as much as 85 per cent to the national wealth of Japan in a recent World Bank study. Without investing our national energies in such human and social capital, Pakistan faces very uncertain prospects in the next fifty years as well.

A short summary of the remarks made by Dr. Mahbub ul Haq, President, Human Development Centre, to the closing session of the Pakistan Society of Development Economists on 17th December 1997.