The Lahore Journal of Economics
17 : SE (September 2012): pp. 33–49

The Captivating Vision of the "New Growth Strategy": The Missing Political Economy Perspective

S. Akbar Zaidi*

Abstract

One hears little about the Planning Commission's Framework for Economic Growth launched a year ago. This is indicative of its inappropriateness and lack of consideration of Pakistan's economy or its structures and political economy. The Framework avoids tackling the core issues of taxation, distribution, and equity. It privileges the market and free enterprise over the role of the state, and undermines and dismisses the significant role and contribution of the government and state in promoting growth, particularly at a time when market failure has made economists rethink the role of markets after 2008. By ignoring central issues related to politics and the articulation of power, and of issues that fall in the realm of political economy, the Planning Commission constructs a technicist script that has little value to the messy world of realpolitics.

Keywords: Growth, political economy, Planning Commission, Pakistan.

JEL classification: O1, O40.

1. Introduction

It is exactly a year since the Planning Commission's *Pakistan: Framework for economic growth* was launched with much fanfare and publicity. This would have been a good juncture to evaluate developments since then, but there seems to be no concrete evidence in the public domain on the basis of which to assess the *Framework*'s contribution—perhaps a telling critique of the composition of the *Framework* itself. One can, therefore, at best reflect on its core elements and assess how it imagines Pakistan's economy and society, and its components. For the most part, the *Framework* and the paraphernalia surrounding it—conferences, blogs, and publications—suggest a highly self-congratulatory and self-promotional endeavor, which suffers from numerous serious flaws that emphasize its elitism and anti-poor bias.

---

* Visiting Professor, School of International Public Affairs, Columbia University.

Based on an evaluation of the documents surrounding the *Framework for economic growth*, this article offers a critique located in a political economy perspective. It attempts to identify the elitist bias in the *Framework* and also the disregard of numerous factors that could have led to a more realistic framework for growth. Given its vast spread and numerous themes, we will, necessarily, focus on only a subset of them. Nevertheless, what is clear is that, in each of the themes discussed and proposed in the *Framework* and in each of the interventions for growth suggested, there is a particular ideology or way of thinking that underlies the facts, problems, and solutions.

2. The "New Growth Strategy" and "Framework for Economic Growth"

The Government of Pakistan's Planning Commission launched its *Framework for economic growth* after the approval by the National Economic Council at its meeting held on 28 May 2011 under the chairmanship of the Prime Minister of Pakistan (see Pakistan, Planning Commission, 2011b). The *Framework* has also been called Pakistan's "New Growth Strategy" by the Planning Commission in its numerous publications and on posts and blogs on its active website (see Pakistan, Planning Commission, 2011a, 2012).[1] There is a great deal of self-praise and a greater deal of self-congratulation celebrated on the Planning Commission's official website and the institution has claimed a major achievement, almost as if nothing had existed before the formulation of the strategy and framework.

The title of this article, 'The Captivating Vision of the "New Growth Strategy",' is drawn from a blog on the Planning Commission's official website posted by a "consultant to the Planning Commission," where the writer argues that the "new growth strategy offers captivating vision for Pakistan" [*sic*]. It is indicative of just one of a very large number of self-congratulatory statements posted on the website as well as in its publications (see "New growth strategy," 2011). Let us now turn to an examination of exactly what this "captivating vision" of the *Framework* is. This section offers a brief summary of many of the arguments made in the documents of the Planning Commission, and presents, primarily, the salient features of both *Pakistan: Framework for economic growth* and its companion publication, the *International conference on "Framework for*

---

[1] The *Framework for economic growth, Pakistan* was published as the proceedings of the International Conference on the Framework for Economic Growth, Pakistan, hosted by the Planning Commission in collaboration with the United Nations Development Programme on 13–14 July 2011. There are numerous references to the New Growth Strategy and to *Pakistan: Framework for economic growth* on the Planning Commission's website (http://www.pc.gov.pk/).

economic growth, Pakistan". The subsequent sections provide an analysis and critique of the Planning Commission's New Growth Strategy.

One assumes that there is an "Old Growth Strategy" that the Planning Commission's New Growth Strategy replaces, but other than the numerous references to the "traditional" planning approach, one does not get a clear understanding of what Pakistan's growth strategy or strategies have been in the past. Nevertheless, the Planning Commission does deserve a fair amount of appreciation for thinking about a growth strategy and for devising one. The salient features of the New Growth Strategy and the *Framework* are many, and this section merely highlights some key themes and foci raised in the New Growth Strategy found in *Pakistan: Framework for economic growth* and its companion publications.[2]

The list of challenges identified by the Planning Commission that the New Growth Strategy or *Framework* is expected to address and remedy include the following: (i) a decades-long struggle with macroeconomic stabilization arising from unsustainable fiscal policies; (ii) demographic pressure; (iii) a legacy of economic distortions, by which one presumes the Planning Commission means "government interventions;" (iv) the impact of external events, including earthquakes, floods, and a "continuing longstanding low-intensity conflict;" (v) a large and loss-making public sector, which is said to impede market development; (vi) low and declining productivity; and (vii) the population's heightened expectations of a better life from a democratic government. Perhaps for these reasons, the Planning Commission believes, that

> our growth experience of the last four decades has been volatile annual growth and [a] declining trend in long-run growth patterns. In addition, productivity growth (a measure of efficiency) has been low in comparison to our comparators. For the last four years per-capita incomes have not increased in real terms while double-digit inflation has prevailed. Our growth policy has been based on public sector projects and arbitrary incentives—subsidy and protection. The project selection process has considerably blunted the efficiency of infrastructure development while the system of incentives has not allowed the development of a vibrant and competitive marketplace.

---

[2] The summary of the main points of the New Growth Strategy are drawn from the two main documents produced by the Planning Commission—Pakistan, Planning Commission (2011a) and (2011b).

Hence the need for a new approach "to accelerating economic growth and sustaining it." This "coherent approach to growth" goes well beyond projects, and targets public service delivery, productivity, competitive markets, innovation, and entrepreneurship. It "recognizes the severe resource constraint that the country faces and therefore focuses on 'productivity'—improving the efficiency with which assets are used." The thrust of this strategy, therefore, is to focus on the "software" of economic growth—issues of economic governance, institutions, incentives, human resources, etc.—so as to provide an environment in which the "hardware" of growth—physical infrastructure—could be expanded and made more productive at every level. The strategy argues that growth drivers such as entrepreneurship and innovation could be greatly encouraged by reforming and strengthening institutions such as the civil service, legal and judicial framework, the taxation system, etc. The strategy also proposes measures such as reforming the restrictive zoning laws that have impeded the growth of domestic commerce and hampered the role of cities as generators of economic growth.

The Planning Commission's new strategy to raise growth recognizes that the country cannot jump immediately to these high rates of growth from the current low growth rate of about 3 percent per annum. At the first stage, it feels that efforts will be undertaken to revive the economy to its short-term potential gross domestic product (GDP) growth rate of about 5–6 percent a year. If issues regarding energy and governance are resolved and some credible macro-stability reached, this could be achieved in a short time.

In its brief assessment of what constrains Pakistan's economic growth, the *Framework* argues that this is primarily on account of

> inadequate market development, (lack of competition, tax, tariff and policy distortions, entry barriers, government involvement, poor regulation, etc.), and lack of efficient public sector management to (a) provide core governance goods such as security of life, property, transaction and contract, (b) facilitate markets and investment with informed policy and competent regulation, and (c) promote deepening of physical, human and social infrastructure (Pakistan, Planning Commission, 2011b).

The New Growth Strategy focuses on a number of areas. Productivity is one such area, where labor productivity in particular is seen to be of significant weakness. The *Framework* identifies a number of reasons for this, which include "market quality, poor governance, limited urban development, inadequate education, lack of competitive goods and factor markets, inadequate foreign competition and limited research and development capacity" (Pakistan, Planning Commission, 2011b).

A second factor identified by the *Framework* is the need to build better government. The Planning Commission considers "poor governance and dysfunctional markets to be among the most important reasons why growth in Pakistan has not achieved a sustained acceleration." The government is seen to be

> an active player in every sector, as a direct market participant and competitor, obstructing private sector entry. The footprint of the government has been estimated to be as large as over 50 percent of the national income, making it very difficult for the private sector to expand. Research by the Competition Commission of Pakistan has also established that government intervention is impeding the development of competitive markets. Better government should be established following a two-pronged approach a) reorienting the role of government—which focuses on an exit from markets and deeper deregulation, and b) improving public sector management—which includes reforming civil service, improving resource mobilization, elimination of untargeted subsidies (particularly to loss-making public sector enterprises), efficient public investment through results-based management (Pakistan, Planning Commission, 2011b).

The New Growth Strategy advocates the

> liberalization of trade and [the] investment regime to be a critical ingredient for sustained economic growth that in turn creates jobs, and raises productivity and wages ... [H]eavy protectionism was reintroduced in Pakistan during the second half of 2000–10, which brought back distortions in the overall trading system. Major distortionary policies adopted include (a) reversal of tariff cuts and increased tariff dispersion, (b) reversal of a number of liberalising reforms in agriculture, notably in wheat, sugar and fertilizer policies, (c) high and steeply escalated tariffs in specific industries, ... (d) active use of WTO compatible regulations to restrict imports—including quasi-import licensing

> mechanism, (e) introduction and rapid expansion of anti-dumping practices, and (f) continuation of the long standing ban on imports from India. The growth strategy recommends a) re-establishment of the unilateral trade liberalization program, b) immediate abolition of the present system of distortive regulatory duties (SROs) that interfere with the tariff structure, c) maintain ... a neutral real exchange rate policy, d) immediate abolition of the ad-hoc system of quasi-import licensing ... e) thorough review of the economic justification for sectors/industries benefiting from above normal protection and/or subsidies, export subsidies, export taxes, and anti-dumping practices, and f) all economic policies including industrial and trade policies should be in line with the intentions defined in this growth strategy (Pakistan, Planning Commission, 2011a).

As can be ascertained from the above, the New Growth Strategy relies heavily on "vibrant and competitive markets." Openness and city development combined with focused public sector management are said to "go a long way towards developing innovative markets." A key area of focus for the *Framework* is its focus on "creative cities." So that cities might become "hubs of commerce," the strategy proposes (i) easing zoning and building regulations to allow space for mixed-use activities and energy efficiency, and to facilitate the vertical expansion of cities; (ii) privatizing unproductive state-owned land; (iii) encouraging foreign developers to compete in the Pakistani market; and (iv) focusing on research and development in low-cost energy efficient construction techniques.

Along with cities and free markets, the *Framework* also focuses on what it calls "connecting to compete," where such connectivity is seen to be a critical stratagem of the growth framework. There is also focus on "youth and community engagement," where a young population—68 percent under the age of 30—the demographic dividend, is considered a major asset for Pakistan. The Planning Commission argues that

> Pakistan has a relatively large proportion (32%) of uneducated youth mostly with no vocational and life skills, who end up in elementary occupations or remain either unemployed or inactive. There is a need to provide for their health, education, and livelihood, and engage them in activities which convert their latent energy into positive outcomes for family, community, state and the global community. This is only possible through provision of

> quality basic and college education, market-led skills development, instituting National Youth Service Policy Reforms, redesigning and rezoning cities to create space for youth, promoting nano- and micro-youth enterprises at local level through targeted youth entrepreneurship programs in major civic centers, promoting youth citizenship through civic engagement, promotion and continuum of youth sports and activities that encourage and support the development of active and engaged young people.

This strategy is to be implemented through "results-based management," which will monitor and put in place an evaluation system to oversee the main features of the New Growth Strategy, for which a number of guidelines have been provided.

The Planning Commission has "rethought" the "traditional growth narrative" in Pakistan and feels that Pakistan has

> more of a "software" (management and productivity) problem than a shortage of "hardware" (physical infrastructure). The strategy emphasizes the need to reduce economic distortions, improve functioning of domestic markets, create space in cities through proper zoning, energizing youth, engaging communities, inducing investment in human and social capital; and enhancing connectivity and interactivity. Vibrant cities in an enabling environment will be the hotspot for entrepreneurship and innovation, assuring better returns through improved productivity on investments for all investors' (N. Haque, cited in Pakistan, Planning Commission, 2011a, p. 4).

In essence, "the private sector must drive economic growth with timely implementation of market reforms which should promote competitiveness" (ibid., p. 5).

The Planning Commission's New Growth Strategy is, therefore, based on the four pillars of

> quality governance, vibrant markets, energetic youth and community, and creative cities ... The key areas of the new growth strategy include enhancing the role of the private sector, entrepreneurship and innovation as major drivers of growth, enhancing productivity, improving the quality of

> governance through Civil Service reforms, making cities hubs of economic activities by relaxing zoning and building regulations, minimizing the role of the government in the economy and restricting it to improving regulation and [the] policy environment. The new approach takes cities as engines of growth in the country. [The] Strategy also focuses on inclusiveness for the development of rural infrastructure and markets for growth and poverty reduction, enhancing competitiveness and productivity by investing in tertiary education, vocational and technical training and development of a knowledge economy' (Pakistan, Planning Commission, 2011a, p. 12).

3. From Old to the New Growth Strategy

While attempts to develop new ideas that lead to ways of enhancing and sustaining Pakistan's growth rate beyond the roller-coaster, topsy-turvy, at times dismal, economic growth performance need to be encouraged—not just in the Planning Commission, but also in academic institutions and the mushrooming donor-funded and supported "think tanks"—there are a number of unanswered questions that have been unaddressed in the *Framework*. These are foundational if one is to move forward. Perhaps, most importantly, is the absence of any analysis of what explains Pakistan's past economic growth performance. Not having addressed this problem, the Planning Commission has absolved itself of highlighting and explaining patterns where Pakistan's growth rate has actually been particularly impressive.

There seems to be a clear consensus based in the opinions collected in the Planning Commission documents, that the "old" growth theory—whatever that was—does not work. In fact, this is one of the more important factors missing from the *Framework* and its companion publications and web-posts. By not explaining the failure of Pakistan's old growth strategy, any so-called new growth strategy will remain unable to examine and build on the successes of the past and to avoid repeating previous failures. The fact that Pakistan has had an average growth rate of around 5 percent of GDP for almost five decades—although, as the *Framework* recognizes, that trend may have fallen over the last two decades or so—is a signal that, at times, some old strategies, despite all the persistent structural problems that the Planning Commission's new ideological trend so likes to dismiss at every opportunity, may have worked. Moreover, the fact that there have been periods of five or even eight to ten years where the GDP growth rate has remained steadily above 6 percent requires serious consideration.

A major question for the Planning Commission and all those who have so enthusiastically endorsed the "New" Growth Strategy is: Why did the old growth strategy work, when it did? One should have accepted an honest answer before the old strategy was scrapped. There was, and continues to be, a need to examine what works and what does not, what has succeeded and what has failed, why growth has been high for up to five-year periods, and so on. There was a need to examine answers to these questions first, before they were supplanted with irrelevant and unrelated international best practices. The Planning Commission has been unfair and disingenuous in condemning all reasons for growth that has occurred in the past.

Platitudes dismissing the unevaluated old and embracing the new growth strategies abound in the Planning Commission documents. The main focus of their criticism of the past - despite its at times admirable success rate and the welcome embrace of the New Growth Strategy - has been an anti-state or anti-government outlook, with an almost unfettered pro-market orientation, and with few checks and balances to curb the most naked and aggressive form of the market dominating transactions, direction, and distribution. Sadly, many of those who endorse the new strategy are unfamiliar with the growth strategies of the past and those in place at the moment. Alan Winters, chief economist at the UK Department for International Development (DFID) states, that "the strategy is correct that space must be made and maintained for private sector development and that reducing the role and improving the efficiency of government is fundamentally important. This requires deep reform rather than funding …" (cited in Pakistan, Planning Commission, 2011b, p. 1). Anyone familiar with Pakistan's economic development would be well aware that more than ample "space" exists for private sector development. However, there is repeated emphasis in the Planning Commission's policy that it is "the private sector [which] must drive economic growth with timely implementation of market reforms which should promote competitiveness" (N. Haque, cited in Pakistan, Planning Commission, 2011a, p. 4). Although, at times, the *Framework* and its accompanying documents make some qualifying statements that this is not a case of the "government vs. the market," what comes through repeatedly is not just a domination of the market, but almost a complete disdain for any role of the government, barring that of some oversight and regulation.

According to other economists, the old growth strategy, or the "traditional growth model with its emphasis on public investment and government involvement in economic activity has not yielded the high growth rates the country needs to absorb the expanding young labor force. Furthermore, the government faces domestic and foreign financing constraints and it simply cannot afford any longer to undertake large-scale capital expenditures" (M. S. Khan, cited in Pakistan, Planning Commission, 2011b, p. 1). While clearly any evaluation of Pakistan's economic history will show that the first part of this statement, privileging the private sector over the public sector, especially with reference to the past, is incorrect, it simplifies and ignores some of the core problems that Pakistan's government and its political economy relationship related to "domestic and foreign financing constraints" face (see the section below). A private sector specialist of the World Bank, like many others, endorses this view further by stating that, "growth takes place in the firms, not in the government. Second big driver of the growth strategy is the need to get the government out and to do the right job. Thirdly, firms need the space to breathe and grow on their own" (J. Speakman, cited in Pakistan, Planning Commission, 2011a, p. 97). As any student of economics would know, not only is this a gross exaggeration and simplification, it is also incorrect. This attempt to malign all things related to the government is a core feature of the *Framework*.

The Planning Commission has found the need to praise its own efforts in order to acquire legitimacy over its own *Framework*. Numerous bureaucrats and some economists have been invited to offer comments and, with the exception of only one—Akmal Hussain—almost all have showered praise on the deputy chairman of the Planning Commission and the so-called vision of the *Framework*. This has been done in blogs posted on the Planning Commission's website, but also extensively in the published documents around the *Framework*. There is a plethora of such quotations in the Planning Commission's documents, hence just a short sampling will suffice to make the case that the Planning Commission needs to create some sort of legitimacy and considers these quotes in order to do so.

An unnamed consultant to the Planning Commission states in a blog posted on the institution's website, that, "however farfetched the new growth strategy, produced by the Planning Commission, may seem to traditionalists there is no denying the captivating vision it projects for our cities" ("New growth strategy," 2011). The consultant argues that "we are too scared to think outside the box" and that urban planners in Pakistan, until this new, bold strategy came about, have been "seized by fear" (ibid.), that the "fear that the realities of our country cannot adapt to 21st century ideas has suppressed the potential of our cities. This fear has seized all urban planning and development in Pakistan" (ibid.).

4. The Absence of Political Economy

A claim leveled against the *Framework* is that it is elitist and anti-poor, and that it avoids tackling—or even discussing—core issues with a political economy focus, making much of the technicist, pro-market, and anti-state orientation of the New Growth Strategy redundant and seen in a vacuum. The absence of "who" and "how" is going to make some of the *Framework*'s recommendations and many of the ideas seem mere window dressing, and probably accounts for the major reason that one does not hear about this New Growth Strategy one year after its launch. However, one underlying feature of the *Framework*'s documents and the numerous "international experts" who participated and commented on the growth strategies seems to be their complete inability to understand the context of Pakistan and its problems.

The reference points for some of the participants seem to be completely unconnected with the structures, contexts, and constraints that face Pakistan and its growth formulation. John Speakman, the World Bank private sector specialist speaks of his experience of cities in the Middle East and compares them to Pakistan since "cities" form one of the four core pillars of the *Framework*. On being asked where he sees the constraints and challenges with regard to the emphasis on cities in Pakistan and why these cities have been unable to evolve, he addresses a theme that has not been adequately raised in the *Framework*—that of revenue generation. While he shows his lack of familiarity with Pakistani cities in general, he argues that, "cities don't have the money. I previously visited Middle East and have seen very successful cities there. The reason for these cities to be successful was their earning sources, revenue generation and tax collection. But here the cities, generally and specifically in Pakistan, have cash constraints" (cited in Pakistan, Planning Commission, 2011a, p. 97). Although it is quite irrelevant to compare cities in the Middle East with those of Pakistan, Speakman does raise an issue that has been neglected in much of the *Framework*. Other commentators do not even do that, and raise issues specific to the United Kingdom or other developed countries and expect, given Pakistan's specificity, that anything of substance can be replicated (see A. Rathmell, cited in Pakistan, Planning Commission, 2011a, p. 40).

There are numerous themes and issues that the *Framework* has ignored, side-stepped, dismissed, or given short shrift to, which seem to be fairly obvious to anyone even remotely familiar with Pakistan's economy, let alone at the Planning Commission. Avoiding a host of critical issues greatly diminishes the contribution and importance of the New Growth Strategy and the *Framework*. Some important ones need to be pointed out.

The deputy chairman of the Planning Commission states that the media in Pakistan does not discuss this important subject of growth and that, instead, "we find media and experts discussing issues like Tax-to-GDP ratio and sovereign economy [*sic*] whereas there are many other important issues to discuss like growth and creating opportunities for the youth in the country" (N. Haque, cited in Pakistan, Planning Commission, 2011a, p. 14). He continues, "We have a resource gap in our country. Resource gaps are there everywhere around the world. It is not [a] question of resources but to reorganize ourselves and think differently" (p. 55). Clearly, to dismiss the resource gap and to not put the diminishing tax-to-GDP ratio, which has fallen from near 12 percent in 1999 to nearer 8 percent in 2012, at the forefront of any discussion of reform, really does undermine any sense of honest appraisal that the *Framework* and New Growth Strategy may hold for Pakistan. Thinking differently without a revenue base, is certainly a novel way to articulate Pakistan's growth strategy.

Moreover, the obsession of the Planning Commission and its deputy chairman with privileging the market over the state and government in an era after the 2008 global crash is indeed one of the most startling aspects of the *Framework* and New Growth Strategy. It only reveals the very blinkered ideological position of those responsible for developing and endorsing the *Framework*. Even Chicago, that holy bastion of Friedmanite free market economics, has had to rethink economic strategy and intervention after the economic crises of just a few years ago. The so-called "New" Growth Strategy should have kept itself up-to-date with recent developments in economic theory and practice. The failure of an unbridled free market has not just been recognized in theory and economic textbooks, but also across the "quality of life"—a term that the *Framework* frequently uses—of millions of inhabitants in Europe and the United States.

Along with the Planning Commission's free market bias under its current deputy chairman, no opportunity is missed to dismiss all and any government efforts. In order to propagate its anti-government ideology, the *Framework* insists that Pakistan's problem is one of "software," not of "hardware" such as physical infrastructure. Again, this questions the legitimacy of the New Growth Strategy in light of Pakistan's acute power crisis and the absence of other physical infrastructure, which, while acknowledged in the *Framework*, are considered to be merely problems of governance. Moreover, one of the keynote speakers at the International Conference on the Framework for Economic Growth, Ajay Chhibber, also pointed out that the work of the Growth Commission closely examined 13 cases of sustained high growth—those economies that had achieved 7 percent or above for 25 years or more and found that there was "a *big role* for infrastructure in high-growth economies" (cited in Pakistan, Planning Commission, 2011a, p. 17; emphasis added). It is not clear how the free market private sector will play a "big role" in infrastructure development in Pakistan. Perhaps in Korea and Turkey this may be the case, but it is not possible with regard to infrastructure, to completely throw out the state and the government in Pakistan. Other World Bank specialists have also argued on similar lines

> The proposed "strategy" of relying upon the private sector to make necessary infrastructure investments (because the public sector essentially has no funds) is essentially a cop-out. It dodges the real issue—how to create the necessary fiscal space and make the essential public expenditure choices that are the duty of any responsible Government. Fascination with private sector initiatives as the solution to all problems also reminds me of the World Bank's monumental policy mistake along the same lines—something it has been forced to reverse recently after more than a decade of costly errors (A. Zulfiqar, e-mail communication, 3 May 2011).

Perhaps it is also this free-market, private-sector orientation of the Planning Commission's New Growth Strategy and *Framework* that does not tackle head on, the problem of political economy, inclusive growth, or state intervention to address those who have been, and will continue to be, excluded, even if growth does take place.

One of the main contributions this New Growth Strategy could have made in order to distance itself from what its documents call the "traditional" approach to growth was to have brought in issues of politics. The *Framework* does acknowledge that Pakistan is a democracy and that democracy does have its own practices and forms. However, the documents' authors need to be reminded that it is now a fairly well established fact even in orthodox economics that "the political or the social are *constitutive* (rather than merely contiguous or contributory) aspects of the economy" (Deshpande, 2012, p. 41). Issues of growth, governance, and cities, which the *Framework* highlights, are all issues of political economy, politics, and power. So is the key issue of distribution, something which does not play an important role in the *Framework* and its companion documents.

This failure to even discuss, leave alone to deal with, the political, is a great flaw in any technicist attempt to create growth, especially as research has shown time and time again, that it is politics and political institutions which create the sort of economic institutions that give rise to inclusive growth (Acemoglu & Robinson, 2012). Research confirms that political institutions shape economic institutions and are shaped by the latter in turn. While attempting to talk about growth or prosperity, but avoiding a discussion on issues of power and politics, much of the New Growth Strategy's analysis becomes just another document produced by the same type of departments and institutions that the Planning Commission so likes to belittle. Sadly, its own efforts, despite great ambitions and good intentions, fall into the same category.

The absence of a discussion on the political and of the articulation of power also necessarily avoids the question of the distribution of wealth, assets, and the nature of growth and its spoils. This is an area neglected in the Planning Commission's documents and since it is beholden to the free market, one presumes that it believes that poverty and the distribution of growth will "take care of itself" through some hidden hand despite ample global evidence suggesting that this does not happen. This is particularly so in the case of *growing regional, provincial, and income inequalities*. The market, or even the dynamic entrepreneurs who form the backbone of the *Framework*, cannot address the question of equality, whether regional or income. In fact, if anything, one can expect this free-market ideology propagated by the Planning Commission to exacerbate income and regional inequality much further. One still needs government to intervene and interfere and to ensure that some rights are delivered to those who demand and deserve them. Nowhere can the market do this adequately.

Since much of the focus of the Planning Commission's documents is on cities as a hub of future growth, one must emphasize these documents' complete lack of understanding of what cities are and how they function in third-world countries. Sadly, the examples given by many of those who propagate the Planning Commission's views are from the Middle East or first-world cities, where issues and problems are markedly different. It is this elitism of the notion of "world-class" or lead cities that exposes the absence of understanding of Pakistani cities. The apparent absence of thinkers and planners who are familiar with Pakistani cities—such as Arif Hasan and Tasneem Siddiqui, both of whom have changed the lives of many Pakistanis who live in cities—is reflected in how the city is imagined. Unlike those who have written or subscribe to the vision of the Planning Commission on cities, anyone who studies cities in Pakistan would know that they are already the hub of innovation and creativity. The difference, however, is that these aspects of the city are not those that the Planning Commission envisages; the motor of dynamism in third-world cities is the eyesore of the Planning Commission—the informal sector.

An absence of the recognition of how the informal sector leads urban dynamism reveals that those who imagine the cities of the New Growth Strategy live in very different worlds from most Pakistanis. As one of the participants makes clear in his comments, "Islamabad is considered to be one of the best developed cities in Pakistan but, because of slums coming up and informal development taken place around in recent past, [*sic*] it is not that Islamabad which was dreamed at the time of planning" (T. Shamshad, cited in Pakistan, Planning Commission, 2011a, p. 51). Islamabad is probably the least representative of Pakistan's cities, but here, too, one can see the emergence of the ugly informal sector, where elsewhere, it is considered a motor for development. As one participant from a third-world city at the International Conference on the Framework for Economic Growth reminded urban planners from Pakistan, "The informal city needs to be recognized as what it is, not encroachment, but as a part of the city where people live, work, and create something. The challenge ahead is that how to bring informal part of the city into the overall growth framework and make poor people participate in overall growth effort" (E. A. Wegelin, cited in Pakistan, Planning Commission, 2011a, p. 87).

Nevertheless, the *Framework*'s apolitical stance is also manifest here, since there is no mention of local-level politics. In democracies, governance is an issue of politics and representation as well as vested interests, and cannot be devoid of such influences. Those who understand urban development and cities, however, know better: "[The] important thing is the need for institutions particularly at local level to make this happen which requires more capacity at level of local bodies and sub local levels and a capacity to recognize them as a legal part of the society, deal with the communities and engage them in positive activities (ibid.)." The New Growth Strategy is devoid of any such recognition or understanding.

5. Conclusions

A private sector-led, free market-oriented New Growth Strategy that does not directly take on issues of tax evasion by the same private sector—which is supposed to be that engine of growth—or a strategy that does not tackle a low tax-to-GDP collection ratio, is committing a criminal offence by continuing to protect and subsidize Pakistan's elite and its private sector. Similarly, by undermining and dismissing the significant if wayward role of government and the state, the Planning Commission does a disservice to its own pro-growth strategy, and also exposes its ideological moorings which, at least globally, have been beaten into a different shape following the 2008 global crisis. The Planning Commission, with its gungho private sector and free-market ideology is far out of step with even those who defend the private sector and the free market.

By ignoring central issues related to politics and the articulation of power, and of issues that fall in the realm of political economy, the Planning Commission writes a highly technicist script that has little value in the messy world of realpolitics. Issues of distribution and inclusive institutions for growth are overlooked. It is exactly one year since the launch of the *Framework for Economic Growth*. Perhaps it is for these reasons that no one talks about this New Growth Strategy any longer. Like many ill-designed technicist reports and strategies lacking much context to the society in which it is supposed to be placed, this, too, fortunately lies buried in the pile of reports and strategies devised by such institutions. Using the same principles of results-based management so central to how its New Growth Strategy is to be implemented and assessed, and following its distaste for government and its penchant for the private sector, perhaps the lesson post-one year of the New Growth Strategy is that it is the Planning Commission itself that needs a revamp and different orientation, one less ideologically blinkered and more in tune with Pakistan's actual, existing conditions, problems, and reality.

References

Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail: The origins of power, prosperity and poverty*. London, UK: Profile.

Deshpande, S. (2012, April 21). Capitalism, exclusion, transition: The politics of the present. *Economic and Political Weekly*, *47*(16), p. 41.

New growth strategy offers captivating vision for Pakistan. (2012, December 22). [Web log post]. Retrieved from http://115.186.133.2/nda/Blogs/tabid/56/EntryId/42/New-growth-strategy-offers-captivating-vision-for-Pakistan.aspx

Pakistan, Planning Commission. (2011a). *International conference on "Framework for economic growth, Pakistan"*. Islamabad, Pakistan: Author. Retrieved from http://www.pc.gov.pk/feg/PDFs/2012/FEG-Final-Report_2-1-2012.pdf

Pakistan, Planning Commission. (2011b). *Pakistan: Framework for economic growth*. Islamabad, Pakistan: Author. Retrieved from http://www.pc.gov.pk/hot%20links/growth_document_english_version.pdf

Pakistan, Planning Commission. (2012). *Growth strategy of Pakistan, 2011: Infographics* [Presentation slides]. Retrieved from http://www.pc.gov.pk/feg/PDFs/Infographics%20of%20Growth%20Strategy%20of%20Pakistan.pdf