**Pakistan’s best option**

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Friday, May 10, 2024

The global economy has gone through multiple stages of development – from laissez-faire to neoliberalism, passing through the socialist concept of central planning that leads towards a closed economy.

The most favourable concept developed so far revolves around public-private partnerships (PPP), with many countries opting for privatization of state-owned companies.

These concepts are primarily owned and nurtured by economists with a tilt towards the capitalist system, where the private sector takes the lead and the state becomes a regulator. The larger and most important question for countries like Pakistan is whether to go all-out for PPPs or privatization or adopt a hybrid mix of both for economic development.

Pakistan has gone through various interesting experiences in its 76-year history, starting from the private sector leading the development side, followed by a nationalization drive, and the takeover of development by the private sector. Although public-sector entities (PSEs) became an important part of our economic planning mainly for employment purposes largely influenced by political parties, the private sector worked freely to earn much of its profits through monopolization and cartelization.

In Pakistan, the public and private sectors work freely through a mutually exclusive mode of functioning involving state institutions. But the fact remains that Pakistan has failed to grow and meet the expectations of Pakistanis even though it has the potential for high growth and becoming an Asian tiger.

A hybrid political system has been the main hurdle to achieving robust growth, as Pakistan mainly relies on foreign loans, aid and support programmes from Western countries. The result is a debt-ridden economy with continuing efforts by the government to cope with the situation.

Pakistan is at a crossroads, forced to take unpopular decisions to help save the country from default. The decision to get rid of SOEs through privatization is not free from criticism as Chairperson of the PPP Bilawal Bhutto-Zardari has opposed the government’s decision to privatize PIA and other SOEs. He says that the government should go for public-private partnerships instead of all-out privatization. The question remains which way to go and what is the best course for Pakistan: whether to go for the PPP model or privatization or the hybrid mix.

I believe that the hybrid model would work well. The government’s decision to privatize SOEs like PIA may be in the best interest of Pakistan to get rid of loss-making entities. But such a privatization process in countries like Pakistan carries risk as it usually rests on crony capitalism. The last privatization process during the first Nawaz Sharif government was abuzz with news and allegations that personal interests were being served by selling PSEs like MCB to close associates and investors.

It is a fact that privatization – regardless of where it took place and especially in developing countries – always leads to similar allegations against the incumbent rulers. But since there is some weight in such allegations, it is better to take steps to avoid any dishonesty. All processes should be transparent.

Most developed countries have a robust private sector that contributes to economic development, boosting social indicators. The role of their governments is limited to acting as regulators instead of running the businesses. But in China, it is quite a different story. The Chinese government has opted for a hybrid model of economic development. While it allows the private sector to grow, it has opted for the PPP model in most of its corporate entities.

The government floats shares for private investors to invest in industry and corporations while holding a majority of shares. The role of the state in decision-making has not been undermined but rather refined through a mixed bag of consultative processes. This is a success story, as China is progressing well on the economic front.

Pakistan needs to adopt the PPP model for the future course of economic development once it gets rid of loss-making SOEs. The federal government has already passed the Public-Private Partnership Act, 2017, and now the cabinet has approved the PPP policy (P3 Policy) after a consultative process. This is good news for Pakistanis that the government is adopting the PPP model and will be executing its development projects by involving the private sector through PPP mode.

The government should provide resources to facilitate the private sector to invest. We exercise this model in the oil and gas sector, where E&P companies get concessions. This is a win-win situation.

Another area of concern may be power-sector companies. DISCOs must run through PPP mode. There is a lot of potential for investment in these power distribution companies. The shares of these companies could be offered to private investors in P3 mode for future development. The privatization of these companies may not be possible nor could be beneficial to our economy.

Private investors would be more than happy to get shares and management, as seen in the case of PTCL. The government must offer power distribution companies to investors, paving the way for more investment in the field. There is no other model but the P3 model for Pakistan to follow.

Pakistan has a lot of potential to grow by attracting FDI in the fields of oil and gas, mines, minerals, agriculture, ports, and aviation. The SIFC is already actively pursuing these projects for economic stability. Saudi investors have also visited Pakistan and held meetings with government functionaries and people from the private sector for B2B and G2G projects. This is a good start, creating a feel-good factor among ordinary Pakistanis and investors for future business development. The government needs to focus on this mode of working and investment for future course of action. The P3 policy needs to be implemented by the federal government in letter and spirit. The provinces are already following PPP policy on a long-term basis.

We are facing multiple issues of law and order, security and investors’ confidence that must improve. No policy can work in an atmosphere of uncertainty, lawlessness and fear. People’s confidence also needs to be restored to give hope to youngsters to contribute, as they have lost trust and confidence in the system owing to multiple factors.

There is no ideal situation to work here. The leadership should rise to the occasion to instil hope among people and potential investors to invest in Pakistan.

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