

Pakistan: The Economy of an Elitist State, Husain, Ishrat.
Oxford University Press, second Edition, 2018, 538.

*Arhama Siddiqua**

Dr. Ishrat Husain's book "*Pakistan: The Economy of an Elitist State*" is based on the thesis that a small group of elites have managed to "hijack the state" and "rig the market" for their own benefit. As a result of this, these "elites" now control both the private and public sector. No matter which way the economy changes — market mechanism or state control — given the present structure, the gains will always continue to go to the elites who control the system. This has further given birth to the idea that irrespective of regime change, the system will always be characterised by a lack of integrity coupled with shortcomings in the market. Moreover, given the author's present role as the advisor to the Prime Minister on Institutional Reforms and Austerity, he is well-placed to make observations on Pakistan's current situation.

During the course of his book, the author starts off with an examination of first the primary and secondary sectors of the economy i.e. the agriculture and industry. He then moves on to talking about fiscal and monetary issues. He also notes the importance of investing in the social sectors, particularly the health and education sectors. He also questions the role of the state and market and says that in an ideal situation, any failure in the market mechanism should be addressed by a balanced judiciary. The state and the judiciary should have a complementary and not an antagonistic relation he states.

In Pakistan, the main problem lies with the rent-earners which have been managing to evade taxes. These include large scale landowners which started off receiving benefits from the Green Revolution in Ayub Khan's tenure. While Bhutto's nationalisation policy ended up hurting the private sector, patronage provision in the Zia era furthered the income distribution gap. In all this, small farmers and business were sidelined by the government. In a non-competitive market, a pattern of inefficient allocation

* *The reviewer is Research Fellow, Arms Control and Disarmament Centre (ACDC), Institute of Strategic Studies Islamabad.*

was set and administered by despotic exercise of political power. The 'Elitist State' had been set up.

Chapter 7 titled "Explaining Pakistan's Economic Performance" is the most important chapter of the entire book because it manages to analyse Pakistan's overall economic accomplishments as well the setbacks it has faced in a phased manner. According to the author, growth paradigm is equally important to the speed at which growth is taking place. Furthermore, greater equality in the distribution of wealth, human capital and political power will increase the likelihood of market expansion and technological advancements. Taking into account domestic parameters - which encompass both policy and institutional factors, as well as exogenous factors and flow of resources, Dr. Husain is of the opinion that these have been in favour of Pakistan's economic performance.

Dr. Husain talks of how colonial era practices, of too much reliance of the people on the government have been carried forward. He gives example of the Edhi Trust which illustrates the potential harnessed by the private and social sectors. In the final two chapters, the author presents a vague, indistinct outlook of the future trajectory of the economy. He, however, outline three key areas which are important for the revival of institutions: the judiciary, education and the financial sector.

The present economic situation is improving as macroeconomic stability is achieved. However, the benefits to the common citizens would be gradually identifiable with the resumption of socially inclusive economic growth and job creation. In order for that to happen, the state, markets and civil society have to work together in harmony and unison. This will help in moving away from the present trajectory that benefits a minority which is the elites of this society.

One shortcoming of the second edition of this book is that it contains a lot of information from 1995 with only passages added on at the end from 2008 onwards. Overall, the book has been written in a way that will be comprehensible even to the layman and is bound to stimulate dialogue and generate new ideas. The manner in which Dr. Husain authors the study of the economy of Pakistan enables the reader to understand the current economic situation better. That said, this book is not limited to economists alone but is meant for a much wider readership.