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MEETING THE CHALLENGE OF DEMOGRAPHIC CHANGE THROUGH EQUITABLE DEVELOPMENT

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INTRODUCTION¹

Pakistan is undergoing a demographic transition as fertility rates decline along with an increase in the percentage of the working age group in total population particularly the youth. If the young population gets entitlements to education and health with access over opportunities for investment and high wage employment, Pakistan can be placed on the path of high growth and peace. Failure to channelize the creative energies of the youth by involving them in the process of economic growth can lead not only to a loss of the growth potential but to increased violence in society. Addressing the challenge of demography and development will require a change in the institutional structure of economic growth and public policy. In this paper we will first briefly indicate the elements of the demographic challenge, then identify the paradigm shift that is required in thinking about growth and poverty reduction. We will then address the employment challenge, analyze the sectoral composition of employment and identify the strategic sectors as well as the institutional changes required to accelerate the employment generation capacity of the economy. Finally, we will outline some of the major features of a new path to development: a path that is sustained by actualizing the capabilities of an increasingly young population.

I. THE CHALLENGE OF THE DEMOGRAPHIC TRANSITION

The census data shows a change in the age structure of Pakistan's population: the growth rate of the labour force has been faster than the overall population growth rate. Consequently the working age population (ages 15 to 64) as a percentage of total population increased from 54 percent in 1998 to 57 percent in 2005. At the same time the dependency ratio (the ratio between population below 15 years and over 64 years of age) divided by the working age population, declined from 0.86 to 0.75. These trends are expected to continue over the next two decades, and the dependency ratio will reach its lowest level by 2030 (Government of Pakistan, May 2011)². The falling dependency ratio means more working people taking care of fewer dependents. Therefore it constitutes an opportunity for higher economic growth if those in this age group are provided productive employment. The data suggests

¹ The author gratefully acknowledges helpful suggestions by Ms. Zeba Sathar on an earlier draft of this paper, without implicating her in any way.

² Pakistan: Framework for Economic Growth, Planning Commission, Government of Pakistan, Islamabad, May 2011. Page 26.

that this opportunity is a window in time for Pakistan: it will last till the year 2050 when the growth rates of population and the labor force are projected to merge (Government of Pakistan, May 2011)³.

The increasing weight of the working age group in the total population has been driven by declining fertility rates. However, the decline in fertility rates has been relatively slow. At present trends by the year 2015 the total fertility rate (TFR) is projected to fall to 3.4, and by 2030 it is expected to reach only 2.6 (Akmal Hussain, Khawar Mumtaz and G.M. Arif, 2010)⁴. The fertility decline will have to be accelerated if the working age group is to become large enough to provide the “demographic dividend” and the associated opportunities for high economic growth.

Not only is the working age population percentage increasing but more particularly the proportion of young age groups in total population is increasing rapidly. It has been estimated that over 60 percent of Pakistan’s population is below age 30. The labor force in the age group 15 to 49 was estimated at 96 million in 2010 and is projected to increase to 181 million by 2050, while the total labor force is expected to increase from 110 million in 2010 to 235 million in 2050. This means that 3.1 million persons, out of which 2.1 million will be young, are expected to enter the labor force every year over the next four decades. Unless they are provided adequate education, health and livelihoods the very economic potential of this demographic change can have explosive social and political consequences.

II. **CHANGING THE PARADIGM OF ECONOMIC POLICY: GROWTH THROUGH EQUITY**

The pattern of economic growth in the past suggests that the structure of Pakistan’s GDP growth has three features:

(i) *Unsustainable Growth.* The problem of unsustainable growth is indicated by the fact that relatively high GDP growth has occurred only in spurts during periods when large concessional capital inflows were available, and has declined sharply when foreign aid fell. For example in the 1960s during the military regime of Ayub Khan large foreign aid flows became available as the Ayub regime joined the SEATO and CENTO pacts to become part of the US alliance against the Soviet Union. So, GDP growth reached about 6 percent during this period. In the subsequent period 1973 to 1978 when the government of Prime Minister Z.A. Bhutto adopted a more independent foreign policy, aid fell and so did the GDP growth rate, being on average 4.9 percent annually. GDP growth accelerated again in the following decade 1978-88 during the regime of General Zia ul Haq when foreign aid inflows increased sharply and GDP growth accelerated to 6.6 percent annually, as the

³ Ibid.

⁴ Akmal Hussain, Khawar Mumtaz and G.M. Arif, Report of the Working Group on Poverty Reduction Strategy and Human Resource Development, Tenth Five Year Plan (2010-15), Planning Commission, Government of Pakistan, Islamabad, January 2010.

military regime positioned Pakistan to play a front line role in the American sponsored 'Jihad' against Soviet troops in Afghanistan. Again during the subsequent democratic interlude 1988-98, foreign aid flows fell sharply and GDP growth rate declined to an average annual of about 4 percent. In the subsequent Musharraf regime (1998-2008) large foreign aid inflows once again became available as Pakistan began to play a key role in the war against terrorism, and GDP growth accelerated sharply to 6.3 percent annually. In the following period of the democratic government (2008-11) GDP growth declined sharply once again to 2.6 percent (Akmal Hussain, in Hussain and Dubey (ed), Forthcoming)⁵.

(ii) *Growth with Inequality*. Economic Growth has been accompanied by increasing inequality. The Gini coefficient in the mid 2000s was 32.7. This figure may understate the degree of inequality because, (a) the Gini coefficient by its very nature is biased towards middle values and is relatively less sensitive to the extremes of income at the top and bottom end of the income range. (b) The upper end income category in the data is not disaggregated to indicate the incomes of the richest. Burki estimates that the richest 18000 of the population have on average an income of USD 72,700 per capita compared to the overall per capita income of USD 1,050 for the population as a whole.

(iii) *Low Employment Elasticity of Growth*. The elasticity of GDP growth with respect to employment and poverty reduction is relatively low. The evidence on unemployment trends in the period 1999-2011 shows that the unemployment rate does not fall substantially with higher growth. At the same time during low growth years, as those who get unemployed in the formal sector shift into employment in the informal sector, the overall unemployment rate does not rise substantially. During the years 1999 to 2001, the unemployment rate remained at about 6 percent, and gradually increased to 8.3 percent in the year 2004 (Akmal Hussain, April 2008)⁶, reaching 10.3 percent in 2011⁷. These figures of course do not include that section of the under employed labor force whose period of employment in the year and the wage rate are so low that their income is below subsistence levels. If such underemployed persons are included then the unemployment figure may be substantially higher.

⁵ Akmal Hussain, Institutions, Economic Growth and Participatory Development, Table 1, chapter, in SJ Burki and Rashid Amjad (ed), Pakistan: Moving the Economy Forward (Forthcoming). This table is based on: Akmal Hussain, Strengthening Democracy through Inclusive Growth, Table 1, chapter in, Akmal Hussain and Muchkund Dubey (ed), Democracy, Sustainable Development and Peace: New Perspectives on South Asia, Oxford University Press, New Delhi (Forthcoming).

⁶ For unemployment figures for the years 1999-2004, see Akmal Hussain, Institutional Imperatives of Poverty Reduction, Research paper Series, Institute of Public Policy, Beaconhouse National University, Lahore, 17th April 2008.

⁷ The unemployment figure for the year 2011 in the labor force survey data is only six percent because it includes unpaid family workers in the employed category unlike the figures before 2004. Therefore the 2011 labor force figure is adjusted upwards to exclude unpaid family domestic workers, in order to make the figure consistent with earlier years.

Given the existing structure of the growth process with low employment elasticity, a five percent GDP growth has been generating employment for less than 1 million persons per year. At the same time, even after six decades of growth as much as 40 percent of the population may be below the poverty line. The policy challenge is to substantially reduce poverty and generate employment for over 3 million people who on average will be entering the labor force annually over the next four decades. What is required is to: (a) sustain a higher trend rate of GDP growth of 7 to 8 percent, and (b) restructure the growth process so as to enhance the growth elasticity with respect to employment and poverty reduction.

To meet these strategic objectives an inclusive growth paradigm is required. As I have discussed elsewhere this involves changing the present elite based institutional structure that generates rents for a small elite by restricting competition and systematically excluding the middle class and the poor from the process of investment and high wage employment. (Akmal Hussain, in Burki and Amjad, Forthcoming)⁸ Generating a higher and sustained GDP growth with high elasticities for employment and poverty reduction will require institutional changes for inclusive growth. I have argued in a contribution to another book, that an inclusive growth strategy will involve institutional changes to enable the middle class and the poor to acquire productive assets and equitable access over credit and markets for goods and services. Specifically such an inclusive growth strategy would include four elements (Akmal Hussain, in Hussain and Dubey (ed), Forthcoming)⁹: (i) A process of localized capital accumulation in the micro enterprise sector through the methodology of Participatory Development. (ii) A small and medium farmer strategy for accelerated agriculture growth through the provision of land ownership rights to the landless and institutionalized support services for land development and technologies for increasing yields per acre. (iii) Developing an institutional framework for accelerated growth of small and medium scale enterprises by increasing their production and exports of high value added products in the light engineering and automotive sectors. (iv) An institutional framework for providing productive assets to the poor through equity stakes in large corporations which are owned by the poor and managed by professionals. These large corporations could be initiated through public-private partnerships in the livestock, milk products and fisheries sectors.

⁸ Akmal Hussain, Institutions, Economic Growth and Participatory Development, chapter in, S.J. Burki and Rashid Amjad (ed), Pakistan: Moving the Economy Forward (Forthcoming), op.cit.

⁹ For a more detailed discussion of the elements of an inclusive growth strategy, see: Akmal Hussain, Strengthening Democracy through Inclusive Growth, chapter in, Akmal Hussain and Muchkund Dubey (ed), Democracy, Sustainable Development and Peace: New Perspectives on South Asia, Oxford University Press, New Delhi (Forthcoming).

This four pronged inclusive growth strategy aims for a higher and more sustained growth *through* equity. This could be achieved through an institutional framework whereby the middle class and the poor are enabled to engage in investment, competition, innovation and productivity increase.

III. THE EMPLOYMENT CHALLENGE AND ACTUALIZING THE EMPLOYMENT GENERATION POTENTIAL

(i) *Employment and Labour Productivity.* Given the existing structure of economic growth, the employment generation capacity relative to the growth of the labour force is unacceptably low. As indicated in the preceding section on growth policy (Section II-iii), the employment elasticity of GDP growth with respect to both employment and poverty is relatively low. While during high growth years, the unemployment rate does not fall significantly, during low growth years the unemployment in the formal sector is accompanied by a shift of the labour force to the low wage informal sector. Consequently poverty is accentuated even in the employed section of the labour force. Since over 91 percent of the labour force is unskilled, a large proportion of those who are employed have such a low level of productivity and hence such low wages that the households they head, cannot make both ends meet.

The employment challenge therefore is two-fold: (a) Change the sectoral composition of GDP growth so as to increase the weight in GDP of sectors with high employment elasticities. (b) Create an institutional framework for providing technical training and credit so that the employed workers can increase their productivity and hence wage levels, while at the same time a larger percentage of the labour force can achieve productive self employment.

(ii) *Employment Growth by Sector: the Actual and the Possible.* The evidence on employment growth by sector during the last decade indicates both the challenge and the potential of increased employment generation in the economy. The following table on employment growth by sector shows that employment growth rates during the period 2001-02 to 2009-10 for most sectors are quite low. In the case of agriculture the employment growth rate of only 1.7 percent suggests the potential for achieving higher employment growth in this sector through a focus on accelerating the growth and productivity of the small farm sector (less than 25 acres). At the same time the evidence shows that there is high employment growth in sectors such as finance and insurance (18.7 percent), wholesale and retail trade (6.5 percent), manufacturing and mining (4.1 percent). Clearly accelerating employment growth in the years ahead will involve accelerating the growth of these sectors.

Accelerated growth in the manufacturing sector will require provision of adequate electricity, trained personnel and improved communication infrastructure. The considerable employment potential in the mining sector will require establishing transparent institutional mechanisms for combining foreign

with domestic enterprise to utilize the world's largest copper deposits and the world's second largest gold deposits in Balochistan, as well as the considerable coal deposits in Sindh.

Growth in the services sector such as wholesale and retail trade will require formulating a detailed institutional framework for accelerating the growth of entrepreneurship in this sector located in the burgeoning urban centres of Pakistan. Dr. Nadeem ul Haque, currently Deputy Chairman of the Planning Commission has already identified the potential of domestic commerce in urban Pakistan and outlined the institutional changes that can utilize this potential (Planning Commission, May 2011)¹⁰. Some of the key initiatives in this regard are measures for increased mobility, competition and innovation amongst wholesalers and promotion of the development of value chains through enabling free entry of both foreign and domestic investment in this sector (Planning Commission, May 2011)¹¹. (Value chains are the various interlinked processes that are involved in producing goods and services and bringing them to the consumers). In the case of the financial sector, inspite of substantial liberalization, the private sector credit to GDP ratio is the lowest amongst the emerging economies. Actualizing the employment potential of this sector will require further deregulation, reduced government borrowing from commercial banks (to prevent crowding out of the private sector) development of public bond markets and lower real interest rates (Planning Commission, May 2011)¹². A major public policy initiative needs to be undertaken in this direction.

(iii) *Employment Generation through Small Farms and Small and Medium Scale Enterprises.*

Although the brunt of the burden of employment generation in the years ahead will have to be borne by the manufacturing and services sectors, yet agriculture still has a significant potential for employment generation and productivity increase.

My earlier estimate of annual employment demand for the major crops (plus fodder and pulses) is 1361 million person days. Given crop production cycles whereby farmers are employed for about 200 days for the year, this figure translates into an annual employment demand of about 5.4 million persons per year in the crop sector (Akmal Hussain, 1999)¹³. My estimates of employment generation in the crop sector by type of crop and size class of farm suggest that farms below 25 acres are generating more than twice as much employment than large size farms on average for all crops. The

¹⁰ Nadeem ul Haque, et.al., Framework for Economic Growth, Pakistan, Planning Commission, Government of Pakistan, Islamabad, May 2011. Chapters 6 and 7.

¹¹ Ibid. Page 87.

¹² Ibid. Page 40.

¹³ Akmal Hussain, Employment Generation, Poverty Alleviation and Growth in Pakistan's Rural Sector: Policies for Institutional Change, ILO, Country Employment Policy Review (CEPR), Pakistan, 1999. (Mimeo). Page 6.

employment generation by small farms compared to large farms, in the case of HYV rice is thrice as high and for maize, five times higher (Akmal Hussain, 1999)¹⁴.

These estimates suggest that if the yield and output potential of small farms could be actualized a significant increase in crop sector employment generation could be achieved. The magnitude of this employment generation potential can be judged by the fact that currently 45 percent of the employed labour force is engaged in agriculture (Government of Pakistan, 2010-11)¹⁵, while the small farm sector constitutes 60 percent of the farm area and 94 percent of the total number of farms (Akmal Hussain, in Hussain and Dubey (ed), Forthcoming)¹⁶. Utilizing this potential will require a new small farmer agriculture growth strategy in contrast to the elite farmer strategy that has been pursued over the last five decades (Akmal Hussain, April 2008)¹⁷. This strategy would involve: (a) a policy of land to the tiller by providing credit to the tenant farmers to enable them to purchase ownership rights; (b) institutionalized mechanisms for providing small farmers access over high quality seeds, fertilizers and pesticides; (c) access over new agriculture technologies for improving on-farm water management (such as laser-based land leveling and drip irrigation) and production of high value added crops (such as tunnel farming and green houses).

The employment generation from the agriculture sector can be substantially increased by accelerating growth of the off farm sector by the development of: (a) livestock development such as meat and milk production, (b) off farm micro enterprises such as processing and packaging of fruit and honey production, (c) production of local construction material. (d) industrial clusters for the accelerated development of small and medium sized manufacturing enterprises in the fields of light engineering, such as automotive and electrical parts and products.

Accelerating the growth of small scale manufacturing enterprises in the light engineering field will require setting up industrial support centres (ISCs) in industrial clusters that are located in small towns

¹⁴ Ibid.

¹⁵ Pakistan Economic Survey 2010-11, Government of Pakistan, Finance Division, Economic Adviser's Wing, Islamabad. page 161.

¹⁶ Akmal Hussain, Strengthening Democracy through Inclusive Growth, chapter in, Akmal Hussain and Muchkund Dubey (ed), Democracy, Sustainable Development and Peace: New Perspectives on South Asia, Oxford University Press, New Delhi (Forthcoming). Page 18, figures estimated from the Census of Agriculture.

¹⁷ For a detailed discussion on the Small Farmer Agriculture Growth Strategy, see: Akmal Hussain, Institutional Imperatives of Poverty Reduction, Research Paper Series, Institute of Public Policy, Beaconhouse National University, Lahore 17th April 2008.

(Akmal Hussain, 1994)¹⁸. These ISCs would aim to provide (for a price), to individual entrepreneurs the following services: (a) specialized fabrication facilities such as forging, heat treatment and surface treatment required for the manufacture of high value added products; (b) raw material banks for enabling small entrepreneurs to acquire high quality raw materials which they cannot individually afford to buy in bulk; and (c) technical training in production management, quality control, advanced mill work and precision welding.

TABLE
GROWTH IN EMPLOYMENT BY SECTOR

	2001-02 to 2009-10		
	Employment Growth Rate (%)	Value Added Growth Rate (%)	Employment Elasticity
Agriculture	1.7	3.8	0.45
Manufacturing and Mining	4.1	7.8	0.53
Electricity and Gas	-0.3	3.9	-0.07
Construction	2.9	4.8	0.60
Wholesale and Retail Trade	6.5	4.8	1.35
Transport and Communication	2.5	3.9	0.64
Finance and Insurance	18.7	17.9	1.05
Public Administration and Community Services	-2.6	6.7	-0.39
Total	2.3	5.5	0.42

- Sources: (i) Labour Force Survey (various years), Federal Bureau of Statistics, Government of Pakistan.
(ii) Pakistan Economic Survey (various years), Government of Pakistan, Finance Division.
(iii) State of the Economy: Devolution in Pakistan, Fourth Annual Report 2011, Institute of Public Policy, Beaconhouse National University, Lahore, 2011. Table A-5, Page 138.

IV. EDUCATION AND THE DEMOGRAPHIC DIVIDEND

If the opportunities associated with the demographic change discussed in section-I of this paper, are to be utilized for achieving a higher GDP growth and combating extremism it is necessary to make a substantial increase in the coverage and quality of education.

¹⁸ For a detailed discussion on the institutional framework and operations of industrial support centres, see:
(i) Akmal Hussain, Strengthening Democracy through Inclusive Growth, chapter in, Akmal Hussain and Muchkund Dubey (ed), Democracy, Sustainable Development and Peace: New Perspectives on South Asia, Oxford University Press, New Delhi (Forthcoming). Pages 28 to 30.
(ii) Akmal Hussain, Poverty Alleviation in Pakistan, Vanguard Books, Lahore, 1994. Pages 112 to 140.

IV.1 The Present Situation and Future Trends

The gross primary school enrollment rate in the year 2010-11 was 92 percent while the net primary school enrollment rate in the same year was at a rather low level of 56 percent, suggesting a high dropout rate. Secondary school education is essential to prepare girls and boys for vocational, technical and higher education. Here the situation is dismal: The net secondary school enrollment rate stands at a dismal 20 percent overall, with the figure for females being even lower at 19 percent and higher at 22 percent for males. If 100 percent net primary school enrolment rate is to be achieved in the next five years there will have to be not only a massive increase in financial allocations for this sector of education but also major improvements in the organizational structure of education for translating the increased financial allocations into the targeted outcomes. Unless there is a radical change in public sector resource allocation priorities and the focus of governance, this objective is unlikely to be achieved in the foreseeable future. Even more unlikely over the next decade, is the objective of achieving 100 percent enrollment rate in the case of secondary education, let alone improving quality and relevance of the courses taught. It appears therefore that a significant proportion of the overall population of young people entering the labor force will have no education and skills.

Apart from the poor coverage there is a serious problem with the quality of school education with respect to both curricula and the quality of instruction. Even with the existing low standards the level of attainment is even lower. A World Bank study on school education in the Punjab shows that in 1999 out of the students who took the matriculation examination only 41 percent of public school students obtained a passing grade. In view of the fact that only 16 percent of the 15 to 19 years age group reached the 10th class, the low pass percentage makes the problem of achieving coverage even more difficult.

Even more disturbing is the fact that for most of the students who pass the matriculation examination, what they imbibe cannot be called education in any meaningful sense of the term: the text books in most cases induce a narrowing of the mind, distort history and inculcate prejudice against non Muslims. The emphasis on rote learning restricts the natural spirit of inquiry of the students and constrains their creative imagination (Akmal Hussain with Khawar Mumtaz and G.M. Arif , January 2010)¹⁹. Those who pass the intermediate examination by and large confront a similarly adverse educational experience. They have grossly inadequate reading and writing skills and in most cases are not equipped to benefit from higher education even in the small percentage of cases where they are

¹⁹ Akmal Hussain with Khawar Mumtaz and G.M. Arif, Working Group Report on Poverty Reduction Strategy and Human Resource Development for the Tenth Five Year Plan (2010-15), Planning Commission, Government of Pakistan, Islamabad, January 2010.

able to get admission to a University. High School and Intermediate level education in the way it is presently organized in many public schools fails to broaden the mind, develop a humane sensibility or nurture the spirit of critical inquiry.

Given the narrow base and poor quality of high school and intermediate level education it is not surprising that the majority of the students who enter University in Pakistan are not equipped for higher studies. This is quite apart from the fact that apart from a few exceptions, most Universities in Pakistan do not have the standard of staff and facilities to impart University level education at an international standard. Therefore University students, inspite of investing a significant amount of their family's financial resources and 2 to 4 years of their lives, in most cases face no intellectual challenge, remain oblivious to the debate and research in their respective subjects, and do not have the understanding of their subject and the skills necessary to reach even the minimum international standards or get high wage employment.

Present trends suggest that by the year 2030 for the age group 10-14 years, the enrollment rates may increase to a maximum of 55 percent for males and 45 percent for females. This means that the population-education gap for males will be 37 million and for females 41 million over the next two decades. Clearly young people entering the labor force, if they have missed school or failed to complete secondary education would be unable to earn the income necessary for a life of dignity. The present tendency towards extremism, intolerance and violence could acquire an explosive potential if the expected 52 million young persons (aged less than 49 years) entering the labor force over the next two decades are uneducated and incapable of earning a decent living. It is crucial therefore to urgently change the public sector resource allocation priorities, associated management systems and the growth paradigm to focus on providing adequate education, skills and economic opportunities to the burgeoning and increasingly young labor force in the years ahead.

IV.2 The Education for Development and Democracy Programme

A major new initiative is required to reach the scale of coverage and to meet adequate quality standards in education that are consistent with establishing the social and economic basis of sustaining democracy and development. In this context the following objectives can be specified:

III.2.1 Schools: New Institutional Mechanisms

(1) After the 18th Amendment education is now essentially within the domain of provincial government. However provision of education of requisite standards is in the interests not only of provincial development but is also central to the task of building a better future for the country as a whole. Therefore the federal government needs to:

- (a) Facilitate capacity building in the education sector of each province, for resource mobilization, project formulation, monitoring and implementation.
 - (b) Create a forum where the relevant stakeholders at the provincial level can come together to formulate education strategies in an inter-provincial coordination process. It would also identify financial support requirements for education from the federal government and foreign donors within time bound development strategies of each province.
 - (c) Decentralize fiscal powers to provinces to enable mobilization of resources for the education programme.
- (2) Achieve 100 percent net primary school enrollment rates in the next 5 years and 100 percent net enrollment rates at the secondary school level within 8 years. To achieve the enrollment targets at the primary and secondary school levels coordinate the efforts of public, private and voluntary organizations
- (3) Improve the quality of education in the public and private sectors with the aim of developing the ability for reasoning and critical enquiry; nurturing compassion, a humane sensibility and the creative imagination.
- (4) To reach these objectives of quality education, undertake urgent measures to: (a) Shift emphasis away from rote learning which suppresses the creative imagination, constricts logical reasoning and the natural curiosity of the child. The new approach to education ought to develop the ability for independent thinking based on logic and observation. It should develop the ability to pose new questions, undertake the adventure of pursuing them, and experience the joy of discovery. (b) Develop a large cadre of teachers who are adept at modern teaching methods and who can adopt the proposed new approach to learning. This may require teacher training institutes in each division. The network of teacher training institutes at the provincial level should be adequately funded and staffed by world class teacher trainers.
- (5) A vital element in improving the quality of education at the school and intermediate levels is to review the curricula with a view to bringing them in line with international standards. In this regard, it is important to remove distortion of facts and falsification of history. It is equally important to remove the elements of indoctrination and bigotry from the curricula. The curricula should aim to enable the students to use facts and reasoning to understand the world around them and to objectively analyze historical processes. The curricula should also enable the students to develop a sense of beauty, and to have the imagination and skills to shape the future of their country and the world in the 21st century.

(6) An Education Council could be established in each province to facilitate public as well as private sector education with a view to maintaining high quality standards, facilities for students and safety of buildings. It could also become a resource centre for information on the latest techniques in teaching and educational management, and IT based learning which schools in the province could access as and when required.

IV.2.2 Vocational Training for Skilling the Labor Force

It ought to be a matter of urgent concern for policy makers that as the labor force grows rapidly it is mostly unskilled. As much as 91.6 percent of the labor force is unskilled. Many of those classified as “skilled” have been trained haphazardly on the job and have low skills by international standards. Utilizing the “demographic dividend” for development and achieving inclusive growth with higher employment elasticities, it is necessary to rapidly develop a wide range of skills that will be required in a growing and diversified economy. Creating the organizational basis for skill training is necessary also to absorb in vocational training centres those students completing high school who are disinclined or unable to enter University.

The Planning Commission in 2009 had developed an imaginative programme for creating a market driven, organizational base to develop a skilled labor force. This programme titled “Investing in People” (Planning Commission, June 2009)²⁰ ought to be taken off the shelf and implemented on an urgent basis to begin the process of developing a skilled labor force that can make use of employment opportunities and can in turn provide an inducement for entrepreneurs to invest and move towards a diversified economy.

IV.2.3 Higher Education for Development

A University can be defined as a place where new knowledge is produced by the faculties in various disciplines and where the students are trained to produce new knowledge. The teachers are expected to develop new perspectives and conduct cutting edge research in their fields. On the basis of such an endeavour University teachers are supposed to inspire their students to pose new questions and impart the necessary training to pursue them. A humane sensibility is cultivated and deepened through University experience; the creative imagination is developed as students are imparted the skills of expression to enable them to conduct creative work in the arts, humanities and natural sciences. Such centres of learning begin to influence the modes of thought and social action, develop the

²⁰ The New Vision for Pakistan: Investing in People, 10th Five Year Plan (2010-15), Approach Paper, Planning Commission, Government of Pakistan, Islamabad, June, 2009.

professionals who drive private enterprise, lay the knowledge base for improved public policy and governance and become catalysts in the development process.

In this sense, most Universities in Pakistan do not qualify for the title. They do not meet even the minimum international academic standards. However, concerted efforts of the Higher Education Commission (HEC) to strengthen the institutional basis for improved teaching and greater research, has led to some improvement in a few Universities, but there is still a long way to go.

A higher education base needs to be established if the “demographic dividend” is to be deployed for economic development and the building of a humane and tolerant society. Towards this objective, it may be helpful to develop a network of selected private and public sector Universities for collaborative teaching and research at international standards (Akmal Hussain with Khawar Mumtaz and G.M. Arif, January 2010)²¹. This would require adequate funds drawn from the private sector and the HEC, to hire University teachers and researchers at internationally competitive salaries and provide research facilities to selected departments in relevant fields of national development. The objectives of such a University Network for Development (UND) could be: (a) Develop a resource base of world class graduates and faculty who could catalyze knowledge intensive economic growth and the development of an enlightened society that could contribute to human civilization in this millennium. (b) Conduct world class research in priority areas of social and natural sciences, history, and make creative contributions to literature and the arts. (c) The University Network for Development could establish institutionalized linkages to provide the research input for private sector development and government policy formulation. The research input from the UND could stimulate the development of industrial products and processes, management systems and public policy.

Perhaps the most important dimension of overcoming the malaise of education is to build a new culture of enlightenment, where students are free of the fear of posing new questions and bring to bear their courage to know.

IV.3 Health and the Demographic Dividend

IV.3.1 Health and Poverty

My work for the UNDP, Pakistan National Human Development Report showed that as much as 60 percent of the sample population of the poor in 10 districts of all four provinces of Pakistan were ill at the time of the interview, and were on average ill for 90 days in the year (Akmal Hussain, with A.R.

²¹ Akmal Hussain, Khawar Mumtaz and G.M. Arif, Working Group Report on Poverty Reduction Strategy and Human Resource Development for the Tenth Five Year Plan (2010-15), Planning Commission, Government of Pakistan, Islamabad, 2010. Page 86.

Kemal, Imran Ali, A.I. Hamid and K. Mumtaz, 2003)²². There is also a high prevalence of ill health in the population as a whole. According to the National Health Survey of Pakistan, in rural areas, 80 percent of women above 45 years of age, and 60 percent of men in the low income category suffer from poor to fair health (Pakistan Medical Research Council, 1998)²³. Ill health and poverty mutually reinforce each other: While our study showed that ill health was a major trigger that pushed people into poverty (Akmal Hussain, with A.R. Kemal, Imran Ali, A.I. Hamid and K. Mumtaz, 2003)²⁴, the World Health Organization has identified poverty as a major threat to health (Akmal Hussain with Khawar Mumtaz and G.M. Arif, January 2010)²⁵. People are pushed into poverty because the high costs of medical treatment in many cases oblige marginal households to sell whatever few assets they have, as illness reduces their employment period. At the same time, since the poor do not have access over safe drinking water and sanitation and face unhygienic living conditions, they are exposed to a higher risk of disease.

IV.3.2 *Health Problems and Inadequate Health Service Delivery*

Some of the health problems needing urgent attention are inadequate sanitation, unsafe water, communicable diseases such as tuberculosis, hepatitis and HIV. The country is considered as the sixth largest burden for tuberculosis in the world and 500,000 new malaria cases occur annually. Last year there were 5,693 reported cases of Dengue fever in the Punjab with most coming from Lahore (4,494).

There is a serious inadequacy of coverage and quality of health care in Pakistan. This is due to insufficient public sector expenditure allocation on the one hand and even greater inadequacy in the organizational capacity for efficient health care delivery. Although the total public sector expenditure on health has increased significantly in absolute terms, yet as a percentage of GDP it has actually declined. A large proportion of public sector health facilities suffer from a severe shortage of competent medical staff, have inadequate diagnostic facilities, lack medicines, in some cases provide

²² Akmal Hussain, with inputs from A.R. Kemal, Imran Ali, A.I. Hamid and K. Mumtaz, *Poverty Growth and Governance*, UNDP, Pakistan National Human Development Report 2003, Oxford University Press, Karachi, 2003. Pages 69 to 71.

²³ National Health Survey of Pakistan, Pakistan Medical Research Council, 1998 (This survey was conducted by the Pakistan Medical Research Council in collaboration with the Department of Health and Human Services, Washington, USA and the Federal Bureau of Statistics, Islamabad. Pages 109 and 129.

²⁴ Akmal Hussain, with inputs from A.R. Kemal, Imran Ali, A.I. Hamid and K. Mumtaz, *Poverty Growth and Governance*, UNDP, Pakistan National Human Development Report 2003, Oxford University Press, Karachi, 2003. Page 70.

²⁵ Cited in: Akmal Hussain, Khawar Mumtaz and G.M. Arif, *Working Group Report on Poverty Reduction Strategy and Human Resource Development*, op.cit. Page 67.

spurious medicines which this year have caused the death of hundreds of patients, lack waste disposal facilities in hospitals and have dangerously unhygienic conditions under which patients are treated (Akmal Hussain with Khawar Mumtaz and G.M. Arif, January 2010)²⁶.

IV.3.3 *Major Health Hazards*

- (a) Unhygienic Drinking Water and Hazardous Food. One of the most important factors in the widespread prevalence of disease in Pakistan is that most of the population is exposed to unsafe drinking water. At the same time there is lack of an effective institutional mechanism for ensuring health safety standards in the supply of raw food items and cooked food in restaurants, tea shops and road side cafes.
- (b) Poor sanitation and lack of waste disposal facilities. Inadequate sanitation facilities combined with lack of waste disposal facilities particularly in hospitals combine to create for most Pakistanis a hazardous environment for health.
- (c) There is a wide spread illegal practice of supplying spurious medicines in Pakistan. They are either substandard counterfeits of well known brands or are supplied under substitute brand names that are also substandard. This fact was pointed out in our earlier Report (Akmal Hussain with Khawar Mumtaz and G.M. Arif, January 2010)²⁷ of January 2010, but has now been tragically manifested in the deaths of hundreds of patients in the Punjab Institute of Cardiology Lahore in January this year (2012).

IV.3.4 *Institutional Mechanisms for Addressing Health Hazards*

In order to address the major health hazards indicated above the following institutional initiatives could be undertaken (Akmal Hussain with Khawar Mumtaz and G.M. Arif, January 2010)²⁸:

- (a) Establish a National Food and Drug Administration in collaboration with provincial governments that establishes and maintains safety standards in the supply of raw and cooked food and the provision of medicines. This organization could work in partnership with local governments and community organizations at the village and mohallah levels to ensure conformity to health standards once they have been specified.
- (b) Establish provincial level Waste Disposal Authority. This should be done in collaboration with local governments, community organizations, and private sector waste disposal

²⁶ Ibid. Page 67.

²⁷ Ibid. Page 77.

²⁸ Ibid. Page 78-79.

companies. Waste treatment plants should be established for each locality to enable both safe disposal of waste and its conversion into socially useful products such as fertilizer.

- (c) National Campaign for Safe Drinking Water and Sanitation. This campaign should be undertaken by each province with the support of the federal government. It should aim to mobilize knowledge and technologies for the production of safe drinking water in each locality. In the pursuit of this objective, community organizations at the village and mohallah level can be networked with Union Councils of local government, development NGOs, private sector firms and a multi lateral donor support group working in collaboration with provincial governments to provide access over knowledge, technologies and finance.

CONCLUSION

Demographic change has placed the country on a knife edge: If the required acceleration in the employment generation capacity of the economy, improvement in the coverage and quality of education and health is successfully managed, and the changes in the institutional structure for inclusive growth achieved, then the country could be placed on a new trajectory: High economic growth, equity and an enlightened society where the youth could become the architects of a better future. However, if the burgeoning young labor force is uneducated, unskilled, unemployed, subjected to health hazards, and deprived access over health facilities, then the potential demographic dividend could become a demographic disaster for the country.

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