

## The Presidential Address

ASAD ZAMAN

Aslam-o-alaeekum! Thank you very much for coming. I would like to welcome you all to the Conference and hope it would be of benefit to us, not just academically and intellectually but that it would be of benefit to billions of people on earth who are living in abject poverty. One of the important things to realise is that this is not inevitable but rather is a result of the choices we have made. What are these wrong choices and how can they be changed is the theme of this Conference. One of the things I would like to say is that world is a battle place of ideas and these are being played out on a large scale. In the start of the 20th century, growth was understood as the process of capital accumulation. Marx and Keynes and classical economists agree on this idea that growth is about getting more wealth. However, this idea has fallen into disrepute and the clear conclusion is that growth is about development of human capabilities. It is a multidimensional process. It has many components and just the accumulation of wealth is not the solution to the problems we face. Again, it was thought that development was about gaining technology and building industries but I think the realisation is growing stronger that it is all about human lives.

Enriching human lives is what makes the difference. How to develop capabilities is what matters as the capability approach also suggests. This requires a totally different kind of thinking than what is currently taking place. The concept was, and continues to be for the large extent, that if we grow, that is the method to alleviate poverty, that we acquire wealth and with this wealth we shall help the poor. This is a completely wrong concept at the correct formulation is what Mahbub Ul Haq said that if we concentrate on improving the lives of the poor, giving them lives of dignity, they would actually do the development; they would create the development that we desire. Again, it is the reversal of priorities from the traditional one, even to the one that is even being followed. In many areas, the thinking is changing to dimensions that were previously not considered important. There has been a lot of emphasis on the hardware of development, the factories, the machines, but actually what matters, as is being realised more and more, is the software. The software is building characters, trust and integrity. These are the things that make a difference and for these, there is currently no agenda, no idea about how to do this. For various reasons, in the historical process the idea that only scientific knowledge matters emerged and became popular and therefore these important things got lost.

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Julie Reuben, who is an educator at Harvard, has written a book on the making of the modern university and the marginalisation of morality. She writes that in the early 20th century if you look at the catalogue of Harvard and other universities you would find that they had explicit goal that we would build character, we would create people with strong personalities who will be leaders of the world and they will understand civic responsibilities and this was an explicit goal of universities. But for various reasons that she enlists, these goals were abandoned—the idea of building people was abandoned and only technology was left with the result that David Halberstam in the book “The Brightest and the Beast” documents. Halberstam documents how graduates of Yale University conducted the most ruthless campaign of killing women and children and doing all sorts of barbaric acts, even though they were trained at the finest universities. Even today you can be taught how to make an atom bomb but you are not taught that it is wrong to kill innocent people, which is not part of the training. In fact, the opposite training is being given.

Therefore, the first job, which is also incorporated in the first pillar of the Vision 2025, is to build people, we have to build human capabilities. In order to do that, we have to enable people to live decent lives and that basically is what poverty alleviation is all about. That is just one dimension, as the multidimensional literature shows, it is not enough as was thought earlier that you just provide them with money and that would take care of the problems. Actually, human lives are multidimensional and one has to provide support many different dimensions, which is why it is important to do the right kind of research to understand what the problems are and how to alleviate them.

Human development has three dimensions that are important. These are health, welfare, and education. All the studies show that the cost of finding the solution is low. It is not really the economic problem that we face. To eliminate all the hunger in the world is a trivial matter compared to the amount of money that is being spent. For example, somebody quoted an interesting statistic that the amount of money being spent to fight obesity in advanced countries and on the diseases associated with over-weight, is enough to eradicate all the hunger on this planet. It is not that we lack resources, it is that we lack the political will to solve the problem. Again, this is something that the economists do not realise as they are always talking about the problem of scarcity, that we do not have enough resources to solve the problem. The issue is not lack of resources, it is of lack of knowledge, right ideas, and spirit.

Some of the most interesting work has been done by Duflo and Banerjee, who have developed the New Poor Economics. Their basic idea is that poverty is not one big problem but a thousand small problems. This has a lot of radical implications, as we have to solve a lot of small problems in order to solve the main problem. It is not like there is a magic cure following which you can change the world. It is rather we have to struggle on many different dimensions. For example, regarding malnutrition the traditional wisdom is that people do not have enough food or that they do not have enough money to buy food. Actually, the research shows that it is not true for the vast majority. People have money and there is enough food available to provide for the nutritional deficiencies. What happens is that there is lack of knowledge regarding what is the right choice and people choose delicious food over bad-tasting but nutritional food. This is not a surprising result in retrospect but can be surprising in prospect. However, this means that

the designs of the programmes to deal with malnutrition must change focus. It is not an issue of providing money or rations but it is an issue of changing cultural norms of making the food more appealing and appetising. For example, tofu is a very good nutritional choice but it is not part of the Pakistani diet but it does not taste good, so it is not an easy solution for adopting it unless we work on changing cultural norms. However, this is not the standard approach.

Problems we face are not impossible—solutions are possible. In some countries, they have made a lot of progress in terms of reducing malnutrition. If the right strategies are adopted these are not hopeless problems to solve. It is just the question of doing the right things. Similarly, health is a very interesting issue and again the standard approaches based on the wrong type of information are likely to fail. Actually, the poor spend a large portion of their budgets on health but they spend it in the wrong ways. They spend it on ineffective remedies; they spend it on visiting quacks who have no knowledge and skills. The issue is why does this happen and how can we fix it. In health, most diseases cure themselves, so if you go to a quack and he gives you medicine, you will get treated and your experience will actually be misleading. You will come to believe that the quack gave you the right medicine when in fact the disease would have cured itself. Therefore, the issue is to provide the right kind of knowledge but even that is not enough. It has not come from a trustworthy source. So, building trust, gaining trust, and then providing solution is important. One of the most exciting developments in Pakistan is the Indus Hospital which is providing care to thousands of patients completely free for several years. It spends hundreds of millions of rupees. This is very much in accordance with the Islamic traditions.

Therefore, it is not that we need medicine, or that we need technology, what we need is the realisation, the recognition, the understanding, that if somebody is sick, it is my responsibility. As a culture, as a society, we take responsibility of the poor. This is what is needed to make the change. That is the software I am talking about. This is what is exemplified by the Indus Hospital. They have put up an institution where anybody can walk in and if you are sick you get treatment; they do not say to bring the money to start the treatment. This spirit and change is what is needed to solve the problem.

Education is a very important aspect of the problem and again the research shows very surprising results. It is not that we lack resources, it is not that the buildings are not there, we have ghost schools, or that our teachers do not know how to teach, rather it is all about the software. Parents do not believe in their children, teachers do not believe in their students, and children lack self-confidence, as they do not believe in themselves. So, if we can create teachers who are inspired, who believe that the children in front of them are the potential geniuses of tomorrow, that they are Ghazalis and Einsteins, that they are Galileos and Da Vincis, Ibn Rushds sitting among the 30 students in front of him, they would then deliver the performance. They know how to teach. The children, on the other, if they have the confidence, they can achieve the results. Therefore, again, it is all the software and not the hardware that matters.

One of the keys to change is the social norms. How to change the social norms? How to create the understanding that if there is a child uneducated in Pakistan, it is my responsibility. My responsibility is not to just educate my children but all of the children are my children. If this recognition exists, then a lot can be done and it was done. This

ties with the Islamic heritage. For thousands of years, every child who wanted to receive education, received it. The idea that one has to pay to receive education was alien to the Islamic culture. In fact, the person with knowledge had the responsibility to convey this knowledge to others and he believed that he would be questioned on the day of judgment if he fails to do this.

In nutshell, I would say that basically a lot of work is required. The Chinese experience with development was based on the motto “Let a thousand flowers bloom”. Therefore, try a lot of things, do a lot of experiments because a lot of work is needed in a lot of different directions, and then harvest these ideas for success. Take the ideas that work. What I conclude is that the old methods, the ones that are currently being taught in textbooks for achieving growth and development, are wrong. We cannot focus on growth rates of GNP as this just does not work. It has been tried and it has failed. There are many new ideas on the surface, which are exciting, valuable, different and they give us directions to work that are fruitful.

These are interesting times to be living in. I hope you will catch some of this excitement from the research and be able to participate in the process of transforming both the nation and the planet. It will depend on ideas, not on the hardware but the software. Thank you.