



VIDEO CASE

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RESILIENT AND ETHICAL LEADERSHIP: DR ISHRAT HUSAIN

On the evening of 31 December 1999, Dr Ishrat Husain landed in Pakistan after two decades at the World Bank. The decision to return had unsettled almost everyone close to him. His wife worried about security and disruption. His children questioned why he would abandon a comfortable life in Washington. His parents feared that Pakistani politics would consume whatever he touched. Friends advised him to stay away from a system they believed was unreformable.

Husain himself had no illusions about the risks. Pakistan's foreign exchange reserves had reportedly fallen to around \$300 million. International sanctions following nuclear tests had tightened economic space. A military coup had just brought General Pervez Musharraf



to power, and the incoming leadership openly admitted it lacked experience in economic management.

Yet, Husain accepted the appointment as Governor of the State Bank of Pakistan without negotiation and without consultation. He later recalled that when the formal notification arrived, his reaction was not triumph but disbelief.

"I said, oh my God. [There was no consultation, no discussion.] I had to give notice to the World Bank. But I told myself only one thing: this country has made me what I am. They provided me all the opportunities. It is time for me to give back." (Video time stamp: 0:32:00 to 0:35:00)

¹ This video case was written by Dr Jawad Syed and Dr Syed Zahoor Hassan of Lahore University of Management Sciences (LUMS) for classroom discussion. It is not intended to illustrate either effective or ineffective handling of an administrative situation.

The choice marked the culmination of a leadership trajectory shaped less by linear planning than by repeated encounters with constraint, resistance, and ethical choice.

Early Adversity and Resilience

Husain traced the foundations of his leadership temperament to early experiences of displacement and hardship. His family migrated from India to Pakistan under harsh conditions, arriving with little more than the clothes they were wearing. They lived briefly in refugee camps before settling in Sindh. Physical illness, scarcity, and instability marked his earliest memories.

His father, a lawyer, placed extraordinary emphasis on education. Husain was privately schooled until seventh grade and completed his matriculation examination at the age of twelve. When he entered Government College Hyderabad for pre-medical studies, he was younger and physically smaller than his peers. The social consequences were immediate.

“I was the youngest person in my whole class, and I used to be the object of ridicule. They would cast all kinds of taunting remarks. Normally the reaction from this kind of treatment is that you either withdraw yourself, or you say, *no, I’m going to fight it and prove them wrong.*” (Video time stamp: 0:00:00 to 0:05:00)

He chose the latter. Husain began participating in debates and student activities. Within a few years, he was representing his college in national debating competitions and had been elected Vice President of the student union.

“That was lesson number one for me. You should not become overawed by bullies. Don’t give up under adverse circumstances. Face them and try to make the best of it.” (Video time stamp: 0:00:00 to 0:05:00)

He later reflected that the confidence built during these years would prove decisive throughout his professional life.

Self-Discovery and the Willingness to Change Course

Husain won a scholarship to the University of British Columbia, where he completed an MSc in Chemistry. He graduated at the age of nineteen and was offered employment in Canada, along with the prospect of citizenship. By conventional standards, the path ahead was secure. Yet he experienced what he later described as his “second discovery.”

“I realized that I’m a people’s person. I cannot spend the whole night sitting in a lab and sleeping during the day. Chemistry was not my cup of tea.” (Video time stamp: 0:05:00 to 0:07:00)

Against expectations, he returned to Pakistan and accepted a teaching position at Sindh University, Jamshoro. At the time, civil service examinations were regarded as the ultimate marker of elite success. Encouraged—almost challenged—by his father and his father’s peers, Husain decided to attempt the Central Superior Services (CSS) examination despite having little formal preparation in several core subjects.

“I said, I’ll accept this as a challenge. I had never studied American history, Indo-Pak history, or international relations. Chemistry was only 200 marks. But I went through.” (Video time stamp: 0:07:00 to 0:10:00)

He attributed his high interview scores to skills honed through debating and student leadership. In 1964, he ranked sixth across Pakistan and joined the civil service.

Learning to Compete Beyond Comfort

Early postings in finance and planning departments confronted Husain with another constraint: he lacked formal training in economics. Rather than conceal the gap, he sought opportunities to close it. Through an international program linked to Williams College and Harvard, he was selected for advanced training—despite resistance from those who questioned his disciplinary background.

“Somebody like me could have sulked and said, how can I compete with this galaxy of economists? I said, no, I’m not going to give up.” (Video time stamp: 0:12:00 to 0:16:00)

At Williams College, surrounded by peers with elite economics degrees, Husain finished at the top of his class. The experience cemented his confidence in learning through challenge rather than credentials.

Later, after completing doctoral work, he applied for a junior economist position at the World Bank. The establishment division initially blocked his application. Senior allies intervened, arguing that international competition would ultimately benefit Pakistan. Husain was selected after interviews in Washington.

The transition was jarring. He moved from a senior bureaucratic role to a small windowless office with no staff support.

“I had a car, a staff, a big office in Pakistan. Here I had nothing. My wife said, how could you leave that life for this?” (Video time stamp: 0:21:00 to 0:23:00)

He persisted. Over twenty years, he progressed from junior economist to Director, receiving seven promotions. He also encountered failure, including not being selected for some prestigious country postings. Each setback, he said, reinforced the discipline of merit-based competition.

The Call to Return

In October 1999, while on assignment in Central Asia, Husain received an unexpected call from Islamabad following the military takeover in Pakistan. He was invited to meet senior generals who had read his work on Pakistan’s economy.

“They said, we have read your book, and we want to implement this agenda in Pakistan.” (Video time stamp: 0:26:00 to 0:29:00)

When Husain eventually met General Musharraf, he set a clear condition.

“I told him only one thing: *whatever job you offer me, I don’t want any interference in my work. Give me complete autonomy but hold me accountable for results.* If that was not acceptable, I said I was not the right person.” (Video time stamp: 0:30:00 to 0:33:00)

The promise was given. Weeks later, Husain was appointed Governor of the State Bank of Pakistan.

Reforming the State Bank: Ownership Before Authority

Upon assuming office, Husain was struck by the institutional condition of the central bank.

“The chairs were broken. Wires were hanging out. There was only one PhD in the central bank. Both the physical and intellectual environments were appalling.” (Video time stamp: 0:34:00 to 0:36:00)

He initially drafted a five-year strategic plan with senior management but quickly concluded that those at the top were unlikely to drive reform.

“They were very happy with the status quo. These were not my change agents.” (Video time stamp: 0:37:00 to 0:39:00)

Instead, he embarked on a series of one-to-one consultations with departments, deliberately excluding directors so junior and mid-level staff could speak freely.

“There were youngsters who had never spoken in front of their seniors. They said, *this is wrong, this cannot be done, this is what can be fixed.*”

As their ideas were incorporated, a sense of ownership emerged. Initial resistance was intense—Husain recalled that at the first change management conference, nearly 95 percent opposed the plan. Yet implementation proceeded smoothly once employees saw their fingerprints on the reforms.

“By the sixth year, the approval rating was 95 percent. That came from empowerment, not authority.” (Video time stamp: 0:39:00 to 0:41:00)

Ethics Under Pressure: Merit, Integrity, and Resistance

Throughout his tenure, Husain insisted that ethical leadership was inseparable from personal conduct.

“If you give lectures on integrity while your actions contradict them, you are exposed. Nobody respects hypocrisy.” (Video time stamp: 0:40:00 to 0:42:00)

He emphasized meritocracy as both an ethical and strategic necessity. When a close relative failed an entry examination, he refused to intervene.

“I said, *over my dead body*. The moment I do that, I open Pandora’s box. How then can I say no to politicians?” (Video time stamp: 0:42:00 to 0:44:00)

Resistance to reform often came from entrenched interests. During bank privatization efforts, bureaucratic delays threatened to derail progress despite cabinet approval. Husain sought extraordinary authority from the President (General Musharraf) to convene all stakeholders and prevent adjournment until obstacles were resolved.

“Nobody was going home until the difficulties were removed.” (Video time stamp: 0:50:00 to 0:53:00)

Later, he learned that resistance stemmed less from policy disagreement than from the loss of personal perks associated with public-sector banking.

“Personal benefits were trumping the national interest. That is the real disease.” (Video time stamp: 0:51:00 to 0:54:00)

Dilemmas, Regrets, and the Cost of Integrity

Husain acknowledged moments where ethical leadership came at a personal cost. In his capacity as Executive Director at IBA Karachi, an influential board member attempted to undermine him for refusing interference. Husain contemplated resignation before escalating the matter to the Chancellor, who ultimately supported him.

Reflecting on his career, Husain identified two moments he regretted. After submitting a national governance reform report, he withdrew when a new government dismissed it.

“That was my mistake. I should have stayed back and fought.” (Video time stamp: 1:01:00 to 1:03:00)

Years later, he resigned again when reform recommendations were blocked by coalition politics. In July 2021, he sent his resignation to the then prime minister, Imran Khan. For the preceding three years, he had been serving in Khan’s cabinet as Adviser to the PM for Institutional Reform and Austerity.

“On retrospect, I ask myself—should I have stayed longer and fought? These are questions every leader must live with.” (Video time stamp: 1:02:00 to 1:04:00)

Purpose, Price, and Legacy

In terms of advice to future leaders, Husain emphasized purpose beyond profit; hospitals must serve the poor as well as VIPs; water boards must prioritize public need over elite convenience; educational institutions must expand opportunity for marginalized communities.

“If there is no bigger purpose, you are just a cog in the machine.” (Video time stamp: 1:03:00 to 1:05:00)

He acknowledged that ethical leadership exacts a price—strained relationships, lost privileges, and isolation. Yet he framed respect as the ultimate return.

“Today, wherever I go in Pakistan, the respect I get is unbelievable. That is my greatest asset.” (Video time stamp: 1:06:00 to 1:08:00)

In terms of his coping techniques in moments of despair, Husain spoke not of strategy but of humanity—music, poetry, and reflection. He cited music—particularly classic film songs—and poetry, especially Faiz Ahmed Faiz, as sources of grounding and rejuvenation.

“Faiz’s poetry soothes me. Music helps me recover. You reflect on consequences—whether to withdraw or bounce back.” (Video time stamp: 1:10:00 to 1:13:00)

Epilogue

More than two decades after leaving office, Husain continued to receive invitations to speak across Pakistan and internationally. He attributed this not to titles held, but to consistency between values and actions.

“You have to keep equipping yourself. But above all, you must earn respect. Without that, nothing lasts.” (Video time stamp: 1:07:00 to 1:09:00)

Appendix ‘A’: Brief Biography

Dr. Ishrat Husain is a distinguished Pakistani civil servant, development economist, and institutional reformer who has served at the highest levels of national and international public service. His career spans civil administration, global development finance, central banking, higher education leadership, and public policy advisory roles. He served as Governor of the State Bank of Pakistan from 1999 to 2006, Dean of the Institute of Business Administration (IBA), Karachi, from 2008 to 2016, and Adviser to the Prime Minister on Institutional Reforms and Austerity from 2018 to 2022.

Early Life, Education, and Civil Service Formation (1941–1978)

Ishrat Husain was born in Agra in 1941 into a middle-class family of professionals. His father was a lawyer who, in December 1947, relocated the family to Karachi to escape the communal violence of Partition. Arriving in Pakistan at the age of six, Husain belonged to the first generation to be entirely educated in the newly formed state.

He matriculated at the age of twelve and enrolled at Government College Hyderabad, where he developed a strong interest in debating and served as Vice President of the College Council. He earned degrees in Zoology and Chemistry before pursuing further studies in Chemistry at Sindh University, Karachi. During this period, he remained actively engaged in political and social debates, including protests against Ayub Khan’s One Unit Scheme.

Inspired by public service, Husain joined the Pakistan Civil Service after qualifying for the Central Superior Services examination and entered the Civil Services Academy in Lahore as part of the prestigious 1964 batch. The academy proved formative, fostering his interest in economics and law and exposing him to diverse social backgrounds.

Following training, he was posted as Assistant Commissioner in Khairpur, later serving in Nawabshah and Shikarpur. In 1969, he was posted in Chittagong during political unrest, and in 1971 he witnessed the separation of Bangladesh. He later served on the One Unit Dissolution Committee, helping dismantle the very system he had opposed as a student.

He was subsequently appointed Deputy Secretary in the Planning and Development Division. Recognizing the importance of advanced academic training for a development-oriented career, he chose to pursue higher education abroad. Having married Shahnaz Ghani in 1970, he embarked on a government-sponsored program at Williams College in the United States, where he earned a Master’s degree in Development Economics.

Transition to Economics and Doctoral Training (1972–1978)

After returning from Williams College, Husain was appointed Deputy Secretary in the Finance Division in 1972 and promoted to Additional Secretary within a year. However, he became disillusioned with growing political patronage and nepotism in the civil service.

Determined to strengthen his professional foundations, he pursued doctoral studies under a Ford Scholarship at Boston University, earning his PhD in Economics in 1978. His original plan was to return to civil service after completing his doctorate, despite the potential cost to his promotion trajectory.

World Bank Career and Global Development Leadership (1979–1999)

In 1979, Husain joined the World Bank as a junior economist, marking a decisive shift from national to international development work. He served at the Bank for over two decades, working extensively across Africa, Asia, and Central Asia.

He began his career in Africa and received commendation after his first assignment in Liberia. His second major posting to Ghana occurred during political instability under President Jerry Rawlings. Through informal engagement and comparative political insights from Pakistan's experience, Husain helped build trust and contributed to a successful mission despite internal conflict and unrest.

By 1982, he had fully resigned from Pakistan's civil service. He was appointed World Bank Representative to Nigeria, where he served for four years. From 1987 to 1991, he headed the Bank's Debt and International Finance Division. He subsequently served as Chief Economist for Africa (1991–1994) and later as Chief Economist for East Asia and the Pacific, including China.

In 1996, he became Director of Poverty and Social Policy. Following a major reorganization in 1997, he was appointed Country Director for the Central Asian Republics. Over time, his exposure to centrally planned systems reinforced his skepticism toward socialist economic models.

By the late 1990s, Husain was approaching consideration for a vice-presidential role at the World Bank when events in Pakistan redirected his career.

Return to Pakistan and Appointment as Governor of State Bank (1999-2006)

In October 1999, while on assignment in Kazakhstan, Husain received a late-night call from Brigadier S. M. Mujtaba conveying an urgent request from Lt. General Aziz Khan. Shortly after General Pervez Musharraf's military takeover, Husain was summoned to Islamabad.

At General Headquarters, he met with senior military leadership, who questioned him on Pakistan's economic challenges and cited his book *Pakistan: The Economy of an Elitist State*. After further deliberations in Washington, and a meeting with Musharraf in November 1999, he was informed that he was under consideration for the governorship of the State Bank.

Despite initial uncertainty, he accepted the appointment in December 1999, concluding his 20-year career at the World Bank and returning to Pakistan during a period of acute economic vulnerability.

Husain assumed office amid sanctions, political instability, high external debt, and near-default conditions. At the time, two-thirds of government revenue was devoted to debt servicing, exports stood at approximately \$7 billion, and debt payments approached \$5 billion. Adopting a development-oriented approach, he pursued a loose monetary policy and historically low interest rates to stimulate growth, employment, and investment. His objective was to revive economic activity even at the risk of inflation.

The policy led to a substantial increase in borrowers, from 1.1 million to 5.5 million, expansion of private-sector credit, improved industrial utilization, and economic growth reaching 8 percent. However, by 2004, inflationary pressures intensified, prompting criticism that the expansion may have overshot sustainable limits. Husain defended his choices, stating in 2007: "It was a policy choice. Low inflation with low growth and high unemployment is of no use to me... If they had wanted a different method... they should have chosen someone other than a development economist."

One of Husain's most significant legacies was the restructuring and privatization of Pakistan's banking sector. In 1999, public-sector banks controlled over 80 percent of the market and were largely dependent on government support.

Under his leadership, major reforms were implemented, including the privatization of Habib Bank Limited. Through sustained engagement with banking leaders, Husain facilitated institutional transformation. Average lending rates declined from 16–17 percent to 3–4

percent, non-performing loans fell from 26 percent to 11 percent, and financial institutions became key contributors to economic recovery.

Academic Leadership: IBA Karachi (2008–2016)

After completing his tenure at the State Bank, Husain chose to pursue his long-standing interest in education. From 2008 to 2016, he served as Dean of the Institute of Business Administration (IBA) Karachi. At the time of his appointment, IBA had declined in standing relative to emerging institutions such as LUMS. During his eight-year tenure, Husain mobilized resources, modernized curricula, strengthened governance, and aligned academic standards with leading international models. These reforms restored IBA's position as a premier institution for business education in Pakistan.

Public Service and National Reforms (2016–2022)

Following the completion of his tenure as Dean of IBA in 2016, Dr. Ishrat Husain continued to play a central role in Pakistan's public policy and institutional reform landscape. In recognition of his administrative and reform credentials, he was appointed Adviser to the Prime Minister on Institutional Reforms and Austerity in 2018, a position he held until 2022. In this role, he led initiatives aimed at improving governance, rationalizing public expenditure, restructuring federal ministries, and strengthening performance management systems within the public sector. Concurrently, he remained active in national advisory bodies and international policy forums, contributing to debates on fiscal discipline, civil service reform, and institutional capacity building.

Sources

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Niazi, A. (2022). The life and times of Dr Ishrat Husain. *The Profit. Pakistan Today*. July 31. Retrieved February 11, 2026, from <https://profit.pakistantoday.com.pk/2022/07/31/the-life-and-times-of-dr-ishrat-husain/>

Video Content (74 minutes)

<https://www.youtube.com/watch?v=jB5l5gb-3ow>

Indicative Discussion Questions

1. What values and practice of ethical leadership are visible in life and career of Dr Ishrat Husain as depicted in this video case?
2. In this video case, what pattern of constraints, challenges and response do you see?
3. Dr Ishrat Husain cites early bullying and displacement as foundational. Does adversity always build resilient leaders? What other factors might determine whether hardship builds or breaks leadership potential?
4. Dr Ishrat Husain's condition to Musharraf was "autonomy for accountability." Is this bargain sustainable in politically volatile environments?
5. Would your choices and decisions be different if you were in Dr Ishrat Husain's place? Explain.
6. Which of Husain's leadership practices (e.g., consultative reform, "no kitchen cabinet," public integrity tests) would be most difficult for you to implement in your organizational context, and why?