
The book by Parvez Hasan provides a critical review of Pakistan’s development record during the first fifty years of its economic history. The assessment of the economic performance is conducted in terms of three interrelated criteria: the quantity of growth, distributional outcome of the growth process, and the sustainability of the past pattern of growth. The main finding that emerges from his careful analysis of the past development experience is that there has been a reasonably high and steady growth in Pakistan. The cost of high growth in terms of poverty alleviation and income and wealth inequalities has been higher than a possible counterfactual situation if the growth process had been restructured along different lines. The macro imbalances, which have always been large and unsustainably mainly due to wrong policy choices made in the past, have now put a big question-mark on the sustainability of unrestrained pursuit of the growth objective, which itself has been in jeopardy during the 1990s.

The book raises two fundamental questions: What factors explain high rate of growth despite the persistence of political instability in Pakistan? And what explains the singular failure of rapid and equitable growth to dominate the national agenda? The other major issue addressed in the book is why the pattern of growth has been so lopsided that the sustainability of the development process in Pakistan has been jeopardised.

The specific answers given by the author to these two main issues and a number of other sub-issues need to be taken seriously in the current policy debate as to what is needed—to restore the growth rate to at least its historical level of 6 percent per annum and to evolve a suitable policy package to reduce the incidence of poverty from its dangerously high level of 40 percent in 1998-99. The high level of poverty incidence currently is especially disturbing as its declining trend over the past 40 years was reversed in 1990s. The major failing of the economic performance in the past fifty years has been that Pakistan has missed the opportunity of achieving high equitable growth à la East Asia of the last 35 years or so. In the author’s view, Pakistan’s economic fundamentals were in no way inferior to those of the East Asian region. The country-comparative analysis of Pakistan’s economic performance leads the author to argue that if Pakistan had followed some of the policies and strategies that East Asia had followed in the areas of savings mobilisation, export growth, and selective intervention by the government in picking winner industries, Pakistan certainly would have achieved high and equitable growth that was achieved in East Asia. The author’s detailed analysis of the policy dilemmas and how these were
addressed over the last five decades and his comparison with other developing countries shows clearly that Pakistan’s potential for growth is much higher than the actual growth achieved in Pakistan. This major failing is a strong indictment of the economic policies adopted by all previous governments under the advice of their economic managers.

The author presents a detailed analysis of the nature of economic policymaking separately for each of the major political periods. This approach helps in highlighting the crucial importance of politics in the design of the policy choices. Continuous political instability, the hallmark of Pakistan’s political history, did not have much adverse impact on the growth performance as the country’s powerful bureaucracy had provided an element of continuity in the economic management in Pakistan. The role of the powerful economic managers in all types of government, whether dictatorial or democratic, needs to be appraised holistically. Although the bureaucratic economic managers did provide an element of continuity in economic policy-making, yet they were not adept in the art of institution-building especially with respect to the development of a cooperative relationship with economic agents in the private sector and the non-governmental organisations. The public sector orientation and their rigid mind-set were the two major stumbling blocks which they could not surmount when they assumed the top-most responsibility for economic policy-making.

Every book of course has its own choice of topics and foci, and this one does a good job of discussing its choices. However, one wishes that Dr Hasan had also benefited us by giving us his views on the role of information technology and the new trade order managed by the World Trade Organisation. These two areas have important policy aspects. Pakistan has little experience in these crucial fields. The policy issues arising from the emergence of mega cities and overall environmental degradation in the country also need to be thought through. But the author makes skillful use of the social and economic data that suits his subject. The argument in the body of the text is backed by summary data tables. A consistent set of time-series data in an Appendix would have been extremely useful to the research community, as the lack of consistent time-series data are a serious gap in Pakistan.

Aside from these observations, the book has come at an opportune time. It should be essential reading for researchers, policy-makers, and the politicians.

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