

Economic Structure of Pakistan.—By Khawaja Amjad Saeed. Accountancy and Taxation Service Institute, Lahore, 1977. pp. 396.

A number of books on Pakistan's economy have recently been published, but most of them do not provide the latest statistical data or keep pace with events and development during the 1970's. The book under review, however, has admirably fulfilled the requirements. It covers a vast range of subjects concerning economic development in the country during the recent past. The book is divided into nine parts and covers such diverse areas as development, industry, the price situation and the impact of inflation, Pakistan's planning and development effort, trade priorities and balance of payments situation, taxation, foreign aid, and socio-economic reforms. The analysis is general, broadbased, and historical in perspective and a large amount of data have been put together. To bring out a clearer picture international comparisons are made wherever possible, especially in the last part of the book where the author reiterates on the need for a "New World Economic Order".

Part I discusses briefly the characteristics of the developing countries, and also presents a general review of the principal developments in economic indices such as GDP, GNP, per capita income, agricultural production and contribution of different sectors of the economy to the GNP in Pakistan. A discussion of the high rate of growth of population in Pakistan and its impact on the economy of the country is also given prominence.

Agriculture is the dominant sector in Pakistan, and contributes 35 percent to GNP, 40 percent to export earnings and employs about 50 percent (excluding fishing, hunting and forestry) of the civilian labour force. Hence the author makes a detailed analysis of the agrarian structure of the country in Part II. This discussion takes into account the production trend of various crops, area irrigated by source, support prices and supply of agricultural inputs. The critical appraisal of the 1976 farm policy is also very useful.

Of special relevance is Part III on the industrial structure, which contains an analysis of industrial policies followed in the past and the present. The performance of key industries, such as cotton textiles, vegetable ghee, sugar, cement, cigarettes, iron and steel and paper industries have been analysed. The author points out that the shortage of raw material, skilled labour and especially the inadequate availability of electricity have been the major reasons for under utilization of capacity which in turn results in reduced production. A proper attention has been given to the progress of nationalized industries, without going into detailed arguments for and against the nationalization of industries.

In Part IV outline of the development strategy adopted during the 1960's and analysis of the economic impact of these measures have been presented. Prior to 1970-1971 the development strategies failed to produce the desired results because they were based on the western capitalist model which stressed capital output ratios but ignored human investment. The author has done a good job by explaining the different development models and pointing out that planning in Pakistan failed because the Harrod-Domar model was adopted which neglects the labour force. The author makes some general suggestions which he feels would be instrumental in making development planning more effective.

The impact of inflation which has been particularly disastrous on developing countries is dealt with in the next part in the context of price behaviour, both in national and international perspective, and some remedial measures are suggested to improve the situation. This part includes a discussion on trade and development, barter trade and infrastructure like energy resources, roads, and transport development in the country. Before going into details of the adverse balance of payment position of the country a discussion of the comparative cost and sun spot theory of Ricardo and J.S. Mill respectively, is presented. Further, the author assesses import substitution industrialization (ISI) as a strategy of economic development in the less developed countries (LDCs.)

The importance of taxes can be judged from the fact that the stability of a state as well as its economic structure is strongly correlated with the shape and framework of its tax system. An attempt has, therefore, been made by the author in the next part to explain the legal and practical aspects of Pakistan's tax structure. Problems relating to foreign aid and debt servicing and higher interest rates find a detailed exposition in view of the current foreign economic assistance both from Muslim and other countries. The discussion on the settlement of Bangladesh debt is creditable. Pakistan has the highest ratio of debt services to its foreign earnings. Measures suggested by the author include cutting down of its imports increasing the exports and turning of foreign debt into grants, if not totally written off.

The disproportionate distribution of the technical and material sources of the world in favour of developed countries, the imposition of tariff and non-tariff restriction on the goods from LDC's, dictation of terms and conditions of an advanced countries on LDC's for advancing loans to them, have forced the LDC's to reform and restructure the international economic order. Thus the discussion of the "New World Economic Order" in the last part of the book deserves special attention. Here the author has reviewed the progress of international conferences relating to the Third World.

This book has certain shortcomings which need to be pointed out. The author has dealt with too many topics and, as such, has not done justice to some of the individual subjects. For example, the author in his discussion of the economic system, has shown his concern for the Islamic system, but has devoted only two pages to it which are not sufficient to understand Islamic principles and the interest free economy. Moreover, the author without going deep into matter has lightly touched upon the agricultural inputs, like fertilizer, irrigation water, improved seeds, plant protection and mechanization of agriculture and has left out a few of the significant problems like waterlogging and salinity which pose an even greater threat to the agrarian economy of the country. The obvious neglect in this book of the agricultural marketing problems confronting the nation's economy is also keenly felt.

However, the book can safely be recommended as a reference work on the economy of Pakistan and in the absence of authentic literature on this subject its importance cannot be denied.