

BOOK REVIEWS

Shahid Javed Burki, and Robert Laporte, Jr., *Pakistan's development priorities – Choices for the future*, (Oxford University Press, Karachi, 1984), pp. viii + 390, n/p.

This book intelligently reviews Pakistan's economic performance in the three decades, 1950s through 1970s. The editors, Shahid Javed Burki and Robert Laporte, Jr., have set the major themes of the work in four parts, viz., Sectoral Priorities and Resources for Development, Human Resource Development, Delivery Systems and Future Choices. Several authors, well acquainted with Pakistan's economy have contributed on important segments of Pakistan's economy, e.g., potential for agricultural development, raising resources for development, accommodation and control of population growth and export of manpower from Pakistan. Finally, they have examined the pertinent issues related to the administration of development, institutional changes required in the structure of industries and agriculture and what policy options are available to the planners in Pakistan to harness the potential for development in the decade of 1980s?

While providing a historical perspective on development, it is observed that Ayub Khan had a deep commitment to improving Pakistan's economic performance and had succeeded in quickly transforming the civil service of Pakistan into a development service par excellence. Perhaps there can be little doubt about Ayub Khan's commitment to development, but claims about higher performance of economic administration in the country is obviously an exaggeration. The record of utilisation of foreign aid had been lop-sided, and in the functioning of industry and trade, bureaucratic procedures were allowed to expand steadily, which hindered the growth and efficiency in these sectors. Services, especially the railways, had a poor delivery and maintenance record. Similarly in the agricultural sector, the Agricultural Development Corporations were not able to distribute essential inputs efficiently and equitably.

With respect to the performance of agriculture, it has been brought out that in 1980, this sector stood at the threshold of self-sustaining growth. This was primarily due to judicious investment level and appro-

priate growth of institutions, infrastructure, and ability to adopt and absorb technology. Assessment of performance of Pakistan's agriculture starts with trends in imports of food and subsidies. Table 3.1 on page 46 brings out that food imports rose nearly three-fold between 1972-73 and 1978-79. The three major importables of Pakistan have been wheat, tea and edible oils during the seventies. Among them, wheat import showed a continuous decline and after 1979-80, it almost became a minor export. Near self-sufficiency in wheat has been a major achievement of the agricultural sector, which seems to have been ignored in this account.

It is shown that agricultural performance during the Third Plan period (1965-1970) had been impressive; as value added in agriculture increased at an annual rate of 6.3 per cent; value of major crops increased at 9 per cent per annum, and for the first time in the history of Pakistan, crop yields became the principal source of agricultural growth. However, despite the performance being commendable it should be noted that productivity of principal crops, i.e., wheat, cotton and rice remained almost stagnant during 1960-1968 period. In fact, retarded productivity has remained a major issue in Pakistan.

Among the factors contributing to better agricultural performance, it is asserted that beside rapid increase in fertilizer off-take, improved cultural practices also played quite an important role. With enhanced water supply and improved varieties of seeds, the crop outputs rose substantially. However, this output could have been significantly higher, if cultural practices could have shown some good results. This has remained one of the weakest areas in the organisation of Pakistan's agriculture. One restraining factor in this respect has been the poor performance of agricultural extension. Despite considerable investment and development of extension framework, the efficiency and utility of this service has remained quite low.

Since 1960s, selected mechanisation of agriculture also made sufficient progress, and has been partly responsible in extending acreage under cultivation and thereby raising output. It has been instrumental in effective use of fertilizer and water, the key agricultural inputs. However, the role of mechanisation in the context of Pakistan's agriculture has not been discussed.

As regards composition of development expenditure for agriculture, it has been mentioned that during the First Plan period, it had been highly skewed in favour of irrigation and during the Second Plan period, towards irrigation and Indus Basin works. It is obvious that the period mentioned above was largely devoted to laying down the agricultural infrastructure; however, it is incorrect to imply that other agricultural development programmes, e.g., rural works, and agricultural education, research and extension had been less emphasised. In fact, during the first two Plan periods, the latter component received more investable funds, whereas during the

Third Plan period, Indus Basin works and other irrigation projects, received only 24 per cent of total investment in the agricultural sector, as against 'other agriculture' which received 33 per cent. (Table 3.6, page 59)

Another striking feature of our agriculture (during the sixties and seventies) has been a rather inadequate treatment given to small farmers. It has been generally noticed that they experienced constraints in respect of availability of essential inputs and access to water. Moreover, marketing of their produce has been difficult. This aspect has not received attention in this book.

On issues related to industrial development, some key areas have been discussed, e.g., pricing of the major industrial products, viz., steel, cement, fertilizer and engineering goods, organisation of financial and other institutions for facilitating private investment, required changes for management of public sector industries and framework for channelising remittances towards productive investment. It is observed that a number of industrial products have been granted protection, and their prices have been regulated by the government through direct price controls. The lack of competition has given rise to inefficiencies and structural imbalances, often causing excess capacity. An important case is presented by the steel industry. The price of domestic steel is substantially above the imported steel. Since steel will be used in a number of downstream industries, higher price of steel will make their products, as well, quite non-competitive. The authors observe that to solve this problem, two options exist: (a) "passing on this higher cost of production to the consumers of steel (downstream industries), or (b) providing a direct subsidy to the Steel Mill". They recommend the second option. The government has already adopted this approach, and this demonstrates the strength of practicable suggestions provided in the book to policy makers.

It has been emphasised that the steel's downstream industries will form an important segment of the industrial sector and shall materially contribute in import substitution. But even if steel's price is fixed at a competitive level, it is not certain that the downstream industries, e.g., transport goods and tractors shall have a sufficiently sizeable market, within the country, to achieve efficiency and competitive capability against imports. Another related problem is that transport products (e.g., automobiles) have been generally set up with foreign technological assistance. But their deletion programme has not been adequately maintained. Hence genuine domestic value added in these products is very little, thereby no meaningful import substitution is achieved.

With respect to cement, it has been mentioned that during the seventies its demand built up rapidly, but large investments were made to raise the supply appreciably. It is observed that in the eighties supply will en-

hance substantially and hence the price of cement should be decontrolled; thereby through competition in the open market it may be allowed to settle down at a lower level (than the prevailing market price). This will encourage a more rational use of cement. It seems strange that the lowering of the market price will rationalise its use, rather it will provide inducement towards larger uneconomic uses in construction activities. Apart from this, the expectation that excess supply of cement shall be available did not materialise, and hence construction activity in the private sector received a set-back. In this way, the whole scenario developed in the book, of balanced supply and demand of cement at competitive prices giving rise to higher investment in cement industry and encouraging its rational use, proves false.

For financing investment in the private sector, it has been mentioned that local banks possess sufficient liquidity, due to government's deficit financing and the inflows of workers remittances. During the current fiscal year (1985-86), government's recourse to deficit financing had been contained around rupees two billion, compared to eleven billion in the corresponding period, a year earlier. Similarly, workers remittances are steadily sliding downward. Hence these sources cannot be counted upon to build up banks liquidity for financing private investment. Further, it has been suggested that financing can be made available to the private sector through joint ventures with companies of the oil-rich Middle East. Under the prevailing economic situation in the Middle East, this possibility has a very remote chance of success.

While dealing with export of manpower from Pakistan, it is observed that in all likelihood, given the occupation of migrants, rising wages might have involved a redistribution of income from the owners of capital to labour. With the government's drive towards fulfilling basic needs, this income transfer is socially desirable. This statement is only partially true. Of course, bulk of the migrants belonged to lower income groups, and hence their rise in income created a better distributional impact. However, their number was not appreciably large to create any noticeable change in the national pattern of income distribution. Most of the migration took place from certain clusters of the various provinces, and at best income pattern in those clusters might have changed for the better.

But remittances led to other activities as well, for instance increased imports of consumer articles, and enhanced money supply. Ultimately it gave rise to accelerated smuggling of goods and growth of substantial underground economy. This aspect of remittances impact has not been covered.

In the context of future choices for the policy makers, the suggestions for industries largely cover changes in the pricing of key industrial products and establishment of new or revitalised supporting financial institu-

tions to facilitate private investment. It is presumed that restricted role of private sector in the industrial set up has led to inefficiencies. There seem two snags in this set of arguments: firstly, the private sector industries in Pakistan have shown considerable inefficiencies in their production and marketing systems. It is believed that managerial inefficiencies and lack of marketing drive in the international markets are largely responsible for the poor performance of the private industries. Secondly, at this stage, it seems necessary that some specific industries may be encouraged to develop, which may have sufficient capability of achieving sizeable level of import substitution and export expansion. Such choice of industries and markets has not been spelled out. With a squeezed Middle-East market and higher protection in industrial countries, to make inroads into foreign markets is quite difficult. Pakistan's industrial exports have to be positively expanded. Not much insight is provided in this respect.

In spite of a number of inadequacies, the book is highly readable and informative. There is a great dearth of books on Pakistan's economy and this work seems a valuable addition.

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P.J. Richards, and A.M. Thomson (editors), *Basic needs and the urban poor: The provision of communal services*, (Croom-Helm Ltd., U. K., 1984), pp. Viii + 276, £ 14.95.

The contemporary era is one of urbanisation. This increased pace of urbanisation has led to a deterioration of the urban environment. *Basic Needs and the Urban Poor: The Provision of Communal Services* views the special problems faced by the urban poor in overcrowded settlements in Asian countries. It examines the levels of services like housing, water supply, sanitation, transport, health and education and investigates means by which the provision of these basic services to the urban poor can be improved. Each chapter has been contributed by an expert and relates to a special field reviewing the situation of the urban poor in many developing cities.

Richards, in the introductory chapter, outlines the purpose of the book as 'providing a knowledge base and recommendations which can serve to upgrade the level of services'.

A separate chapter by Thomson is devoted to the role of the public sector and concerns itself with definitions and measurement of poverty. This chapter analyses government attitudes toward poverty and considers the appropriateness of specific programmes. The author draws on the experience of Asian countries and discusses the role of the public sector in the provision of services in some detail.

Chapters 3 and 4 by Yeh and Cook deal with the problem of shelter. The first on housing explains the determinants of housing conditions and shows how demand and supply interact to define the urban housing problem. The section on survey and evaluation of housing policies and programmes in five Asian countries is particularly useful for urban managers. The author, however, cautions that each country must review its options and strategies according to resources available. The piece on building codes and regulations is an important extension to the housing problem of the poor. A complete transformation of these regulations is suggested to protect the health, safety and well-being of the community.

Chapter 5 on health care by Ebrahim is an important contribution in the sense that it identifies in detail what kind of health care the poor really need. It draws on the health care service provision experience of industrialised countries while organisation of health facilities is considered through case studies in the developing world. Ebrahim stresses the need for an integrated approach towards health care where it is provided along with other communal services. He, however, fails to demonstrate how this is to be achieved.

Shortage of water is an acute problem in most third world cities, more so in the poorer settlements. Kirke and Arthur address this important issue of water supply. The supply systems of cities in Egypt and Philippines are reviewed with the aim of increasing supply and minimizing wastage. It is realised that scant attention is paid to the water needs of the poor in most cities of the developing world. Important contributions in terms of emphasis on redistribution, small schemes and water tariffs to regulate use are made.

The chapter on Human waste disposal by Pickford is in response to the deplorable sanitation conditions in most urban areas in developing countries. The approach is very different from the existing literature and specifically deals with known means of meeting the sanitation needs of the urban poor. The chapter is full of technical information; some sanitation statistics in Asian countries are provided and schemes in different parts of the world are examined. Discussion, however, is limited to the means where minimum extra cost and physical effort is required.

Schooling for the children of urban poor by Chitnis and Suvannathal discusses the formal role of schooling policies. The chapter mainly deals with school performance concentrating on low achievement levels, rates of repetition and drop-outs and socioeconomic and other factors which help explain these. Based on case studies of two cities (Bombay and Bangkok), the approach adopted is very narrow and limits itself to cities where physical infrastructure is already available. It fails to draw enough attention to the universal problem of illiteracy and the complete absence of education facilities in most developing countries. The chapter is very useful in emphasizing the under-estimation of the numerical size of the education problem in most developing countries and a subsequent lack of attention of urban planners.

Roth addresses the mobility problem of the urban poor in the chapter on transport. The approach is limited because whatever statistics are available fail to relate to the modes mostly used by the poor and consequently it becomes difficult to relieve transport problems of the low income travellers. The chapter explores travel characteristics and travel patterns in different Asian countries. Technical factors of public versus private ownership, small versus large vehicles, size of operating unit route association are discussed in detail and provide an adequate agenda for action to improve the mobility of the urban poor.

The concluding chapter by Richards summarizes and stresses the need for community participation along with better management.

The book is a valuable addition to the available literature on the subject. It manages to cover the most important aspects and problems of urban basic needs in detail. The book will be particularly helpful to urban managers as some important lessons of experience are to be learnt.

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