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BOOK REVIEWS

Zafar Altaf, Pakistani Entrepreneurs, (Croom Helm, London, 1983), pp.241, £16.95.

As the feudal mode of production is increasingly replaced by capitalism in Pakistan, and as industrialisation increases, a spate of books and theses have appeared on the scene which look at various aspects of this growth. This book by Zafar Altaf deals specifically with the role of Pakistani entrepreneurs in the process of industrialisation.

There are five chapters in the book. The first two deal with the economy of Pakistan and with the process of industrialisation in the country respectively. The first chapter entitled "The Pakistan Economy" is the shortest in the book and offers no analysis whatsoever. A relatively superficial description of what has happened in the country over the last 35 years is poorly summarised in fifteen pages. The second chapter on industrialisation in Pakistan countinues where the first one left off and numerous statements are made by the author on the basis again of a cursory analysis of trends. For example, the Economic Reforms of the Bhutto Government in 1972 which resulted in the nationalisation of a large number of industrial concerns are said to have been undertaken merely to satisfy a political vendetta. The author, throughout this chapter shows his bias towards private enterprise and has a great deal of faith in the entrepreneurs who run industrial concerns. He considers them to be "men of vision" who are working for the welfare of the country. He totally disagrees that Pakistani entrepreneurs are motivated by profits. Instead, he believes that "pride in their performance and in their attitude to work" (p.124) has replaced the profit motive. He believes further that since Pakistan's current problems are too complex, they cannot be handled by government officials, and thus private entrepreneurs must run the show.

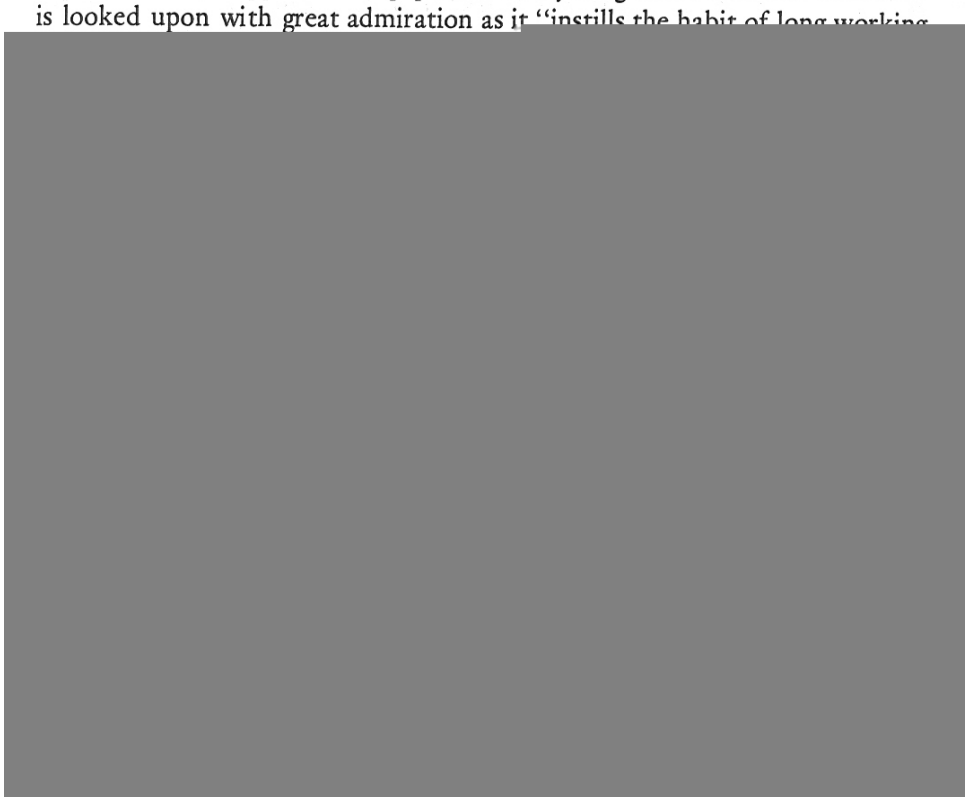
The third chapter develops the 'concept of entrepreneurship' and the author looks at the attitude of different classical economists towards entrepreneurs. He cites the works of Marshall, Say, Ricardo, etc. Modern economists such as Schumpeter are also cited, while Max Weber's 'sociological'

and Mclelland and Levine's 'psychological' views are also included in the text. The author claims that most theories are not applicable to Pakistan or other UDCs, where the social conditions are quite different than in the West. However, he does not offer any alternative theory or ways in which to deal with this problem.

The next two chapters provide the core of the book and deal with the results of the survey conducted by the author for his Ph.D. The survey was held in 1980, and the author interviewed 196 entrepreneurs in different areas in the country. Numerous problems exist in the way the author has analysed his results and we will deal with a few specific ones before a more generalised comment is made about the book.

First, we are told that the author while analysing the results, will refer to 'concepts developed in other disciplines' (p.73). Which discipline or which concepts the author is referring to is not made explicit. The author rambles through over a hundred pages describing his entrepreneurs, their education, size of firms, community links, their history, etc; but fails to offer any concrete analysis linking the various variables mentioned.

The author proceeds to show how the 'development' of an entrepreneur takes place. The apprenticeship period of a young child with the craftsman is looked upon with great admiration as it "instills the habit of long working



As a result, he overlooks the major political events which have had an impact on the business and industrial community of the country.

He sees government action to increase investment in industries as 'benign and neutral' (see page 42). Most scholars who have studied industrialisation in Pakistan strongly disagree with this view and have argued instead that, since the government serves certain class interests, it knows what it is doing and for whom it is undertaking certain measures. As such, the government pushed industrialisation after independence because the ruling classes demanded it.

Not only can the author not grasp the concrete changing political reality of the country, but his understanding and use of political terms and of social theory is wanting. The term "class", used quite frequently is never explained and is mostly misused. Caste too, is treated in the same fashion as 'class'. Zafar Altaf also fails to analyse the changes in the economy which are taking place as the feudal structure is transformed, and their impact on the industrial sector. He has also overlooked the effect of remittances from the Middle East which have provided capital to a large number of people, many of whom have also become entrepreneurs.

Another major shortcoming of the book is its bibliography and the references the author uses. All the books mentioned in the bibliography predate 1980 and are relatively outdated. A great deal of literature has appeared in recent years which deals with the political economy of Pakistan, but is not mentioned by the author. Gustav Papanek is considered to be the authority on Pakistan's economy and is quoted perhaps too often. Seminal works by Hamza Alavi are overlooked, while Rashid Amjad's paper on industrial concentration is only mentioned. The author has failed to take into consideration major works on Pakistan and this is surely one reason for the poor quality of the work produced.

The work by Rashid Amjad which had been sadly overlooked by the author is of considerable worth and differs substantially from that of Zafar Altaf. Unlike Altaf, who often sees religious and moral attitudes as a major factor affecting private enterprise, Amjad has been able to show convincingly that foreign aid was the main stimulant of industrial growth. Probably the most important difference between the texts is that Amjad has presented a work which looks at the transformation of industrialists working within a changing socio-economic and political structure. His historical analysis of how capitalism has changed over time is also quite excellent. All this has been ignored by Zafar Altaf.

Another factor which goes against Altaf's book is the poor style of writing and in most cases one fails to follow the author's arguments. To make matters worse, the book is poorly edited.

Altogether, while the book presents interesting and new data on an important subject it fails in its basic task of explaining the process of emergence of the entrepreneurial class in Pakistan. It is not possible to recommend this book to anyone. For those who are really interested in learning about industry and entrepreneurs in Pakistan, we recommend the works by Alavi and Amjad cited below.

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Alavi H., 1983, Class and state in Pakistan, in: Gardezi H., and J. Rashid, ed., Pakistan: the unstable state, Lahore: Vanguard Books Limited.

Amjad, R., 1982, Private industrial investment in Pakistan 1960-1970, Cambridge: Cambridge University Press.

Robert Klitgaard, Data analysis for development, (Oxford University Press, Karachi, 1985), pp. viii + 142, n/p.

The main theme of this book, as depicted by its title, is analysis of data. As far as one may recall, this book is perhaps the only one of its kind to appear on the subject of data analysis with particular reference to the imprecise but exciting conditions which are typical of a less-developed country.

The book, based upon research conducted by Robert Klitgaard and others at the Applied Economics Research Centre (AERC), University of Karachi consists of the following eight chapters:

I) The determinants of the length of life in Asian, African and Latin American countries, (Sadequa Dadabhoy and Robert Klitgaard).
II) Using regression analysis to assess school policy, (Robert Klitgaard).
III) Do schools care about equality? (Robert Klitgaard, Sadequa Dadabhoy and Simin Litkouhi).
IV) Inflation in university grades, (Robert Klitgaard).
V) The distribution and use of fertilizer in Sind, (Michael Wallace).
VI) The economics of teacher training, (Robert Klitgaard).
VII) Who should go to university? (Robert Klitgaard).
VIII) A factor analysis of the contributors to inflation in Pakistan, (Hafiz A. Pasha).

In less-developed countries, where the theoretical basis of economic and social issues are not well-defined, empirical research has been of an exploratory nature. In such cases, data are used to define the type and degree of association between two or more variables. The most popular procedure adopted in this regard has been to estimate a series of regression equations; then with the help of results obtained, the specification of the model is altered and/or data sets transformed to produce some 'best' estimates, keeping in line with some preconceived notions. Five of the eight chapters of this book are concerned with exploration for a 'best' equation. Histograms and scatter-plots have been used to check for the distribution of variables and to determine the type of association between them. Once the primary regression equations are estimated, residual analysis is used to transform the equations.

Besides describing the search process in great detail, the book emphatically cautions against certain severe drawbacks of such exploratory exercises and potential hazards which are bound to follow if excessive reliance is placed on such estimates.

Chapter III outlines a simple simulation technique and Chi-Squared test to show that variation in educational performance of students is much higher within schools than between schools of the Karachi Metropolitan area.

Chapters V and VIII demonstrate that alternative statistical techniques can function almost as well as regression techniques, and it is possible that in certain cases, the former techniques may prove to be better tools of analysis. Chapter V uses analysis of variance (ANOVA) to show an unequal use of fertilizer in various districts of Sind, while Chapter VIII employs factor analysis to highlight factors responsible for inflation in Pakistan in the period 1960-1975.

This book should not be treated as any other text on applied econometrics, due to its minimal emphasis on a theoretical framework. It seems to be written primarily for undergraduate and graduate students of economics,

particularly for those from less-developed countries, where not only economic theory more than often fails to address the problem at hand but also inadequate availability and poor quality of data inhibit an appropriate use of statistical techniques. However, this book can benefit a particular cadre of economics professionals immensely, i.e., government officials involved in evaluating the impact of public policy. Since such officials tend to be interested only in obtaining estimates from existing data for policy formulation their concern with theoretical complexities of issues is not so great.

A major merit, or demerit, of this book is its simplicity. It is simple enough to be easily understood by person with elementary knowledge of economics and statistics. However, this makes it overly simple for professionals to take it seriously. In an effort to simplify issues, very little emphasis has been laid on the conceptual framework, thus resulting in certain obvious inadequacies in specifications, estimations and intrepretations. For instance, a linear relationship is specified between life expectancy and per capita GNP (p. 6), despite the knowledge that there are biological limits to the extent to which life expectancy can be increased. Another specification problem which is difficult to overlook is the double-log relationship between gross domestic product per acre and per acre use of nitrogenous and phosphatic fertilizers, and proportion of area irrigated (p. 67). This indicates a possibility of a value of zero (or negative, depending upon the random error) for gross domestic product per acre if either of the three regressors has a value of zero. Similarly, the results of the factor analysis of inflation in Pakistan have been intrepreted as results of any standard regression model i.e., change in factor leads to a change in inflation rate (p. 136).

Nevertheless, this brief volume is definitely a positive contribution to the existing literature on empirical research on less-developed countries, and one cannot agree more with the author that "the book will be a valuable supplement to the text books of statistics and econometrics, by illustrating the creative possibilities and many pitfalls of real life applications" (p. viii).

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