
BOOK REVIEW

My Life My Country: Memoirs of a Pakistani Economist

Parvez Hasan
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This book is not on the economic performance of Pakistan over the years; instead it is about the personal experiences of the author while working as a professional economist in Pakistan and mostly abroad.

While the reader may have some glimpses of the journey the economy of Pakistan made since its inception, a complete picture of the evolution of the economy would be difficult to find. The author spent most of his professional life outside Pakistan, and his direct involvement in economic planning and shaping the economy of Pakistan – as it is now – spreads over a few years. His account of the economy during 1960s, when he was Chief Economist of East Pakistan, is an insider's story; the other part is mainly based on reports and perceptions.

But the book is still readable. The language is simple and very easy to comprehend even by a reader like me with English as a third language (Saraiki, Urdu, and then English). However, I am still wondering who should be the audience of the book. For economists, the interesting part of the book starts from chapter 12 when the author presents his firsthand experience of the economy of Pakistan during late 1960s and then description of emerging Asian economies. General readers may be left with initial chapters where the author paints Punjabi lifestyle, early days of Pakistan along with narratives of horrors of partitions, memories of some eminent personalities including Mahbubul Haq and Hanif Ramey who were the author's friends, and remembering Anwar Ali – a Pakistani who was governor of Saudi Arabian Monetary Authority for more than sixteen years and whose sister-in-law married to the author. However, the narrative is rather dreary with little literary touch. I would say an economist should not write his biography – unless he has strong skills of creative writings – because he will risk producing a dry writing just like the subject of economics (as reputed widely).

Personally, it was interesting for me to know that renowned economists like Mahbubul Haq, Moin Baqai, Moeen Qureshi, Azizali F. Muhammad and the author himself started their career at the State Bank of Pakistan. However, it is

unfortunate that most of them left the country to make their personal career abroad in a time when the country itself needed human capital. At page 102, Hasan writes “But an inability to develop ... strong institutions, and good governance has ... plagued the country... I am sure that if Pakistan had been able to attain greater progress ..., many professionals like me would not have ended up by spending so much of their time abroad.” However, the author does not seem to recognize that the causality may be the other way round: had the eminent economists and professionals not left the country and had that not created a vacuum of human resources, the country would not have been in its current dismal situation.

From his remembrance of Pakistan’s early years, we come to know the initial weaknesses of economic policy making and the collective national weakness of conspicuous consumption, both of which still continue to haunt our country. I believe that poor policies and planning are equally responsible for current woes of Pakistan’s economy along with political reasons, and I often thought why Planning Commission in Pakistan had been so ineffective. Parvez Hasan offers an answer: “I wonder sometimes whether the economic policies would have been more forward looking and less bound by the status quo in the 1980s if there had been greater mutual trust between Ghulam Ishaque Khan and Mahbubul Haq, who was Deputy Chairman Planning Commission from 1982-85...GIK ensured his control on planning by assuming the chairmanship of the Planning Commission, which had previously rested with the president. Even earlier, in his capacity as Finance Minister, he had transferred the final authority for the development budget to the Ministry of Finance. Thus Mahbub, while he was responsible for plan formulation, did not have much control over economic and social priorities and allocations.” (page 399).

Similarly another experience of the author sheds light on the role of rent seeking on policy formulation. Reflecting on sector planning during late 1960s, he writes, “...I requested the Chief Engineer, head of Small Dams Organization, ..., whether he could at least prioritize them [i.e., small dams] so that we could approve a couple. His answer, probably bred out of the political pressure he faced, both astounded and educated me. He simply said, that as far as he was concerned, all had the same priority, because he did not own land under any of them. That ended our support for the programme. The elite capture of a good idea had totally escaped me.” (page 205).

It is surprising to see, that the economy and country are still facing some of the problems that existed 60 years back. For example, at page 107, Hasan notes, “...fiscal deficits continued to grow, as the central revenue base remained small (barely 6 percent of GDP) and defence spending continued to pre-empt a large

part of public resources. The deficits were financed largely through borrowing from the central bank: nearly 80 percent of domestic credit creation during 1955-58 was accounted for by the public sector. The excessive monetary expansion fed inflationary pressures....” Comparing this situation with the present one, it is apparent that there was hardly any progress on the fiscal front. FBR tax to GDP ratio is still about 9 percent – an addition of mere 3 percentage points in 53 years. Also, the SBP is still struggling with the issue of fiscal dominance and central bank independence.

Another issue of consumerism in Pakistan also has a long history as Hasan observed in 1951, “Meanwhile there was orgy of consumption of consumer durables, benefiting mainly the upper middle classes, including the senior civil servants. ... Living beyond one’s means and preferring short-term consumption to long-term investment are weaknesses that have continued to plague Pakistan throughout its economic history.” (page 75).

The readers in Research cluster of the State Bank of Pakistan will find it interesting that the issue of differences in the trade data in foreign trade statistics and the balance of payments statistics existed even sixty years back (page 105).

These memoirs also present a unique look at the development of important institutions in Pakistan and abroad where the author worked his way towards a distinguished service from Islamia College in Karachi to State Bank of Pakistan to Saudi Arabian Monetary Agency to West Pakistan Planning and Development Board and finally to the World Bank. His pen-pictures of his friends, colleagues and acquaintances contain important insights about the non-economic factors that help or constrain the development of a nation. He noted the importance of entrepreneurship as soon as he first became a lecturer in economics at Islamia College that was established by a pioneer in private education who himself had little education. This reminiscence provokes the reader in wondering what would be the level and quality of education in Pakistan had the policy of promoting private educational institutions, side by side with public schools, continued throughout our history without any break.

In fact the political and non-economic factors in failure of policy making are documented at many places of the book. One such decision was not devaluing Pakistan Rupee in 1949 after UK devalued its currency just to assert the country’s economic sovereignty. “An important element in the final decision was the feeling that it would enhance Pakistan’s prestige. Unfortunately, for Pakistan the emotive appeal of non-economic factors has, at critical juncture, often outweighed the cold economic calculus.” (page 75).

And then the implications of economic factors on the political game: Hasan's story about depth of feelings among leading Bengali Economists on unfairness of distribution of fiscal and foreign exchange resources between the two wings of the country is worth reading.

In the initial stages of his book and the formative phase of his professional career (in 1951), he immediately notes the importance of "values" a society attaches to different professions and their importance in individual choice of careers, which in the end he seems to identify with fate. I quote from page 78, "... teaching profession was not well paid and not very highly valued by society, which judged success among salaried classes by the administrative power, that one could wield and the help one could provide to friends and family, without most people worrying too much about the ethics of nepotism and favouritism". This observation comes back in another form again after 60 years in 2011 in his final chapter. I quote from page 461, "If it can remedy the lags in education and can renew its strong commitment to higher education that started just a few years ago, Pakistan will be increasingly well placed in both exporting labour and labor-intensive goods and services". Above quotes show the importance of his memoirs in stimulating the mind of the reader who is also concerned with the state of society as well as economy of Pakistan and its future direction and importance of public policy choices.

Despite noting several weaknesses that held back economic development in Pakistan, the author never falls on pessimistic grounds. One has to admire his optimism especially in the last chapter of his book titled as "daring look at Pakistan's future". All of his memoirs are testimony to his hard work and integrity that are part and parcel of his optimistic outlook towards life. It is indeed very heartening to know his view, and I quote from page 455, "... in a decade, Pakistan might surprise both itself and the world at large by not only surviving with its present borders intact, but also turning a corner in a very significant way towards a modern, moderate, rapidly growing state."

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