

# IMPORTANCE OF PLANNING IN PAKISTAN

BY

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**F**IVE years ago the fifth largest State in the world appeared on the map of the Globe and the Father of the Nation said, "Nature has given you everything. You have got unlimited resources. The foundations of your state have been laid, and it is now for you to build, and build as quickly and as well as you can. So go ahead and I wish you God-speed." These memorable words of the Founder of Pakistan unequivocally set down for the Nation the policy in regard to the economic development of the country he would have had us to follow. 'Build' and 'Build quickly' and 'Build well' are the watch words. During the five years of its existence Pakistan has made considerable progress in all the spheres of national life. To an outsider this progress might not appear very great, because judged from modern standards, the present state of our economic development does not come even within measuring distance of the highly developed economics of the countries of Europe and America. But it should not be forgotten that the regions now con-

stituting Pakistan were some of the most backward areas of the Indo-Pakistan sub-continent before the partition. There were practically no industries worth the name, agriculture was primitive and the transport was semi-developed. Education and health were neglected; the percentage of literacy being less than ten, and there being only one doctor for every six thousand inhabitants. Above all Pakistan had to rehabilitate over seven million refugees. The rehabilitation of these displaced and destitute millions was a colossal task. Aside from these problems, the Kashmir issue has continued to be the focus of national interest and has been receiving top priority in view of its relation to national security and defence of the country, as against the schemes of economic development. It is against this background that Pakistan's present day economic development should be assessed, and it is while keeping these factors in view that the importance of planning in Pakistan is being discussed.

The importance of planning in Pakistan is great not only because

the Quaid-i-Azam wanted us to 'build quickly and as well as we can', but also that the objectives of 'building quickly' and 'building well' can be achieved through planning only. The Russian experiment in planning affords a unique example of the transformation of a formerly backward country to a country of extensive industrialization and modern technique at an unprecedented tempo; a transformation unaided by any considerable import of capital from abroad, but effected under the guidance and control of a national economic plan, instead of in the conditions of laissez-faire and atomistic capitalist enterprise which characterized the classic industrial revolutions of the past. In fact it has become the classic type for the future industrialization of the countries of Asia. The collapse of the popular faith in laissez faire has proceeded with spectacular rapidity all over the world since the War.

Russia prior to 1917 was not unlike a country such as Pakistan. She was a country with a small national income per capita and a low standard of living. The productivity of labour was very low. As in Pakistan, their industry was relatively undeveloped and an overwhelming majority of the population were engaged on the land, while the yield from agriculture, which was un-

scientific, was very low. This primitive agriculture was accompanied by an excessive pressure of population on land, *i.e.* an excess of population relative to the cultivated area available and to the means of production in the hands of the cultivators. Heavy industry in particular was under developed and whatever development had come about, had been closely conditioned by the needs of railway construction. Fuel and power development with reference to industry was largely confined to the coal of the Donbas on the south-eastern border of the Ukraine. The eastern regions of the Russian Empire beyond the Uaals were scarcely developed industrially at all. Even mining of which there had been quite early beginnings in Siberia, was relatively backward, and more attention had been given to rare and precious metals for export than to raw materials of modern industry. Agriculture was largely dominated by the export market; and while certain light industries, especially textiles, had reached a fairly advanced level of development the country remained overwhelmingly dependent on import for the supply of an extensive range of both capital goods and consumer's goods.

The experience of economic reconstruction in Russia affords an

illustration of the fact that a programme of capital construction which is boldly planned and executed, can become an aid to the output of consumption goods in a relatively short period of time. Moreover the launching of such a programme need not involve any fall in consumption if proper measures of economic organization are taken. This will be particularly true of backward agricultural countries in general when they embark upon the first stages of industrialization. The chief cause of their initial industrial backwardness is the lack of economic organization rather than an absence of financial means. Excessive pressure of population on land, small and uneconomic size of holdings, unscientific and primitive methods of agriculture and the presence of a large number of landless peasants working as tenants at-will or seeking odd jobs or seasonal employment wherever available, are the outstanding characteristics of such countries. A reduction of numbers on land and their transfer to the work of industrial construction involves a negligible fall in the output of agricultural produce. A drastic revision of the systems of land tenure, introduction of co-operative agriculture, a vigorous drive towards the consolidation of holdings and a more rational and

economic utilization of labour by transferring superfluous labour to industry, can actually lead to an increase in agricultural production.

In spite of a marked similarity between the economic conditions in Russia prior to 1917 and the Pakistan of today, some people would feel reluctant to accept economic progress based on the principles of thorough-going planning in Pakistan. To them a combination between freedom and democracy on the one hand and a planned world on the other seems altogether impossible. I am conscious of the profound philosophical obstacles that lie in the way of economists reaching agreement about economic policy. In the first place economists may make differing judgments of moral value and therefore come to hold opposing views on the object of policy. For instance they may not agree on the desirability of equality in distribution. Secondly they may judge social reality differently and therefore expect different results to follow from the commission of different acts of policy. For instance, they may reasonably differ about the effects of changes in the level of income-tax upon the willingness to work and save. There is every variety of opinion and shade of emphasis among economists and lines of divisions are crossed and

blurred by numberless individual variations. There are economists who believe in the maintenance of restrictive control, bilateral clearing agreements, the quantitative limitation of imports, and the maintenance of schemes for restricting and controlling production at various stages. On the other hand there are those who believe in the desirability of a swift and revolutionary creation of a fully planned economy on the Russian model. But the extremes of opinion are of little practical value. My idea of comparing the economic conditions in Russia prior to 1917 with the present day condition in Pakistan, has been to show the importance of planning as the most efficient instrument in transforming a backward country to a country of extensive industrialization and modern technique in an amazingly short period of time.

The possibility of a flexible planned economy working successfully within the framework of a political democracy is far greater and more real today than it has ever been before. The economic activities of the state have been greatly extended. There is an ever increasing tendency for the state to become the predominant authority in guiding the economic life of the nation. The state collects and

spends a large part of the National Income. It controls the dealings in foreign exchange, and possesses a virtual monopoly in foreign trade. The use of food Stuffs is controlled, and rationed and a number of direct or indirect controls of different kinds and degrees exist in the field of transport, mining, basic industries, and ammunition factories etc. These are immense strides towards the creation of a fully planned economy.

Social and economic institutions, political and ethical outlook are not independent magnitudes; they are parts of a greater whole which is constantly in a state of flux. We may not like the change in the world of ideas, institutions, technology and politics especially when it takes place at such a high speed. We may even succeed in influencing the direction of the change over the short period but it cannot be hold in abeyance over the long period. Laissez faire and liberal capitalism had an important role to play in the socio-economic development of the world before die First World War. Since then monopolistic capitalism has replaced it and there is an increasing tendency towards centralization and planning. Planned economy has been developed within the framework of an unplanned monopolistic economy. The institutions

of price control, wage control controlled paper currency with exchange restriction and controlled foreign trade have grown up within the framework of unplanned monopolistic economy. Only central control is needed to convert these unplanned monopolistic economies into planned economies.

Planned economy was first introduced as war socialism during 1914-18, then on radical lines in Soviet Russia, later in Nazi Germany, Fascist Italy and Japan and to some degree in the U.S.A. under the "New Deal"; and since the Second World War, it has spread to most countries of the world. The real issue before us is not, 'To plan or not to plan', but, what kind of planning is needed; what must be its objectives, and how far must it go?

Planning has been defined as 'every scheme of central control of the economy as a whole, carried out for whatever purpose and by whatever means. Planning implies and leads to centralization of the national economy. The centralization creates large units of production resources which can be easily controlled, by a central authority while the control of an atomistic economy, composed of small units, meets with great difficulties and may be ineffec-

tive and very expensive. Where centralization does not exist, the planning authorities must try to achieve such a measure of it as is necessary for the effective and economical execution of the given scheme of planning. In fact the mere existence of centralization leads to planning of some kind. The control of the national economy means the replacement of the market system (where the prices and the quantities of the goods produced, exchanged, invested and consumed are inter-related being regulated through the price-mechanism) by planning, which basically fixes prices and volume of production through definite schemes. However, every country whose area is large needs a high degree of regional decentralization. This is due to the fact that in a large country the range of differences in the economic characteristics of its regions is very great. Moreover the heterogeneity in the wants and desires of the population is also considerable. Under such circumstances the need for regional decentralization becomes imperative. Regionalism becomes even more important in a predominantly agricultural country which is desirous of planning, because in agricultural planning climatic conditions, such as temperature and rainfall and physical features such as rock structure, soils and

customs and habits of the population are essential factors and no scheme or plan can be considered perfect if it overlooks these. Regional planning is carried out within the framework of a national scheme in order to meet the special needs of a given region and the wants of its population. Regional authorities are given certain powers in regard to the constitution, execution and supervision of plans in a regional area. Ordinarily in a planned economy only those industries are planned by the central authorities which are of national importance and have a national market, while industries producing for regional markets are controlled by regional authorities and industries producing for local markets by local authorities. As such the regional authorities can effectively plan not only agriculture but also handicrafts, supply of housing and furniture, all kinds of local services and some consumer's goods.

It is important to note that regional decentralization is quite different from independent schemes of regional planning carried out in a certain region as a self-contained whole. The best example of this is furnished by the Tennessee Valley Authority in the U.S.A. It is executed within the framework of an unplanned national economy. It is a hybrid between a planned economy

and a scheme of great public works. Regional planning in this sense is mainly devoted to the economic development of backward areas and as such has well defined and strictly limited ends which enable it to attain its objectives. No attempt is made to substitute a new structure for the existing economy. It plans mainly the creation of great plants, gigantic electric power stations, canals, railways etc.

Some observers in Pakistan have shown a considerable interest in planning of this kind. This is so because this form is most suitable for democratic countries and may be regarded as a laboratory of planning for the future which can enable a government to acquire a better knowledge of the new problems of planning. Pakistan has vast regions of a heterogeneous character and the two portions of Pakistan are separated from one another by about a thousand miles of foreign territory. The heterogeneity in the economic characteristics of its regions and the wants and desires of its population is considerable. Moreover, since the means of communication and transportation are relatively undeveloped the need of regional planning as a factor of regional readjustment and development of regional resources, becomes all the more apparent.

The free play of forces under capitalism very often disrupt the economic life of a certain region, contributing to the concentration of wealth in small over-crowded areas at the cost of other regions which are impoverished. This is precisely what happened in the pre-partition Indo-Pakistan sub-continent. The regions comprising Pakistan remain-

ed undeveloped and backward while some of the regions now comprising the Indian territory flourished at their expense. When Pakistan came into being, industrialization had not even touched the hem of its economy. Planning alone can correct this lop-sided development and remove some of the most-striking regional disparities.