

Review Article

Two Years of Pakistan's Second Plan

by

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The publication by the Planning Commission of a *Mid-Plan Review*¹ of progress in the first two years of the Second Five Year Plan (1960-65) gives interested observers a unique opportunity to reassess their thinking about economic development in Pakistan. Despite enormous difficulties because of data limitations, this document represents an admirable effort to measure the growth in the whole economy and in its major sectors in the recent past and to suggest what this implies with respect to the prospects for meeting the targets of the Second Plan. Inevitably, it also raises, though only by implication, some questions about longer-run growth prospects in Pakistan.

The document is divided into three parts : a general review, a sectoral review, and a statistical appendix. The appendix, which consumes more than half of the 119 pages, contains the basic raw material which is summarized and evaluated in the first two parts. Since data relating to privately financed development expenditure are generally lacking, most of the reported data refer to the government-financed sector. Nevertheless, attempts have been made to fill in the gaps with estimates for the private sector in order to give a rounded picture of development progress.

The question might fairly be raised whether a "review" of the *Mid-Plan Review* is superfluous, especially when this reviewer has very little in the way of independent information on the basis of which to compare results or evaluate conclusions. In any case, no attempt will be made here to summarize the document as a whole, or to subject it to a point-by-point critical analysis. Rather, I will attempt only to put some questions and comments about the principal findings of the *Mid-Plan Review* and their significance for second-plan progress.

The major goal of the Second Five Year Plan is a 24-per-cent increase in real national income or net national product² (NNP), implying an

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¹ Planning Commission, *Mid-Plan Review of Progress in 1960/61-1961/62 Under the Second Five Year Plan*, (Karachi : Planning Commission, Government of Pakistan, October 1962). The *Review* is being revised, but the revised edition was not available to this reviewer at the time of writing.

² More precisely, net national product at factor cost.

increase in per-capita income of approximately 12 per cent. Within this aggregate output target, the principal subsidiary objectives are a 21-per-cent increase in the production of foodgrains and a 60-per-cent increase in the output of large-scale industry. There is, in addition, an employment target—3 million new jobs; a saving target—a marginal rate of 25 per cent and an average rate of 10 per cent by 1964/65; and a “regional balance” target—acceleration in the growth of relatively less developed areas.

NATIONAL INCOME

First, with respect to aggregate output, the *Mid-Plan Review* estimates that NNP has increased more than 11 per cent in the first two years, suggesting that the target of 24 per cent by the end of the Plan is well within reach. This provisional estimate is based on three sources: the Central Statistical Office (CSO) estimate of value added by major agricultural crops; the CSO industrial production index; and estimates from budgetary data of public expenditure on administration and defence. From these are taken estimates of percentage changes in the contributions of agriculture, mining and manufacturing (M & Mfg), and government services to the real national product. The remaining sectors—labelled “other economic activities” and contributing slightly more than 25 per cent of the total—are then estimated to have increased their contribution in proportion to the weighted average rate of growth of agriculture and M & Mfg.

To convert these percentage changes into absolute values, a benchmark NNP for 1960/61 was established from “an exhaustive study of the 1960/61 National Expenditure”. Then, in accordance with CSO estimates, agriculture was put at 56 per cent and M & Mfg at 14 per cent³ of net domestic product in 1960/61. Given the figure for the government contribution to national product for that year, the contribution of “other economic activities” was found as a residual. Working backward and forward from the 1960/61 figures (using the estimates of percentage changes for agriculture, M & Mfg and “other economic activities,” together with direct data for the contribution of government services) values for the national product and its origin by major sectors were derived for 1959/60 and 1961/62. Values in current prices were corrected for increases in the general price level estimated at 3.4 per cent for the first year and 3.25 per cent for the second.

These estimates for NNP (converted to 1960/61 prices) and a projection for 1964/65 based on the rate of growth in the first two years of the Second Plan are shown in the first column of Table I, together with figures for 1954/55 and 1959/60 and the official target for 1964/65 as found in the

³. The CSO estimate of 12.6 per cent was revised upward to correct for the “narrow bench-mark (established in 1954) on which CSO estimates are based”. *Mid-Plan Review*, *op. cit.*, p. 7.

Planning Commission's *Revised Estimates*⁴ of November 1961. The second column gives the population estimates reported in that document and in the *Mid-Plan Review*. From these the per-capita-income figures of the third column are derived.

Two things stand out in the picture presented by the first three columns of Table I. First, per-capita income in 1959/60 is estimated in the *Mid-Plan Review* to be about two per cent lower than the estimate made a year earlier in the *Revised Estimates*. The difference derives in about equal measure from differences in the estimates of NNP and of population in the two documents. This apparent setback is more than offset, however, by the very rapid pace of growth of NNP estimated for 1960-62—an annual average rate of about 5.5 per cent. Should this rate be maintained for the whole of the second-plan period (and if we use the population estimates of the second column), NNP and per-capita income would reach the values shown in the bottom row of Table I, indicating a growth during the Second Plan of about 31 per cent and 18 per cent, respectively. Even taking the larger 1959/60 base of the *Revised Estimates* (implying slower growth in 1960-62), the increases would exceed 27 and 15 per cent, respectively, for NNP and per-capita income—comfortably beyond Plan targets. While the *Mid-Plan Review* does not make this projection explicitly, there is evident therein nonetheless a certain satisfaction about the rate of growth in the Second Plan so far.

What lies behind this estimate of aggregate growth? Since the contribution of government services is only about four per cent of NNP and "other economic activities" are assumed to move in proportion to the weighted average change in agriculture and M & Mfg, it is on these last two that the estimate overwhelmingly depends.

AGRICULTURE

The reported gains in agriculture during the first two years of the current plan can be described as nothing short of phenomenal. The CSO index of value added by major crops shows a rise of 5 per cent the first year and 3.6 per cent the second. The second-plan targets are actually stated, however, as percentage increases over average annual production in three to five years preceding the first year of the Plan. On this basis, the gains in the first two years of the Second Plan for the principal crops, as well as the Plan targets, are shown in Table II.

⁴. Planning Commission, *The Second Five Year Plan (Revised Estimates)*, (Karachi: Planning Commission, Government of Pakistan, November 1961), p.30.

TABLE II

AGRICULTURAL PRODUCTION—PRINCIPAL CROPS

(Average annual production in three to five years before 1960/61=100)

Crop	Plan target	1960/61	1961/62	Annual average 1960-62
Foodgrains	121	116.7	120.3	118.5
Rice	122	126.3	126.8	126.6
Wheat	117	102.2	109.7	106.0
Maize	145	93.4	103.6	98.5
Other	111	96.9	109.8	103.4
Fibres				
Jute]	122	93.8	116.2	105.0
Cotton	138	102.7	110.4	106.6
Other Crops				
Sugarcane	135	99.9	120.2	110.1
Tea	118	77.3	108.3	92.8
Tobacco	114	85.0	87.4	86.2

Source : *Mid-Plan Review, op. cit.*, p. 95

The indexes for 1961/62, with the exception of tobacco and maize are very impressive. Even cotton is not far behind schedule in relation to the Plan target. The rest are well ahead of schedule and rice production has already surpassed the 1964/65 goal. It is these 1961/62 achievements that are cited in the *Mid-Plan Review*⁵; and, of course, it is these that weigh heavily in the calculation of the gains in aggregate national product.

But a single crop year cannot be a valid indicator of development progress. Year-to-year fluctuations due to weather, *etc.*, far exceed any annual improvement that could be expected from the development effort in Pakistan. Ideally, we should compare moving averages of several years. In the present case, the least we can do is to take the average of the two years of the Second Plan as a better indicator of improvement during the Second

5. *Mid-Plan Review, op. cit.*, p. 21.

Plan than is either year taken by itself. The results are shown in the last column of Table II. Rice production still exceeds the five-year goal. Wheat is about on schedule. All of the rest, however, appear on this calculation to be behind schedule, some seriously so.

The rice figures require special comment. First, the favourable overall picture for agriculture, as well as the remarkable achievement in food-grains, clearly depends heavily on the rice-production reports. Without these, the picture is rather bleak. Second, the rice-production figures are surprising—especially for 1961/62—in the light of other evidence. While this is not the place for a lengthy analysis of the rice situation in Pakistan, some explanation is clearly in order.

When production of an agricultural commodity leaps upward as spectacularly as did rice in Pakistan in the past two years, one is naturally interested to know how much increased acreage and how much increased yield per acre contributed to the result. One would normally have greater confidence in a report of an unprecedented abrupt rise in output if it could be attributed to increased acreage. Yields vary with weather, of course, but can be expected to fluctuate as a result of this influence within some normal range indicated by past experience. Yields also can be improved by increases in inputs and improvements of methods, but this effort has not been on such a scale so far in Pakistan as to produce any sudden effect on aggregate output of the magnitude involved here.

Acreage, production, and yields in East Pakistan⁶ for 1960/61 and 1961/62 are shown in Table III, in relation to the averages for 1947-60. Averages for 1955-60 are also shown, as are the high and low annual figures for each category during the thirteen years preceding the Second Plan.

TABLE III

RICE PRODUCTION, ACREAGE, AND YIELD IN EAST PAKISTAN: 1947-62
(Indexes: Average 1947-60 = 100)

	Average 1955-60	High 1947-60	Low 1947-60	1960/61	1961/62
Acreage	100	109	94	108	103
Production	101	114	86	128	127
Yield	101	111	89	118	123

Source: For 1947-60, *Agricultural Production Levels in East Pakistan, 1947-60*, (Dacca: Government of East Pakistan, 1961); For 1960-1962, *CSO Statistical Bulletins*. (Both sources report the same series).

*. East Pakistan accounts for about 90 per cent of the country's rice production.

It is clear from the table that additional acreage played a very minor role, especially in 1961/62, when it was only three per cent above the average of the preceding thirteen years. Yield per acre, on the other hand, reached unprecedented heights in both years. While the variations from the thirteen-year average had never exceeded 11 per cent from 1947. to 1960, yields were 18 and 23 per cent above that average in the first two years of the Second Plan. Nor was there any trend toward higher yields in recent years concealed in the thirteen-year average, both average acreage and average yield being virtually the same for 1955-60 as for 1947-60.

Other pieces of evidence bearing on an evaluation of rice-production reports for 1960-62 are the following. Rice stocks increased greatly from 1960 to 1961 and declined by almost as much the following year. Despite increased rice imports, releases from government stocks, and the reduction of the price of PL-480 wheat—leading to a sharp rise in its consumption, the government was forced to impose modified rationing throughout East Pakistan in 1962. Prices eased a little from 1960 to 1961, but reversed direction during 1962. The typical sharp seasonal fluctuations of prices were damped in both years, probably as a result of the abundant supply in 1961 and the subsequent releases from stocks plus the increased supplies of wheat in 1962.

The relative scarcity of rice in East Pakistan in 1962 could be explained, of course, by a sudden sharp rise in demand for foodgrains resulting from increased development outlays. The more likely explanation, given the inadequate state of agricultural-data reporting in Pakistan and the highly unusual yield implied by the reports for 1961/62, is simply that production was greatly overestimated for that year. The production figure for 1960/61 is more credible, despite the almost equally extraordinary yield, since stocks accumulated in 1961 and prices eased.

The upshot of all of this is, I think, that rice production was probably not as high for the two years as the official production-figures suggest, but that it was high—these were relatively favourable years. We cannot reasonably expect nature to be so generous during the next three years.

While the relative abundance of foodgrains from domestic production during the past two years (from good wheat harvests as well as rice) has had a favourable impact on national-income estimates, Pakistan has not, unfortunately, been able to take advantage of this windfall to step up development expenditures. Rather, it has simply meant that foodgrain aid from abroad has not been absorbed at the planned rate while wheat prices have sagged. Of course, development expenditures should not be varied from year to year according to the bounty of the harvest any

second half of 1961/62 was not available at the time of publication of the *Mid-Plan Review*, the estimate for the last year was based on the provisional index for the first half only. The provisional index for the full year is now available, however. If we reduce this by five per cent to correct for its apparent bias, the result is a 15.6-per-cent growth over the two years, or about 7.5 per cent per annum, which is considerably under the 11 per cent per annum estimated by the *Mid-Plan Review*. It is difficult to imagine a revision of weights plus inclusion of new industries that could make up this gap.

If this judgement is correct, it suggests a continuation of the tendency for the pace of Pakistan's industrial growth to diminish over time. From 1950-55, the annual rate of increase was 26 per cent. From 1955-60, it was 11 per cent. In the past two years, it may have been only 8 or 9 per cent, even after considerable upward adjustment of the CSO index.

This trend may reflect the fact that the easy gains from import substitution in strongly protected markets are disappearing. From now on, the growth of industrial production may have to depend more on raising the level of technology and improving efficiency.

POPULATION

In the *First Five Year Plan (1950-55)*, the rate of population growth was assumed to be about 1.4 per cent per annum. For the Second Plan, it was 1.8 per cent; and later in the *Revised Estimates*, 2.2 per cent was assumed. The last figure was based on a comparison of the 1961-Census results with those of 1951. While the average annual rate of growth for the decade indeed appears to have been about 2.2 per cent, the rate was accelerating during the decade and in the last two years was undoubtedly considerably higher—probably about 2.6 per cent⁹. Moreover, the absolute figures for Pakistan's population appear to have been underestimated by as much as 5 to 6 per cent by the Census reports. The "corrected" population figures in the fourth column of Table I are derived from a revised estimate for 1961/62 plus the application of a 2.6-per-cent annual growth rate during the Second Plan and a 2.2-per-cent rate during the First Plan. These are then used to calculate the "corrected" per-capita income figures of Column (5).

These corrections change our view of second-plan progress in two respects. First, the percentage growth of per-capita income for the first two years is reduced from 6.8 to 5.7. The latter is, however, a very respectable figure, and if projected for the remaining three years, would imply

⁹ See, footnote (a) to Table I for this and other population estimates in this section.

a growth well in excess of the Plan target. On the other hand, the level of per-capita income in 1961/62 must now be put back to Rs. 310 from Rs. 328. This kind of adjustment has been required so often in recent years that economic planners in Pakistan must surely have the feeling that they will never be able to report any real progress until the demographers cease revising the population figures.

SECOND-PLAN PROGRESS

What are the implications of what has been said so far for an assessment of progress in the first two years of the Second Plan? Recall that the *Mid-Plan Review* estimated the growth in agricultural output to be 5 per cent in the first year and 3.6 per cent in the second. Suppose, as was suggested earlier, that we take the average of the two years in relation to 1959/60¹⁰ as a better indicator of progress than is 1961/62 alone. This means a 6.8-per-cent improvement for the two years, without making any adjustment for the possibility that rice production was overestimated in 1961/62.

If, then, we put the growth of industrial production at 18 per cent for the two years—a substantial upward revision of the CSO index—there is implied a growth of net national product of about 9 per cent, as compared to the *Mid-Plan Review's* estimated 11.4 per cent. This should probably be considered a high estimate in view of the various assumptions underlying it—especially the averaging of two good years of agricultural production. One or more bad harvests in the next three years could ruin any projection based on such a growth estimate. Finally, using the corrected population figures, we find the growth in per-capita income for the first two years to be about 3.5 per cent—a little under the planned rate.

This view of second-plan progress is certainly more in accord with the impression one gets from looking at the question from the other side—from the side of development inputs. While in the long run, output is the more relevant criterion of progress, in a period of time as short as two years inputs may have more significance.

Government development expenditure in the two years amounted to about 30 per cent of the five-year allocation, indicating that considerable acceleration will be required in the next three years. Since acceleration was built into the Plan, however, the more relevant criterion is the percentage utilization of budgetted development funds in 1960-62. This is shown in Table IV for the various sectors, together with percentage achievements of the five-year targets.

¹⁰. It could be very misleading to select a single year for the base, but a casual check of the data suggests that using an average of the three years just prior to the Second Plan would not change the result significantly.

TABLE IV

GOVERNMENT DEVELOPMENT EXPENDITURE: 1960-62
(in relation to five-year targets and two-year allocations (by sectors))

Sector	Allocation 1960-62 as % of Plan target	Expenditure 1960-62 as % of Plan target	Expenditure as % of allocation
Agriculture	29.2	21.1	72.2
Water and power	35.1	35.8	101.9
Mining and manufacturing	26.9	24.5	91.9
Transport and communication	39.3	34.6	88.0
Housing and settlements	34.5	31.1	89.9
Education and training	24.5	24.2	98.7
Health and medical services	33.5	29.5	87.9
Social welfare services	9.6	8.9	93.6
Manpower and employment	47.5	19.1	41.3
Total	32.6	29.6	90.7

Source: Mid-Plan Review.

Overall, expenditure was slightly more than 90 per cent of the planned level for the two years. Only in the cases of water and power, and education, however, were the two-year allocations matched by expenditures. Most significant, perhaps, is the low figure for agriculture—72 per cent fulfillment on the expenditure side contrasting sharply with the favourable output results reported above. This underlines the importance of discounting particular years of unusual harvests in assessing progress in agriculture. In general, the figures suggest that progress toward second-plan expenditure targets (middle column) has been greatest where foreign technical assistance and imported equipment are most important—*i.e.*, in water and power and transport and communications; and least where traditional attitudes and institutions predominate—*i.e.*, in agriculture, social welfare services, and manpower and employment.

Private investment (in the monetized sector) was estimated for the two years to have been about 34 per cent of the five-year target—apparently about on schedule. Included in private investment, however, was a large accumulation of stocks in both industry and agriculture, estimated on the basis of special studies in the Planning Commission to be almost 15 per cent of the total¹¹. The two-year increase in the value of stocks as reported for the major agricultural and industrial commodities was a startling 75 per cent! If we put the normal increase of stocks at the same rate as the growth of output (in each sector), we should adjust downward the private investment figure by about 12 per cent to eliminate abnormal stock accumulation. The percentage achievement of the Plan target for private investment then becomes not 34, but 30 — about the same as the rate of achievement in the government sector and, presumably, about the same degree behind schedule.

Thus, a sober assessment of second-plan progress, whether viewed from the side of expenditure or output, suggests that the economy is lagging a little behind a schedule that would imply fulfillment of the overall five-year development goal. The gap is not too great, however; and a marked acceleration in the remaining three years could close it.

SAVING

While the increase in per-capita income is the best measure of the *current* improvement in economic welfare resulting from economic development, the contribution of development to *future* progress depends significantly on the proportion of the gain that is saved and reinvested—the marginal saving rate. A high marginal rate is essential for Pakistan to raise the average rate of domestic saving out of gross national product (GNP) to the point where the country is no longer heavily dependent on foreign aid and can sustain growth largely through its own resources. Recall that one of the principal goals of the Second Plan is to raise the average rate of saving to 10 per cent by 1964/65 and the marginal rate to 25 per cent for the Plan period.

The *Mid-Plan Review* finds that the average rate rose from about 6.6 per cent in 1959/60 to approximately 8.1 per cent in 1961/62 and concludes that, since the marginal rate was 12.4 per cent for the first year and 21.8 per cent for the second, “by the end of the Plan the rate of saving may well exceed the planned 10 per cent¹².” Again, however, it appears to this reviewer that the *Mid-Plan Review* is unduly optimistic. One reason is the use of a measure of the rate of domestic saving that can be highly misleading. Domestic saving is estimated by deducting from the estimate of gross invest-

¹¹. The agricultural stocks reported are government-owned and their increase perhaps should be included in public, rather than private, investment.

¹². *Mid-Plan Review*, *op. cit.*, p. 7.

ment the part financed from foreign sources and from the use of foreign-exchange reserves. In contrast with earlier planning-commission practice¹³, however, the *Mid-Plan Review* does not include in the deduction that part of foreign aid which directly finances consumption rather than investment. This has the effect of raising the estimate of domestic saving by the amount of consumption financed abroad! What this means can best be illustrated by a simple example. Consider two countries, each of which has consumption equal to GNP, imports equal to 10 per cent of GNP, and no exports. In both cases investment must exactly equal imports, and saving by ordinary calculations is zero. Yet if in one country the imports were all consumption goods and in the other all investment goods, the sort of calculation made in the *Mid-Plan Review* would have saving equal to 10 per cent of GNP in the first country and zero in the second !

For this reason, this reviewer has recalculated saving in the straightforward manner of deducting consumption from GNP and calculated saving rates on this basis. These are shown, together with rates for the first-plan period, in Table V, while in Table VI saving is shown in relation to investment and GNP for 1959-62.

TABLE V
AVERAGE SAVING RATES: 1955-65

Year	Domestic saving as % of GNP	Year	Domestic saving a % of GNP
1955/56 ^a	7.9	1959/60 ^c	5.6
1956/57 ^a	4.5	1960/61 ^c	5.7
1957/58 ^a	5.3	1961/62 ^c	7.4
1958/59 ^a	6.1	..	..
1959/60 ^b	4.3	1964/65 ^d	8.8
Average First Plan	5.6	1964/65 ^e	10.0

(a). *Second Five Year Plan*, op. cit., p.28.

(b). *Second Five Year Plan (Revised Estimates)*, op. cit., p.17.

(c). *Mid-Plan Review*, op. cit., p. 49.

(d). Projection—*Revised Estimates*.

(e). Projection—*Mid-Plan Review*.

¹³. Planning Commission, *The Second Five Year Plan*, (Karachi: Manager of Publications, June 1960), p. 29.

TABLE VI

SAVING, INVESTMENT AND GROSS NATIONAL PRODUCT; 1959-62
(1960/61 Prices)

Year	GNP	Con- sump- tion	Invest- ment	Foreign financ- ing	Domes- tic saving	Average saving rate %	Marginal saving rate %
(.....in million of rupees.....)							
1959/60	30950	29220	2990	1260	1730	5.6	7.4
1960/61	32850	30980	3440	1570	1870	5.7	38.6
1961/62	34610	32060	4090	1540	2550	7.4	

Source : *Mid-Plan Review*, op. cit., p. 49.

The average rate of saving followed an erratic year-to-year course during the First Plan, but averaged 5.6 per cent, the same as the "corrected" *Mid-Plan Review* estimate for 1959-61. For 1961/62, however, the figure jumps to 7.4, implying a marginal rate of over 38 per cent for the year. A marginal rate for a single year would appear to have little meaning, however, in view of the variation in annual marginal rates during the First Plan from minus 37 per cent to plus 14 per cent. For this reason, it is difficult to attach much significance to the sudden jump in 1961/62. Averages of the two years of the Second Plan would probably be more meaningful—that is, an average rate of 6.6 per cent and a marginal rate of 22.4 per cent. But even if we took 7.4 per cent as a valid indication of the saving propensity in 1961/62, we find that in order to reach the goal of 10 per cent by the end of the Plan (assuming that the Plan output-target is met) the marginal rate would have to be about 34 per cent for the remaining three years. That is, consumption would have to be limited to two-thirds of the gains in income—something that would seem far out of reach in the light of past experience in Pakistan.

Moreover, two factors that were discussed earlier must also be taken into consideration in estimating the saving propensity. Recall that 1961/62 was a remarkable year for agriculture. It may be then that unusually favourable weather helps to explain the unusually high saving rate for that year. As the Planning Commission warned in *The Second Five Year Plan*: "In an economy like Pakistan, savings can vary a great deal, depending on the success or failure of crops"¹⁴.

¹⁴ *The Second Five Year Plan*, op. cit., p. 29.

In addition, since the saving estimate depends essentially on the estimate of investment (consumption is taken as a residual for 1959/60 and 1961/62), we must note again the "abnormal" stock accumulation during the two years which we estimated above at about 12 per cent of private investment in the monetized sector. Actually, accumulation in 1960/61 only slightly more than matched the decumulation of the previous year. The much greater accumulation was in 1961/62, amounting to Rs. 261 million—Rs. 117 million in agriculture and Rs. 144 million in industry. Most of this would be "abnormal" accumulation on the definition used above—i.e., in excess of the rate of growth of output. Eliminating the "abnormal" part from investment and saving reduces the average saving rate in 1961/62 from 7.4 per cent to 6.8 per cent, and the marginal rate from 38.6 per cent to 27 per cent. While this may be too great an adjustment, there is unquestionably a large element of abnormal stock accumulation affecting the investment and saving figures for 1961/62.

EMPLOYMENT AND EDUCATION

Employment and education are considered here very briefly. The overwhelming fact relating to both is that the revised population estimates very seriously affect the significance of targets as well as performance estimates.

For employment, the Plan target is 3 million jobs to match the estimated growth in the labour force. For the first two years, the *Mid-Plan Review* estimates that the increase in employment—divided equally between agriculture and nonagriculture—has roughly matched the growth in the size of the working-age male population—about 1.3 million persons. These figures can be compared with the labour-force estimates in Table VII, derived

TABLE VII
LABOUR FORCE (MALES AGED 15-64): 1959-65

Year	Labour force (Thousands)	Increase from previous year	
		(Thousands)	(%)
1959/60	25,360	—	—
1960/61	26,000	640	2.5
1961/62	26,680	680	2.6
1962/63	27,380	700	2.6
1963/64	28,130	750	2.7
1964/65	28,950	820	2.9

Source : See, footnote (a) to Table I.

from the age distribution of the "corrected" population figures described earlier.

The estimate for 1960-62 is exactly the same as the *Mid-Plan Review's*. For the full five years, however, it appears that the labour force will grow by 16 per cent more than the Plan anticipates—by 3.5 million instead of 3 million. Note also that the rate of growth of the labour force will be 2.9 per cent per annum by 1964/65. Moreover, the even division between employment in nonagriculture and agriculture leads one to wonder what kind of employment the half in agriculture was able to find.

The same population revisions make it seem probable that there are now more than 10 million children of primary-school age not receiving education, as compared with a little more than 6 million who are. The second-plan target of 2.5 million additional enrolments was supposed to raise the proportion in school from about 42 per cent in 1959/60 to 60 per cent by 1964/65. Now it appears that even if the enrolment target is fully met, there will be no more than 42 per cent in school by the end of the Plan, and the number receiving no primary education will be between 10.5 and 11 million. Before the population revisions, the Plan target seemed at best a minimum goal. Now, as the Planning Commission is aware, it has become wholly inadequate¹⁵.

CONCLUSION

No summary of the foregoing remarks will be attempted. The general outline is probably clear enough. There have been significant gains in the past two years, but not enough to warrant great satisfaction. The gains are there, however; and what they suggest is that the Plan targets are attainable, if the development effort can more fully mobilize Pakistan's human and material resources. What is equally apparent, however, is that population growth has already become the number-one development problem for Pakistan, and that the burden it places on the economy is not lessening, but increasing.

Some of the most important aspects of Pakistan's development effort have been entirely neglected in this article—in particular, foreign trade, foreign aid and capital, fiscal and monetary developments, and regional balance. The principal reason is that each of them warrants more space than is available in this short review. The present writer can do no better than commend to the reader the *Mid-Plan Review* itself, and its extremely valuable report on these and other aspects of Pakistan's development progress.

¹⁵ This paragraph is based partly on an unpublished planning-commission study by Dr. E. F. Szczepanik and partly on discussions with Dr. Karol J. Krotki. The estimates are entirely the responsibility of the present author, however.