

Book Reviews

Shahid Javed Burki. *Changing Perceptions, Altered Reality: Pakistan's Economy under Musharraf, 1999–2006.* Karachi: Oxford University Press, 2007. 373 pages. Hardbound. Price not given.

This book is another addition to Shahid Javed Burki's work whose writings have been pivotal for understanding Pakistan's social and economic transitions. The book examines various sectors of the economy that could become the source for sustainable growth. Thoughtful public policies in the high-potential areas are suggested with the claim that these could help the country join the ranks of Asia's rapidly growing economies.

Based on the weekly columns by the author published in the daily DAWN, and focusing on the 1999-2006 period, the tenure of President Pervez Musharraf, the book analyses the economic and social problems faced by Pakistan. It then discusses the opportunities that exist for the country in light of its geographical situation, and the rapid changes in the structure of the global economy. The issues explored in the book include the reasons for the rapid growth of the economy from 2003 onwards, as well as its impact on poverty and income distribution. It is suggested that these high rates of growth would not be sustained into the future unless a number of changes in the structure of the economy were introduced.

The book consists of eight chapters. The first chapter starts with a brief discussion of the country's economic history as well as the situation in mid 2000 (associated with high growth rates). It then continues to analyse the factors responsible for such growth with the caution that the economy still needs more measures before labeling it to have been set on a course of a high level of sustainable growth. In this regard the obstacles particularly related to infrastructure and governance are discussed raising crucial points and suggesting suitable measures. The chapter identifies various areas that need urgent attention by the policy-makers advising them to understand the true nature of the 'determinants of growth' and how they will affect the incidence of poverty and equality of opportunity.

The next chapter, Chapter 2, deals with Pakistan's geographical situation which has bestowed advantages to the country not enjoyed by many states in the developing world. Following David Landes' book, *The Wealth and Poverty of Nations*, Economists have begun to emphasise the role of geography and location in understanding the structure of economies and their development over time. In this context, the author explores the potential benefits associated with Pakistan's geographical location, that is, adjacent to China and India. In addition to provide an overview of Pakistan's relation with China and India, the authors explores Pakistan's emerging relations with the countries in west Asia as well as discusses the possibilities of building new partnership with the Muslim countries of Central Asia. The chapter also has a section on the United States which discusses how the superpower approaches the world while tackling the problem of international terrorism.

International commerce is discussed in Chapter 3 which, according to author, is a very important determinant of growth and poverty alleviation but the country has done poorly in this area. In addition to an overview of South Asia's approach towards international commerce, as well as of the economy of and patterns of trade in the region, the chapter discusses the reasons for the poor integration of the region's economies to the world economy. It then continues to look at the attempts made by the South Asian countries to promote Intra-regional trade as well as examines the role of global trading system in increasing regional trade. The chapter also discusses the importance of the WTO for the conduct of trade by the South Asian countries.

Chapter 4 deals with the development of Human Capital. It starts by discussing the state of education in Pakistan as well as describes the evolution of the sector over the years. It extends the discussion on state of education to the Muslim world. The roles and influences of the donor agencies in the development of education in Pakistan are discussed particularly in the light of the roles played by World Bank and USAID in the country's development. The knowledge accumulation and its contribution in sustaining growth at high levels as well as in integrating the domestic economy with the world economy are dealt by particularly investing the role of higher education in this context. The chapter ends by offering suggestions for the design of public policy for promoting higher education.

The subject of agriculture is discussed in Chapter 5 that the author views as a much neglected sector. After providing an overview of the sector the author suggests a substantial reorientation of the government's approach towards agriculture in the subsequent periods. There is a long discussion on the controversy regarding the building of the Kalabagh dam. Later in the chapter the author argues why a movement away from a land extensive form of agriculture to the production of high value added crops is crucial. He then continues to discuss the distribution of land ownership.

Chapter 6 deals with the migration of workers to other parts of the world. The author deviates from the conventional line of reasoning presented by the economists regarding the 'brain drain' reflecting the loss to the society if a person migrates and settles abroad. According to the author those who migrate contribute to the society but in a different way, and the sum total of their contributions may be even greater than would have been the case had these individuals stayed behind. The author calls this line of analysis 'diaspora economics'. The chapter describes how the Pakistani diasporas were formed in three parts, Europe, Middle East, and North America, of the Globe and how these communities began to interact with the homeland. It then continues to discuss the attempts made by some Pakistani administrations to tap into the wealth and income of the various diasporas as well as the role the government could play in benefiting from the presence of large communities in the world's developed parts.

Chapter 7 deals with the issue of Kashmir, the problem that Pakistan has faced ever since it came into existence. The chapter points to the enormous cost the country has borne by keeping the Kashmir problem on the front burner and provides a rough estimate of the economic damage done by the policy-maker's proclivity to keep alive the Kashmir issue and to use it as a device for constituency building. Though the author agrees that Pakistan should not give up the effort to find a solution to the enduring problem of Kashmir, he suggests that Pakistan should try some other approaches. According to the

author an economic development programme for the state of Kashmir could be formulated that would rely heavily for its success on greater trade among India, Pakistan, and Kashmir. The plan could be built around five central elements: (a) developing the state's water resources with a view to generating electric power, (b) rebuilding and expanding the tourism industry, (c) developing forestry and high value added agriculture, (d) improving physical infrastructure, and (e) developing the human resources to engage the young in the more productive sectors.

The last chapter pulls together some of the themes developed in the earlier chapters. It suggests that in 2005 Pakistan may have reached what Rostow in 1960 called the stage of take-off. It had been there before, in 1965, but it pulled back then for a variety of reasons, among them the war with India over Kashmir. It seems to be pulling back again in 2006, this time because of the inability or perhaps unwillingness on the part of the policy-makers to allow the political and social development in the country to proceed at the same pace as the modernisation of the economy.

As mentioned by the author in the introduction, the main purpose of this book is to help formulate the debate on important issues dealing with economic development. For a number of reasons, the country could not construct a durable economic and political system. Over a long period, various political and economic developments within and some interactions with the world have produced many tensions in the society. These could be released only with the development of durable institutions that allowed people to interact with one another within rule-bound frameworks. Burki's present book has provided an informed discourse on a number of economic issues vital for Pakistan's economic and political development and social stability.

Fazal Husain

Pakistan Institute of Development Economics,
Islamabad.