

Did South Korea Copy-paste Pakistan's Growth Model?

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Among the many myths that we in Pakistan have lived with, there is one that simply refuses to die. Some economists and quite a number of politicians tell the believing listeners that Pakistan in the 1960s was recognized internationally as a model of high growth. So far, so good. My South Korean colleague from the doctoral days at Cambridge, Ha-Joon Chang finds it "Totally plausible. Pakistan was the golden boy of the World Bank... in the 1960s." Then the myth makers go on to claim that South Koreans copied Pakistan's growth model and persisted with it to achieve what came to be known as the Korean miracle. Pakistan departed from the model and her economy got derailed. Of the Korean adoption, there is no documentary evidence. Ha-Joon smiled when I narrated the story, saying that the "evidence is anecdotal."

There are many versions of the story. One is that Mahbub ul Haq gave a visiting delegation of planners from South Korea a copy of the Second Five year Plan. I have spent over three decades working in the Planning Commission. Despite some serious search, I did not find any record of this visit. Mahbub ul Haq himself never talked about it, nor even hinted at it in any of his long list of writings. There is some evidence that a few Korean bureaucrats were sponsored by the World Bank for training at a civil service training facility. This could hardly be termed as a source of transmission of economic knowledge.

Mr Sartaj Aziz, who was in the Planning Commission in the 1960s, recalls that the delegation was from Korea Development Institute (KDI). The members of the delegation were given the documents prepared for the Aid to Pakistan Consortium, as the World Bank found them to be a good guide to other countries. Professor Jwa Sung Hee of KDI, while visiting Planning Commission in 2013, is reported to have talked about technical assistance from Pakistan in the 1960s. This is a newspaper report claiming too much. The long list of the writings of the learned professor contains nothing to the effect. Another report attributes replication of Pakistani plans to an address by a Korean diplomat to Pakistani businessmen. This was before Pakistan gave diplomatic recognition to South Korea. Again, it was no more than positioning for full diplomatic recognition.

The fact is that the two growth models were essentially different. Pakistan had focused on state-directed import substituting industrialization in view of a large consumption base. South Korea, then a small economy, eyed world consumption, with the state catalyzing competitive private sector export industries. That South Korea followed our plans and prospered and Pakistan lost the way and paid dearly for it is a myth that must die now. South Korea followed its own path and is now a member of the OECD, the club of the rich. Pakistan never departed from the HAG-Haq model and continues to be a sitting member of the club of the poor.