

# *Are India and Pakistan on the Road to Economic Ruin? Search for a New Development Approach*

**M. A. Hussein Mullick**

The strategies being followed at present in both India and Pakistan have miserably failed to deliver a self-sustained process of development. There is misery found every where on the economic front and the so called democratic order also continues to leave a great deal to be desired. There is growthmanship but its impact on the wider canvas of the society is hardly to be observed. Worse still, corruption is fastly overtaking some of the fundamentals of progress, f.i. merit and genuine distribution of income. What matters now is the excessive use of 'money' to buy jobs and get things done from the concerned quarters. It is this phenomenon which is all pervasive over the whole subcontinent.

While going through the First Five Year Plans of both India and Pakistan one finds that the thrust of both the documents haven't been much different from each other. For instance, this is what the Indian Plan stated in December 1952.

...economic planning has to be viewed as an integral part of a wider process aiming not merely at the development of resources in a narrow technical sense, but at the development of human facilities and the building up of an institutional framework inadequate to the needs and aspirations of the people.<sup>1</sup>

No less different was the aim laid down in the First Five-Year Plan of Pakistan. It stated:

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Dr Hussien Mullick, Ex-Chairman, Department of Economics, Quaid-i Azam University, Islamabad, Pakistan.

1. Government of India, *The First Five Year Plan*, (December: 1952),7.

...to develop the resources of the country as rapidly as possible so as to promote the welfare of the people, provide adequate living standards, and social services, secure social justice and equality of opportunity and aim at the widest and most equitable distribution of income and property.<sup>2</sup>

While all these goals were well set, the instruments chosen did not, however, prove effective. The post-independence subcontinental states adopted a democratic framework with a mixed economy model of development, presumably to ensure the welfare of the people. Towards that end, the state's entire administrative superstructure was placed at its disposal. The purpose was to regulate, protect and promote specific economic activities. It began to directly participate in production, trade and other activities of the economy.<sup>3</sup>

In the beginning growth assumed a clear priority over any redistributive concerns.<sup>4</sup> Another distinctive feature of the early era was that "despite the labour being surplus, business community preferred to go in capital linked technology. Although Pakistan's industrial development pattern wasn't too capital intensive, because the country was more or less tuned mostly to the production of consumer goods, India however had its tilt towards capital investment on account of the greater emphasis having got laid on the development of capital goods industry. The Mahalanobis's model was particularly aimed at the development of capital goods industry."<sup>5</sup>

The above pattern of development could not however be sustained much longer. This happened on account of the protests launched by the labour community against the non-distributive character of this development. As a consequence, the 'growth-led' model of development underwent a drastic change. There was therefore a spurt in welfare policies. Now both the countries sought to regulate the conditions and outcomes of work in various sectors of the economy. This was done through regulation of minimum wages, fixing of working hours, and by

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2. National Planning Board, Government of Pakistan, *The First Five Year Plan, 1955-60*, (December: 1957), 1.

3. *Economic and Political Weekly*, (April 28, 1995).

4. *Ibid.*

5. M. A. Hussein Mullick, "Did Mahalanobis Misconceived Pillage in India?" in *The Nation*, (Lahore: 22 December, 1997), IV.

