

Pakistan's Economy Can't Grow Without Fundamental Changes.

*Is the Argentine's Experience the Best Model to
Follow?*

M.A.Hussein Mullick

Today's Pakistan is finding itself face to face with the chronic crisis of fiscal bankruptcy. To expect that the old guards working through the alien system will be able to resolve this gigantic problem seems to be beyond comprehension. It is the same system that has drowned the country into asymmetric debt without even for a moment, thinking that all these financial obligations are one day going to knock at the nations' of door. As this is the situation, what is desperately needed is to bring about revolutionary changes in existing system.

Economic development is a formidable task. One needs visionaries to take the country along and put it on a self-sustained path of development. The present system of economic management cannot deliver the goods. The need of the time is to bring about the desired changes before it is too late. With this background in mind, the author would like to share the Argentine model that seems to be worth following. It has already succeeded beyond doubt and there is an ample evidence to show that Pakistan which too has a lot in common with the situation obtaining in Argentine in 1989, could also carry the day.

Dr. Saul Menem, the President of Argentine was able to find Domingo F.Cavallo to work as Minister of Economics to deliver the goods. He was able, for instance, to quadruple the per capita income of

Dr Hussein Mullick, Ex-Chairman, Department of Economic, Quaid-i Azam University, Islamabad.

Argentine in a matter of six years. He also turned an insolvent country into a fastly developing one. This has been a feat worthy of imitation by the third world.

SELECTED ECONOMIC INDICATORS

A comparative study of Argentine and Pakistan; 1989/1995

	GNP per capita US \$	GDP Mill. US \$	Exports Mill. US \$	Imports Mill. US \$	Gross International Reserves Mill. US \$	External debt Mill. US \$	Interest payments on foreign debt. Mill. US \$	Profit remittances Mill. US \$
Argentine 1989	2,160	68,997	9,567	4,200	3,217	64,745	1,519	675
Pakistan 1995	460	60,649	7,992	11,461	1,200 ¹	39,000	2,966	70
	Net resources flows; Mill. US \$		Stock exchange market capitalization Mill. US \$		Stock Market Price Index	Gross domestic investment % increase	Overall surplus/deficit as % of GNP	
	783		4,225		717.2	-7.8	-4.9	
	3,341		15,000		1,912.0	4.05	-4.8	
	Average annual inflation (GDP deflator)		Change in consumer price index %		Exchange Rate			
	334.5		3,079.8		0.1360			
	9.2		12.3		42.41			

(1)1997; (2)1994; (3)Argentine: Bolsa, 1997 0.00001; (4) Kse 100 Index 1, 1991=1000; (5)1990/95; (6)1980-89; (7)1985/95; (8)July 22, 1997

The Pakistani nation has just celebrated the golden jubilee of Pakistan. But one question that is baffling the minds of our nation is that what did we achieve during all these fifty years? Did we make Pakistan economically strong and politically stable? These are difficult questions to answer. As far as economic development is concerned, our performance continues to leave a great deal to be desired. This is evident from the fact that while back in the sixties our per capita income was little higher than South Korea i.e. US \$10 as against \$100 meanwhile things have started looking dismal. Korea's per capita income stood at \$9,700 in 1995 as against \$460 in case of Pakistan. It is a vast difference! Korea's per

1. For details see, World Development Reports 1991: 1997; World Debt Tables, vol.2, Country Tables, 1996; Economic Survey 1996/97, GOP, Economic Division, Economic Adviser's Wing, Islamabad; Emerging Stock Markets Fact book 1996, IFC, Washington, D.C.

