

BOOK REVIEW

Robert La Porte, Jr., and Muntazar Bashir Ahmed, Public enterprises in Pakistan: The hidden crisis in economic development, (Westview Press, Boulder, 1989), pp. xix + 219, n/p.

La Porte and Ahmed have done well at analysing the more specific economic (micro and macro) and management issues of Pakistan's public enterprises. Their focus is more on specific industries and concerns, and they do not go into details about the broader political consequences of public enterprises and their relation to the political process and governmental functioning in the country. This of course was not their brief, but the authors deserve commendation for raising issues which relate to broader political concerns as well. They argue that excessive interference by the bureaucracy is the major cause of poor performance of public enterprises. They also feel that with each change in government, there is a substantial influx in public sector concerns, where the new rulers provide jobs to members of their own constituency. The public enterprise sector in Pakistan employs over 561,000 or 28.6 per cent of total government employment and given the charges of corruption levelled at governments in the past, a large number of these employees have probably found employment not through advertisements or competition, but through their benefactors. With the focus more on public enterprises themselves rather than on the broader issues, La Porte and Ahmed have conducted a detailed study of 167 concerns. They have looked at a diverse cross-section of units in the more monopolised sectors such as finance, communications and energy as well as agriculture and construction, where government control is minimal. After a broad overview of the history of public enterprises and a discussion of their role in the economy, the authors turn to evaluate the socio-economic performance of public enterprises. They state that since data to examine such performance do not exist it is virtually impossible to quantify the performance. "The performance evaluation system of the Ministry of Production does not directly tackle the issue of socio-economic goal performance" (p. 42). Enterprises "outside the Ministry of Production are not actively involved in measuring their performance let alone gathering data on socio-economic performance" (p. 42). One is then left to qualitative assessments of socio-economic performance which

“range from editorials, negative in content . . . , in the major newspapers in Pakistan to anecdotes about successful . . . performance” (p. 42).

Commercial performance is easier to measure and varies from sector to sector and enterprise to enterprise, where on the whole the record seems to be less than encouraging. The authors also discuss the administrative and management aspects of public enterprises. In this section of their book they give an overview of the administrative system of the country along with the relationship of the enterprises with the Ministry of Finance, their parent ministries and other ministries. They also look at the links between the public sector and the private sector enterprises. The chapter on management looks at the goals and objectives of the enterprises and their organisation. After a comprehensive study of the problems of the enterprises both within the sector and on a more global level, La Porte and Ahmed offer detailed recommendations regarding government policy, internal management, accountability and structural adjustments of these enterprises. Their results do not support a policy of wholesale privatization. Instead, they suggest that steps be taken to rationalize the public enterprise sector which would include transferring some of the responsibilities for the production of goods and services from the public enterprise sector to the private, non-profit and government sectors. The book has a number of appendices containing detailed case studies of selected public sector enterprises.

This book will find a very wide audience amongst bureaucrats, financiers, managers, economists and lay-people in general. It will probably become the standard textbook on public enterprise in Pakistan until a better one is written. La Porte and Ahmed's work is not only original and of good quality but also deals with an important theme on which very little work has been done. They have addressed bureaucrats and managers and have tried to analyse the problems of public enterprise in Pakistan and unlike academics, have come up with concrete and detailed suggestions. The language and style are lucid and even people who are not specialists can follow the text, concepts and arguments easily. Graduate, especially business, students would make extensive use of this book. As there are few (if at all) comparable textbooks in this discipline, the book fills a void in an important field.

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