

THE CAUSES OF PAKISTAN'S DEBT BURDEN

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ABSTRACT

The causes of Pakistan's rising debt burden have been discussed. Tied nature of aid and the poor performance of the economy have been found to be the most potent causes. The country seems to have bogged down in the quagmire of external dependence to such an extent that no option but SELF-RELIANCE is the viable solution to the excessive debt burden.

INTRODUCTION

The partition left Pakistan weaker industrially. However, having a comparatively stronger agrarian base because of valuable commercial crops like cotton and jute, a productive and profitable irrigation system, hardworking manpower and rich land resources, Pakistan could have adopted a development strategy aimed at rapid development of its agriculture to generate the exportable surplus. Because the said surplus is the 1st prerequisite for initiating the process of rapid industrialization and urbanization in an underdeveloped country. Instead of creating that surplus before embarking on its programme of industrial development, Pakistan opted for seeking foreign loans disguised as aid for setting up of consumer goods industries at the cost of agriculture. Consequently, Pakistan which was a food surplus state at the eve of partition became a net importer of food. Today, Pakistan has neither a developed agriculture sector nor strong industrial base to cater to the growing needs of the economy. Our underdevelopment is neither the verdict of God nor is the necessary result of social evolution. This has been made possible by the colonial exploitation for nearly two centuries which is being perpetuated through foreign aid.

The present paper attempts to analyse the cause which have burdened the country with heavy debt and its adverse effects on the economy of Pakistan. Pakistan's excessive debt burden has been caused by the following factors.