

## Mahbub ul Haq: A Visionary Economist<sup>1</sup>

First to give you a glimpse of Mahbub ul Haq, I would like to quote the Nobel Laureate Prof. A. K. Sen who was a great friend of Mahbub ul Haq.

***“Mahbub ul Haq as a person was much larger than all the parts that combined to make him the person he was. He was, of course, an outstanding economist, a visionary social thinker, a global intellectual, a major innovator of ideas who bridged theory and practice, and the leading architect in the contemporary world of the assessment of the process of human development. These achievements are justly celebrated, but, going beyond the boundaries of each, this was a human being whose combination of curiosity, lucidity, open-mindedness, dedication, courage and creativity made all these diverse achievements possible.”*** (Amartya Sen, The Idea of Justice, *Journal of Human Development*, Vol. 9, No. 3. November 2008)

Over forty years, Mahbub ul Haq championed the cause of the poor people and poor nations in all his writings, speeches, and in all the forums, nationally, regionally and internationally. He used the power of his vision, the clarity and urgency of his mission and his superb intellect to influence policy makers to focus on human beings. With his dazzling intelligence, and an amazing analytical ability he always managed to find the core of an issue and communicated it simply.

What I propose to do here is to trace briefly the evolution of Mahbub ul Haq’s philosophy on economic growth, poverty alleviation and social justice that culminated into the human development revolution. Each decade witnessed Mahbub ul Haq learning lessons from his close encounter with the political reality of the day that made him evaluate some of his own assumptions and to refine his tools to achieve his ultimate goal – to make people the centre of all development policies, programs and actions.

During the 1960s at a very young age, Mahbub ul Haq, as chief economist of the Planning Commission, prepared the highly acclaimed Second Five-year Plan that led to a high economic growth of 7 percent. But when in 1968 the government of the time was celebrating the ‘Decade of Development’, the main planner came out with the findings of a study that empirically showed that the benefits of growth had not helped the poor but had created an economic monopoly of twenty family groups under the umbrella of government concessions and patronage. This was very embarrassing for the government, but it was devastating for Mahbub ul Haq, because till that time he himself believed in the growth only philosophy. So he learnt his first lesson that there was no automatic link between economic growth and people’s wellbeing. Economic growth policies, in order to be equitable and sustainable, had to be combined with distribution policies and social sector development.

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<sup>1</sup> Khadija Haq’s remarks at Mahbub ul Haq Economic Society GCU seminar on February 10, 2011

During the 1970s, Mahbub ul Haq started influencing the policies of the World Bank by playing the role of chief policy adviser to then president of the World Bank, Robert McNamara. This was the time when the World Bank, for the first time, started focusing on poverty alleviation as a policy goal and started lending for education, health, water, sanitation and environment. Mahbub ul Haq was the most influential advocate for the Bank to lend to these sectors. More importantly, while he was at the World Bank he started raising the issue of the failure of GNP as a real measure of economic growth. In May 1970 at a SID conference, Mahbub ul Haq raised many eyebrows in the international community by declaring, 'It is time to stand GNP on its head, since a rising GNP is no guarantee against worsening poverty.' As long as Mahbub ul Haq was in the World Bank, the Bank's policies reflected Haq's own philosophy of focusing on people's development. But as soon as Mahbub ul Haq left the World Bank, the poverty focus of the Bank was all but gone from the Bank's policies for some years till James Wolfenshon became the president. Once again Mahbub ul Haq experienced the dominance of political reality over social justice.

Haq's time with the World Bank also coincided with the role he played on the international stage on the issues of New International Economic Order (NIEO) and collective self reliance of developing countries. Those were days of great intellectual ferment among the political and social leaders of the world. Through Third World Forum, North South Roundtable, and the NIEO debates at the UN, many world leaders from both developing and developed countries, got involved in issues to make this world a better place for everybody and every nation. Mahbub ul Haq played a leading role in preparing policy papers and advocating those ideas in various forums. The reports of that period showed that the elements of human development were starting to get clarity in Haq's own mind and in his writings.

But Mahbub ul Haq wanted to make things happen in his country. So he tried various routes, including accepting ministerial positions in a military-led government. So in the 1980s Haq was back in Pakistan, as finance, planning and commerce minister at various times (or simultaneously). This was a government of a highly unpopular dictator, and yet for Haq, who wanted to make a difference to his country, this was a period of many innovative ideas that he introduced to promote human welfare. Many studies showed that during the period economic growth went up, poverty went down, and resources were mobilized for education (Iqra surcharge). For the first time in Pakistan, there was a focus on women's development in the planning documents, thousands of villages got electricity, family planning was introduced and institutionalized. And yet, as soon as Mahbub ul Haq left Pakistan, all these policies were reversed and allocated funds for social sector got merged into the general budget. Once again politics triumphed over people's wellbeing!

In the 1990s, Mahbub ul Haq entered the international stage again – this time to UNDP at the request of the UNDP Administrator, William Draper. The seeds of human development that had been growing in Haq's mind over the previous 30 years blossomed as the human development report of UNDP with the collaboration of the greatest generation of socially and ethically

conscious economists who were dear friends and colleagues of Mahbub ul Haq over the years. The production of HDR and HDI gave Haq the world stage to advocate for his ideas of human development, human security and women's empowerment. And the best thing that happened this time around was that these ideas got institutionalized in the UNDP headquarters and country offices, and in many forums and institutions around the world. Today over 150 countries around the world prepare national and regional human development reports, and every government is judged on the basis of its rank in HDI and GDI. The fact that today Mahbub ul Haq's philosophy is dominating the world of economic development is no longer a matter of debate. Finally Mahbub ul Haq had succeeded in bringing the attention of the world to people and their empowerment!

With this success internationally, Mahbub ul Haq turned his attention towards Pakistan and South Asia and set up the Human Development Centre in Islamabad to produce annual South Asia Human Development Report. The South Asia reports triggered a great policy debate and public discussion among policy makers and intellectuals in the region. The force of Haq's ideas and passion with which he communicated those, compelled his audience particularly the South Asian policy makers, to look deeply into the reasons behind the disconnect between economic growth and people's wellbeing. Without the constraints of a public office, Mahbub ul Haq started talking about the taboo subjects – the rising costs of military expenditure, the futility of nuclear race, the lack of development cooperation within the region etc. Before he passed away, Haq talked passionately about what the seven independent countries of South Asia could gain as one economic unit along the lines of the European Union.

It is in this context that I would now like to talk about Mahbub ul Haq's vision for South Asia. Mahbub ul Haq firmly believed that South Asia could become the next economic frontier of Asia if acute differences were settled and free flow of rich customs, commerce, and ideas encouraged. During his final years, he tried to define a robust vision and a concrete plan of action for greater unity among the South Asians, which included the following essential components:

#### *1. Peace between India and Pakistan*

This was thought to be the starting point for any discussion of regional cooperation in South Asia. On this critical issue of peace in the subcontinent, Haq's message was one of faith and perseverance against all odds. Political and intellectual courage is necessary to discuss sensitive issues openly and honestly. After all, as Haq so often remarked, human destiny is a choice, not a chance. By not choosing to resolve India and Pakistan's perennial differences, the current leadership in the two countries may never forgive themselves. Peace between India and Pakistan, as we all agree, is a pre-requisite to economic and social progress in the subcontinent. For peace to succeed, the concept of security must be linked increasingly to the enrichment of lives of all South Asians.

#### *2. Massive investments in human development*

The human development records of South Asian countries are still far behind the records of their performance in economic fields. In all our South Asia Human Development Reports we have

underscored the urgency of accelerating investment in education, health, women's empowerment and poverty alleviation. With firm political commitment, the goal of overcoming the worst human deprivations could be achieved within a defined time period.

### *3. Empower civil society to serve as a catalyst for social change*

In South Asia, the power of civil society to bring positive changes to society has been well-established. There are numerous cases where governments have failed but civil society triumphed. "Ultimately it is the people who show the right way to governments," Haq used to say. The role of civil society is more important in South Asia now than ever before, as the governments in the region are not adequately addressing their people's concerns.

### *4. Seven polities but a single integrated economy*

Mahbub ul Haq passionately argued that the SAARC must be transformed into a true "partnership for progress". At a time when countries throughout the world are regrouping on the basis of economic blocs, South Asia could not afford to remain immobilised in political discord.

Mahbub ul Haq advocated many steps for greater economic integration and development co-operation within South Asia that respected the political independence of the seven SAARC countries. What Haq envisioned was basically seven polities but one single integrated economy. Such was the vision of Jean Monnet, who after witnessing Europe's trauma during the Second World War argued courageously to unite the Europeans. Starting with the creation of the European Coal and Steel Community in 1953 and the signing of the European Economic Community's Treaty of Rome in 1957, Jean Monnet's tireless efforts paved the way for today's prosperous European Union, including peaceful co-existence among neighbours, a shared currency and a common market. A new order emerged from the dark shadows of the Second World War. During his lifetime, Mahbub ul Haq tried to develop a similar vision for South Asia.

Mahbub ul Haq has left behind many legacies in the realm of ideas, institutions and intellectual courage. His legacy of humanizing economics by giving a human face to economic development and bringing poverty concerns to the centre stage of development agenda will long endure. So will his concerns for the income and capability gaps between the rich and poor within and among nations. Mahbub ul Haq untiringly advocated for a better development cooperation for the 21<sup>st</sup> century, a less brutal process of globalization, a system of global institutions that will protect the vulnerable people and nations, a cut in military spending to free resources for social development, a more transparent and ethical national and international systems of governance, and a compassionate society. His legacy is also that he seldom talked about issues without providing a concrete point by point blueprint for action.

But as a human being, Mahbub ul Haq's finest legacy will always be his intellectual courage. Wherever he worked, whatever job he held, he never shied away from telling the truth. He was always fighting for the voiceless, the marginalized, oppressed millions against a system that is unjust, unethical, corrupt and anti-people. In his last public speech only two weeks before he passed away, Mahbub ul Haq was concerned about the role that was being played by the international financial institutions in the developing countries. In front of the leading world economists he thundered, "Why do we have such bouts of intellectual nervousness when anyone has the courage to talk about the need for a genuine lender of last resort in an era of financial volatility? Have we lost the motivation to dream, to innovate, to challenge, to dare?" Mahbub ul Haq dared to talk about these. That courage is his finest legacy.