

ABSTRACT

Economic Development is a comprehensive process. Economic growth of any sector can lead to the overall development only if there is an altogether change in income distribution and employment. Economic development in Pakistan has passed through different stages along different growth strategies opted for development. In order to achieve rapid industrial growth, Pakistan adopted the policy of "functional inequality" during the 1960's. But the aggressive capitalist growth caused serious economic, social and political tensions, especially due to the manner in which it was implemented in Pakistan. After the experience of 1960's, policy makers have tried to reduce inequalities by focusing on all sectors of the economy in pursuit of achieving balanced growth. This study is intended to investigate the direction of income distribution after reversing the growth strategy of functional inequality, adopted during the period of sixties in Pakistan. For this purpose an analysis of income shares, both for capitalist and labor class, is taken as main finding tool.

The unit of analysis in this study is labor class of large scale manufacturing sector of Pakistan. The time period of the study is taken from 1976 to 1991. The nature of data is secondary and obtained from various issues of Census of Manufacturing Industries. The purpose of this study is to test relevant hypothesis. In order to do so, time series analysis of the data through the formation of real indices of variables (under investigation) are undertaken.