



THE MIRAGE OF POWER

AN ENQUIRY INTO THE BHUTTO YEARS - 1971-1977

BY
MUBASHIR HASAN

REPRODUCED BY
SANI H. PNHWAR
MEMEBER SHINDH COUNCIL, PPP

The Mirage of Power

**AN ENQUIRY INTO THE BHUTTO YEARS
1971-1977**

BY

MUBASHIR HASAN

Reproduced By:

Sani H. Panhwar
Member Sindh Council PPP.

CONTENTS

About the Author	i
Preface	ii
Acknowledgements	v
1. The Dramatic Takeover	1
2. State of the Nation	14
3. Meeting the Challenges (1)	22
4. Meeting the Challenges (2)	43
5. Restructuring the Economy (1)	64
6. Restructuring the Economy (2)	85
7. Accords and Discords	100
8. All Not Well	120
9. Feeling Free	148
10. The Year of Change	167
11. All Power to the Establishment	187
12. The Losing Battle	199
13. The Battle Lost	209
14. The Economic Legacy	222
Appendices	261

ABOUT THE AUTHOR

Dr. Mubashir Hasan is a well known figure in both academic and political circles in Pakistan. A Ph.D. in civil engineering, he served as an irrigation engineer and taught at the engineering university at Lahore.

The author's formal entry into politics took place in 1967 when the founding convention of the Pakistan Peoples' Party was held at his residence. He was elected a member of the National Assembly of Pakistan in 1970 and served as Finance Minister in the late Prime Minister Zulfikar Ali Bhutto's Cabinet from 1971-1974. In 1975, he was elected Secretary General of the PPP. Following the promulgation of martial law in 1977, the author was jailed for his political beliefs.

Dr. Hasan has written three books, numerous articles, and has spoken extensively on social, economic and political subjects:

- 2001, *Birds of the Indus, (Mubashir Hasan, Tom J. Roberts)*
- 2000, *The Mirage of Power,*
- 1989, *An Enquiry into the Bhutto Years,*
- 1986, *National unity: what is to be done?, (Mubashir Hasan, I. A. Rahman, A. H. Kardar)*
- 1977, *United front for people's democracy*
- 1976, *Pakistan's illiterate leaders*
- 1967, *A Declaration of Unity of People*
- 1954, *On the general education of an engineer*

Presently, Dr. Mubashir Hasan is actively engaged in human rights causes, and the promotion of peace and disarmament in South Asia. He is a founder member of the Human Rights Commission of Pakistan and the Pakistan-India Peoples' Forum for Peace and Democracy, and is also President, Pakistan Peoples' Party (*Shaheed Bhutto*) or the province of the Punjab.

PREFACE

In the aftermath of the India-Pakistan war of 1965, many Pakistanis became anxious about the future of their country. A group of about a dozen men and women in their thirties and early forties met in Lahore to consider what role they could play in improving the social and economic conditions of their environment. They were educated in the humanities, one was a poet, one a lawyer, another a principal of a girls' college, two were architects, and two engineers. Every month, we met to discuss a paper specially prepared on subjects such as education, economy, agriculture, industry, youth and other topics.

When we first started the group meetings, politics was not on our minds. However, at the end of every discussion, we came to the conclusion that the major steps needed to improve the deteriorating social and economic conditions were political in nature. We ended up by drafting what we thought was a revolutionary manifesto which we called *A Declaration of the Unity of the People*. By then it was late summer of 1967, and in that very period, Zulfikar Ali Bhutto announced his intention to found a new political party.

There was great excitement in the city of Lahore that its hero was founding a political party of his own. Bhutto had served as Foreign Minister under Ayub Khan until a year earlier. The people of Lahore held him in tremendous affection for his stand on Kashmir and his dissent with President Ayub Khan on questions of foreign policy. I had met Bhutto briefly, once to deliver an invitation for a speaking engagement in Lahore and again, in February 1967, when I arranged a ladder for his escape from the second storey window of the YMCA hall, where, after delivering a brilliant speech, he was trapped in the midst of frenzied admirers.

On learning of Bhutto's decision to found a new political party, our group decided to find out what he had in mind. I met Bhutto in Larkana and then again in Karachi with his principal political advisor, J A Rahim. Chairs were arranged for the latter meeting on the lawn of Bhutto's residence as the building was not considered safe on account of the fear of listening devices planted by the intelligence agencies of Ayub Khan. The two made a formidable team, Bhutto, articulate and persuasive, and Rahim, highly knowledgeable and astute. Here were two men the like of whom had not been seen in Pakistani politics for a long time.

I was impressed and more than satisfied with the anti-imperialist character of the party they had in mind and its programme to nationalize banks, basic industry and energy resources. On their part, Bhutto and Rahim agreed with the contents of the manifesto

prepared by our group. Bhutto and Rahim invited the group to join them in founding the new party and I promised to consult my colleagues in Lahore.

Bhutto founded his party at a convention in Lahore held on 30 November and 1 December 1967. The convention was held in a tent in the lawns of my house and the party was named the Pakistan People's Party.

The mood of the country was against President Ayub Khan and his government rapidly weakened. Within a year of the founding of the party, large-scale street protests started in West Pakistan as well as in East Pakistan. Bhutto's popularity as a leader of the masses in West Pakistan and that of Sheikh Mujibur Rahman in the eastern province, soared with each passing day. Feeling seriously threatened, Ayub Khan resorted to suppressive measures. Bhutto was arrested on 13 November 1968 while he was staying with me in Lahore. I was also arrested, and for both of us, this was our first ever arrest and detention. The government took even harsher measures in East Pakistan by detaining a large number of political leaders and activists.

Nothing worked in favor of President Ayub Khan. Early, in 1969, he called a Round Table Conference of all political leaders to find a way out of his political difficulties. Bhutto, in West Pakistan and Maulana Bhashani, the leader of the pro-China leftist party in East Pakistan, declined to attend. The conference failed and soon afterwards, Ayub Khan relinquished the Presidency, handing over the country to General Agha Muhammad Yahya Khan, the army chief who abrogated the constitution and clamped Martial Law on 25 March 1969. Later, Yahya Khan decided to hold general elections to the constituent assembly, which took place in December 1970.

The election results came as a surprise. Mujibur Rahman won 151 of the 153 contested seats in East Pakistan and Bhutto's three-year-old Pakistan People's Party won 81 out of a total of 131 seats in West Pakistan. The newly elected assembly never met. The Martial Law government used brute force to suppress political dissent in East Pakistan. A civil war ensued which ultimately developed into the India-Pakistan war of December 1971. The Pakistan army surrendered in East Pakistan to an Indian general and in West Pakistan General Yahya Khan handed over power to Zulfikar Ali Bhutto on 20 December 1971. It is from that point in time that this book starts. The account is personal and somewhat one-sided, coming from a person who was closely associated with Bhutto, first as a member of the Pakistan People's Party, and then as a minister of his government and later as secretary general of the party.

Bhutto worked hard against heavy odds and within a few years established a constitutional government, rehabilitated the economy, and made a name for himself in the Islamic world. Placing reliance on the strength of his votes among the people, he acquired more and more power for himself to govern the country. Unable, or unwilling to organize his political party among the members of the lower middle class and share

power with it, he decided to make the traditional civil and military, establishment his power base.

Less than six years after coming to power, while appearing politically omnipotent, Bhutto was at his weakest. The civil and military establishment that he had built as his sheet anchor overthrew his government and executed him. It was Pakistan's darkest hour.

ACKNOWLEDGEMENTS

I owe a debt of gratitude to many friends and colleagues who encouraged and helped in the completion of this book. Dr Zeenat Hussain persevered over the years in monitoring its progress. Without her frequently exhorting me, the manuscript would not have been ready for the press. Rafi Raza, a close associate of Prime Minister Zulfikar Ali Bhutto, and a friend and colleague of this writer, was most generous in giving his time to read the manuscript and discuss some of the major issues. Ghulam Mustafa Khar, another close colleague of Bhutto, greatly helped in discussing and clarifying the background of some events and policies. Mazhar Ali and SA Durrani, the associates who were privy to all that passed through my ministry, were kind enough to read the manuscript and give their suggestions. Dr Ghulam Hussain, Mumtaz Ahmad Khan Kahloon, Mian Mohammad Aslam, ministers and advisers of the Government in the Punjab and active party workers were most helpful in explaining the background of some of the important events. Qamarul Islam and M S Jillani also read parts of the manuscript and made valuable suggestions. My friends and relations in India were most kind and helpful: Syeda Hameed read part of the manuscript with an editor's pen; SS Gill and Bhabani Sengupta were generous with their time in reading the manuscript. Faqir Syed Aijazuddin was kind enough to provide data about industrial production, and last but not least, Khalid Mehboob was most helpful in preparing a chronology of the early years.

1

THE DRAMATIC TAKEOVER

On the fateful, chilly morning of 20 December 1971, almost simultaneously two planes approached Chaklala airport of the twin cities of Rawalpindi and Islamabad. The big PIA jet was on a special flight from Rome to bring Zulfikar Ali Bhutto home. His friend and advisor Rafi Raza, who accompanied him¹ later described Bhutto as being tense.² He had good reason, unsure as he was of the fate that awaited him when he landed on Pakistani soil. Bhutto did not trust the military leaders who had called him back. What offer of power sharing would they make to him, if any at all? Would they arrest him when he disembarked from the plane? He was rightly apprehensive.

The other plane was PIA's regular morning flight, Karachi - Lahore - Rawalpindi. J A Rahim, the Secretary General of Bhutto's Pakistan People's Party (PPP), had boarded it in Karachi and I joined him in Lahore. From Karachi, Rahim had studied the fast changing political situation. The legitimacy of the military regime in Pakistan had always been questionable. Now, after the debacle in East Pakistan, its ability to continue had evaporated. The situation was most critical. Transfer of power at the top seemed imminent. Rahim was particularly concerned about the constitutional aspects of the impending developments. He did not want the party and its chairman to fall into any trap set by the military.³ My apprehensions were of a rather limited nature. A day before. *Pakistan Times* of Lahore had reported, 'The humiliation and defeat suffered by Pakistan brought a wave of anger that swept West Pakistan, and protest marches and demonstrations were held in major cities'.⁴ Some political leaders had met under the chairmanship of Nurul Amin, who had earlier been designated as prime minister with Bhutto as Vice Premier by President Yahya Khan. They demanded the immediate formation of a national government.⁵ For the past three days the workers of the Lahore PPP, of which I was chairman, had been extremely restive. They wanted to demonstrate against the government. Protest marches had already been started by other political parties in Lahore and the workers of the PPP did not want to be left behind. Indeed, a group of highly charged party workers had managed to reach the gate of the Governor

¹ On board were also two Bengali Members of National Assembly and a colonel of Pakistan's Inter Services Intelligence.

² Personal conversation.

³ Personal conversation with JA Rahim.

⁴ *Pakistan Times*, 19 December 1971.

⁵ Ibid.

House in Lahore to ask for weapons saying that if the army would not fight then they would. The Governor, Lieutenant-General Atiqur Rehman, told them that his sentiments were the same and that he would convey their feeling to the President.⁶ Heeding the pleadings of Ghulam Mustafa Khar, Bhutto's other close friend, advisor and confidant, I had been holding back PPP workers from demonstrating in the streets for twenty-four hours at a time. In Peshawar, President Yahya Khan's house was put to flame by an enraged crowd. A conscious decision was taken by the civil administration not to intervene and let the house burn, down.⁷ There was no question in my mind of holding negotiations or collaborating with the military regime. The people and the party would not accept it.

Both Rahim and I were very anxious to talk to Bhutto as soon as his plane landed and before he met Yahya Khan. The special flight from Rome was due to land fifteen minutes after our plane, landed. We had assumed that we would be able to talk to Bhutto and apprise him of the situation. But that was not to be. As we approached Chaklala airstrip, our flight was put on hold. For many seemingly interminable long minutes, it circled over the airport before being allowed to land. As we came out of the plane, I asked a member of the airline ground staff. 'Has Bhutto Sahib arrived?' Apparently, his arrival was kept a secret. With a movement of his eyes and a turn of his head, he pointed at a plane that stood some distance away. Then he whispered 'Mustafa Khar has driven him away'.

Both Rahim and I were unaware of what Bhutto had told Khar before he had left for the UN. He had strongly advised Khar to stay in the capital and not leave it even for a day. Khar, was not convinced that anything of great importance was going Pakistanis had been kept totally ignorant of the adversely developing military campaign in East Pakistan. However as events began to unfold, Khar realized the wisdom of Bhutto's insistence. Bhutto and Khar had also designated code words authentic communication between themselves. They had considered the possibility of the military government coercing him to send a particular signal. It was agreed that any telephone message or advice sent by Khar from the President's House would not be considered genuine. As the war with India neared its end, the military leadership activated its contact with Bhutto through Khar, who was staying at the hostel maintained for members of the National Assembly. He would meet the generals and explain to them the minimum possible terms on which Bhutto could be persuaded to join the government. He would insist that the PPP would accept nothing short of prime ministership. One night President Yahya phoned Khar at 1:30 a.m. 'Bachchoo, what are you doing?' To Khar's reply 'I was sleeping', the President said 'I don't believe it. Come to me within fifteen minutes'. It was war time. The country was under blackout. It took Khar one and a half hours to cover the fourteen mile distance in pitch darkness. As Khar entered the room

⁶ Personal conversation with the leader of the group, Nazeer Ahmad.

⁷ Personal conversation with the Divisional Commissioner, FK Bandial.

Yahya Khan furiously trying to push in a drawer of his desk. He looked at Khar and said 'I am the President but I cannot even push a drawer in its cabinet'. 'Would you like a little brandy?' he offered at that hour, Khar declined. Yahya Khan told Khar that he had always treated him like a son. He reminded Khar how he had saved Khar's life nine months ago, how he had reprimanded Bhutto for endangering the life of his dear friend and had Bhutto that when in power he would never be able to repay 'this man', meaning Khar. Yahya was referring to an incident in March 1971, in Dacca, East Pakistan, now Dhaka, Bangladesh, when Bhutto sent Khar to talk to Sheikh Mujibur Rehman, the leader of the Awami League. Dhaka's environment was extremely hostile and Yahya had correctly advised Bhutto not to risk with Khar's life.¹⁸

With the preliminaries over, Yahya and Khar discussed the terms of the transfer of power and the latter agreed to call Bhutto back to Pakistan. President Yahya Khan wanted Khar to telephone in his presence. Khar told him why it would not work. Yahya relented. Khar then sent the magic signal, 'It is a turnkey job'. It was thus that Khar was able to persuade his boss to cut short his stopover in the Italian capital and return to Pakistan forthwith.⁹ Actually, Bhutto had little choice but to return.¹⁰ To test the bonafides of the invitation Bhutto had demanded that President Yahya Khan should send a special plane to fetch him. The general obliged,¹¹ True to character, Bhutto took the plunge.

During that past momentous week, both Rahim and I had been in constant telephonic contact with Khar in Rawalpindi and with each other. Khar was convinced that the military was ready to transfer power to Bhutto and his party.¹² In various ways, Khar would try to convey on the phone how desperately the military sought cooperation from Bhutto, and was beseeching him to call Bhutto back to Pakistan.

General Yahya Khan had acknowledged the defeat of Pakistan in the Bangladesh war on 16 December, saying 'We have been overwhelmed in the Eastern sector'¹³ On the same day he had promised a new constitution for Pakistan, and the end of martial law.¹⁴ On 18 December, an official spokesperson had revealed, 'President has sent a

⁸ The content of this paragraph was narrated by Ghulam Mustafa Khar to the author.

⁹ Khar, interview.

¹⁰ Rafi Raza, interview.

¹¹ Based on conversation with Khar.

¹² Telephonic conversation.

¹³ *Dawn*, 17 December 1971.

¹⁴ *Ibid*.

message to Mr. Zulfikar Ali Bhutto requesting him to return home immediately . . . On the arrival of Mr. Bhutto power will be transferred to a representative government formed under the new constitution'.¹⁵ Rahim, backed by senior members of the party said in a statement:¹⁶

It is learnt that President General A M Yahya Khan is due to promulgate a new Constitution tomorrow. It is believed that this Constitution contains provisions under which the Commander-in-Chief will be President and Chief Martial Law Administrator. It is entirely unacceptable to the country that a serving military officer should be the President and power of Chief Martial Law Administrator should rest in the hands of a military officer...

The martial law regime had actually distributed copies of a new constitution to the press, proclaiming General Yahya Khan to be the president of the country for the next five years.¹⁷ But strong forces, within the military were active against Yahya Khan. Two officers of brigadier rank had showed up in the office of Roedad Khan, Secretary to the Government of Pakistan, Ministry of Information and Broadcasting, and suggested that Yahya's constitution should not be publicized. Roedad refused to cooperate with them.¹⁸ Copies of the unannounced constitution were, however, retrieved the same day. Later in the evening, Lieutenant-General Gul Hasan asked Roedad not to broadcast the new constitution over Radio Pakistan. Roedad contacted the President, who told him 'Do as Gul Hassan says'.¹⁹ However these developments were not known to Bhutto It was also not known to us what exactly Khar had agreed to with Yahya Khan. That was a troubling thought.

Disappointed at the airport at not meeting Bhutto, we checked in at the Intercontinental Hotel. Rafi Raza was there. He told us that Bhutto was with the President. Without further comment, Rahim and I headed for the President's House.

Earlier, as Bhutto's plane had landed, Khar was there to receive him. Nasrullah Khattak, a future PPP chief minister of the NWFP, was also there since Khar had borrowed his car. Khar was driving. As soon as he got into the car, an extremely anxious Bhutto wanted Khar to tell him all. Khar asked him to hold on until they got away from the slogan shouting crowd that had surrounded the car as if from nowhere. Out of the airport Bhutto again demanded: 'Tell me now'. Khar turned his neck to look towards

¹⁵ *Dawn*, 19 December 1971.

¹⁶ *Dawn*, 20 December 1971.

¹⁷ Personal knowledge.

¹⁸ Roedad Khan: conversation.

¹⁹ Roedad Khan: conversation.

the back seat and said 'Let me first drop Nasrullah and then I'll brief you'. Bhutto who had not known that Nasrullah was also in the car lost his temper and shouted 'Get him out'. Khar pulled the car to the side and Nasrullah bolted out. Bhutto was briefed, and together they went to see the waiting Yahya Khan.

Bhutto demanded the transfer of total power. The emergence of Bangladesh had changed the entire situation. It was no longer possible for him to agree to serve as prime minister with Yahya Khan or with anyone else as president.²⁰

As Rahim and I reached President House, we were informed that Bhutto was closeted in with the President. Rahim asked that our arrival be conveyed to Bhutto. Hesitatingly, the aide-de-camp went in. Nothing happened. Rahim was relentless. This time he demanded to see Bhutto. Finally, with signs of annoyance on his face, Bhutto emerged from the President's drawing room and came into the small anteroom we were seated in. He had not liked being disturbed. Rahim said 'I want to have a word with you.' Both Rahim and Bhutto walked out of the room. Within minutes Rahim returned. All the worry had left his face. This sudden transformation was mystifying. I asked: 'What is happening?' He replied 'It is all right'

As the time for swearing in approached, Bhutto wanted Rahim to be present. The ceremony was delayed to enable Rahim to join him. Khar was the other party-man to be a witness. The incredible had taken place. The Chairman of the PPP, Zulfikar Ali Bhutto, became President and Chief Martial Law Administrator of Pakistan. The PPP was in power. Bhutto had shown great courage in accepting the responsibilities of head of government and of the supreme command of the armed forces at a moment when the fate of the country was precariously balanced. Rahim, who understood history better than Bhutto, had also shown equal courage in endorsing Bhutto's decision. Bhutto and Rahim²¹ were soon to learn that the country was on the brink of civil war. They had correctly gauged that the people of Pakistan were seething in anger against the armed forces. Their humiliating defeat by India had caused great resentment and frustration. National honor and pride had been hurt as never before. However, Bhutto had not realized the extent of anger among the armed forces against their high command. There was no time to lose. His response was prompt and decisive. In his first broadcast to the nation that evening President Bhutto declared in his inimitable style:

I do not say light-heartedly, I say with a heavy heart, I have already taken certain measures which will come into force immediately. And that is, that, immediately, at once, the following generals would have retired. The former President has already retired. He told me today that he has retired. So the former President, General Agha Mohammad Yahya Khan, is no longer in the armed forces. He has retired. And so are General Abdul

²⁰ Khar: interview.

²¹ See Rahim's statement, *Pakistan Times*, 27 December 1971.

*Hameed Khan, General S.G.M. Pirzada, General Omer, General Khudadad Khan, General Kayani and General Mitha. These are the generals who have been retired on the wishes of the people, on the wishes of the armed forces of Pakistan. This is not my personal decision. I do not know most of them. I have not seen most of them. But I have had discussions and consultations and this appears to be the will of the armed forces and of the people of Pakistan. And I am the servant of the people of Pakistan and I must salute their decision and the sentiment of the armed forces. These generals stand retired and they cannot perform any further duties. They will retire honorably, gracefully, and arrangements have already been made for their replacement.*²²

Bhutto was not sure of the support he would get from the people and from the rank and file of the army for the decisions he had taken. He took the decisions but also tried to distance himself from them. The master politician chose his words carefully. He retired Yahya Khan but said Yahya Khan had retired himself. He retired the top army generals but said it was not his personal decision. He was the servant of the people and it was their wish and will and that of the armed forces. He saluted the will of the people and the sentiment of the armed forces. He did not levy any charge against them. To mollify the fired generals and their supporters, he said that they would retire honorably and gracefully.

Bhutto had to appoint a new commander-in-chief of the army which was a delicate decision. The new man had to be acceptable to the army. No one should be able to accuse the president of having selected a chip off the old block of the high command he was retiring. Besides, the man had to be favorably disposed towards Bhutto and the new government. Bhutto handled the job in his characteristic style. Continuing his speech he said:

In the meantime, as I said, everything is temporary. My own position is temporary. All arrangements are temporary. I have asked General Gul Hasan to be the Acting Commander-in-Chief of the Pakistan Army and he will take this position immediately. Straightaway, he will go to work and he will have to work night and day. He is a soldier, a professional soldier, I do not think he has dabbled in politics and I think he has respect and support of the armed forces. So I have taken this decision. Nobody should misunderstand it. I know the general sentiment... These are temporary arrangements and permanent arrangements will be made later on when I have an opportunity to discuss and contemplate over these matters in greater depth. But these decisions are nevertheless necessary, so I have to take them. He will retain the rank of Lt. General. We are not going to make unnecessary promotions. We are a poor country. We are not going to unnecessarily fatten some people. One of the reasons why we have had to see this day is because luxury has overtaken us. So I am afraid General Gul Hasan will have to retain the rank of Lt. General. He should not expect that he will be promoted to the rank of a

²² Zulfikar Ali Bhutto, *Speeches and Writings*, 20 December 1971-31 March 1972, p. 13, Department of Films and Publications, Government of Pakistan, Karachi, 1972.

*General merely because of this temporary arrangement. I expect Lt. General Gul Hasan, the new Commander-in-Chief of the Pakistan Army will achieve great things; he will remodel, reset, and re-orientate the army on new lines, dynamic lines, on the lines of a free people's army.*²³

Bhutto was not sure how the armed forces of Pakistan were going to react to his government and to the new commander-in-chief. He had to take decisions concerning the armed forces and yet create an impression that he was not fully convinced whether those decisions were correct. All the time he was leaving room to defend himself or to retrace his steps. He wanted General Gul Hasan to visit the divisional commands, to meet the officers, and gauge the reaction of the army to the appointment of their new chief.

As a temporary measure, the new president had been put up at the governor's block in the sprawling rest house maintained by the Punjab government for its senior officers and legislators. Rafi Raza and I shifted to the main building of the Punjab House. The governor's block and its compound swarmed with hundreds of guards and secret service men. A major-general, three aide-de-camp, a major from the army, a squadron leader from the air force, and a naval commander took charge of Bhutto's engagements. Every minute of his time was logged. He could only be approached through them and only through them came the intimation to meet him. A curtain of protocol had descended between Bhutto and his colleagues. It took time to get used to it. I was called to see him late in the afternoon. Two men of magnificent physique, resplendent in their colorful uniforms dating from the colonial era, stood guard outside his door. The door was opened. I saw the President seated at the far end of the room and started walking toward him. The aide-de-camp, who had escorted me to the room, was left behind. There he was, near the door, in his 'attention' posture, announcing: Mr. President, Dr. Mubashir Hasan. It seemed so incongruous. Had my comrade of the political struggle of many years forgotten my name or my face? Why this announcement? I was a little taken aback. The *faux-pas* was repeated a week later. A friend of Bhutto, a Frenchman with a Greek name, was sitting with him. I was escorted by the aide-de-camp and as I started walking towards them, the ADC was again left behind, announcing me to the President. This time, mild annoyance could be seen on Bhutto's face. He spoke in Urdu, politely reminding me that I should have waited for the announcement. Times had changed. I noted that J. A. Rahim had started addressing him with what then seemed undue deference. That was new. Previously Rahim was the only one who could interrupt the Party leader and say 'No, Bhutto, no, you are wrong. It is not like this but . . . ' He told me that Bhutto was now head of state and protocol had to be observed.

* * *

²³ Page 14, *Ibid.*

When Bhutto became the Chief Martial Law Administrator and President of Pakistan, he had an impressive team of trusted colleagues by his side. They had been with him since the founding of the PPP four years earlier. They had believed that Ayub Khan and Yahya Khan and the other existing political forces offered no solution to the grave problems confronting Pakistan's foreign and domestic policies. A new political party under a new leader was the dire need of the country. After joining the Party most of them had been to jail for various lengths of time on account of political activism. They were newcomers to politics. Some had suffered monetary losses. Each in his own way had proved his mettle in the political struggle against the military dictators, Ayub Khan and Yahya Khan. They were leftist but were not committed to any radical interpretation of Marxism. They had confidence in Bhutto's leadership and it goes to his credit that he was able to establish a direct bond with each individual. He had nourished his personal relationships. In that process, some people came closer to him than others. Those that were closest to him became a well-knit team. Fear of the oppressive regime and the long arm of the intelligence operators was also a factor in imparting cohesion to the group. When the time to assume political power arrived, Bhutto had a team of loyal and able colleagues with him. The direction and execution of the policy at the highest level of government rested with a small group of six people headed by Bhutto. It was Bhutto's 'inner circle', called by whatever name.

The degree of trust among the members of the group before the Party came to power was phenomenal. They were capable of keeping secrets and would never indulge in irresponsible or loose talk. The group consisted of Rahim, Mustafa Khar, Rafi Raza, Hayat Sherpao, Mumtaz Bhutto and myself. Following the formation of the Party's government, the subjects of defence and foreign affairs were dealt with exclusively by Bhutto, Rahim, Khar, and Rafi. On sensitive questions of internal security, Khar's advice was always sought and acted upon. Foreign policy was both Bhutto's and Rahim's forte, although Khar was to lead a highly important delegation to the United States, at least once. Bhutto would seek Rafi's advice on all vital and sensitive issues Rafi also did almost all the important drafting work for the President. Thus, Rafi was privy to most of the decisions made by the President. On questions of assessing other politicians and their motives, the thinking processes of Bhutto and Khar had much in common. Khar's advice on the Political personalities of the Punjab and Sindh was respected by Bhutto. As Governor of Punjab, Khar's headquarter was in Lahore, but he was a very frequent visitor to Rawalpindi. Mumtaz as Governor of Sindh, and Hayat as Governor of the North-West Frontier Province (NWFP), had equally important roles on questions relating to their respective provinces. On economic issues and decision making, this writer's position as Minister of Finance and Economic Affairs had its own special significance.

Bhutto did not like to eat or drink alone in the evening. He had to have guests seven evenings a week. Leaving aside the evenings when the President invited military leaders or a foreign dignitary, to dine with him, Rahim, Rafi, and myself were the most

frequent invitees to the President House. Khar, Hayat, and Mumtaz were sure to be invited whenever they were in Islamabad. For a long period after being inducted into government, dining with the President several evenings a week became a normal feature with the members of the group. The invitations were issued for '8:00 for 8:15 p.m.' The President would enter punctually at 8:15. After shaking hands he would take his seat and order drinks. Conversation would start in a lighter vein. Anything could come up for discussion. Matters of state policy were not discussed in a specific way. Although a few specific decisions were taken, the intent of state policy emerged fully clarified. My soft drink glass would empty much earlier than the others as the round of drinks continued to be served until 10:30 p.m. It was the same before Bhutto became President. I had learnt much earlier to eat a little before leaving for Bhutto's dinners.

Foremost among the members of the inner circle were Jalaluddin Abdur Rahim and Ghulam Mustafa Khar. Rahim was born in 1906. His father, Sir Abdur Rahim, was an eminent political figure in pre-partition India who had also served for a long period as Speaker of the Central Legislative Assembly of India. Rahim was educated at Cambridge University and in Munich, Germany. He joined the Indian Civil Service in 1931 and became Secretary, Ministry of Foreign Affairs, in 1952, participated in the Bandung Conference in that capacity, and served as Pakistan's ambassador to West Germany, Spain, Morocco, France and Belgium. Rahim was a highly educated man in the arts, the sciences, history, and in politics. He was the most knowledgeable man among Bhutto's colleagues. He could speak on mathematics, religion, music, sex, cuisine, chemistry, physics, war; and history and politics with erudition enough to render others speechless. He was fluent in French and German, versed in Persian, Arabic, and Greek. Much to the delight of the rest of, us, he maintained that Maulana Maudoodi, the head of the Jamaat-e-Islami, could be criticized for prefixing his name with the title of Abu-al-Aala; Rahim pointed out that Al-Aala was one of the many names of Allah, and it was highly improper for anyone to call himself father of Allah. Retiring from government service in 1966, it was Rahim who had convinced Bhutto of the need to found a new political party and not to join any existing one. As the chief theoretician and secretary-general of the PPP, he occupied a position next only to the chairman.

Just as Rahim was closest to Bhutto in deliberating and deciding questions of policy, Khar was closest to him in assessing and dealing with people. Both were men of courage and integrity. Rahim was Bhutto's political comrade. Khar was his personal comrade. Rahim could be relied upon for his intellectual capability. Khar could be trusted for his personal loyalty and courage. The comradeship between Bhutto and Khar was deep. Khar was devoted to Bhutto who reciprocated in full measure. They could talk to each other through movements of their eyes or other gestures. Once, at the end of a party committee meeting, I asked Mustafa why he had suddenly decided to speak so harshly against a particular participant. His reply: '*Sahib nay ishara kia tha*' (Bhutto had signaled to me). The way they understood each other had always amazed

me. The three of us would be sitting together, a visitor would be ushered in, after initial formality, the visitor would briefly speak of the political situation of his area and of his own position in it. To the questions put by Bhutto and an elucidation or two sought by Mustafa, the visitor would answer: 'Yes sir', 'As you please sir', 'Most certainly sir', 'As you wish sir'. From the conversation, I would assume that the visitor was agreeable to join the Party or to cooperate with someone Bhutto wanted or whatever was the subject of conversation at our end. But it was not so in the mind of Bhutto or Mustafa. After the visitor would leave they would ask each other if the visitor's 'yes' was true affirmation. In a letter from jail in 1968, Bhutto had written to me that 'Mustafa and Mumtaz (Bhutto) were the only two people who understood him', which also meant that I did not. From the day of the founding of the PPP, Khar was rightly considered to be the person nearest to Chairman Bhutto.

Within hours of taking the oath of office, Bhutto appointed Ghulam Mustafa Khar as Governor of the Punjab and Deputy Chief Martial Law Administrator of the province. Khar was thirty-two years old. He was the eldest of eight sons of a landlord of a number of villages near Kot Adu, District Muzaffargarh, South-West Punjab. Most of the family lands were resumed under the land reforms measures implemented by Ayub Khan. What was left got divided among a large number of successors. Thus Khar could not be counted among the big landlords of the Punjab. He was elected to the National Assembly in 1962 and again in 1965. He was a member of the central committee of the Party and in 1970 was appointed Party General Secretary of the Punjab.

Mumtaz Ali Bhutto was appointed Governor of Sindh and Martial Law Administrator for that province. Of him, Bhutto was to say in his speech: ' . . . the people of Pakistan are my family. Of course, I have a talented cousin who is outstanding in his own right. He will have a right to serve the people because he has gone to jail. He is intelligent. He has gone to Oxford.²⁴ Mumtaz was Zulfikar's second cousin. In the feudal set up of Sindh, Mumtaz's family was considered to be the senior family. His father had served as a member of the State Council of the Governor General of India. Mumtaz, had been a member of the National Assembly of Pakistan from 1965 to 1969.

Hayat Mohammad Khan Sherpao was a thirty-four year old Bhutto *fida-ee* (an ardent devotee) from Sherpao, District Mardan of the North West Frontier Province. From the day the party was founded, Hayat was responsible for the organization of the PPP in his province. Bhutto appointed Hayat as Governor and Martial Law Administrator of the Frontier.

Important as the availability of Rahim and Khar was, no less crucial for the new president and his government was the availability of Bhutto's friend, Rafi Raza. Rafi was a barrister, had studied at Oxford, and was practicing law in Karachi. As a friend

²⁴ Page 9, *Ibid*.

and companion of Bhutto, Rafi's interest in the affairs of the PPP was as old as the party itself. He was a frequent visitor to Bhutto's Clifton residence and his advice was constantly sought by Bhutto. He had worked as a counsel at the Asian Development Bank before returning to Pakistan to resume his legal pursuits and work for the PPP. In intellectual caliber and ability to grasp and analyze political events, Rafi had few equals. Earlier in the month, Bhutto had taken Rafi along to New York, where Bhutto represented Pakistan at the Security Council in his capacity as Deputy Prime Minister designate. Now, at this critical juncture, Rafi was available to the new President for consultation and for preparing a spate of orders that were flowing out of the presidential office. He became the most important advisor to the President of Pakistan at the highest level.

After assuming office, the new President conferred with the chiefs of the armed forces and was briefed about the situation on the borders. He appointed new governors and martial law administrators. Ambassadors of China, USSR, USA, and France and the British High Commissioner had called on him in that order. He issued a decree commuting the death sentence of all prisoners to life imprisonment. Execution of the sentence of whipping was stopped and many other important orders were issued.

The central cabinet was to be sworn in the next day. Rafi had revealed that I was to look after establishment affairs. Bhutto wanted a firm control over the services and for that 'a strong person was required' I realized that it was Bhutto speaking through Rafi but it found no response inside me. It certainly was not a case of a dream-come-true. I had not given any thought to becoming a minister. A job for the party I had always been prepared to do and it did not matter what it was, big or small. At that time, I was holding a number of offices in the party – Chairman Lahore City, Member Provincial, Central and Principles Committees, Member Provincial and Central Parliamentary Boards, and Central Secretary Finance. They had all been conferred on me by Bhutto in consultation with Rahim. I had not expressed a desire for any one of them during the past four years. But these were very special days. The country was passing through the most agonizing period of its existence. This was a time to do whatever was assigned. During the 1965 war, despite the earlier unjust and illegal termination of my services as Professor and head of the department of Civil Engineering at the Punjab University under a martial law order by Ayub Khan, I had offered my services to General Musa Khan for war duty.

When I was summoned to see President Bhutto that evening, he said that Ghulam Ishaq Khan (GIK) should be moved out of the post of the Cabinet Secretary and should take over as Governor of the State Bank of Pakistan. Apparently, the President desired that the orders should be conveyed to GIK right away. I picked up the phone and while waiting for the connection, I could not help wondering if that was the right way to transfer the senior most civil servant of Pakistan to another assignment and whether such orders should be conveyed to him by someone in authority. But the die was cast.

Bhutto and other colleagues were watching. As GIK came on the line he heard me say: 'This is Dr. Mubashir Hasan. The President desires that you should proceed to Karachi and take over as Governor of the State Bank, immediately'.

Next day, Rafi said that I was to be made minister of finance since the finances of the country could not be entrusted to a person about whose integrity they were not certain. As the time for swearing in approached, Bhutto asked me who should be chosen as a minister from Sahiwal, a city about a hundred miles south-west of Lahore. The choice lay between Rao Khursheed Ali and Rana Mohammad Hanif. I had known Rao Khursheed for many years. I preferred Hanif who was a straight-talking hard hitting Rajput, who had resigned from police service job to go to England for legal education and training and was duly called to the Bar. Bhutto decided in favor of Rana Hanif and asked me where he was at that moment. He must be in Sahiwal, I replied. 'Then there can be no swearing in today'. Apparently, Bhutto wanted everyone to know that once the cabinet was chosen there would be no further additions to it. I phoned Rana Hanif and asked him to come to Islamabad immediately. As I put the phone down, Rafi asked me if I had heard him crashing to the ground on hearing the news he could not have dreamt of.

In the early hours of the morning of 24 December 1971, Zulfikar Ali Bhutto administered the oath of office to his ministers. A new portfolio of Presidential Affairs was created for JA Rahim. Every paper for the president was supposed to pass through him. It was a terribly important and grave responsibility. It showed how completely Bhutto trusted Rahim and valued his advice in those crucial days. Perhaps no other president had ever made such an arrangement in the hour of his greatest need. Next in seniority was the Law Minister, Mian Mahmud Ali Kasuri. By virtue of his seniority and eminence in the legal profession, Kasuri had demanded the senior most position after the prime minister. Bhutto was unable to oblige him and rightly put him next to Rahim. A top lawyer of Pakistan, Kasuri was well known for his life-long devotion to civil liberties. The new Law Minister had previously been a respected leader of several left-wing parties of Pakistan. He was a latecomer to the PPP, Faizullah Kundi, a retired judge of Peshawar High Court was assigned the portfolio of Establishment. The Chairman of the PPP Punjab, Sheikh Mohammad Rashid, a veteran of left-wing campaigns for land reforms and peasants' rights, was assigned Health and Social Welfare. Raja Tridev Roy, who was elected from the Chittagong Hill Areas in East Pakistan, was made the Minister for Minority Affairs. Ghulam Mustafa Jatoi, a former member of the National Assembly, was made the Minister of Communications and Natural Resources. The ministry had more than 250,000 employees as it also administered Railways and the Telephone, Post and Telegraph Departments. Jatoi was one of the big landlords of Sindh. Peter Cargill, a Vice President of the World Bank who had served in Sindh as an officer of the Indian Civil Service, once told me that Jatoi's father was the noblest landlord of Sindh. As we were to find out ourselves later, Jatoi had inherited his father's qualities in ample measure. Malik Meraj Khalid, a very gentle

and unassuming personality, a veteran elected representative of the people in Local Bodies and Provincial Assemblies, was assigned the portfolio of Food, Agriculture, and Local Bodies. Barrister Abdul Hafeez Pirzada, Chairman PPP, Karachi, was made Bhutto's Minister for Information. Hafeez had come into contact with the Party when he was made Bhutto's lawyer in the case of detention before the Lahore High Court at the end of 1968. He joined the Party soon afterwards. Rana Mohammad Hanif was assigned the portfolio of Labour and Works. This writer was allotted Finance, Planning, Development, and Economic Affairs, a title about which Rafi consulted me. As Special Assistant, Rafi sat right in the prime minister's office and dealt with all subjects. Mairaj Mohammad Khan, retired Major-General Akbar Khan and Maulana Kausar Niazi were appointed advisors.

Bhutto's team of ministers was unique in several ways. Barring Tridev Roy, a tribal chief from East Pakistan, and Nurul Amin who had a day earlier been made Vice President, all the others were members of his political party. Almost all of them had gone to university. Five of them had attended institutions of higher learning abroad. Seven out of the ten ministers were practicing lawyers and one a practicing consulting civil engineer. One was a retired judge of a high court. Except Jatoi, none of them were big landlords. It was a cabinet of professional men from the middle class and it was to serve Bhutto well during the first year of his government. The team went to work with zeal and dedication. Lights burned till late in their offices. They fully cooperated in implementing the austerity measures desired by Bhutto. The president had announced that he would not draw any salary. The finance minister followed in his footsteps by announcing that he would draw only half salary. After deduction of taxes, it meant One thousand, two hundred, and fifty rupees a month. Malik Meraj Khalid made a similar announcement. All ministers were to travel economy class. Bhutto announced that there would be no stoppage of public traffic for the president. For their residence Sheikh Rashid and Malik Meraj Khalid chose houses allotted to government servants of joint secretary's level. Rana Hanif announced that no new furniture would be purchased to furnish his house. The few ministers who had spent more than their allotment for furnishing their houses were served notices by the finance ministry to reduce their expenditure to the specified level. It was truly a dedicated team.

STATE OF THE NATION

The Pakistan People's Party came into power and it commanded a majority in the newly elected Constituent Assembly but the country remained without a Constitution. It had been under direct military rule for the last thirty-three months. Bhutto had become President and Chief Martial Law Administrator through the fiat of the military dictator, General Yahya Khan, who was no more than a usurper himself. He had succeeded Field Marshal Ayub Khan in violation of the Constitution that Ayub Khan had imposed on the nation. It was a most unsatisfactory situation. The country had been dismembered.

In his first address to the nation, after assuming power on 20 December 1971, Zulfikar Ali Bhutto said;

We are facing the worst crisis in the country's life, a deadly crisis. We have to pick up the pieces, very small pieces, but we will make a new Pakistan, a prosperous and progressive Pakistan, a Pakistan free from exploitation...

The need and the urge to help 'pick up the pieces' was overpowering. Precious time was passing by and we could not sit in rest houses or hotels while it was time for action. A day ahead of my swearing-in as a minister, I showed up at the Q-Block of the Pakistan Secretariat that housed the Ministry of Finance. It was enough that Rafi Raza had indicated that my portfolio would be finance. It would have been the same if Rahim, Khar, Mumtaz or Hayat had so informed me. We never mentioned any decision about a job to be done or duties to be performed to each other unless it was a *pucca* one. Also, there was no tradition of going back once a decision had been taken. I decided to start work.

The Finance Minister's office was located on the fourth floor. It was modestly furnished: an office table with four chairs, a sofa set which was not very comfortable, and behind that a conference table with a seating capacity of six to eight people. There were three telephones lines. The green-colored apparatus was connected to the president, the ministers, the secretaries and to some senior officials. The blue-colored one was on line with officers of the ministry, and the black one with the world outside. I asked for the blue one to be removed.

My experience in the field of finance was nil. Before getting into politics, a few years earlier, I had taught civil engineering for fourteen years and practiced as a consulting

civil engineer for another seven years. I had some experience of preparing and analyzing development projects for industry as well as government. I could compute cost benefit ratios but that was all. My lack of experience in the field was justly criticized by political opponents. Bhutto replied to this by saying that no one had criticized Yahya Khan's choice of a feudal as his finance minister. Robert McNamara, the World Bank President, had mentioned to Bhutto that Yahya's finance minister had nothing to discuss with him except race horses.

I undertook the formidable assignment with a sense of humility. There was much to learn. Work in the office would begin at seven-thirty in the morning and continue till past midnight. Often, I would come back to office after attending dinner at the President House. My private secretary, SA Durrani²⁵ had told me that the invitations from President House were 'command invitations' which had to be accepted. For those not familiar with government, I shall describe in outline the role of my ministry.

The Ministry of Finance was the custodian of the government treasury which is called the Central Consolidated Fund in the Constitution of Pakistan. Into this fund are credited all revenues and loans received and all expenditure of the government is incurred out of this Fund. The Economic Affairs Division, the twin, of the Ministry of Finance dealt with I programming and negotiating for external economic assistance, managed external debt, and authorized foreign remittances. The International Monetary Fund, the World Bank, and other international agencies also dealt with this Division.

The Ministry of Finance worked closely with the Planning Commission which was responsible for the entire task of development planning. It prepared Five-Year Plans and Annual Plans with the help of a large force of specialists and consultants. The President of Pakistan was Chairman of the Planning Commission. There was a Deputy Chairman, a post generally held by a senior, civil service officer. Bhutto approved of the suggestion to create a separate ministerial portfolio for Planning and Development and combined it with that of Finance. It was a good move. Development planners were the favorite target of critics of all kinds. It was prudent to keep a minister between the executive president or prime minister and the Commission. For the first time, the Planning Commission acquired two bosses, the president as well as a minister.

The Minister of Finance was chairman of the Economic Coordination Committee of the Cabinet (ECCC), which included ministers of industry, commerce, agriculture,

²⁵ I had requested a friend of mine, SA Durrani to become my private secretary. Durrani had joined government service in 1939 as a clerk. Within four years, he became a stenographer in the Punjab Secretariat. His first service with a minister was in 1947 when he was appointed as Personal Confidential Assistant to the Chief Minister (then called Premier). Since then, he had spent a major part of his service with provincial and central ministers as personal assistant or private secretary and had acquired a vast knowledge about politicians and senior government officers. Durrani was a man of honesty and integrity. In his forty years of service, so far, he had acquired no plot, built no house, and had no bank balance. He lived like a member of the lower middle class. He was a leftist, a species not common among government servants.

communications, production, and planning. It met every week to consider all economic matters except, those relating to taxation, budgeting, and the pricing of agricultural produce. Only on rare occasions were decisions submitted for confirmation before the full cabinet.

The Finance Minister also presided over the Executive Committee of the National Economic Council (ECNEC). Every minister who sought the approval of a development scheme had to attend the meeting. The Planning Commission which had already approved the schemes for presentation before the Cabinet was represented in strength. Besides, the chief ministers and finance 'ministers of the four provinces and the provincial ministers concerned with any scheme on the agenda attended ECNEC meetings. It was a large gathering with the appearance of an unorganized circus.

Thus, in my capacity as Minister of Finance, Planning, Development and Economic Affairs, I found myself as the helmsman of the national economy which was floundering rudderlessly in stormy seas. In addition to the portfolio of Finance, I was asked by Rahim, Minister of Presidential Affairs, to assume the responsibility of dealing with the ministries of Industries and Commerce until new ministers are appointed.²⁶ There was no dearth of crises,, several crashing on us simultaneously. On our ability to tackle these crises depended the support of the people.

The Finance Secretary, AGN Kazi, briefed me about the dismal state of the country's finances. Kazi, was a senior officer of the Indian Civil Service from the 1940 batch who had spent a lifetime in economic ministries. He had also served as Economic Minister in the Embassy in Washington and as Chairman of the Water and Power Development Authority, and Secretary Fuel, Power, Natural Resources and Industries. He explained that the Government of Pakistan was in the red. From July to December 1971, the previous government had exhausted the year's budget. Revenues had drastically fallen. The outlook for the remaining year looked extremely bleak. There was no revenue left to meet the development outlays. Indeed, expenditure from the revenue account had grossly exceeded the receipts. The government had applied drastic cuts to all expenditure except defence.

Then came MM Ahmad, a former officer of the Indian Civil Service of the 1934 batch. He had extensive experience in the economic and development ministries and the Planning Commission. General Yahya Khan had appointed him an Advisor, making him in effect Minister of Finance. Ahmad was a man of deep religious conviction. Highly cultured and soft spoken, he was an untiring negotiator and conciliator with a mastery over facts and figures. He was very well versed with the working of the World Bank and the IMF, and had several young. Pakistani protégés serving in these organizations in important positions. I proposed to Bhutto that Ahmad's services may

²⁶ Rahim's Letter No 2727-PM/72 dated 23 February 1972.

be retained as Economic Adviser to Government. Bhutto wanted to retain Ahmad's services in view of the difficult forthcoming negotiations with the World Bank regarding Pakistan accepting the liability of the debt relating to Bangladesh.²⁷

Ahmad told me that for the last seven months, Pakistan had been unable to service its debts except those of the World Bank. Things were so bad that many countries would not accept a payment from Pakistan through a cheque. The transactions had to be in cash. The Government had borrowed indiscriminately in the past. In March 1969 when Yahya Khan assumed power, Pakistan's debt stood at \$ 2515 million. By December 1971 it had increased to \$ 3466 million dollars, \$ 270 million a year were needed for debt servicing alone. The flow of aid from the Aid to Pakistan Consortium and others had ceased. Most of the aid-giving countries had stopped making new commitments and some even suspended disbursement against committed aid.

A week or two later, the Chinese Ambassador called to reveal that his government was holding a certain sum of money which belonged to Pakistan but there was no instruction or protocol about its custody. Apparently, Pakistan had transferred it in a hurry. His government wanted to know the terms on which Pakistan would like this amount held. After the ambassador left, the Finance Secretary revealed that since Pakistan had defaulted in servicing its debts, there existed a danger that creditors in foreign countries may resort to legal action and seize government funds. To avoid such an eventuality they had hidden government funds with foreign friends. We had inherited a government deeply in the red. The situation was worse than what was generally reported.

In a recently published book,²⁸ Rafi Raza has rendered great service to history by giving in detail an insider's account of the moves made by Bhutto to end the isolation of Pakistan from the international community. If ever a nation had been friendless, it was Pakistan after the 1971 civil war. Rafi should know. He was Bhutto's close confidant and advisor on foreign policy and had accompanied him on all his whirlwind tours. As soon as Bhutto was satisfied that a semblance of stability had been achieved at home, he visited Iran, Turkey, Syria, Egypt, Libya, Tunisia, and Algeria, all in a brief period. In January he was off to China where the leaders he admired most, Chairman Mao Zedong and Premier Zhou Enlai, were glad to receive him and offer friendly advice. The USSR was next on Bhutto's itinerary where he was given 'the minimum reception'.²⁹

²⁷ My letter, dated 24 December 1971, addressed to JA Rahim, seeking the President's approval also requested that the Deputy Chairman Planning Commission would submit cases to the president through the Minister and the Finance Secretary and Secretary Economic Co-ordination would submit cases directly to the Minister. Previously, these cases were submitted through Mr. Ahmad.

²⁸ Raza, Rafi, *Zulfikar Ali Bhutto and Pakistan, 1967-1977*, Oxford University Press, Karachi 1997 pp. 191-200.

²⁹ 5. *Ibid.*, 197.

At the end of May, Bhutto went on a twelve day tour of fourteen nations from Ethiopia to Nigeria.

Bhutto's tours helped the country immensely. He was listened to with sympathy. Even the Soviet Union was far from hostile had a good case to present and he was a skilful advocate. His country had been dismembered with outside help while the great custodians of the world looked on as mere spectators. The immorality of the attitude of the super powers was transparent. In Pakistan's saga, there was a lesson for every small nation. The unhappiness of western super powers with Pakistan worked in Bhutto's favor. Here was a nation with a new, popular, dynamic and articulate leader who was not a pawn of any big power and as such did not present any danger to smaller nations. Here was a man who had read history and could win the sympathy of smaller nations by recounting the designs of imperialist powers. Bhutto's tours greatly boosted the morale of the country and were to bring considerable economic and diplomatic support in times to come.

Since Pakistan's formation, most Pakistanis have felt the threat from India, as though by instinct. Many remained convinced that India had not accepted the partition of the country and was intent on undoing it when and if the opportunity presented itself. India's record spoke for itself. Apart from the excesses committed during the partition by both sides, the Pakistani perception of India's hostile record was fully endorsed by Indian armed intervention and the dismemberment of Pakistan in 1971.

The Kashmir dispute started within months of the two countries becoming independent. Indian troops had also occupied Babriwad, Mongrol, and Junagadh in 1947. In the same year, India stopped canal waters from flowing into Pakistan. The action meant that hundreds of thousands of acres of irrigated land would become barren, which could result in famine conditions being created for an equal number of people.³⁰ In 1948, India invaded the state of Hyderabad and annexed it. In 1949, India declared a trade war only because Pakistan had declined to devalue its currency. On 23 February 1950, the Indian prime minister threatened the use of 'other methods' against Pakistan. India's dominating attitude was evident not only against Pakistan but against other neighboring countries as well. In 1949 India intervened in the domestic affairs of Burma. On 17 March 1950, India unilaterally declared its hegemony over Nepal. On 5 December 1950, India took the state of Sikkim under its 'protection'. Later, in 1962, India attacked Chinese forces on its border.

In the summer of 1951, India concentrated its armed forces on the borders with Pakistan. The threat was considered real and permanent so much so that the Punjab Government transferred some of its offices and records to Jauharabad, a new city nearly

³⁰ An acre of irrigated land was officially assumed to be sufficient to support one person. This formula was adopted at the time for the settlement of Muslim refugees who had migrated to Pakistan from India.

two hundred miles west of Lahore and civic authority in Lahore made it compulsory for all new buildings to have an underground room that could be used as an air raid shelter. In 1956 India reneged on its international pledge to give the right of self-determination to Kashmir on the pretext that Pakistan had entered into military alliances with western powers. On 26 February 1956, Indian armed forces occupied Chhad Bet area in the Rann of Kutch. Three months later, India claimed suzerainty over Chitral in the North-West Frontier Province. In April 1965, Indian forces advanced in the Rann of Kutch. In September 1965, Indian armed forces launched an attack on Pakistan across the international border. India went ahead with its plans to Construct a barrage across the Ganges at Farrakha, despite Pakistani protests.

In December 1971, Pakistan went to war with India for the fourth time in the twenty-four-year history of the two countries which ended in humiliating military defeat. Pakistan believed that once India had consolidated its position in the eastern wing, it was bound to move its forces to the western front. It was only a question of time. The French news agency, AFP quoted Henry Kissinger as saying that the United States had conclusive proof that India intended to attack West Pakistan.³¹ In their memoirs, both Nixon and Kissinger insist that by moving into East Pakistan, Prime Minister Indira Gandhi wanted to use the opportunity to settle scores with Pakistan once and for all. The US feared that West Pakistan would be dismembered and a third world war might not be avoidable.³²

We had lost military equipment in East Pakistan worth several billion rupees. Scores of thousands of our military men were prisoners of war. To reinforce and equip the army became prime objectives. The Ministry of Finance had never been so generous to the military as in the weeks following the PPP government assuming charge. Unhesitatingly we met all the requests that came from the military for funds, men, and for material. No special clearance was sought from the President. Privately, I held the view gathered from reading about the Second World War, that as long as Pakistan was one-third as strong as India there was no danger to its security. No effort was spared to boost the morale of the armed forces, not through rhetoric but in tangible terms. The military too responded gallantly. Gone were the days when it had lost all political support.

* * *

For more than a decade, the influence of the United States had been all-pervasive in the economic and military spheres. The strings attached to American aid strongly influenced not only government policies but also the outlook of the administration. The United States would look with great favor if Ghulam Faruque was appointed Chairman

³¹ The *Pakistan Times*, 11 February 1972.

³² Hersh, Seymour M, Kissinger. ff, 1983, p. 457.

of the Water and Power Development Authority, the body to be entrusted with using the billion dollar aid programme for the Indus Basin Works. President Ayub Khan was obliged to appoint him. Liberal assistance would be forthcoming to upgrade the Agricultural College at Lyallpur to a university of agricultural and veterinary sciences if ZA Hashmi were appointed the Vice Chancellor. Ayub Khan's Governor of the Punjab, Nawab Amir Mohammad Khan Kalabagh, was obliged to appoint him. With American help, and under the supervision of personnel from the United States, colleges and institutes were established for educating and training senior and middle rank civilian officers. Arrangements were made for training Pakistani military officers at American war colleges and training institutes. There, they would be closely watched for their views and attitudes. Herds of Pakistani officials were transported to the United States for training at American institutions or for visiting business or governmental installations. The promotion of a Pakistani officer to a higher rank was assured once an American 'expert' would put in a word of praise in the ears of a Pakistani minister, a governor or president. US men and money were directly involved in the maintenance of 'law and order' in Pakistan. During the period 1961-69, the US had expended dollars 7,583,000 and trained 106 Pakistanis for Public Safety Operations. Six Public Safety Advisors were on duty in Pakistan in the year 1968.³³ A US Agency for International Development report stated:

Pakistan has been and is experiencing serious difficulties and threats to its internal security ... [It] has been making serious effort to build up the police as its first line of defence against threats to internal order ... There continues to be a need for Public Safety assistance for Pakistan ... so the police may be enabled to perform effectively....³⁴

During the last days of Ayub Khan, as the mobs battled the police on the roads of Lahore, often with PPP workers forming the vanguard, American advisors worked with the Inspector General Police, Punjab, to deal with the mobs as part of the Public Safety Assistance programme. On one occasion, I had led a demonstration outside the US Consulate General in Lahore. Rumour had it that the Jamaat-e-Islami, our chief rival in the streets, was awash with American money during the 1970 general elections. Our history was witness to the fact that during the last thirteen years the US had backed dictatorial regimes in Pakistan. In such a situation the attitude of the US administration towards our new government was a big question mark.

'I am the agent of the people, I am the servant of the people', Bhutto would proclaim in public meetings, and the masses, from Karachi to Khyber, would raise full-throated slogans of *zindabad* in his favor. In hundreds of thousands they would attend his rallies, follow him in procession and listen to his rhetoric with rapt attention and believe in it.

³³ Klare, Michael T, *War Without End*, Alfred A Knopf, 1972, p. 248.

³⁴ Ibid., as quoted by Mare.

However, this adulation earned him and his party powerful enemies. Although we had taken over the reins of government and the operation looked smooth enough from the outside, it was not so in reality. The President and his close advisors considered the situation extremely unstable and ominous. It was ripe for a military adventurer to attempt an overthrow of the government at any time or for civil war to break out. We discussed this among ourselves. Suspecting all places of work of being bugged, we would often walk out of the office building to talk in whispers amongst ourselves. We felt especially unsafe on the green colored apparatus available only to ministers and senior officials of the government.

A window of my bedroom opened on to a sloping hill which had a number of trees and wild shrubs and where packs of jackals congregated after sunset. On some nights, before going to sleep, I would stand by this window and ponder whether I would have to make use of the opening to escape in the event of the proverbial midnight knock on the door. Each time I pushed away this thought, but it refused to leave me. This situation was to remain for a number of months.

The ruling establishment and the elite of Pakistan, of which we did not form a part, had an attitude of hostility and contempt for the new government. Our political noses could smell the hostility in the air. The treasury was empty. Indian forces were within our borders. We had few international allies. Landlords and industrialists, religious and ethnic groups, national and international press, leaders of labour unions and leftist parties, all were stoutly against us. We believed that the most formidable of our ill-wishers were to be found in the senior ranks of the civil and military bureaucracies.

We perceived enemies all around capitalists, landlords, traders, bureaucrats, mullahs, trade unionists, some leftist,³⁵ the governments of India, and the United States. Only the poor people of the country, a few intellectuals, and several opportunists and intelligence agents were with us. Our supporters were emotionally charged but wholly unorganized. The government found itself fighting with its back to the wall. The realities of the political, economic, and national security situation left little choice for Bhutto except to meet the challenges head on.

³⁵ Ibid.,p.35.

3

MEETING THE CHALLENGES (1)

In the early days of the PPP government, political forces in Pakistan were violently polarized. Barring the masses of people who had voted us into government, we perceived enemies all around. There was no chance of making genuine allies among them, so we had to continue the confrontationalist posture assumed in Ayub's time and during Yahya's years. So in a sense, our political enemies determined our line of action. Before the formation of the PPP, Rahim had said in a paper meant for inclusion in the Party's Charter, Foundation and Policy:

When a traveler sets out on a journey he must know in which direction to go, especially if he has to travel through a country where no roads have been laid. He must rely upon description of others who have made such a journey before, while trusting own acumen in discerning the landmarks. The socialist army on the march, to employ again, the military metaphor, will successively attack those strongholds, which hinder its further advance and its generals will conduct the campaign in accordance with a plan based on the experience of similar campaigns.³⁶

At the time of writing in 1967, Rahim could not have possibly imagined how uncharted would be the political terrain we would now have to traverse so soon after founding a new political party. Our strategy was simple weaken the power of the enemies within, strengthen Pakistan against India, seek friends among Muslim countries, be patient with the United States, and end martial law to establish legitimacy of the government. In practical terms, it meant the promised nationalization of banks and basic industries, increasing the power of organized labor, pruning the power of the landlords, improving the efficiency of the administration by getting rid of corrupt and inefficient government servants, and, above all, removing the threat of a military take over once again.

One of the slogans of the PPP was Socialism is our Economy. Our first priority had to be the implementation of the manifesto which stated: 'All major industries will be nationalized ... In private ownership these have been the sources of excessive profits, inefficient production, wastage of resources and unhindered exploitation of workers'. We soon discovered that for the party to oppose the industrial class when in government was quite different from opposing it when it was not in government. Production could not rise and trade flourish without the cooperation of industrialists and traders. There was, however, no way for the industrialists to cooperate with us. We were snatching away their passports, taking over their industrial units, cancelling their industrial licenses and ordering them to bring back the wealth they had stashed abroad.

³⁶ 1. Foundation and Policy, p. 31

I remember Bhutto instructing me to warn a meeting of industrialists that they would be hanged if they did not bring back the foreign exchange that they were illegally holding. Pir Baksh Bhutto, the *Sardar* of the Bhutto tribe, who was sitting next to the President at that moment remarked 'Dr Sahib is too soft a person to say that'. 'No', said Bhutto, 'it must be said'.

For the last four years, the Party had been declaring capitalists and industrialists as enemies of the common man. We called them all sorts of names oppressors, bloodsuckers, exploiters, imperialist agents, everything that would inculcate class hatred and win support for us. As expected, the government and the industrial class were now pitted against each other. Some years previously, a study by an American economist had revealed that eighty percent of the industrial and banking assets of Pakistan were owned by members of twenty-two families. So the twenty-two families became a prime political target. The Central Board of Revenue supplied their list and their assets. The total wealth owned by the twenty-two families was 852,242,080 rupees. That was what they had declared to the Income Tax Department. The house of the Saigols headed the list, its value amounting to 146,772,776 rupees³⁷. At the bottom of the list at number 22 was the Fancy group with total assets worth 9,559,404 rupees. Included in the list at number 18 and 19, respectively, were Gandhara Industry and Gohar Ayub Khan.

³⁷ Assets in Rs. Millions				
1.	Saigol	146.8	7.6	5.2
2.	Adamjee	117.1	7.2	65.1
3.	Habib	107.3	12.2	11.0
4.	Dawood'	63.2	4.1	6.4
5.	Crescent	46.2	1.9	4.1
6.	Dada	45.2	2.2	4.9
7.	Bawany	42.4	2.7	6.1
8.	Valika	29.9	2.4	8.0
9.	Dinshaw,	25.9	1.2	4.6
10.	Hyeson	25.4	1.3	5.1
11.	Arag	23.3	0.8	3.4
12.	Moula Baksh	21.8	5.1	23.3
13.	Wazir Ali	21.3	2.1	9.8
14.	Cowasjee	19.6	6.5	3.0
15.	Beco	19.0	1.8	9.5
16.	Nishat	18.6	0.7	3.8
17.	Fateh	15.9	8.3	5.0
18.	Gandhara	14.8	0.6	4.1
19.	Gohar Ayub	13.8	0.4	2.9
20.	Hussain	12.3	2.2	17.8
21.	Shah Nawaz	13.7	0.8	5.8
22.	Fancy	9.6	0.7	7.3
TOTAL		852.3	59.4	7.0

The firm Gandhara was headed by a former Lieutenant-General, Habibullah Khan. Before his retirement, he was a senior and respected general and was tipped as the successor to General Ayub Khan. When Ayub put the country under martial law in 1958 and himself became president, he relieved Habibullah from military service, gave him licenses and permits and facilitated loans from financial institutions, thus creating a new industrialist. Very soon, Habibullah Khan was being counted among the big businessmen of Pakistan. His backdoor entry into the business world on the basis of martial law fiat was grossly resented by big business, in Pakistan. Habibullah Khan's daughter was married to a young army officer named Gohar Ayub, the son of President Ayub Khan. Within a few years, Captain Gohar Ayub also resigned from the army. He got a job with Seth Ahmad Dawood, popularly known as *Mithu Seth* for his sweet and alluring tongue. Dawood ranked fourth in the list of the twenty-two families. Business circles in Karachi, the financial capital of Pakistan, made fun of Ayub Khan by attributing to him the remark 'Look, how clever Gohar is, he got a job at 6,000 rupees per month with Dawood'.

Most of the businesses of the twenty-two families had a poor record of declaring their assets as well as income under the tax laws. Whereas the assessed income of such groups as Moula Baksh, Hussain, Habib and Wazir Ali was 23.3, 17.8, 11 and 9.8 percent of their wealth, respectively, in contrast, Gohar Ayub, Cowasjee, Arag and Nishat declared 2.9, 3.0, 3.4 and 3.8 percent respectively. Taken as a whole, the twenty-two richest families of Pakistan showed an income of only 59.4 million rupees or 7 percent of their declared assets. All efforts of the new government to find the hidden wealth of businessmen, both within Pakistan and abroad, came to nought. Our demand, under a Martial Law order that all funds held outside Pakistan should be declared, and in most cases, repatriated back to Pakistan fetched foreign exchange worth only 120 million rupees in the first month. Nothing significant came later. We neither got the money nor their cooperation.

Like big industrialists and traders, the powerful landed elite of Pakistan had good reason to hate us. Apart from Ghulam Mustafa Jatoi, Makhdoom of Hala, Pir Ghulam Rasul Shah and a few others from Sindh, no big landlord of Punjab or Sindh, no big Khan of the NWFP, and no big Sardar of Balochistan had deemed it fit to support us or fight elections on our ticket. During our election campaign we had painted them as imperialist lackeys who lived on sucking the blood of the peasantry. One afternoon, while Bhutto was heading a big procession in Mardan someone pointed out to him that all the buildings in the bazaar through which they were passing were owned by the big Khan of Mardan. In a fit of emotion, Bhutto announced on the spot that once he came into power all the property owned by the Khan in the bazaar would be confiscated and distributed among the poor. The crowd roared with delight and the next day newspaper headlines shrieked. Although, the question of land reform was left vague in our manifesto, as far as rhetoric went, we were bitter opponents of both the landlord

and the capitalist. Bhutto announced that, once PPP came to power, the landlord who makes a peasant touch his feet or knees would be prosecuted.

Opposition from industrialists and those with large landholdings was expected. What was inexplicable was the lack of support for the new government from leftist parties. Only parties sympathetic to the Chinese interpretation of socialism sent a couple of groups of 'workers' to join the Party in 1967 and in 1968. These activists contributed to the adoption of extreme left slogans in public demonstrations such as *Surkh hai, surkh hai, Asia surkh hai* (All red, all red, Asia is all red). They formed the most vocal part of our processions and protests, and contributed significantly to mobilization of political support of the common people but the support of the left ended there. In the 1970 general elections, leftist parties put up candidates against the PPP. In our charter and election manifesto, and in our election rhetoric, we had supported the cause of the working classes. But after our coming into government, labour unions turned against us. Strikes were called frequently. We found not only the employers and industrialists but also labour confronting the government. Another threat came from the fanatics of the extreme right. In the midst of the 1970 election campaign they had dubbed us *kafirs* (non-believers) and had also falsely accused us of burning copies of the Holy Koran.

The newspapers had, from the outset, not been fair towards the PPP. Not only was the policy of all national newspapers against us but they would simply not publish our news till the time that we gathered a sizeable mass support. Ahmad Ali Khan, veteran journalist and respected editor of Dawn, recalled in an article: 'In the pre-PPP era, the rulers saw the press as a potential destroyer of the status quo. When the PPP was forging ahead in the late 1960s as a party challenging the old order, it was stoutly opposed by the entire press'. He went on to add: 'When Bhutto and his cohorts took power, they regarded the press as an agency of the status quo and therefore, as a reactionary force and as an enemy'.³⁸

* * *

The *Foundation and Policy document*³⁹ laid down that:

The general principles to be observed in applying the necessary socialist reforms are, firstly, that those means of production that are the generators of industrial advance or on which depend other industries must not be allowed to be vested in private hands; secondly, that all enterprises that constitute the infrastructure of the national economy must be in public ownership; thirdly that institutions dealing with medium of exchange (in other words money), that is banking and insurance, must be nationalized.

³⁸ Ahmad Ali Khan, *Dawn* 29 July 1997.

³⁹ *Foundation and Policy* op. cit., p. 35.

Briefly enumerated, the sector of nationalization must cover:

(1) Banking (2) Insurance (3) Iron and steel production (4) Nonferrous metal production (5) Heavy engineering (6) Machine tools for industrial use (7) Chemical industries, including petrochemical (8) Ship building (9) Arms, ammunition and all armaments for defence (10) Motor car assembly and manufacture (11) Essential electrical equipment for power production, distribution and use (12) Electricity (13) Gas (14) Oil (15) Coal (16) Railways (17) Shipping (18) Airways (19) Road Transport (20) All exploitation of mineral wealth, both mining and ore-processing.

There was no time to lose. We decided to take on the industrialist first.

The day after the Cabinet's swearing in, Bhutto asked me how soon the nationalization programme could be implemented. 'Can we do it within a week', he asked. 'We can try. How would you like to do it?' I responded. Immediately, he appointed a committee of three ministers: Minister of Presidential Affairs, Rahim; Law Minister, Qasuri, and the Minister of Finance, myself, for the task. The committee met the next day in Rahim's office. On his left sat the two ministers and on his right Secretary Industry, Qamarul Islam and Secretary Finance, AGN Kazi, two senior officials in the government. At that moment, the portfolio of Industry was not assigned to any minister.

Kazi was a cool calculating man. He followed everything but spoke very little. Feed a query and get an answer. He would add nothing on his own. Give an order and get it carried out, faithfully and expeditiously. The rumor was that once his wife phoned to inform him that there was a fire in the house. Kazi asked her to call the fire brigade and put the receiver down. Quite different from Kazi was Qamarul Islam. He had joined the Indian Civil Service in 1940 and a major part of his service had been in the Secretariat. Having served as a Commissioner of Income Tax, he had intimate knowledge not only of industry but also of the devices used by the business community to evade taxes. Qamarul Islam had a much broader view of the economic and developmental problems of the country than any other senior official. Urbane and articulate, he would freely express his views. He smiled readily and it was a pleasure to converse with him. The Civil Service officers greatly respected him. That year they had elected him as President of the Civil Service Association. He had known Bhutto at a social level when the latter was Ayub Khan's minister.

The first meeting of the nationalization committee is interesting to recount. Rahim explained the Party's programme to nationalize the basic industry as outlined in the manifesto and wanted the necessary proposals prepared. The two Secretaries had read the manifesto and, indeed, had a copy each in their hands. They appeared to fully understand, even appreciate, the objectives the ministers had in mind. They put across very clearly that they were competent and able officers of the permanent cadre who would fully cooperate with the agenda of nationalization. However, very mild-

manneredly they asked for some clarifications as if they were incidental queries, which they required to enable them to prepare their proposals. These clarifications in actual effect formed the crux of the matter. Qamarul Islam asked how a plant should be selected for nationalization; should the criterion be capital cost, turnover, labour employed, or what? Then he wanted to know how the owners would be compensated, in what way the amounts of compensation were to be decided and from where the money would come? Neither the ministers nor the Party had thought things through these. Expropriation was not on our agenda. As a result, we were unable to give any direction and asked the two Secretaries to consider various options. Rahim mentioned Gandhara's automobile assembly plants to be included in the list of industries to be nationalized. I knew of some steel and engineering plants in Lahore which had a record of being unfair to labour, and suggested that these be included in the list. These were Batala Engineering Company, Ittefaq, and a bicycle making plant at Shandara, but the latter was too small to be touched. That was all we said. We were unable to give any comprehensive guidelines.

The next meeting clinched our deliberations on the nationalization programme. We heaved a sigh of relief as Qamar ul Islam put forward proposals that we thought then were quite Ingenious. He suggested, first, that the government, instead of inquiring the ownership, should merely assume the management of the selected units of the industry. No payment would then be Involved as the owners would continue to be the owners. Secondly, an industrial unit should be 'taken over' on the basis of its total cost. Units costing more than a certain amount would be taken over. Thirdly, he wanted to know our views about Plants in which foreign capital was involved.

Before the meeting ended, Qamarul Islam drew our attention to another vital measure. He explained how the device of the Managing Agency system, prevalent in Pakistan, was proving harmful to the economy. Companies with investment of only a few hundred thousand were controlling assets of other companies with investment of tens of millions. He suggested outright abolition of the managing agency system.

Rahim and I conferred separately with Bhutto who approved the 'management taking over suggestion. We also agreed that plants with foreign investment should not be taken over. The few, mostly very old plants, were not considered worth the hostile publicity we would get in the western media. Bhutto gave the go ahead in a matter of minutes.

Qamarul Islam prepared a list of twenty industrial units from ten categories of industries: iron and steel, basic metals, engineering, assembly and manufacture of automobiles and tractors, chemicals, cement, and oil refineries. Qasuri's Law Ministry was entrusted with preparing the legislation. I promised Bhutto that the operation would take place on 1 January 1972, which was within a week of my first conversation with him. He was very happy.

Qasuri sent the draft of the law late on the evening of 31 December with a long note asking for a slowing down of the operation. My private secretary took the file personally to Peshawar where Bhutto was playing host to an Arab prince on New Year's eve. At 3:00 a.m. Bhutto came to his bedroom and signed⁴⁰ the document. As expected, he rejected Qasuri's suggestion in strong words.

Bhutto personally announced the takeover of twenty industrial units. In a national broadcast on 2 January 1972 simultaneously over television and radio he said:

I had made a pledge to the people of Pakistan to implement important industrial reforms... I am now beginning to redeem this pledge... The wealth of the nation must be for the benefit of all the people and cannot continue to be concentrated in the hands of a few individuals... The workers will now have a real stake in the success of these undertakings. In their own interests they now must work harder than ever before...

Eleven more units were taken over on 31 January. Big business houses that were affected included the Saigols, Valikas, and the Habibullahs. The total assets of the establishments taken over were of the order of Rs 1,910 million with total liabilities of 1,420 million rupees leaving their net worth at about 490 million rupees.

The entire operation of seizing control and management of the industrial units was earned out in secrecy at night, and rightly so. If the owners had an inkling of the operation, the undertakings would have been robbed of all their liquid assets and probably much more. In spite of a large number of people involved in the operation, there was no leakage of information and the owners and directors of the concerned units were taken completely unawares. Not a single day's work was lost and there was no transition period. After examining the physical and financial condition of the units the new managers submitted detailed reports which, showed that our assessment of irregularities of the owners and directors were grossly underestimated.⁴¹ As no Minister of Industry had been appointed, the task of carrying out the operation fell on the Finance Minister and the Industries Secretary. However, the government spared no effort in selecting the best possible executive talent to manage the new, plants.

* * *

While the Ministry of Finance was busy in taking over industrial units and setting up new management structure to keep them running, a serious electrical power crisis broke out. All of a sudden, we were told that the country was acutely short of electrical power. The load far exceeded the generating capacity, particularly during peak demand

⁴⁰ Disclosed by Bhutto's ADC to my Private Secretary at 7:00 a.m. when he received the file back.

⁴¹ Qamarul Islam in a recent communication.

periods at mid-day and just after dusk. The organization responsible for power generation and distribution resorted to 'load shedding', that is, to cut off the supply to some consumer lines. Large areas were plunged into darkness, industrial plants stopped working and fields depending upon irrigation water supplied from tubewells went dry. This had serious political and economic consequences. Shortage of electrical power was not good publicity for the new government. The Opposition, business community and the landed elite, could make political capital out of it and poor areas from where our support was derived remained in darkness when they needed electricity the most.

Power generation and distribution was the responsibility of the Water and Power Development Authority (WAPDA), established as an autonomous body in 1958. However, by 1970, the federal government exercised complete control over it through the Ministry of Industries and Natural Resources. During the 1960s and early 1970s, it had carried out the Indus Basin Works that cost more than 2,000 million US dollars and power projects worth more than 7,000 million rupees.⁴² WAPDA had built dams, power houses, canals, and electrical power distribution systems. A favorite with the World Bank and US administrators, WAPDA was a huge organization.

On 10 January 1972, I called a meeting of all the concerned officials to examine the issue of power shortage and to take whatever immediate remedial measures were possible. Power shortage was of the order of 300 MW (300 million watts). This proved to be the first of a difficult series of meetings I was to conduct in attempting to resolve the power crisis. WAPDA had not done its homework by planning to deal with the extent of the shortage in the months to come. It had no idea of any idle or under-utilized power generating capability available in the country. Its own power plant at Shandara, Lahore lay idle. Some of its hydel power plants on irrigation canals, closed down due to war which should have been in running condition now, were not in operation. WAPDA had not evolved any plans for systematic load-shedding, nor had it classified various types of loads in their order of importance to the national economy. Every time I would ask a question, the WAPDA chairman, a senior civil servant, would expect one of his subordinates to answer me, even though my questions were not technical. I told him to come better prepared to the next meeting.

We decided that the Shandara power station should be run on fuel oil as gas for fuel was not available. It came to light that there existed six unutilized power plants that belonged to the government, to semi-government agencies, and in the private sector that were lying idle. WAPDA was asked to seek the cooperation of the private sector and the semi-government agencies who owned the idle plants. Through these measures it was possible to meet the shortfall of 110 MW.

⁴² Report of the High Powered Technical Committee on WAPDA, 1973.

To avoid shedding of load, we decided to ban supply to all illuminated advertisements and external lights of showrooms and outside lights of cinemas and hotels, as I remembered was done during World War II, and thus saved 10 MW. By using only alternate street-lights, we saved another 5 MW. Further reduction of lights was ordered on the streets such as Constitution Avenue in Islamabad where four rows of lights blazed all night and barely a car passed by. Public and private tubewells were asked to switch off power between 5:00 pm and 9:00 pm to save another 40 to 50 MW. WAPDA was told to make arrangements with industrial plants so that, instead of closing down on Sundays, they could stagger and rotate their weekly holiday on other week days, thus saving another 40 MW. In all, arrangements were made to overcome a shortage of more than 200 MW. Supportive legislation followed.

At the next meeting on 25 January, I enquired why advertisements and external lights of showrooms were still blazing in spite of the promulgation of the Electricity Control Order 1972. The WAPDA chairman, who had perhaps hardly ever been questioned in this manner, explained weakly that due to an oversight action was not taken to notify the authorized personnel to lodge complaints in courts against defaulters. WAPDA stated that as a result of the adopted measures, it had already effected a saving of 160 MW and was able to generate an additional 7 MW from industrial plants other than those mentioned in the last meeting.

I felt that more than half the problem had already been solved and outlined how the Ministry could cope with the rest. However, when the chairman was asked about WAPDA's plans to meet the shortage in the coming winter, his answers were vague. A paragraph of the minutes of the meeting reads:

The Minister left the meeting at this stage and desired that his dissatisfaction about the progress made by WAPDA since the Electricity Control Order 1972 had been issued be recorded.

It was only later that I learnt that the commissioning of Karachi Nuclear Power Plant and several other thermal and hydel stations were behind schedule in their installation and production. The expatriate staff working on these stations had left during the 1971 hostilities, slowing down the work of installation while work on some others had been held up for lack of finances; There was little direction or coordination to resolve problems that were structural, administrative, and financial. Two months later, when Hayat Sherpao became the Minister for Water and Power, I wrote to him about WAPDA:

..... I foresee serious trouble for you in overcoming its monstrous problems.

Unless Nature is most kind, you are going to have a huge power crisis next winter. For the last five months, all my efforts in this direction have been frustrated by the

inefficient organization over which your Ministry will be presiding. I would only refer you to the minutes of the last meeting of the Economic Coordination Committee of the Cabinet (ECCC) in which power shortage was discussed.... Progress has to be watched very carefully and ruthlessly...

Three months later, Bhutto was to write to the Minister concerned:

The affairs of WAPDA are in a total mess. The country is being robbed by WAPDA quite mercilessly. We have to set up a technical high-powered committee to go through the affairs of WAPDA with a thin [sic] comb. Every aspect has to be scrutinized to promote efficiency and full utilization of resources. With the changed conditions there must be as much decentralization as possible...

The power crisis showed that the country was acutely short of electrical energy. Without the availability of abundant electricity neither industry nor agriculture could thrive. WAPDA's forecasts had been unrealistic. WAPDA had been catering to the urban areas and that too on the basis of the number of applications received for new industrial, commercial, and domestic connections. If no application was received from an area situated away from a power network, it was assumed that there was no demand for electricity from that area. It was like saying that two places not served by a road did not need a road since there was no traffic between them. WAPDA had neglected the energy requirement of the rural areas of the country and had grossly underestimated the demand for power in urban areas. It had grown into a white elephant depending entirely upon foreign consultants and contractors for all major works. In the 1960s when the Mangla Dam, was under construction, a project of the Indus Basin Works, vehicular traffic in the construction area moved on the right side of the road, US dollar was the currency in the engineer's canteen, samples of urine and blood taken for laboratory tests in the hospital at the work site were sent to New York, and the opening ceremony of the dam was performed by President Ayub Khan on a lawn for which grass was imported from the United States. It was a highly centralized organization guided by foreign financial houses such as the World Bank. It squandered large sums of the foreign exchange on fees of consultants and profits of contractors. It had failed to produce adequate power or to distribute it efficiently. I came to the conclusion that WAPDA needed to be broken down into smaller functional units.

* * *

The electrical power crisis was not the only one to take us by surprise. Within days of taking over, Bhutto saw an item in the press about a small rise in the price of *atta* (wheat flour) at some place in the Punjab. He sounded anxious on the phone and asked me to look into the matter. I called Governor Khar, to find that the President had already spoken to him. I called the Secretary of Food and Agriculture to learn that the President had also spoken to him. Bhutto would phone every day, sometimes several times a day,

ask for reports and demand action, more action. We soon discovered, that an Assistant Director of Food in Lahore had erred in this particular case. Bhutto ordered his suspension from the service. Governor Khar protested that the federal government should not be ordering the suspension of provincial officers. He was right, but I advised him not to make it an issue. Shortage of essential commodities, especially of food items, was a political bombshell. All of us were acutely conscious of that. Did we not know how important a part was played by the slogan '*cheeni chor*' (sugar thief) against a minister of Ayub Khan that triggered off the big agitation which ultimately led to Ayub's downfall.

The seriousness with which Bhutto took up the issue of food supplies put the entire federal and provincial machinery authorities on their toes. A series of high level meetings were called; provincial officers were summoned to Islamabad; the matter was raised in the ECCC. A minister suggested that big landlords had been hoarding wheat, so their godowns should be raided and martial law powers used to bring down the prices. It was a crisis situation for wheat supplies. Stocks were available only for the next three months. The production of wheat for the crop year 1970-71 available for consumption during 1971-72, had fallen short of the requirement. The Ministry of Food and Agriculture was ill-prepared to deal with the crisis. Its data was scanty and it had little idea about the arrival dates of wheat that had already been purchased abroad. The railways had also not been prompt in lifting the shipments lying at Karachi port. The bulk of the shortfall was to be provided by the United States while Australia, France, and Germany also promised to contribute to it. According to the official report of the Ministry, 'The response from these countries was not encouraging till the end of December, 1971. It was only in January 1972, that the US government showed its willingness to provide 0.3 million tons of wheat (which was later raised to 0.5 million tons) under PL-480, and also agreed to the diversion of about 0.1 million tons of wheat purchased from the US under CCC Credit.'⁴³ Clearly, by stopping the supplies that had been previously promised, western countries were exerting political pressure on Yahya Khan. When he had left, not only did the US administration clear the resumption of wheat supplies to Pakistan but actively helped by diverting ships on the high seas carrying wheat for other destinations to Karachi. Once the supplies for the immediate future were assured, provincial and federal governments were able to release wheat stocks at a more liberal rate. The distribution network was tightened up. Port authorities and railways were put on alert. The crisis was temporarily brought under control.

Shortage of supplies was to worry the government throughout its tenure. Bhutto knew that the measures taken by previous governments, including that of Ayub Khan of which he was himself a member, had not worked. There had been no dearth of advisers. Wheat production in the areas now comprising Pakistan had remained stagnant for the

⁴³ 'Material for the Introductory Speech on Budget for 1972-73' from Ministry of Food and Agriculture.

last twenty-four years. Table 3.1 shows the position of production, yield per acre and import of wheat for this period before the PPP government. The increase in the yield per acre towards the end of the 1960s was attributed to the introduction of the new varieties of seed by Ayub Khan's government.

Production, Yield, Imports of Wheat 1947-70			
Years	Yield Per Acre in maunds	Average production in thousand tons	Average imports in thousand tons
1947-48 to 1951-52	9.5	3,606	Small
1952-53 to 1956-57	8.2	3,197	427,
1957-58 to 1961-62	8.7	3796	953
1960-61 to 1964-65	9	4,087	729
1965-66	10.6	5,626	696

Sources: Economic Survey of Pakistan 1962-63, 1972-73, Report of The Food and Agricultural Commission 1960.

Later, an anxious Bhutto was to write a long directive⁴⁴ which showed his grasp of the problem and his determination to resolve it:

In the course of the whole year, I have made strenuous attempts to tackle and overcome the wheat crisis. We have held umpteen meetings and I have issued directive on top of directive on this subject but we are still baffled by defiance. We have not been able to convert it from a crisis to a problem, leave alone resolving it. I know all the pet answers: our population is growing, wheat is being consumed in greater quantities, lands are saline and waterlogged, we are dependent on rainfall, after the Indus Basin (Treaty) the riverine tract is not producing wheat, fertilizers are not available, the seeds are impure, the credit facilities are not available, tractors are not available and they have become too expensive, the shortage of power is affecting the tubewell programme, the prices are not adequate, pesticides have become expensive, extensive smuggling is taking place and a host of other connected reasons.

None of these is insurmountable, none of the factors involved are incapable of solution. Surely there is something wrong with us and with our thinking and with our planning. Surely we have taken wrong decisions or inadequate decisions or late decisions After twenty-five years of independence the problem of storages should have been resolved but we are still short of the silos... Smuggling takes place in a big way but we have not been able to minimize it in spite of the war and the concentration of the forces on the borders. On the contrary, smuggling has increased.

⁴⁴ 24 December 1972.

Bhutto was justly apprehensive of political agitation based on shortage of *atta*, sugar, or *vanaspati ghee* (hydrogenated edible oil). He was also conscious of the political leverage held by the United States as a supplier of wheat under the provisions of Public Law (PL) 480.⁴⁵

...A Government of Pakistan can handle all problems but it will always find it most difficult to cope with a genuine shortage of Atta and a serious rise in the price of Atta. In a nutshell, this is not the main problem, this is the PROBLEM. People will bear with shortages in all other commodities including sugar and cloth but they will find it difficult to restrain themselves if they do not get wheat and Atta. We have repeatedly said the people are supreme. There is no dispute that the supreme need of the people is wheat and Atta. How long will we be at the mercy of the United States? How long will we squander away our foreign exchange for the import of wheat? A time is approaching when the United States might not be able to give us wheat under PL-480. Due to international shortages next year the supply and prices of wheat might be beyond our reach. What will we do in that event?... We must find concrete answers.

Bhutto had done his homework. He had gone through the files, carefully listened to his advisers, and assimilated the inputs from numerous conferences on the subject. In addition, he was aware of the political implications of the shortage of essential commodities. Pakistan had never had such an intelligent and articulate chief executive. Often he would propose solutions:

In the first place, we must find adequate incentives for the farmer to take to wheat... The consequences of exaggerated concessions will tell on the cities where the population is vocal. The majority of the people live in the countryside but the cities and towns bring the revolution. We have therefore to increase wheat production and maintain reasonable prices either by increasing the subsidy in the prices or by some other means. In April we may consider the question of revision of wheat prices...

The directive mentioned some other measures and ended by calling a conference)⁴⁶

⁴⁵ US Public Law 480 which provided for the supply of wheat without payment in US Dollars.

⁴⁶ In my opinion, there is another incentive which might be given without it becoming a pressure for increased production. In our election manifesto we promised to do away with land revenue for all farmers owning less than twelve and a half acres of land in the Punjab and sixteen acres in Sindh. Within a year or two, we must wholly fulfil this commitment... Why can't we (now) abolish land revenue and water rates on those farmers who possess twelve-and-half acres in Punjab and sixteen acres in Sindh and grow WHEAT on their lands...

We need to take other steps also. Under no circumstances must wheat from deficit districts be exported, even within a province, to surplus districts. wheat movement from one province to another should be banned. The requirements of Balochistan and Frontier, Azad Kashmir, and Tribal Areas must be met on a government to government level. We must also consider the possibility of putting wheat on ration...

We have held many conferences but let us hold yet another one in January. This should be a restricted conference; too many people only muddle the issue. I therefore want the following to attend:

1. Governor⁴⁷ of Punjab with two Ministers and two officials.
2. Chief Minister of Sind with two Ministers and two officials.

This is the maximum number. They can bring less participants if they choose.

From the Central Government the following should participate. (The list mentioned seventeen Ministers, Special Assistants, Deputy Chairman Planning Commission and Secretaries to the Government.⁴⁸

We fought on several fronts to increase the production of wheat. Some of the details of the efforts made are given in later chapters. In five and a half years, the production of wheat went up from 6,782,000 tons in 1971-72 to 9,144,000 tons in 1976-77. The yield per acre had also increased from 12.9 maunds to 15.4 maunds. It was a great achievement for which Bhutto and his government deserve credit. How much of the increase in yield per acre or in total production of wheat was due to increase in the support price,⁴⁹ the availability of additional irrigation water from new tubewells, or the extra supplies that became available due to the completion of the Chashma Reservoir⁵⁰ in 1973, from Mangla Dam in 1967, or the Tarbela Dam⁵¹ in 1974, is difficult to ascertain. The unfortunate fact remains that despite all the efforts made, in a manner unprecedented in the past, the yield per acre remained much below the level achieved in advanced countries. Pakistan remained dependent on imports.

* * *

The problem of inefficient agricultural production in Pakistan was rooted in the country's feudal set up. The need for land reforms had been eloquently stressed in the First Five-Year Plan (1955-60). The first land reforms in Pakistan were enforced by Ayub Khan in 1959. These addressed the problems of big land ownerships and revenue-free-

⁴⁷ Mustafa Khar was Governor of Punjab and by private arrangement, to which this author was witness, the governor and not the chief minister, Meraj Khalid, was to exercise authority in the province.

⁴⁸ Bhutto's directive, Camp Larkana, of 24 December 1972.

⁴⁹ The price at which government agencies were ready to purchase wheat was termed the support price.

⁵⁰ A reservoir on the River Indus a hundred miles south-west of Islamabad. That could hold 0.5 million acre-feet of water.

⁵¹ A large dam on the River Indus, fifty miles west of Islamabad with a reservoir capacity of 9.5 million acre feet.

estates. Among its major provisions were: (1) the abolition of revenue-free-estates (jagirs); (2) the imposition of a ceiling on land ownership of 500 acres of irrigated and 1000 acres of unirrigated land with specified exemptions for orchards and livestock farms; and (3) the resumption and redistribution of excess land after payment of compensation to previous owners.

Bhutto surprised me on 3 March 1972, by announcing a series of land reform measures. At the time of the founding of the party in 1967, he had resisted the inclusion of these measures in the Foundation and Policy document. He had told me that he did not want to fight the industrialists and landlords simultaneously. He wanted to take on the capitalist first, and only later the landlord. Although the 1970 Election Manifesto of the Pakistan People's Party, drafted mainly by JA Rahim, was strong in rhetoric, it was vague about the critical issue of the land ceilings.

The West Pakistan owners of large estates, the feudal lords, constitute a formidable obstacle to progress. Not only by virtue of their wealth, but on account of their hold over their tenants and the neighboring peasantry, they wield considerable power and are, even at present, a major political force.

The breaking up of the large estates to destroy the power of the Feudal landowners is a national necessity that will have to be carried through by practical measures, of which a ceiling is only a part. The size of the agricultural estate will be limited by the ceiling, the norm being the ownership of a maximum of 50 to 150 acres of irrigated land.⁵²

Through the Martial Law Regulation 115 of 1972, the permissible ceiling of 36,000 Produce Index Units⁵³ (PIUs) prescribed in 1959 on land ownership was reduced. The new ceiling was fixed at 12,000 PIUs or 150 acres of irrigated or 300 acres of unirrigated land, whichever was larger. Owners with tractors or tubewells were allowed to 'keep an additional 2,000 PIUs. The *shikargahs* (areas for the hunting sport), *waqfs* (Trust lands) and stud farms exempted under Ayub Khan's reforms were placed under the purview of the new reforms. A significant aspect of Bhutto's land reforms was that land above the prescribed ceiling was resumed without payment of any compensation and the resumed land was granted free to tenants. The new law forbade the ejection of a tenant by the landlord except for non-payment of rent, making land unfit for cultivation or for not cultivating the land. The landlord was required to pay all taxes including land revenue, water rates, and seed costs. The cost of fertilizers and pesticides was to be

⁵² 1970 Election Manifesto of the PPP.

⁵³ Produce Index Unit is the measure of the productivity of the land, the more fertile the land, the higher its PIU.

equally shared between the tenant and the landlord. Up to 30 September 1976, 1,150,056 acres of land was resumed under the 1972 land reforms.⁵⁴

The 1970 Election Manifesto of the Pakistan People's Party laid down:

The possession of money institutions in the hands of private parties is the source of exploitation which uses national wealth and private deposits to create money for the financing of monopoly capitalists. All big industries have been set up entirely on bank loans, which means, on the money of the depositors. Such loans can be said to have been the misappropriation of the public money by the bankers. To this sort of abuse, which is inherent in any system where banks are in private hands, there has been added the control of banks in cartels belonging to industrial families.

Unless the State takes hold of all the banks by making them national property, it will not be able to check inflation. The State's financial policy is at present a prisoner of the bankers. All banks and insurance companies will be forthwith nationalized.⁵⁵

As soon as we were through with the 'nationalization' of industry, the task of nationalizing the insurance industry was undertaken. Like big industries and banks, private ownership of life insurance companies had contributed to the growth of monopolies and the concentration of wealth. The small savings of many people had been utilized to build up the wealth of a few industrial groups. The return received by policy holders on their savings was inadequate. Administrative expenses were excessive. The elapsion ratio of policies was high. All previous efforts at reform and regulation of the insurance business had not borne fruit. Nationalization was the only remedy available.

Kazi informed me that the subject of insurance lay with the Ministry of Commerce. Since the portfolio for Commerce had not been allocated to any minister, I called the Secretary, VA Jafery, and asked him to put up a scheme for immediate nationalization of life insurance businesses. General insurance business was excluded from this because we thought that the government could not possibly involve itself in insuring against car accidents, fire losses, and shipment damages. Jafery was a civil servant much younger in years than Kazi and Qamarul Islam with a reputation for ability and competence. He was looking after his ministry without a minister. On several occasions he had approached me for decisions on urgent cases. He was extremely gentle, soft spoken,

⁵⁴ Figures supplied by Mohammad Rashid, Minister of Health and Federal Land Commissioner.

⁵⁵ 1970 Election Manifesto

and clear-headed. Summaries⁵⁶ prepared by him were easy to follow and to take a decision on. Kazi thought that he was the best timber in the Secretariat to become Finance Secretary. That was reassuring.

At that time, forty-three life insurance companies were operating in Pakistan. Of these, thirty-nine were Pakistani, three were British, and one was American. Eleven companies had their headquarters in East Pakistan, twenty-eight in West Pakistan, and four had their headquarters abroad. 521,275 policy holders stood insured for 4,960 million rupees. Annual receipts of the companies amounted to 337 million rupees and payments to 174 million rupees at the end of 1969.

Nationalization of the insurance business was very different from that of heavy industry. In the latter case, we had only taken over the management and had left foreign companies untouched. That precedent, if followed in case of insurance, would have resulted in distortions putting the nationalized companies to a great disadvantage. It was therefore decided by the ministerial committee, that foreign companies were also to be nationalized and compensation was to be paid. Jafery produced a lucid and comprehensive summary within a few days. Bhutto was kept verbally informed and he asked me to convey to the Americans our decision to nationalize the American Life Insurance Company.

I called Sidney Sober, the US Charge d' Affaires⁵⁷ to my office and told him of our electoral commitment to the people of Pakistan and of our decision to nationalize all insurance Companies. I said that compensation would be paid. He was very grateful for the prior information and promised to get in touch with Washington. Sober returned a few days later and said that the United States recognized Pakistan's right to nationalize and as long as the payment of compensation was fair and prompt there would be no problem. He suggested direct talks with the company. I asked him to inform the company.

JM Tompkins, Vice-Chairman American Life, promptly reported for negotiations. He knew his job well and was delightful to talk to. I told him that compensation to the owners would be based on the Indian formula.⁵⁸ The formula meant that compensation would be equal to twenty times the amount allocated by the company to its shareholders out of its 'profits', during the last six years ending 1969. Tompkins took the position that it should be twenty-six times. Unfortunately for Tompkins, he did not know that he was on a treacherous wicket. Whatever he might have demanded was

⁵⁶ Write-up for a prime minister or minister summarizing the case and stating the options for decision-making.

⁵⁷ The US had no Ambassador in Pakistan during these tumultuous days, and did not have one for another year-and-a-half.

⁵⁸ The Government of India had nationalized life insurance businesses in 1956.

going to prove too little. The compensation was to be paid in rupees and I knew that the rupee was about to undergo a massive devaluation. I was very keen that a settlement was reached with the Americans as soon as possible. Life insurance companies were nationalized on 19 March 1972. Banks were next on our list.

Soon after the 'nationalization' of industry, I called Ghulam Ishaq Khan, Governor of the State Bank of Pakistan, and explained to him that the PPP's political mandate required the nationalization of banks. I mentioned how a few business houses in Pakistan had monopolistic control over industry and finance in the private sector. The government was keen to break the monopolistic control of the capitalists. Some banks were violating all business and ethical codes to secure deposits. The manner of entertaining 'guests' from the Gulf states was nothing short of scandalous. We had already taken major steps and now wanted to cover the banking sector. I requested the Governor to prepare a scheme for the nationalization of banks.

Ghulam Ishaq Khan (GIK) was an outstanding civil servant. He had started his career as a minor official and by dint of hard work, applied intelligence and an uncanny talent for winning the confidence of his superiors, whoever they might be, he never stopped earning promotions.⁵⁹ He was first promoted to the Provincial Service and then to the Civil Superior Service of Pakistan. President Yahya Khan had made him his Cabinet Secretary, the topmost position for a civil servant, and in that capacity, he was said to have advised that Bhutto should not be made Chief Martial Law Administrator. It is not certain whether that fact or rumor had weighed with Bhutto, but on the first day of assuming office, he shifted GIK from Islamabad to Karachi, some nine hundred miles away, to the State Bank. Apparently, GIK was not enthusiastic about the new assignment. He phoned to tell me that as a government servant he could not take over as Governor of the State Bank. 'Have you not retired from government service?', I asked him. 'I have, but I am serving a two-year extension period', he replied. 'Then please take your retirement. We want you as State Bank Governor', I suggested. He obliged.⁶⁰

GIK's response to my request for preparing a scheme for the nationalization of banks was prompt and thorough. He prepared a seventy-four page, 150-paragraph report, containing forty-six recommendations which were addressed to the Minister of Finance by name.⁶¹ The report described the tremendous growth of the banking system in Pakistan. The number of branches in West Pakistan had increased from eighty-four in

⁵⁹ GIK became President of Pakistan in 1988.

⁶⁰ Following the *coup-d'etat* on 5 July 1977, General Zia was to make GIK his Minister of Finance and then get him elected as Chairman of the Senate. With the crash of Zia's plane in August 1988 he should have assumed charge as the President. Instead, GIK told General Aslam Beg, Zia's Deputy Chief of Army Staff to promulgate martial law, if he so desired.

⁶¹ Banking Reforms, State Bank of Pakistan, Karachi, March 1972.

June 1948 to 2,379 in December 1971.⁶² Bank deposits increased from 138 crores in June 1954 to 1,280 crores in December 1971.

Bank credit on an all Pakistan basis had grown from 20 crore rupees in July 1948 to 1,243 crore rupees in February 1972. In West Pakistan, bank credit had gone up from 68 crore rupees in June 1954 to 806 crore rupees in December 1971, with the share of manufacturing 42.3 percent and commerce 32.4 percent. There existed severe provincial and urban-rural disparities in the distribution of credit. Sindh and the Punjab accounted for more than 67 percent of all banking credit. The Province of East Pakistan had to be content with 30 percent, leaving three percent for the Frontier Province and Balochistan. As of September 1971, the city of Karachi accounted for 37 percent of credit, Lahore 20 percent, and Dhaka 12 percent. Bank credit was concentrated not only in urban areas, but also in bigger accounts. Its distribution was inequitable. As far, back as 1959, 63 percent of bank advances were locked up in 222 accounts each of above 100 million rupees, while advances of 25,000 rupees to small borrowers accounted only for 5.6 percent of the total bank advances. Since then the inequity in distribution had in fact grown. GIK, detailing the factors responsible for the concentration of credit with bigger accounts, used language that was music to our socialist ears.

As is generally recognized, a small minority comprising mainly landlords, industrialists and big businessmen, accounts in Pakistan for an unduly large share of, the total wealth and income. A few family groups have come to acquire over the years a sizeable proportion of industrial assets in Pakistan and most of the industries have been yielding handsome profits owing to a highly sheltered market and a wide range of fiscal and other Incentives provided by the government. The development strategy in Pakistan also until recently aimed at maximization of the rate of economic growth without adequate regard to consideration of social justice and a high rate of savings was considered to be the main instrument of such growth.... Import licenses, similarly, went largely to the established big commercial importers. The quota system of import licenses perpetuated the domination of a few large quota holders over the entire import trade and stood in the way of newcomers trying to find access to the import market. As a cumulative result of these policies, it was the man of means both in trade and industry who came to acquire greater access to bank finance.

Further pointing out the inadequacy of the banking system in Pakistan, GIK's report described the interlocking ownership of banks and industry:

A few big family groups own and control a large share not only of industrial and commercial undertakings but also of financial assets in the country, which makes collusion of banks with big clients easy to occur and difficult to detect....The task

⁶² The report contained all Pakistan figures as well.

becomes all the more difficult if the State Bank also depends, as it did in the past, more on persuasion and avoids coming down heavily on the banks which default in carrying out its directives and policies. The result is that there is a widespread misuse of bank resources by the management of the banks.

The report described in detail the unhealthy practices that had crept into the banking system.⁶³ It revealed a much larger scale of malpractices than we had imagined. In a bid to mobilize institutional deposits belonging to government, semi-government and local bodies, the banks targeted key individuals controlling their funds. They were offered cash bribes, gifts in kind such as cars, refrigerators, television sets and air conditioners, financing of holiday trips at home and abroad, loans for the construction and rental of houses built by them or in the names of their relatives, investment in shares on their behalf without any payment, unsecured advances without ever expecting them to be repaid, employment of relatives of such persons on salaries far exceeding their qualifications or experience, and maintenance of luxurious rest houses where entertainment was provided to so-called guests at expense accounts. Equally serious were the malpractices in sanctioning loans. Bank managers charged commissions from clients and demanded the participation of bank officials in the businesses, and bank executives and employees took personal loans in fictitious names.

GIL recommended extensive reforms of the entire banking system. Nowhere in his report did he mention taking over either the ownership or the management of the banks. In personal meetings, he explained in great detail that enlarging the control of the State Bank over the operations of the banks would achieve all the objectives the government had in mind through nationalization. He made a strong case that impressed both Rahim and me. It took us two months to make up our minds. We agreed not to go for nationalization as originally envisaged but to make wide-ranging amendments to the Banking Companies Ordinance. Finally, in May 1972, a summary of the Banking Reforms was submitted to the President which was promptly approved.

Under the new reforms, the State Bank was empowered to remove directors or other managerial persons, to supersede the board of directors of a banking company, and to appoint administrators during the period of suspension. The State Bank was also empowered to nominate a director on the board of directors of every private bank. No director could serve on a board for more than six years. Further, the State Bank was authorized to prescribe ceilings on borrowing for individual borrowers; a director, his wife, dependent children; firms or private companies in which a director may have interest and public limited companies in which directors and their family members may have an interest. Unsecured loans were prohibited for directors. Restrictions were also placed on loans to bank officers. Banks were also prohibited from making advances

⁶³ Without directly saying that these unhealthy trends coincided with the promulgation of General Ayub's martial law in 1958, GIL says 'banking was a fairly clean business until the late 1950s when the system came under a number of stresses and strains'.

against stocks and shares to their directors and their family members, and from undertaking any transaction with them for the sale and purchase of shares.

These reforms required that over a period of time, the banks should have a paid-up capital of not less than five percent of their deposits. The capital base of all banks was progressively to be raised, to ten percent. It was also made obligatory for banks to transfer ten percent of their profits to the reserve fund after the amount had equaled the paid-up capital. The establishment of a National Credit Consultative Council (NCCC) was an important measure of the Banking Reforms. At the commencement of each financial year the NCCC, comprising representatives from government and the private sector, was required to draw up an integrated credit plan within the safe limits of monetary and credit expansion.

Banking Reforms were announced on 19 May 1972. Little did we realize at the time that they would not serve our purpose for long. It only deferred the nationalization of banks by a year-and-a-half.

4 MEETING THE CHALLENGES (2)

Within a month of our coming into power, the price of sugar began to rise, the sign of either a genuine shortage or mischief created by the stockists. The wholesale price in the free market.⁶⁴ Went up by eight rupees per maund by 5 February 1972. Alarm bells started ringing.

At the time, sugar was a rationed commodity. Each family had a ration card to buy sugar from a government licensed depot at a price fixed by the government. Sugar mills made supplies directly to the government in the required quantity and were free to sell the rest on the open market. The Ministry of Industries dealt with the subject of sugar production. The distribution of sugar was a provincial subject but the responsibility for importing and supplying sugar to the provinces lay with the Ministry of Food and Agriculture in Islamabad. The Industries portfolio had not yet been assigned to a minister, so the ball duly rolled into my court. At a meeting of the Price Review Committee on 8 February, I decided to meet the chief executives of the sugar mills and the representatives of the provincial governments two days later.

There were twenty-two sugar mills in Pakistan with a total production capacity of 600,000 tons based on 180 working days. Production of sugar had been erratic in the past. In 1968-69, 1969-70 and 1970-71 Pakistan had produced 402,000 tons, 613,000 tons and 532,000 tons, respectively. Three months earlier, in November 1971, the sugar mills had estimated the 1971-72 production at 540,000 tons. As the target began to seem unattainable, and news of it spread in the market and the price of sugar began to spiral upward.

At the meeting held between government and the sugar industry on 10 February, the target of sugar production for the year was reduced to 450,000 tons in place of the earlier figure of 532,000 tons. The government also agreed to scale down its acquisition of sugar from the mills for ration depots. The mills would supply 215,000 tons to the government for distribution through ration shops and would be allowed to sell the balance of 235,000 tons in the open market. No forward trading was allowed for a period of more than a month. The Commerce Secretary was asked to import 100,000 tons on government account. In sending the recommendations to Bhutto on 12 February, I wrote that the supply of sugar would remain serious until the next sugarcane crop in November 1972. I suggested that district officials be made responsible

⁶⁴ Sugar was also supplied at the government controlled ration shops at the rates fixed by the government.

to see that maximum amount of sugarcane reached the factories. Party MNAs MPAs⁶⁵, and workers should be mobilized in this effort, and the Governors should supervise the arrangements.

Bhutto's response was clear, prompt and emphatic. He wrote back:

Under no circumstance will I tolerate a sugar crisis. If the sugar mills are creating the shortage, then take every action beginning with warning, inspection, and ending with confiscation and nationalization. If the shortage is not artificial, then import the deficit. Come what may, sugar prices must remain stable and within the grasp of the masses – no hardship on this score please. Bring the matter to Cabinet if you so desire, but go ahead with the exercise and with the plans. Consult the governors concerned and their officials.

Swift and unambiguous action was the hallmark of the Bhutto government in its early years. I spoke to the Governors and also wrote to them:

My dear Governor,

As you are aware, sugarcane production has seriously declined this year. This has resulted in reduction in sugar production. Though the cane crushing season is still on, the price of sugar has started rising in the free market. A sharp rise in the price of sugar will cause hardship to the common man and cannot be tolerated.

2. I have discussed the matter with the representatives of the Provincial Governments and the owners and managers of all sugar factories in West Pakistan. Each factory has been given a production quota.... They have to produce sugar not less than the quota fixed, if necessary by melting gur.⁶⁶ Any shortfall in the production quota will have to be made up by the factory owners by importing sugar on bonus vouchers.

3. It is of utmost importance that sugar production is maximized. Clear instructions may be issued to the Deputy Commissioners and others you may wish to associate, to ensure that maximum amount of sugarcane reaches the factories. You may also like to mobilize MNAs, MPAs and other workers. But this is left entirely to your discretion.... Any decline in sugar production before the quota is reached should be promptly reported. The President considers this to be a crucial test of the effectiveness of the administrative machinery, and I am sure that every effort will be made to meet this challenge.

4. In these circumstances there should be no apprehension of sugar shortage and the prices should be maintained at reasonable level. Careful watch should be maintained on trend of prices and any attempt at hoarding and profiteering should be severely dealt with.

⁶⁵ MNA refers to Member of the National Assembly, and MPA to Member of the Provincial Assembly.

⁶⁶ Sugarcane juice is evaporated and turned into solid.

5. *The President has been pleased to direct that under no circumstances will increase in sugar prices be tolerated. If sugar mills do not cooperate, stern action will have to be taken against them beginning with warning, inspection and ending with confiscation and nationalization. Sugar prices must remain stable and within the grasp of the masses.*

6.....*A progress report may kindly be sent to me twice a week on Mondays and Thursdays on the status of sugar production and prices. I can assure you that Central Government will spare no effort and will give all possible help in maintaining supplies and price of sugar in your Province.*

On 5 March The Pakistan Times printed a story titled, 'No sweet dishes at official receptions'.

Banquets, official receptions, and parties, hosted by the President, cabinet ministers, provincial governors and advisers will no longer serve sweet courses. Puddings, and sweet dishes and all confectionary are positively out, not because of any sugar shortage in the country—plenty is available and more is on its way—but the self-imposed and voluntary restriction is meant to be a step to simple living.

The report went on to say that simplicity is in keeping with Muslim traditions . . .tea and coca cola habits were alien to our native traditions and must be replaced by our indigenous customs of . . . serving fresh and dry fruits, pakoras shami kababs, tikkas, lassi, and nuts. It urged Pakistanis not to blindly ape foreign ways. The report ended by stating that the sugar quota for President House and other government establishments would be slashed by half.

Bhutto was unhappy to read this since the story pointed to the President House as the source. He wrongly thought the newspaper was playing mischief. Bhutto had asked me to communicate to the Information Secretary that 'President House would not serve sweets and puddings, except in official functions for visiting foreign dignitaries, that the sugar quota of the house had been reduced and the same restrictions would also apply to Governors, Ministers and Advisors'. I had told the Information Secretary to see that the story appeared in the press the next day. I was also furious and inquired from the Information Secretary, 'Will you please explain how simple instructions conveyed to you were distorted and transformed into a stupid story, about eating habits, about the good points of the old ways?'⁶⁷

Despite gearing up the machinery of the central and provincial governments, it soon became clear that even the reduced target of producing 450,000 tons of sugar was unattainable. It was Imperative to establish more sugar plants and increase the average

⁶⁷ Personal papers.

of sugarcane. Sugarcane growers had long been pressing for an increase in the minimum price of cane at the factory gate which had remained almost unchanged for the last five years. Every time the sugar crisis was discussed, the advocates of price increase put forward strong arguments. The government yielded to them three times in 1972.⁶⁸

The government tackled the sugar crisis with vigor and determination. However, it was an eye opener for us since it exposed not only the weakness of our decision-making process but also showed the helplessness of politicians once prices began to rise on account of shortages in supplies. In such situations, secretaries to the government, responsible for performance in the concerned division, went on the defensive. Minimizing the extent of the crisis, they would make half-baked and often worthless recommendations and the minister or the Cabinet would feel relieved by accepting them. The people of the country would be told that the government had found a solution to the crisis which would soon be resolved.

The sugar crisis had erupted in February and continued to absorb the Cabinet's attention throughout 1972. The very fact that the purchase price of sugarcane at the factory gate had to be raised three times, in a period of less than that of a crop, showed that the decisions taken earlier were not well considered. The reasons lay in the complexity of the forces at work and the immense drag of decisions taken in the past. The Secretariat was loathe to admit that any wrong decision was ever taken in the past. Bhutto's government had inherited a bureaucracy which believed, first, in keeping strict control over capital, industrial production, and distribution of essential commodities. Second, it was capitalist friendly. Third, it was favorably disposed towards the advice offered by foreign consultants and advisers which meant that an increase in the domestic production of commodities such as oil or sugar was not its top priority since these could be imported.

Three ministries were involved at the federal level in finding the solution to the sugar crisis. The Food and Agriculture Ministry was concerned with the production, pricing and import of sugar crop. The Industry Ministry was concerned with the production of sugar, pricing of sugar, and permission to establish new sugar factories. The Finance Ministry was concerned with foreign exchange, investments, taxation, and other

⁶⁸

Minimum Sugarcane Price at Factory			
Rate in Rs per maund			
Year	Price Punjab	Price Sindh	Price NWFP
1971-72	2.50	2.65	2.25
Early 1972	2.75	3.00	2.50
Oct-72	3.35	3.50	3.10
Dec-72	4.25	4.40	4.00

Source: Summary on Sugarcane Prices prepared by Planning Division, January 1974.

matters relating to the economy in general. Then there was the Planning Commission with experts on every subject. When the sugar crisis erupted in February, the secretaries and the factory owners agreed on what caused the crisis and recommended a solution which the cabinet readily accepted. However, the recommendations did not work as the factories could not produce the promised amount of sugar and the price of sugar again started rising.

Once again, the secretaries of the concerned ministries proposed additional measures which the cabinet promptly accepted. Within months it became clear that even these measures were ineffective. Bhutto was furious and threatened to nationalize the sugar industry. Qamarul Islam came to the rescue of the owners by suggesting that instead of taking over the factories, government should take over all the production. Factory owners lost their freedom to sell in the open market but retained their ownership. Interestingly, following each crisis, the price of sugarcane went up whereby, the agriculturists gained as the industrialists retreated.

The wheat and sugar crises taught us that there was no substitute to increasing indigenous production, especially when the economy had become dependent upon foreign exchange through aid and loans. Further, no amount of vigilance by the ministers was enough to eliminate bunglings in the networks of supply, transportation, and distribution of essential commodities. Shortages, real or rumored were bound to result in crisis situations. The bright side to this was that, each time the cane price rose it provided an incentive to the farmer to grow more.

* * *

Manufacturing was the second largest sector of Pakistan's economy, nearly one-fifth of Gross Domestic Product (GDP). According to the 1969-70 census of industrial establishments, the total fixed assets of 3,289 industrial units were valued at 3,807 million rupees. They produced goods worth 9,138 million rupees and provided employment to nearly 400,000 people.⁶⁹

Large-scale industry, which grew at an average annual rate of ten percent during the 1960s, suffered a serious decline in 1970-71 when the value added growth plummeted to 1.2 percent.⁷⁰ Industrial production had been badly hit following the military action in East Pakistan which began in March 1971. Except for a section of the textile industry, most of the national industrial capacity was grossly underutilized. During the year 1969-70, percentage utilization of some industries was as follows: machine tools 30, ball bearing 7, diesel engines 19, steel construction, tubewell and pumping equipment 57,

⁶⁹ *Pakistan Economic Survey, 1971-72.*

⁷⁰ *Ibid., 1972-73.*

shipbuilding and repairs 53, bicycles 33, sewing machines 65, cables and wires 18, electrical instruments 42, electric motors 21, looms 44, bolts, nuts and rivets 31, buses and tractors 31, paper 48, agricultural implements 62 percent.

The state of most of the units which the government had taken over was far from satisfactory. There had been no financial planning and control and most of them owed large sums to banks and to other financial agencies. Their cash liquidity position was almost non-existent and capacity utilization low.⁷¹ They had not kept proper records of stocks and stores, and indulged in tax evasion on a large scale. An income tax consultant checked the audited report of an engineering company of Lahore and found large quantities of stores either undervalued or not on the books. He computed tax evasion to the extent of more than 40 million rupees. Interestingly, this later gave rise to a difference of opinion between the Ministry of Production and the Ministry of Finance. The former was willing to correct the irregularities but was hesitant to pay the tax.

The administrative structure we had come to head had been evolved by the British. It was created by the former imperial rulers to subjugate and control the natives and to exploit the wealth of the colonies. During the 1960s, the British built civil and military administrative structure seized absolute political authority. It decided to swallow hook, line and sinker the American approved and aided economic and social plans in the name of serving the interests of the security, progress and prosperity of Pakistan. Now, suddenly, the higher echelons of civil and military bureaucracy, with some notable exceptions, were faced with a government that had a strong anti-imperialist, anticolonial, and pro-labor, pro-peasant stance at least as far as rhetoric went. The adjustment was uneasy and painful for both sides. The core of the upper middle class and, the higher echelons of the salaried elite believed themselves to be educated and urbane citizens. They looked at political leaders like us with suspicion and as those people who encouraged uncultured and uncouth from the lowest social and economic strata, the *lumpen proletariat* to rise. The differences were ideological, political, as well as social. We were dubbed socialists, and socialism was anathema to them.

Often, senior civil officers would find party workers in ragged apparel and disheveled appearance sitting in a minister's room, giving vent to public grievances at the top of their voices. They would also protest against the treatment they received at the hands of security staff who would not allow them to enter the Secretariat. The minister would often be apologetic, offer them tea, call the senior officers, and expect satisfactory explanations of the workers' grievances. The officers, of course, would despise such encounters and express their hostile reaction at their private gatherings, some of which were reported to Khar.⁷² I vividly remember an occasion when I took the Honorary

⁷¹ *Pakistan Economic Survey, 1972-72*, pp. 38.

⁷² Khar, personal conversations.

Secretary of a society, called the *Awami Rehaishi Tanzeen*, to see the Chief Secretary Punjab, a former brigadier. The society was formed to provide housing plots to poor people and this particular complainant happened to be a government employee serving as a stenographer in the provincial health directorate. I sat astonished as the stenographer aggressively argued with the Chief Secretary with detailed knowledge of legislation and facts of the particular case. Never before had I seen a petty official addressing and arguing with such confidence before the highest officer of the province. It seemed then as if the masses had really woken up after their centuries long sleep.

Of course, our problems were more deep-rooted than our capacity to understand, much less overcome them. Soon after we won the 1970 elections, Bhutto called a meeting of the Central Committee of the Party at Rawalpindi. We were not informed of the exact agenda. It was assumed that the place of the meeting would be bugged by the intelligence agencies. When all had gathered for the meeting, we were told to drive to Islamabad to meet at a new venue. The discussion centred on the political situation⁷³ after the elections. Towards the end I intervened to say that the principal problem before any government we would form would be the need to prevent a counter-revolution. I cited events from European history, between 1830 and 1850, when more than a dozen revolutions had taken place. Each one followed by a counter-revolution after a few years. But my intervention provoked no response from any member of the central committee or from Bhutto. At the conclusion, as we were filing out, Mahmud Ali Qasuri remarked that I should have also suggested how to prevent counter-revolution in our case. On another occasion, after a central committee meeting had concluded at my house, and only three of us were left in the room, I asked Bhutto, with Khar listening close by, 'We have won the elections, but how shall we ever run our government under the present system of governance through deputy commissioners and superintendents of police? They had failed our predecessors and they will fail us'. Bhutto thought for a moment longer than I had expected, and then said slowly, 'Dr Sahib, power *bari cheeze hai, ek dafa hath mein aane to dein* (Power is a big thing, just let it come in our hands once).' Then he turned to Khar, 'What do you say, Mustafa?' He affirmed what Bhutto had said.

Immediately after coming into government, we recognized the problem of ensuring cooperation from the civil services. There were a number of government servants who were known to be corrupt or had the reputation of being corrupt. Then there were those known to be inimical to our government and the party. The problem was not new. Ayub Khan and Yahya Khan had been confronted with a similar situation at the inception of their martial law governments in 1958 and 1969. As a quick solution, they had decided to use the unfettered power of martial law to sack a very large number of officers from service. The procedure was arbitrary and unjust. No specific allegations

⁷³ At that moment we had no inkling that the military had no intention of handing over power to the elected representatives. Also beyond any stretch of imagination were the events that unfolded during 1971, that is, the military action in East Pakistan, the 1971 war with India etc.

were leveled at anyone and no defence was allowed. The officers were to be retired with pensions. There was no provision for appeal. As a result, along with some corrupt officials, many competent officers also fell victim to the order. Bhutto decided to follow in the footsteps of these martial law dictators. Federal ministries and the provinces were ordered to prepare lists. The final list comprising 1,300 officers was read out by Jatoi, the Minister for Political Affairs. The civil servants named in this list stood retired with immediate effect. It was a political measure. Apart from weeding out those who had earned the reputation of being corrupt, it was also a stern warning to the rest that the government meant business and would expect compliance of its directives in letter and spirit. A few hours later, Bhutto phoned to ask my reaction. I told him that the list contained many blunders and gave the example of a very fine man, a highly competent engineer, Imtiaz Qizilbash. He was a friend of mine as well as of Rafi Raza. We had recommended him for appointment as Chairman, Water and Power Development Authority, the largest semi-autonomous body in the country, which happened to be in shambles. Bhutto had approved the appointment in the course of a discussion the day before, the minister concerned, none other than Jatoi himself, had met him. His formal appointment with Bhutto had also been fixed. And now, there was Jatoi, first hesitating and then reading out his name among the list of the dishonest and corrupt who had been summarily retired. But Bhutto, the politician, was not moved at all. Later many other examples came to our notice. It took a long time for Rafi to persuade Bhutto to allow appeals against the retirement order. When Qizilbash was reinstated, he refused to serve and tendered his resignation.

* * *

In the election rhetoric, the Party leaders, headed by Bhutto, indulged in strong criticism of the police. Promises were made to the people to 'set the police right'. Following victory in the elections, a year earlier, Party workers had put great pressure on police officials. It had become difficult for the police to extract bribes from citizens, as was their practice. Furthermore, in suppressing political agitation, policemen had generally committed excessive brutalities. There was one particular Deputy Superintendent of Police who the Party workers of Lahore had given the name of Halaku Khan, after the famous tyrant successor of Chengis Khan. Fear of action by the new government and fall in their real income had made the police sufficiently apprehensive to talk of going on strike. Bhutto was alarmed. Speaking at Larkana, he asked the people not to show any disrespect to the police. 'The nation needs the police ... There is however, need for reforming the police...' He went on to add that the police, too, should change its attitude towards the public. He acknowledged that there was hatred against the police. He said that the public and the army should be one, the police and public should be one. 'They are ours. The difference is that you wear *shalwar* and they are in khaki pants. Police should, however, do justice to the public.'⁷⁴

⁷⁴ *The Pakistan Times*, 8 January 1972.

Our efforts notwithstanding, the police went on strike in Peshawar, the capital of the North-West Frontier Province. It is a tribute to the negotiating skills of Sherpao, our Governor and Deputy Martial Law Administrator, as also to the *Pathan* elite of the province which was well represented among officers in the police that a settlement was reached within four days. News of the strike was not allowed to be reported in the press until it was over. A police commission was appointed to look into the grievances.

The troubles with the police were not over with the Peshawar police returning to duty. The situation in the Punjab was far worse. Traditionally, the Punjab police was more arrogant and brutal with the people than police in the other provinces. It went on strike, withdrawing totally from Lahore. The situation became critical as the General, who had been appointed the new army chief, expressed his inability to spare any troops for police duty. But the citizens of Lahore, who were fed up with the police anyway, took up the challenge. They came out in large numbers to take upon themselves the performance of police duties. Young boys would stand on a stool in the centre of a road crossing and direct the traffic, and their signals would be obeyed. Life proceeded as if nothing untoward had taken place. Crime ceased, at least that was the rumor everyone believed to be true. The assumption behind the rumor was that thieves in Lahore only operated under the protection of the police. Now that the police had gone, so had the thieves. The mood in Lahore was totally upbeat, as if the Citizens had been relieved of some great burden. The city PPP, of which I was still the chairman was extremely active, looking into complaints, settling minor differences and disputes. At a few places, the citizens clashed with the police. One PPP Party unit took upon itself to oust the striking policemen from a police station. The policemen resisted. There was an exchange of fire but no one was injured. As the size of the mob grew larger, the police surrendered.

At Laliani, a town twenty miles south of Lahore, a crowd gathered at the police station and selected an old man, literally clothed in rags, as their *thanedar* (Station House Officer). The man was taken aback. He protested unsuccessfully, 'I have not been able to recover my own goat that was stolen yesterday, how will I recover stolen goods of others?' The crowd responded 'You become our *thanedar* and we shall recover your goat for you'. Soon, they brought ten goats before him and asked which one was his.

Khar who was Governor of Punjab and Martial Administrator of the province, was torn between two opposing sets of advice. Party workers who came out in great force to support him wanted no compromise with the strikers. Meanwhile government functionaries sought a settlement of the crisis. Khar had considerable power of persuasion. With his large black eyes, he could penetrate the eyes of his interlocutor, speak extremely softly, and exude mesmerizing charisma. But this time it did not work. The strikers were adamant. Days went by. Ultimately, a momentous decision was made. A public meeting was called at the Mochi Gate ground, famous for its political

rallies. It was Khar's first ever public meeting. I had never heard him speak before as he had remained totally in Bhutto's shadow, never himself having had a chance to speak. I was curious to know how my friend would fare and went to the meeting to listen from a distance as one of the crowd. Bhutto watched him speak over television. For a maiden speech it was a good job. He firmly warned the strikers that if they did not return to duty within the next twenty-four hours they would stand dismissed from service. The threat worked. The police gave in. It was a great victory. At Laliani, after the strike was over and the striking policemen had returned to work, the man chosen by the crowd *thanedar* continued in his honorary status for a few days more, this time at the request of the policemen.

Within a period of two months, it was the second occasion that the Pakistani establishment had to recognize the supremacy of the physical power of the masses led by the PPP. The first such occasion was on 20 December when the army had decided to swear in a civilian as the Chief Martial Law Administrator. The second occasion was when the police had yielded. After thirteen long years of military rule, a civilian government, the first ever in Pakistan elected on the basis of universal adult franchise, had come into power. People's expectations were high. The new government's inability to address the problems of the people to their satisfaction was building up pressure. Thousands of applications would pour in every day for the redressal of longstanding grievances against military and civilian executive functionaries. Two months had passed and we had resolved very little in this. All the petitions received from the public, nearly three thousand a day at the Lahore Governor House, had to be passed on to those functionaries against whom they had been filed. The results were dismal except in cases where the governor or a minister was able to issue a pre-emptive order or a Party, leader was able to put the fear of higher-ups in the mind of the official concerned. But such cases were relatively rare. Under these conditions, yielding to the demands of the striking policemen would have badly hit the morale of the people and weakened the government in the decisive battle that was yet to come. Challenging the citadel of bureaucratic power, the police, was not merely a cold calculated one but an instinctive decision on the part of Khar, and I would like to believe it was Bhutto's gut reaction as well. The latter possessed an uncanny ability of thinking the way the masses did in particular situations. Finding himself cornered, he was prone to plunge himself into the fray and take risks. The order to the striking policemen to return to duty or face dismissal was one such plunge. It worked.

* * *

The humiliating defeat in East Pakistan had caused a great sense of anger and shame amongst the ranks. At more than one place in the Punjab, army commanders had been disobeyed. There was pressure on the commanders to convey the resentment being felt by officers to the army high command. A few days before we took over, General Abdul Hamid, next in command to General Yahya Khan, was hooted down and insulted in a

large gathering of officers at the General Headquarters. Perhaps this more than any other factor, persuaded Yahya Khan to step down. Had General Yahya Khan not succumbed to the pressure of his subordinates to hand over charge of the government to Zulfikar Ali Bhutto and decided instead to stay on as President and Commander-in-Chief, serious cases of indiscipline would most probably have taken place in the armed forces. After Bhutto became President, and many senior generals had been retired, we were still not sure how far the feelings of the officer corps had been assuaged.

In the 1970 general elections, the PPP had secured an overwhelming majority of votes in the districts of Rawalpindi Division, which supplied the bulk of the *jawans* for the army. If the army were to have elected a leader for Pakistan, Bhutto would have won convincingly. However, the danger for us emanated from the officers corps of the traditionally conservative army. They hated the PPP. We were aware of our considerable unpopularity among the officers. During the 1970 elections which resulted in our victory at the polls in the Punjab and Sindh, intelligence services had worked against the party and its leaders. Often we would hear stories of derogatory remarks made in the military messes against Bhutto and his party.

Three days after General Yahya Khan promulgated martial law, I was arrested from my house and taken to the local police station. The party flag flying at my house was seized. Bhutto protested to Yahya Khan. Late that night, a caravan of five military jeeps escorted me to the cantonment before a martial law court presided over by a major. I asked the major about the charge against me. He said a military officer had passed by my house that morning and he considered the flag flying at my house 'an act of defiance against the martial law regime'. After asking a few questions from the local police officer, my arrest was terminated. My demand for the return of the flag and its pole was rejected.⁷⁵ The captors were good enough to drop me back to my house.

The breakup of the country into Pakistan and Bangladesh also presented political problems. Bhutto was accused of the breakup along with Yahya Khan. Our party had failed to condemn the military action in East Pakistan. In fact, we had done the opposite. Military action had been launched on the night of 25 March 1971. The next day on his arrival from Dhaka, Bhutto had declared at Karachi airport, 'Thank God, Pakistan has been saved'. The army and its powerful Punjabi civilian supporters had also hailed military action against the 'traitor' Mujibur Rahman. Until the day the Pakistani General Niazi laid down his arms in the Paltan Maidan, Dhaka, they were full of praise for the army action and confident of Pakistan's victory. More serious was the allegation that Bhutto had too often met with, and entertained, Yahya Khan. The meetings between Bhutto and Yahya had laid the party open to the charge of

⁷⁵ Thirty-three months later, after being elected a member of the National Assembly, I put in a demand for the return of my flag and its pole. It was a beautiful flag made of red, black, and green silk. By then the police. *malkhana* had disposed it off.

collaboration with Yahya Khan for the breakup of the country even though no substantial evidence was forthcoming.

On one occasion Bhutto was on his way from Karachi to Larkana when the PIA plane in which he was travelling was ordered to proceed straight to Islamabad by the President. Having involuntarily landed at Islamabad, Bhutto did meet the President.

The internal security situation being monitored by the new government was cause for concern. Two days after being sworn in as Minister for Presidential Affairs, Rahim acknowledged in a press statement, 'When the President assumed office, this was a nation in agony, perilously close to civil war'.⁷⁶ Such words coming from a man as serious and precise as Rahim were a clear indication of the gravity of the situation as seen at the highest level of the President, his first minister, and their advisers. Our main problem and aim was how to build up the morale of the armed forces and muster the support of the people for them. It was a staggering task. The people felt betrayed, humiliated, and ashamed. So did the armed forces. We could only appeal to their sense of reason and take measures to bolster their confidence. Rahim went on to state:

Meanwhile, today, it is particularly important that the people of Pakistan and the members of the Armed Forces should come together again in mutual confidence and harmony. Members of the Armed Forces are themselves part of the people. If the people have been failed in recent months, so indeed have been the Armed Forces. For both, the culprit was the same system.

We urgently appeal to all those in our society who, burning for reform are inclined to be hasty, impatient and intolerant, to think deeply before they heap blame indiscriminately upon the Armed Forces for the national calamity which we have experienced. Our Army, Air Force and Navy are still as brave and as dedicated as ever before. If the people feel they have been betrayed, so also have the armed defenders of Pakistan . . . This is one nation, civilian and military together. It is one people, determined to remain so.

These words coming from a staunch socialist, dedicated to revolutionize the existing social order, depicted the gravity of the danger.

Every morning, newspapers carried stories of politically motivated acts of lawlessness by students, labour, and activists of opposition parties. Political leaders continued to make impossible demands, notwithstanding the conditions prevailing on the borders and in the cities. There was neither peace within nor security without. To give some instances of these reports:

⁷⁶ For full text, see *The Pakistan Times*, Lahore, 29 December 1971.

28 December	PPP procession in Quetta attacked, one killed.
7 January	Three prisoners killed in Karachi by police fire on rioting prisoners in Central Jail. Between 100 to 200 managed to escape.
25 January	Indira Gandhi declared that India could not have friendly ties with Pakistan till the latter accepted reality.
30 January	The main opposition party (NAP Wali Khan), calls for the immediate recognition of Bangladesh, normalization of relations with India, withdrawal of martial law, transfer of power to the majority parties in the centre and the provincial assemblies. It further demands nationalization of all big businesses and basic industries and release of all political detenus.
2 February	Textile mill owners threaten to close down their factories if <i>gheraos</i> not curbed.
5 February	Wives demand repatriation of the prisoners-of-war held in India.
7 February	Students demonstrate in Karachi.
8 February	Minister Jatoi speaks of Indian armed build up on the west wing and on Kashmir borders. Governor Khar threatens takeover of <i>atta</i> mills if prices are not cut. President Bhutto says in Larkana that the government was watching the law and order situation in the wake of activities like <i>gheraos</i> . Warns of strict measures.
9 February	Wali Khan appeals to all political parties to strike for the restoration of democracy. Faisalabad labor leader arrested in connection with the murder of an industrialist.
23 February	Peshawar police strike ends. In Multan Jail riots four people die and twenty-nine are hurt.
24 February	Police strike in Lahore. Over two dozen people injured in clashes with police. Lahore police force disarmed.
27 February	Khar gives ultimatum to the police to resume duty within 24 hours or face dismissal. Volunteers look after law and order in Lahore.
28 February	Policemen call off strike.

- 2 March Student rallies in Sindh. Striking students demand repatriation of all trapped non-Bengalis.
Ulemas' entry into Hyderabad banned.
- 3 March Land reforms announced
- 8 March Valika Chemicals *gheraoed* and taken over by labour.
- 11 March Workers take over Bisvil Spinners Limited in Muridke.
- 16 March Students' rallies in Karachi *lathi*-charged. Schools and colleges closed for ten days.
- 17 March Karachi teachers take over and seal education directorate.
- 29 March Four people die in clash with police in Takhtbahai (Mardan). Six persons arrested in connection with the abduction of two orphan girls of Samanabad.
- 21 March Rioting students, demonstrating against the abduction of two sisters from Samanabad, *lathi*-charged in Lahore.
- 24 March Mukhtar Rana, PPP member National Assembly arrested. Eminent journalists Hussein Naqi, Mujibur Rehman Shami and Altaf Hussein Qureshi editors of *Punjab Punch*, *Zindagi* and *Urdu Digest*, arrested and the journals banned.

Intelligence reports painted a far more alarming situation than the above news might indicate. The government was not sure how much of the unrest arose out of the genuine grievances of a people suppressed by the long rule of Ayub Khan followed by the severity exercised by Yahya Khan's martial law regime. Some among us suspected that elements within the state structure, unhappy with our government, might also be taking advantage of the situation. The possibility of foreign hands in the unrest could not be ruled out either.

This feeling of insecurity was aggravated by our estimates of the prevalent perceptions in the armed forces. The most serious of the threats was reported to be emerging from the military commanders. We had taken serious note of the refusal by General Gul Hasan to come to the aid of the civilian government when the police had gone on strike in Lahore. On another occasion, reports were received that tribesmen were gathering around Sui fields in Balochistan near the border of Sindh and Punjab. The military refused to provide a helicopter to the Governor of Punjab, and Khar had to lead a

motorized force of armed policemen. In January 1972, when Bhutto boarded the plane at Ankara airport to fly to Morocco, the pilot received an urgent message from Pakistan asking him not to take off till further intimation. In Rafi Raza's words:

So, we waited, ZAB thought the reason for the cryptic message could only be a *coup d'état* or attempted *coup*. Kwame Nkrumah and other leaders had been toppled while abroad and similarly asked not to return. I argued that the military could not take over so soon, and finally convinced him that there was no chance of a coup.⁷⁷

In fact, the Pakistan Foreign Office had delayed the take-off in order to convey to Bhutto the Soviet Union's recognition of Bangladesh.

There were increasing reports of disparaging remarks made by the army and air force chiefs against the government and against Bhutto. The day arrived when he decided to act. On 2 March 1972, Jatoi asked me to come to his house at 5:00 p.m. He received me at the door. We went past his lounge, his empty drawing room, another big room, a verandah, and ended up in a very small room, similar to a box room. Seated in the room were Khar, Rafi Raza, Mumtaz Bhutto, and Akbar Khan who said that President Bhutto had asked Lieutenant-General Gul Hasan, the army chief, and Air Marshal Rahim, the air force chief, to come to the President House next morning. The President desired that those present in the room should also be available at that time to ask the two chiefs to tender their resignations. We would then remove the two chiefs to a safe place until their successors had taken over, I was stunned.

Some details of the plan were astonishingly naive. Who were we to ask the two chiefs to resign? They could demand why they were being asked to resign. What had they done? They could demand that the orders should be conveyed through official channels. Why should they accept our orders? What happens if they refuse to resign? These and several other questions raced through my mind but I decided not to ask them right there. This was a most critical moment for our government. Bhutto must have sensed great danger. Setting aside the apprehensions in my mind, I asked Akbar Khan what measures he had planned to overcome any obstacles that might come in the way. He said that he had studied the area around the President House closely. He knew how many men were on duty and would have no problem dealing with them. The rest he would leave to us.

The discussion at Jatoi's house was brief. We had to go to see the President. As we got up to leave, Khar and I exchanged views on Akbar Khan's plan. We thought it was wild and unmanageable. Why had Bhutto assigned the scheme to a man as naive as Akbar Khan? When we reached President House, Bhutto must have seen our grave faces but

⁷⁷ Raza, Rafi, *Zulfikar Ali Bhutto and Pakistan*. Oxford University Press, 1997, pp. 161.

he kept his cool and his sense of humor. On hearing our objections and misgivings, and looking at Akbar Khan, Bhutto remarked 'Now I know why the Rawalpindi conspiracy failed'. But the die was cast. There could be no going back. It was decided that if the General and the Air Marshal refused to resign, they would be dismissed and their successors appointed.

Who is to replace General Gul Hasan? someone asked Bhutto. 'General Tikka Khan', he replied.

'Where is Tikka Khan?'

'Somewhere on the western front.'

'When did you see him last?'

'I saw him at 4:00 p.m. this afternoon', Bhutto replied, which meant three hours ago.

'Does he know that he is to take over the command tomorrow?' 'No.'

'Why was he not told?'

'What if he were to go and inform his boss!'

The decision to go through with the operation having been taken, we relaxed. Drinks were served. The discussion continued and details were worked out. It was decided that Tikka Khan would have to be brought to the President House the next day from wherever he was. General Gul Hasan and Air Marshal Rahim would be told that they have to be replaced. For a day or two, they would stay with Governor Khar in Lahore. Khar, Jatoi, and Mumtaz were to take the two officers from Rawalpindi to Lahore. I was assigned the task of locating General Tikka Khan and bringing him to Rawalpindi. Akbar Khan's job was to look after the security of the President House.

Following dinner, we realized that the official orders to relieve General Gul Hasan and Air Marshal Rahim from their commands and of appointing General Tikka Khan had to be drafted and signed by the President. No stenographer could be trusted. The one Bhutto had brought from Karachi for duty at the President House had left after the day's work. Rafi and I went to the stenographer's room and pulled out some papers from his drawer. Rafi drafted and I typed the orders as best as I could on the rickety machine. By then, it was quite late. Then Rafi said that a letter from the President should be sent to the wife of Air Marshal Rahim informing her why the Air Marshal was not able to contact her and that there was nothing to worry about on his account. That was also drafted and typed out. By Own it was 2:30 in the morning.

Khar and I decided that to locate Tikka Khan I should proceed early next morning to Sahiwal in the governor's plane. Khar would direct the deputy commissioner to receive me at the airstrip of Okara cantonment. He would be told that I was visiting the area on a special mission of inquiry. It was also decided that I would contact Khar after reaching Sahiwal to find out if everything was proceeding as planned.

Early next morning, I took off in the governor's five-seater, Cessna. It was my first ever ride sitting next to a pilot. It was a bright sunny morning. As soon as we were airborne, the pilot picked up his wireless contraption and started talking into it. He used plenty of code words in his chatter. I asked him who he was talking to. To air control, he replied. He informed them who we were, where we were going. I was most upset. I thought I was on the most secret mission of my life which my pilot was revealing. Every now and then, the pilot would inform air control of the position of the plane which had a special code name. The plane seemed to fly much too slowly. It took us more than an hour to touch Okara airstrip. As the little Cessna was approaching the building where it had to stop, I spotted four or five men in uniform apparently waiting for us. No civilian that is the deputy commissioner, could be seen. Why! The thought crossed my mind that our game was up! The military men were there to arrest me. My mind dictated, put up a confident appearance. As I walked towards the waiting officers, they did not look menacing. They saluted as soon as we got close. We shook hands and the tension within me evaporated. I inquired if the deputy commissioner had arrived. He had.

As we left the airstrip in the deputy commissioner's car, I asked him to head for Sahiwal. He was a pleasant young CSP officer. There was a lot we could talk about but what was happening in Rawalpindi weighed heavily on my mind.⁷⁸ We talked very little. I enquired about the condition of the crops, the availability of food grain, law enforcement and other similar subjects. He seemed to be having no problem in his district. The twenty-five-mile journey to Sahiwal seemed to take far too long. Time passed slowly. As we approached Sahiwal, the Deputy commissioner asked me apologetically if he could take me to his residence. He had not been able to arrange suitable accommodation for me in any of the government rest houses which were all occupied by the military. I asked him who was staying at the Irrigation Department Rest House. He replied, General Tikka Khan. That was some relief. Soon we were at his residence. The officer and his wife were most gracious. Several attempts to contact Khar on the telephone failed.

After a cup of tea, I headed for the Irrigation Rest House. General Tikka Khan was finishing his lunch. I had met him only once before when he was a Major General commanding, what was known in the British days, as the Lahore Garrison. A military court under him had sentenced several party workers to various terms of imprisonment

⁷⁸ The capital of Pakistan was Islamabad, but the President's House as well as the General Head Quarters of the Army were in Rawalpindi, twelve miles away.

which I wanted him to remit. He was civil but did not yield. This time he seemed to be pleasantly surprised and welcomed me warmly. He was curious to know my mission. Joining him at his Spartan lunch, I said he would have to wait a little. Lunch over, I requested the General to move to another room. There, congratulating him on his promotion, I showed him the letter I had typed the previous night appointing him chief of the army. Tikka Khan was justly taken aback. He wanted to know what had happened. He said he was with the President yesterday afternoon and he got no hint whatsoever about the change. I told him that he had been interviewed to make sure he was the right man. I told him that the change had become necessary, otherwise all was normal. I asked Tikka Khan to accompany me to Rawalpindi in the plane which was waiting at the Okara airstrip. He readily agreed. He wanted to know if he could take his luggage. He pulled out a battered suitcase and a hold all for his bedding. I was impressed by the simple living style of the general. Then he asked if his son, who was his ADC, could also come. 'Most certainly', I replied, the plane could take three of us as well as their sparse belongings.

While I was taking General Tikka Khan to Rawalpindi, General Gul Hasan and Air Marshal Rahim had been taken to Lahore. It was perhaps the first time that the Lahore Governor House had guests who had arrived without their night clothes! In the morning, the plan of seeking their retirement worked without any hitch. Rafi Raza was able to persuade Bhutto that it was best for him to tell the General and the Air Marshal of his decision to send them on retirement and to later offer them ambassadorial positions.⁷⁹ Having done that, the trio, Jatoi, Mumtaz, and Khar took them to Lahore in the Governor's car driven by Khar.

The flight back to Rawalpindi was uneventful. The plane was too noisy for any worthwhile conversation. We proceeded from the airport to the President House. Bhutto received Tikka Khan, congratulated him, and asked him to assume his command right away. I learnt from Bhutto's ADC that Radio Pakistan had already announced his appointment. As we came out from the President's room, Tikka Khan wondered where he should be staying. So I took him to the Punjab Governor's Rest House in Rawalpindi and lodged him there. A big load was off our heads. General Tikka Khan could be trusted for his loyalty to the Constitution. But there was no constitution and without it, our government had no legitimacy.

* * *

Bhutto was President and Chief Martial Law Administrator, with the total power of the state vested in his person. It was an undesirable way to exercise authority for a very popular, elected leader. Martial law was the negation of constitutional rule and civilized governance. The sooner it ended the better it was for the country. But how? In March

⁷⁹ Gul Hasan was made ambassador to Austria and Rahim to Spain.

1969, General Yahya Khan had abrogated the Constitution of Pakistan. Bhutto had no legitimate authority to introduce a new one or to resurrect an old constitution in the country that had emerged after the secession of the eastern wing. Only a body elected for the purpose could give the country the Constitution it needed. In 1970, Pakistanis had elected a National Assembly to frame the Constitution. After dismemberment, it was correct to assume that those who were elected and were available in West Pakistan had the mandate to frame a new Constitution.

The political elite in Pakistan were keen to see an end to Bhutto's martial law as soon as possible. Their clamor was loud and clear. To the discomfort of the government, the Opposition had also taken up the issue. People, in general, however, were not bothered, certainly not in the urban areas of Punjab. Right or wrong, for them Bhutto was their man. Bhutto's rule was their rule. While addressing a public meeting in Baghbanpura, Lahore, that spring, I asked a fairly large crowd if they wanted martial law to end. The answer was a resounding 'no'.

Once Bhutto had used his martial law powers to promulgate the reform agenda, he himself was keen to end the martial law. In the words of Rafi Raza:⁸⁰

ZAB understood that his untrammelled powers as CMLA could not continue for long and had to be replaced by constitutional rule. He also realized that it would be difficult to secure an early consensus on a constitution, so he settled first for an interim arrangement.

General elections in 1970 had given the PPP eighty-one out of a total of 131 National Assembly seats in West Pakistan. However, in the NWFP we won only one seat out of eighteen and were not able to win any of the four seats in Balochistan. The National Awami Party of Wali Khan and the Jamiat-ulUlema-Islam of Maulana Mufti Mahmud were winners in these two provinces as we were in the provinces of Punjab and Sindh. NAP and JUI had formed an alliance. The leader of the NAP, Wali Khan proudly claimed his status to be equal to ours on the basis of winning a majority in two out of four provinces. They were the main opposition party Bhutto had to deal with in negotiating an agreement for the future Constitution. That he did brilliantly. Negotiations were opened with the teams of NAP and JUI on 4 March 1972.

Bhutto's negotiating team comprised Hayat Sherpao, Mustafa Jatoi, Hafeez Peerzada, Kausar Niazi, and Rafi Raza. Bhutto and Rafi Raza were the main players. Kausar Niazi was there to maintain links with the two *inaulanas* of the JUI, especially Hazarvi. Bhutto's Law Minister, Kasuri, was conspicuous by his absence. The NAP was represented by Abdul Wali Khan, Ghous Bakhsh Bizenjo, Arbab Sikandar, and Khair Baksh Mari. The JUI was represented by Mufti Mahmud and Ghulam Ghous Hazarvi.

⁸⁰ Raza, Rafi. *Zulfikar Ali Bhutto and Pakistan*, 1977, Oxford University Press, Pakistan.

Bhutto had a clear target before him. In the interim period between the lifting of martial law and the framing of a new Constitution, he wanted to retain as much power, for himself as possible. He did not want to share power with a prime minister if he was the president or with a president if he was the prime minister. In the critical days ahead, he had to have the sole authority to negotiate with foreign countries and carry out the necessary economic and social reforms for which he had the electoral mandate. Only a strong president could lead the nation into a near consensus for a new Constitution.

Bhutto went for his target with great skill and finesse. The accord signed on 6 March⁸¹ settled the following issues:

That the National Assembly Session would be convened on 14 April 1972 for a period not exceeding three days,

That an interim constitution drafted on the basis of the Government of India Act 1935, read with the Independence Act 1947 would be debated,

That there would be a vote of confidence in the government and approval of continuation of martial law till 14 August 1972,

That the National Assembly would be reconvened on 14 August 1972 and would act both as a constitution-making body and as a legislative body,

That the Provincial Assemblies would be convened on 21 April 1972,

That the central government should continue to have the right, as in the past, to appoint governors in the provinces but by way of compromise the central government would, during the interim period, also appoint the governors in consultation with NAP and JUI.

Bhutto got all that he wanted. The two opposition parties were no match for him at the negotiating table. Only later they were to realize the magnitude of what they had conceded. Disputes arose over interpretation. Wali Khan said the opposition was not bound to vote for the continuation of Martial Law till 14 August. It was too late. Bhutto had other cards up his sleeve. He asked the PPP members of the National Assembly and some other members, to sign a document supporting the continuation of martial law till the given date. As someone brought the document to me for signature, I smelled a stratagem. Martial Law was no longer required. Bhutto had told me long ago that the work of legislating reforms was to be completed by the middle of April. Believing that the collection of signatures was only a device to trap the opposition, I signed. Simultaneously, Bhutto and his advisers produced the final draft of an Interim

⁸¹ 'The Tripartite PPP-NAP-JUI Accord, 6 March 1972', The Inter Services Press Limited, Karachi-4.

Constitution that incorporated the points they had successfully discussed with the opposition leaders that was all we wanted. Bhutto addressed the National Assembly and waving a copy of the Interim Constitution, made the offer to end martial law forthwith if the opposition would accept the document in his hand. The opposition was left with no option but to agree. On 21 April 1972, Martial Law was lifted. The way was clear to usher in a new constitutional government at the federal and at provincial levels. This was a signal achievement. At long last, Pakistan had a Constitution and Bhutto's government had legitimacy.

RESTRUCTURING THE ECONOMY (1)

The first four months of Bhutto's government that ended with the enforcement of the Interim Constitution, were a period of intense activity and achievement. By 21 April, all the radical reforms had been put into effect. Several crises of the shortage of essential commodities had been overcome. Above all, the chances of Bonapartic adventurism on the part of the military had been put to rest. There was, however one crisis which we thought could only be addressed after the authority of the government had been established. This was the issue of making politically sensitive changes to the structure of the economy. For about one year, unable to service its hard currency debts, Pakistan had been in default. Financial intercourse with the developed countries and the international, financial institutions controlled by them was at a standstill except through cash payments. The crucial element in tackling these weighty issues was the value of the Pakistani rupee in relation to the US dollar. To that we now turned in right earnest.

The value of the Pakistani rupee was changed in 1955 from 3.31 rupees to 4.76 rupees to a US dollar. When Ayub Khan usurped power in 1958, the economy was already showing strains from the over-valuation of the rupee. A German expert, Dr. Vocke, was called, to advise the government on monetary reforms. He suggested that, as a temporary measure, Pakistan should adopt what came to be known later as the bonus voucher system. Its original purpose was to provide a subsidy to exporters and to industries that assisted export. Under this scheme, exporters were issued vouchers in various percentages of their export amount. These vouchers were freely saleable in the market. Simultaneously, a number of external payments for goods and services were made conditional on the purchase of the whole or a portion of the foreign exchange required, in the shape of bonus vouchers. Thus, over a period of time, a complex multiple exchange system developed, and the list of commodities that were allowed to be imported through bonus vouchers was enlarged. In this way, however, the original purpose of the scheme to help the country's foreign exchange availability was distorted beyond recognition. It became an instrument to depreciate the exchange rate and to bestow favors. By the time our government took over, there were three main exchange rates applicable to receipts on account of exports: 10 percent, 35 percent, and 45 percent. On the other hand, import payments were being made on the basis of full bonus, cash-cum-bonus or cash corresponding to exchange rates. The most favorable rates were meant for people who were most favorably placed. The most unfavorable rates were for the least fortunate ones.

The bonus voucher scheme was discriminatory against the poorer sections of the population. It favored the rich who could buy foreign exchange for importing cars at the rate of 4.76 rupees per dollar and petroleum products at the rate of 9.52 rupees per

dollar. However, tea, which was the poor man's drink, was imported at a rate of exchange 14.28 rupees to a dollar. Similarly, in the realm of exports, when a foreign investor wanted to remit abroad the profits of his business in Pakistan, he could convert rupees in dollars at the rate of 4.76 rupees. However, a cotton exporter could only get 5.71⁸² rupees, a yarn manufacturer 8.09 rupees and a cloth exporter 9.04 rupees for his export worth one dollar. The bigger the size of a capitalist's business, the less he paid for buying dollars, but when it came to selling his goods, he got more rupees for his dollars worth of export. Foreign exchange was rendered artificially cheap for big capitalists, so much so, that it was cheaper for him to import the entire plant from abroad, including those items which were available or could be made in Pakistan. Local engineering plants were made almost redundant.

The need for substantial devaluation of the rupee had been evident long before the PPP government came into office. Proposals were considered as far back as 1963, then again in 1966, and in 1967. In June 1970, a decision was taken in principle by President Yahya Khan after discussions with the representatives of the International Monetary Fund and the World Bank to devalue the rupee following the general elections in autumn 1970. That was not done. Further consultations were held with IMF officials in January 1971. A Letter of Intent was issued to the IMF together with a request for a standby arrangement of 125 million dollars towards the end of February 1971. During May-June 1971, Yahya Khan's government tried to revive the exchange reforms proposals and to obtain standby credit from the Fund. A stabilization programme incorporating the exchange reforms was agreed upon with the Fund but it did not materialize.

At the end of January, before World Bank President Robert McNamara's arrival in Pakistan, Bhutto called the first meeting on devaluation. MM Ahmad, Ghulam Ishaq Khan, AGN Kazi, Qamarul Islam and VA Jafery, the top officials of the economic ministries, meaning the ministries of finance, commerce, industry, economic affairs and planning, freely expressed their views on the question of devaluation before the few ministers who were invited. There was no consensus. The prevailing seven rates of exchange for exports and imports were considered untenable but exports under the multiple-exchange system were considered satisfactory. Package deals with the IMF and World Bank were recommended but it was also asserted that Pakistan could do without foreign aid if it was ready to accept a slower rate of growth. The debate was long but inconclusive. Two opposing schools of thought had clearly emerged, one led by MM Ahmad, and the other by Qamarul Islam. It was agreed that the question should be discussed with officials of the World Bank and IMF and only then would a final decision be taken on devaluation in March or April.

⁸² These and the figures in the next few lines corresponded to certain rates for purchase of bonus vouchers. This rate fluctuated from day to day.

John Gunter, of the IMF, responsible for negotiations with Pakistan on exchange rate agreements, came to Islamabad in February. His team had extensive discussions with MM Ahmad and his staff. He called on me but I told him nothing about our intentions. The issues involved were either political, for which Bhutto's guidance was required or were highly technical, which needed rigorous consideration. Besides the main issue whether we should have a single or dual exchange rate and what should be the rate of exchange, several other vital considerations weighed heavily on our minds such as post-devaluation import and export policies, determination of subsidies to reduce the impact on prices, the balance of payment and budgetary situation, and credit and monetary policies. It was a massive exercise and the Ministry of Finance led by Ahmad and Kazi had been working hard. They were later joined by Qamarul Islam and Aftab Ahmad Khan.

Besides the IMF, we also had intensive discussions with members of the World Bank and the Aid to Pakistan Consortium. MM Ahmad and his team, in their meetings with the World Bank Director, South Asia Cargill had initially pressed for a dual rate exchange system as had been agreed with the IMF the previous year. In the earlier negotiations the IMF had agreed to a fixed official rate of exchange at 9.50 rupees per dollar mainly for the purpose of exports of primary commodities and imports of aid-financed goods as well as public sector invisibles and defence, and a freely fluctuating exchange rate of about eleven rupees per dollar for exports of manufactured goods and most of the non-aid or barter financed imports. This dual exchange rate system was at that time envisaged as a temporary expedient with the ultimate objective of having a unitary exchange rate. This time, however, the Pakistani negotiators found that the Fund mission was strongly opposed to dual rate arrangements. MM Ahmad and Kazi were convinced that the IMF, the Bank, and the Consortium countries would not agree to anything less. Aftab Kazi said so in writing in a summary for the cabinet. Actually, it was not so, and herein lies exposed the weakness of Pakistan's official negotiating teams.

I found the assessment of our negotiating team somehow flawed. There were notable exceptions, but, in general, Pakistani officials seemed to hold the representatives of foreign governments and international financial institutions in some kind of awe. My assessment of the talks with Cargill and Gunter was different. What they said could be interpreted as a flexible position. Before he left for Washington, Gunter sent me an informal note, not a letter, titled '*Points Relating to Decision on Exchange System*', a summary of the main points he made in a meeting with me. That was on 22 February 1972. The last paragraph read:

With neither a fixed single rate provided the rate is not less than Pakistan Rs 11 to the US dollar, or a flexible single rate provided the floor price is not less than Rs 10.50 and with a good supporting program, we believe the Fund management would regard as an acceptable arrangement to recommend to the Executive

Board for strong IMF financial support. This doesn't mean the Fund would not support financially a two-rate system if reasonably worked out, but the external financial support would have to be less under established policies applying to all members.

This meant that negotiations were still open. The figures of 11 rupees and 10.50 rupees were no more than 'positions' taken by the IMF. We were free to attempt to beat them down. Aftab Kazi's position was influenced by yet another consideration. He was also worried about balancing the next budget. The higher the new rate with respect to the US dollar, the more the government would make on export duties on cotton and textiles and the less would be the need to levy new taxes. He was inclined towards fixing a higher rate of exchange rather than a lower one.

From the middle of March 1972 onward, high level discussions on devaluation became quite frequent. Bhutto called a series of meetings. In the meeting he had held at the end of January, Qamarul Islam and Jafery were invited. In the next few meetings he excluded them. He would call only MM Ahmad, Aftab Kazi, and myself. These two officials, while strongly advocating a single rate of exchange of 11 rupees to a dollar, would also describe how prices would rise, how the debt burden would increase, how imports would be expensive and interest rates would have to be raised. Invariably, after they left, Bhutto and I sat alone and pondered over what they had said and we were unable to make up our minds.

Time passed quickly. We had indicated to the Bank and to the IMF that a decision to devalue the rupee would be taken by March or April. It was now April and we were not ready. On 19 April 1972, I wrote to Pierre-Paul Schweitzer, Managing Director IMF, informing him that the new value of the rupee would take effect from 12 May 1972. Ten days before the announcement was due, Qamarul Islam boldly threw a spanner in Ahmad's and Kazi's well oiled machine. On 3 May 1972, I received a note submitted by Qamarul Islam to the President who had heavily marked it in the margin. It began:

I understand that a massive devaluation of the Pakistani rupee is under contemplation.

The Planning Commission has not been associated with the exercise in relation to the proposed devaluation. However, it is such a vital issue that I do not want to stand on ceremonies; accordingly, I am recording the views of Planning Commission on devaluation in this note.

Qamarul Islam conceded that a strong case could be made for devaluation of the Pakistani rupee, that the existing system of export incentives through bonus mechanism that had grown up in the past decade was complex, cumbersome and inefficient. It had generated undesirable practices regarding imports. The Planning Commission Chief

was of the opinion that the devaluation of the Pakistani currency to the proposed extent of 11 rupees to the dollar would have far reaching effects, mostly adverse. According to him the high rate of devaluation was absolutely unnecessary. He listed the consequences:

Politically, it will cause dissatisfaction to the people. They are bound to compare it with the rate fixed by India (and by now the Dacca administration) which is Rs 7.27 to the dollar.

It will increase prices of everyday commodities beyond bearable limits Any paper plan to contain the prices of essential commodities will be completely useless.

It will lead to additional wage and salary demands, which may start the vicious circle of higher wages, higher prices and higher wages *ad infinitum*.

It will increase the defence expenditure beyond acceptable limits internationally.

It will increase the net debt burden unnecessarily. At the end of the note,⁸³ Bhutto had commented:

⁸³ Excerpts from Qamarul Islam's note follows:

'I understand that a massive devaluation of the Pakistani rupee is under contemplation.

'2. The Planning Commission has not been associated with the exercise in relation to the proposed devaluation. However, it is such a vital issue that I do not want to stand on ceremonies; accordingly, I am recording the views of Planning Commission on devaluation in this note.

'6. At present the export rates are as follows (based on exports for the - period ending March, 1972); When the AID items came.

Export item	Bonus percentage allowed	Percentage of total export earnings	Effective exchange rate to the US dollar
Primary commodities cotton, rice, wool.	10%	32.43%	Rs 5.66
Semi-manufactured items-yarn, semi-tanned leather, uncanned fish.	35%	36.29%	Rs 7.93
Manufactured items like cloth, foot wear, cement, machinery and home remittances.	45%	31.28%	Rs 8.83

'9. It will thus be seen that the exports are moving at Rs 5.66 to Rs 8.83 to the dollar. Our recent export performance shows that we do not have to go beyond the rate of Rs 8,83 to find export markets even for our manufactured goods.

'10. So far as imports are concerned, they can come at a rate between the cash-cum-bonus rate and bonus rate. If it is felt that any particular, item is underpriced, an appropriate duty can be levied to bring it to the desired price level.

'13. Devaluation of the Pakistani currency to the proposed extent of R 11

These are weighty arguments. Please immediately call a meeting of Finance, State Bank, Planning Commission and Special Assistant for Economic Affairs and Advisor for Foreign Loans (MM Ahmad) and give me your final views. Planning Commission should have been associated from the very beginning. We would not have got ourselves into this situation if that had been done.

Bhutto held a number of meetings at which Ahmad and Kazi, on one side, and Qamarul Islam, on the other, held their ground. It was a stalemate. Then, as if out of nowhere, at yet another meeting ordered by Bhutto, MM Ahmad and Kazi were reinforced by Ghulam Ishaq Khan, Governor State Bank. Qamarul Islam brought Aftab Ahmad Khan. Since everybody had stated his case more than once, it was for GIK to present the point of view of the State Bank. As always, he had come fully prepared with facts, figures, and analyses. GIK was for a single rate of exchange and he recommended the new exchange rate to be 12 rupees per dollar which was of course outrageous but a big support to the case made by Ahmad and Kazi. How could GIK recommend what he did? It puzzled me. It meant that the figure hinted at by Qamarul Islam and Aftab Ahmad was on the lower side. I discussed the lack of consensus among the technocrats with Bhutto. The margin of disagreement between the senior advisers of the government disturbed us. We had spent long hours in top secret discussions. There was no way for us to make sure that the figure we were about to approve was the best for the national economy. A completely new order was under discussion. Nobody knew what new trends were likely to develop. Politically, the time was ripe, we had to come to a decision.

Then, for the first time, I made my recommendation to Bhutto that I would be quite happy with the rate of ten rupees to a dollar but would be prepared to go as far as 10.50 rupees. Bhutto said that if I was agreeable to 10.50 rupees then why could we not go as far as eleven rupees. That was what the IMF was recommending. He believed that if we

to the dollar will have far reaching effects, mostly adverse, on the economy of the country. Apart from the fact that from a purely economic point of view, the high rate is absolutely unnecessary, I may add that it will have the following effects:

- 1) Politically, it will cause dissatisfaction to the people. They are bound to compare it with the rate fixed by India (and by now the Dacca administration) which is Rs 7.27 to the dollar.
- 2) It will increase prices of everyday commodities beyond bearable limits. Any paper plan to contain the prices of essential commodities will be completely useless.
- 3) It will lead to additional wage and salary demands, which may start the vicious circle of higher wages, higher prices and higher wages ad infinitum.
- 4) It will increase the defence expenditure beyond acceptable limits internationally.
- 5) It will increase the net debt burden unnecessarily.
- 6) Apart from leading to a steep climb in the cost of development by a sharp escalation in the price of its foreign exchange component the respective shares of external and domestic contribution to the development programme may become as high as 4 to 1.

accepted their figure, there would be no excuse for the IMF to withhold the amount of standby credit, the rescheduling of Pakistan's debt, and other crucial matters which were going to come up for negotiations and decisions. Thus, we inched towards a decision without actually taking one.

The Cabinet had to take the final decision in one sitting. It was not a matter on which a discussion could be initiated and the decision was left pending for another meeting. Bhutto wanted the right decision and smooth sailing of the proposal at the cabinet meeting. So he ordered yet another meeting, this time under the chairmanship of the Minister of Presidential Affairs, JA Rahim. The meeting took place on the morning of 8 May 1972 and lasted for three hours.⁸⁴ GIK argued that the basic purpose of exchange reform was not to merely take care of the existing exports as advocated by Qamarul Islam, but to bring about an equilibrium in the balance of payments through the promotion of exports and by dampening the flow of imports. GIK conceded that there was no established method by which the parity rate of a currency could be precisely determined and the decision, unavoidably included an element of value judgment. It was argued at the meeting that the market of the bonus premium had already yielded the exchange rate of over 9.04 rupees per dollar. Considering the rise in the cost of production per unit and the likelihood of further wage increase, future exports of even cotton textiles would not be possible at a less depreciated rate than eleven rupees to a dollar. Further, arguing against the position taken by the Planning Commission, it was pointed out that when the question of the exchange rate was taken up with the IMF two years ago, it was agreed, and the Planning Commission was a party to the agreement, that the exports of manufactures would be made at a fluctuation rate of about eleven rupees to a dollar. The situation had worsened since then. There was no question of the Fund agreeing to a rate of 9.50 rupees to a dollar. Further if Pakistan was to free the trade and economy from the shackles of controls and administrative discretion which have come to be widely abused and which have resulted in the past in distribution of patronage, bribery and other malpractices, a rate of 9.50 rupees to a dollar would not permit such liberalization.

At Rahim's meeting, consensus emerged in favor of eleven rupees to a dollar as the new parity rate. However, the Planning Commission remained unconvinced. Qamarul Islam responded the same evening by writing another note on which Bhutto ordered: 'I want another meeting tomorrow at 5:30 p.m. in my house'. The meeting took place on 10 May and endorsed the consensus arrived at Rahim's meeting. The time and effort invested by Bhutto in attempting to resolve the differences between the officials of the Ministry of Finance and the Planning Commission showed the length to which Bhutto was

⁸⁴ Minutes in Personal papers.

prepared to listen to the minority view.⁸⁵ The decision left Qamarul Islam an unhappy man. Later he was to describe it as a sad day in the economic history of Pakistan.⁸⁶

The Cabinet met the next day and approved the recommendations made in the 21-page summary submitted by the Ministry of Finance:

Devaluation of Pakistani rupee to the exchange rate of 11 rupees per US \$.

Entering into standby arrangement with the IMF for 100 million US \$.

Imposition of export duties.

Provision of fiscal incentives for aid and barter imports. Imposition of import duties and sales tax.

Provision of subsidies and adjustment of taxes for maintaining the prices of commodities.

Increasing the bank rate from 5 percent to 6 percent.

I was to announce the devaluation the same evening. Bhutto asked me if my speech was ready. It happened to be in my brief case and I gave it to him. Quite unexpectedly, he sat down and started editing it. I was both happy and surprised. He improved it considerably⁸⁷ and redrafted the first paragraph to say:

I am addressing you tonight on a matter of extreme importance to the nation. It concerns the national economy and to be candid with you, the information I am to reveal is not a pleasant one. It is one of those hard and unavoidable decisions which nations take in unavoidable situations with their back to the wall. We are not the first people to have taken this kind of decision. Other States in more favorable conditions have taken them and benefited from them.

During the last five financial years the martial law governments had indulged in reckless monetary expansion and deficit financing. It meant that our rupee expenditure greatly exceeded our income. Since this expansion was not matched by an equal increase in production of goods and services, the economy had to

⁸⁵ His conduct in official meetings or at Party gatherings was similar. He would give disproportionately larger time to those who would differ with his views. The impression to the contrary, generally prevailing among educated Pakistanis, was wrong.

⁸⁶ Personal note.

⁸⁷ Personal papers.

depend massively on deficit financing. The situation led to galloping inflation. This is the situation we have inherited. At present too many rupees chase too few goods—prices keep rising and the real value of income keeps falling.

In the matter of foreign currency the plight of Pakistan has been worse. All countries need foreign exchange, that is, currency of other nations to buy things that are not produced within the country. But in order to obtain foreign exchange a nation has to earn it by selling its products to foreign countries. In simple language a nation has to export in order to import.

But what has Pakistan chosen over, the long years? It has exported much less than it has imported. The previous Governments of Pakistan borrowed indiscriminately on a very large scale to import national requirements.

The exchange relationship is not a constant relationship. The rate of exchange is subject to variations. When the price level of one country rises faster than that of another, its currency value in the market depreciates relative to the other. When a country has the type of Governments we had, when it mismanages its economy, the price level rises quite out of line with those in other countries and the value of its money depreciates both internally and externally. It means that whenever the prices of services and goods in Pakistan rise the value of its currency goes down. It is important to remember that foreign exchange is one resource over the use of which government can exercise almost complete control. Therefore government policy really determines what happens to the national currency in relation to foreign one.

The conspiracy to maintain the existing rates of exchange goes deeper. Who was the beneficiary of the policies pursued by the previous governments? Because foreign exchange has been rendered so cheap for him, the capitalist imports all that he possibly can from abroad instead of getting a part of the plant, if not the whole of it, manufactured in Pakistan. Our engineering plants can manufacture a lot of machinery. But under the present system of exchange rate, it is not attractive for the industrialist to place orders for manufacturing plants in Pakistan.

What Pakistan produces, what it can export, what it can import from abroad are fundamental factors for the economic growth of the nation. These are all intimately connected with the exchange rate of the rupee. Unless the rate is corrected first no other measures to revamp, rehabilitate and reconstruct the economy can be taken successfully. Like many other things in the country the value of the rupee is false. We are determined to wipe out all the vestiges of falsehood and naturally this false value of the currency takes a central position in the crusade. In the international market our rupee has lost its respect. It is a sick

currency—so much over-valued that it is giving less benefit internally and subjecting Pakistani currency to ridicule externally. The exchange reform is the basic reform that needs to be carried out, it is the *sine qua non* for our economic progress.

During the last 16 years about 30 countries have changed the value of their currencies. Among these are under-developed countries as well as developed countries. Recently the United States found it necessary to devalue its currency. There are countries which have devalued three times and four times during this period.

It is extraordinary, indeed most baffling that the ruling *juntas* in Pakistan failed to carry out such a basic reform when it was indicated. They did not have the welfare of the country near their heart. I say this because any other explanation is difficult to find. It appears to me they were more concerned about the welfare of a certain class which continued to benefit at the expense of the nation through a false exchange rate. This is the only reason I can find for the exchange rate to remain in its present form. A change in the value of rupee is imperative. Nobody can deny this obvious truth.

I am not concealing the fact that exchange reform is not a pleasant measure. I said this in my opening remarks. It involves hardships. It is like treatment through a surgical operation.

It is a hard decision to introduce a new rate of exchange. But it is hard only for a period of time. If we keep on postponing bad days—bad days will become worse. This is the basic lesson learnt by our people from the tragedy of the recent past. At the same time there is no reason to be pessimistic about the future. Benefits of the measure will be substantial, tangible and far reaching. The exchange reform will pave the way for putting the economy on the correct course. It will help removal of distortions and will help establish a buoyant and a viable economy.

At long last the system of permits and quotas, the system that has done more to create vested interests, the system which constitutes the root cause of corruption, black-marketing, hoarding, the system which made influential people rich overnight will end, at last the system that was dragging the national economy to death will be finished. At last the small manufacturer will be able to compete with the big producer and will no longer depend on buying raw materials from him in black market. The big producer will have to work hard to compete with the small producer.

Among measures the government is taking to protect low-income groups: Wheat and *Atta* will continue to be subsidized although it will entail heavy burden on the exchequer. The government has decided to continue to bear the cost. The price of kerosene oil, diesel and petrol will be maintained at the present level through adjustment in import duties and taxes. The price of text books will be protected under a new scheme by which subsidy will be granted. The price of periodicals and journals now being imported at bonus will go down by one-fifth. The price of imported sugar will be maintained at the present level by reduction in duty. The price of drugs and medicines will go down under the new scheme of importing by generic names through the Trading Corporation of Pakistan in spite of an increase of 15% in the price of availability of foreign exchange.

The rupee having attained its true value will show its real benefits to the hands that hold it. The industrial policy will become more natural to enable every wheel of the chariot to move with speed to its marked and destined position. This basic reform can succeed and Inshallah it will succeed if we look at this decision in its totality.

Any decision by itself no matter how wise or necessary cannot succeed in isolation. The decision on devaluation will have to be integrated in a new approach with a reorientated mentality suited to the values and needs of Pakistan. We are confident that the people of Pakistan will meet the challenge. Our people will understand the reason and logic behind this hard decision. We will weather the storm we will go through it with national confidence and a sense of national determination. If other people have had the capacity and courage to overcome identical consequences of devaluation successfully we are quite sure that the people of Pakistan are made of material which excels in such a crisis. We will Surmount the temporary difficulties and happily make the adjustments for a better future This better future is bound to come. The farmer will see its result and the poor people will enjoy its benefits. It is like treatment through a surgical operation. A time comes when it cannot be postponed any longer. When a person is operated upon, it is painful. For a short time the operation itself becomes a thing from which recovery and convalescence is needed. But after the recovery the disease disappears as also the pain of the operation.

As expected, the measure was widely criticized in the press. However, the value of the rupee we had fixed lasted only for nine months. On 13 February 1973, the US Treasury Secretary, George Shultz announced the devaluation of the dollar by ten percent. The Germans and the French followed suit. The Swiss and the Japanese floated their currencies. The pound sterling was already on float. The dollar devaluation did not automatically devalue the rupee but it left us with two alternatives: We could either also devalue and maintain the parity at the rate eleven rupees per US dollar, or we

could stick to our arrangement with the IMF and increase the value of the currency at a new price of 9.90 rupees to a US dollar. We did our homework and concluded that most of the countries which took 94 percent of our exports would not devalue. Our exports to Japan, 17 percent of the total exports would improve with the rise in the value of the Yen. One-fourth of our total imports from the US comprised aid financed items, like wheat and fertilizers. By not devaluing the rupee, the prices of these items would come down and benefit us. We concluded that there was no reason to ask the IMF for a change in the par value of the rupee. Automatically the value of our rupee went up by 1.10 rupees to a US dollar. It was economically and politically a helpful decision. For the rest of Bhutto's government of five years and then for another four years, the exchange rate of 9.90 rupees to a dollar, prevailed confirming the soundness of the decision.

* * *

Pakistan's debt had mounted from 97 million US dollars in June 1959. On 31 December 1971, the total outstanding debt in the name of Pakistan stood at US \$ 4,378,842 million US dollars as detailed in Table A.1 in Appendix I. How to service this debt was a major problem that the new government had to face. For the past several years, Pakistan had been asking for a 'rearrangement' of its debt repayment schedule, that is deferment of the payments to a later date. In 1969 and 1970, the World Bank had produced special reports on the issue of repayments. The lenders were willing to consider the request only if Pakistan was willing to take 'corrective measures', the most important among them being the devaluation of the Pakistani rupee and the liberalization of imports, that is, opening the doors to increased imports, and controlling non-development expenditure. Unless these measures were taken, the lenders had threatened to reduce or cut off further loans.

The ability of Pakistan to service its debt had drastically dwindled in 1971 due to war-like conditions in East Pakistan. On the verge of bankruptcy, General Yahya Khan declared a unilateral moratorium on the 'convertibility' of debt service payments with effect from 1 May 1971, that is, Pakistan stopped repaying its debt in foreign currency, which in effect meant stoppage of payment. However, Yahya Khan exempted the World Bank loans from this and continued to service them. Loan-giving countries reacted sharply to Yahya Khan's declaration of moratorium. In the world of capitalism refusal to service debt was an unforgivable crime. The lenders suspended current operations and barred fresh commitments. In some cases letters of credit established by Pakistani banks were not honored. Bhutto's government inherited this troubled legacy.

Pakistan's team dealing with the debt crisis comprised MM Ahmad, Ghulam Ishaq Khan and Aftab Kazi. All three had managed the national economy under military rulers for a long period. They had good working relationships with the World Bank and the International Monetary Fund officials. True, by carrying out the policy dictated by the military rulers of the past, these men had played a significant role in the

exacerbation of the crisis, but they were civil servants who had to submit to a military government over thirteen long years. IPM Cargill, while acknowledging the ability and competence of the team, was to tell me a few weeks later that 'They lacked the courage to speak up. Often, they would ask me to say things to the President of Pakistan that they should have been telling him themselves'.⁸⁸ What mattered for the new government was that, as Pakistanis, they were worried about the crisis. They knew the case inside out and were willing to help the politicians and do their bidding.⁸⁹ In that sense the Bhutto government was fortunate.

The pressure on the lenders also seemed great. Four billion dollars of the imperial-World were at stake. Against all their predictions and hopes, a government they had every reason⁹⁰ to dislike had suddenly come into power in Pakistan, and a bankrupt one at that. All the debtor countries of the world were watching Pakistan with interest. If Pakistan could get away by not paying, they too might possibly follow suit.

One of the lenders' problems was that the debt had been incurred by a country that now stood severed in two. A portion of the debt was utilized in that part of the country which had now proclaimed itself independent Bangladesh through an act of war, and not as a 'successor' government. Many among the lender countries had recognized the new nation, Bangladesh. They could not, until Bangladesh agreed, assign to it a part of the liability, and they were not prepared to write off any part of the debt. They wanted Pakistan to accept the entire liability.

Our preliminary calculations⁹¹ showed that as of 31, December 1971, the division of the outstanding debt between the two former provinces of the country was as follows:

Table 5.1				
Debt in Millions				
Currency	Total	West Pakistan	East Pakista	Unallocated
US \$	31,751.021	2,361,831.000	1,386.109	2.081
Pak Rs	627.821	355.601	229.078	43.142

Pakistan had welcomed team after team of World Bank and IMF officials with due feudal courtesy. I went to the airport to receive Robert McNamara and his wife who

⁸⁸ Personal conversation, 18 January 1972.

⁸⁹ After the departure of MM Ahmad for a job with the World Bank, Qamarul Islam filled his place with equal if not greater ability.

⁹⁰ ZA Bhutto's book *The Myth of Independence*, Lahore, OUP 1969 had roundly condemned the neo-colonialism.

⁹¹ These got modified later on.

paid a visit to Islamabad at the end of January. This was in sharp contrast to the treatment accorded them by Bangladesh. McNamara waited in vain in Rangoon⁹² to fly into Dhaka. Prime Minister Sheikh Mujibur Rahman would not let him in, and the government refused to talk to the World Bank President.

Earlier IPM Cargill of the World Bank, had called on me on 15 January 1972 along with some members of his team. Cargill was a former Indian Civil Service officer, who had served in Sindh for a long period before moving to New Delhi as a Secretary to the Government of India. He seemed to know the feudal families of Sindh, calling Ghulam Mustafa Jatoi's⁹³ father the noblest of the Sindhi *waderas*. In my opening remarks, thanking Cargill for coming all the way from Washington, I welcomed the forthcoming visit of the President of the World Bank and appreciated the opportunity to exchange views with the World Bank team prior to the visit of McNamara. I described how the government had taken over at a time of great financial hardship but was determined to put things right. Pakistan would stand by her commitments and discharge all legal obligations to the nation and to the world community. We were not driven by any dogma and would take decisions based on objective conditions. Pakistan's economy was in a flux. The Indian army was sitting on its borders and was in occupation of some of Pakistan's territory.

Cargill explained that the purpose of his visit was to resume aid relations through the Consortium and directly by the World Bank. Debt was a pressing matter. Unilateral moratorium by Pakistan was awkward. The Bank had put forward certain proposals last October but for political reasons there was little response from the Consortium countries. President McNamara was anxious to review the situation and to decide, in consultation with the new government, how the Bank group could help Pakistan - both from its own resources and through the Consortium led by the Bank. Some excerpts from the notes of the conversation follow: -

Minister⁹⁴ Approach on debt, first order of business.

Cargill Straightening out moratorium important for getting IMF standby.

Minister We would like moratorium as long as possible – strong case in past – stronger now – moratorium to be followed by rescheduling – Pakistan

⁹² Personal conversation with Professor Rehman Sobhan, Department of Economics, University of Dhaka.

⁹³ Minister of Communication and Political Affairs

⁹⁴ Personal papers. Notes of the meetings with the World Bank staff on 15 January 1972 at 5 pm prepared by an officer of the Ministry.

prepared to tighten belt – Pakistani system addicted to external assistance – aid must continue if economic activity is not to be stifled.

Cargill Agreed, extension of moratorium important immediately – political atmosphere now favorable – IMF should come for talks soon (after McNamara visit) – necessary to buy time to prepare long term strategy.

Minister Lending in the past went wrong – not linked to realities – soon there would be legislature – press is free – government will have to explain its decisions to the people.

Cargill More detailed session with staff with possibly another meeting with the Minister.

During the course of the meetings over the next three days, with Ahmad, Kazi, and their staff, the Bank team presented a memorandum detailing how they looked at the debt problem and the future course of action for its settlement. It was a document to intimidate and pressurize Pakistan. It painted an incorrect picture of the economy with a distinct bias against Pakistan. Our team did not agree with the Bank staff's assessment. The gulf between the two sides was wide. The situation was tense when Cargill came to see me again on 18 January. The exchange of views was frank,⁹⁵ as the following notes taken by an official present at the meeting showed:

Minister⁹⁶ The World Bank paper does not reflect the change that has taken place in Pakistan. First the reality of the new dynamics is that we are willing to take whatever decisions are necessary on a unilateral basis, irrespective of advice from a foreign quarter, and also without bargaining for any *quid pro quo* from the international community. This government has no wish to bolster up an unreal economy. Second, Pakistan's case was very strong – give us time – watch our performance – wait as a good lender should – agreement to a massive moratorium and rescheduling should be accepted in principle – (we) desire a period long enough to show our worth – should be able to keep our factories running. Third, the drought is severe and the request for food assistance is based on that.

Cargill Paper reflects reaction of officials – document is not appreciative of Pakistan's economic situation either in short term or long term – have not talked to Consortium countries – only talked to US-AID/ Canada/UK –

⁹⁵ The summaries of the meetings with Cargill were sent to me by Kazi on 21 January 1971. My comments: 'These summaries do not do justice to the talks. I would like to see the notes and dictate the record'.

⁹⁶ Excerpts from the notes taken down by ministry official present at the meeting.

this is internal document – will make the points to McNamara – who will be talking to Kissinger/Home⁹⁷ – Basic strength of this economy is considerable – two years from now it could look altogether different – Impressed by argument of Advisor⁹⁸ that of US \$ 90m of debt relief being recommended by Bank about US \$ 70m is debt for East Pakistan – this kind of point needs to be put forcibly.

Minister We are thinking of complete debt relief from Consortium as well as Bank – precedents in cases situation was worse exist – we will carry out reforms for our own sake and not only because we owe money.

Cargill You should talk to McNamara about Bank joining in debt relief. He has had greatest difficulty from Bank bond underwriters and from Part 1 countries – would lose his job.

Minister Principle of Bank joining is important.

Cargill Principle of not joining is important – Bank would be more flexible to Programme Loan⁹⁹ perhaps US \$ 25m – However McNamara is a sympathetic man – has special feelings for democratic governments which have replaced military regimes.

Minister Each rupee for aid will go much farther than in the past. As for the efforts to generate our own resources go we will go as far as possible.

Cargill Real problem is exchange reform¹⁰⁰ – something will have to be done – Consortium argument is that with present exchange rate you cannot have good development programme.

Minister If you obliged Yahya Khan by holding Consortium meeting why not us?

Cargill No difficulty having Consortium meeting but there is the credibility gap – feeling outside that the situation has not been so bad – significant realities have become known to us only recently.

M M Ahmad Must appreciate events of past few months – new government has a right to breathing time.

⁹⁷ Lord Home, British Foreign Secretary.

⁹⁸ M M Ahmad.

⁹⁹ A form of less stringent device to release loan funding.

¹⁰⁰ Devaluation of rupee.

Cargill Will pass on observations to McNamara—Bank staff has clearer picture of the situation and will think seriously about quantum of debt relief—no disagreement of objectives or policies—apologies if initial draft indicates lack of respect or sympathy—if pessimistic it is only meant to be cautious.

Minister Thanks for your patience.

Cargill had finally realized that Bhutto's government could not be pressurized. We had roundly condemned the paper prepared by the Bank staff and he had immediately retreated. On the last day of his stay in Islamabad, and at the end of the talks, he yielded grudgingly, exposing the Bank's dire need to come to some settlement with Pakistan. It was only on the last day that he directly linked settlement with exchange reform, that is, devaluation of the Pakistani rupee. The excerpts from the notes cited above show the flexibility lenders always carry up their sleeve which weak Third World governments fail to exploit. Cargill's mention of Kissinger and Home (British Foreign Secretary, at the time) also offer direct evidence that economic aid required clearance from foreign policy makers at a high level in donor countries.

Cargill's visit was also in preparation of the visit of the World Bank President, Robert McNamara¹⁰¹ who arrived on 29 January 1972, along with his wife. My meeting with them was arranged by the ministry and World Bank officials in a huge barrack-like room somewhere in Rawalpindi. He would not come to my office and I would not go to the World Bank office. Perhaps that was the neutral place the officials had agreed to. It was as dismal inside that barrack as it was outside on a rainy winter Rawalpindi morning.

The war in Vietnam and the publication of The Pentagon Papers¹⁰² which I had read, had made McNamara an object of curiosity for me. Now, there he was, with well-set determined jaws, a fighter's nose, his eyes piercing through rimless glasses, looking smaller than they were, a 'regular' American, with whom one could do business. I told him that the new government would honor all past commitments but needed time. It was a mistaken view that we had inherited a government or an administration. We were sitting, I told McNamara, on the 'ruins and shambles' of a country and a government. Then I asked him to look back at the course of Pakistan's economic development. For almost two decades, Pakistan had depended upon the World Bank and the International Monetary Fund (IMF) for guidance. The advice of the two institutions was accepted in totality. No questions were ever asked. Pakistan's economic policies were made by foreign experts who were also consulted in the preparation of its five-year development plans. Pakistan went to the extent of assigning the task of

¹⁰¹ Former United States Defence Secretary 1963-71.

¹⁰² 'The Secret History of the Vietnam War' as published by *The New York Times* in 1971.

preparing and implementing individual projects almost exclusively to foreign consultants, contractors, and suppliers, and their output was examined by the Bank and other agencies to the highest possible scrutiny namely, that of the borrower by a lender. I told McNamara, 'You described Pakistan as a model developing country'. Pakistan accepted the Bank and the IMF and their foreign experts as its physicians and, as a good patient, took all the medicine they had prescribed. And now the patient lay dead before them. The Pakistan they were dealing with was no more. Were they prepared to accept any kind of responsibility for the tragedy? McNamara seemed moved and took extensive notes. (Brief details of Pakistan's case I put to the World Bank President may be seen on Page 87 as part of the brief! prepared for Bhutto.) In the end, he promised to be helpful. We broke off to meet again.

The next day McNamara and I drove to Tarbela. His wife travelled by another car. As soon as he got in the car, he pulled out his notebook and said, 'Mr. Minister, you were quite right, when you said that there was no bottom to mismanagement'. Then, he added, 'Mr. Minister you were quite right when you said you were sitting on the ruins and shambles of a government'. And he mentioned a few other things. From his delayed reaction, I learnt the lesson that in discussions on important questions, comments and answers can wait. One does not have to respond instantly. McNamara must have looked over his notes and decided to respond the next day.

The trip was useful in bringing home to McNamara how Pakistan's precious foreign exchange could be saved if the detailed designing of developmental projects was in Pakistani hands. We drove over a bridge and I told him the approximate weight of steel, an imported item, that was used in its construction. Foreign exchange could have been saved if the bridge was supported by a series of arches. We passed by an industrial plant and he learnt the details of items unnecessarily imported from abroad. Mercifully for the farmers in our *barani* areas, it was again a rainy day. McNamara was impressed when I told him the worth in dollars of the wheat that particular rainfall would help produce. At the dam site, I told McNamara how the dam could have been built at about half or at the most three-quarters of the cost. Mrs. McNamara asked what was the cost. When I told her that it was 600 million dollars, she exclaimed, 'Only. that much'. That was much too much for Pakistan, I said. She apologized, saying that she was used to Vietnam figures. The World Bank President was greatly interested in the cost. In another context, when he learnt that the ministers of Bhutto's Cabinet have to travel from Islamabad to Rawalpindi to attend cabinet meetings, he remarked, 'Mr. Minister, it must be costing you a lot in petrol'.

The highlight of McNamara's trip was his meeting with Bhutto. MM Ahmad prepared one brief for the President and I prepared another. Excerpts from my brief follow:

Robert McNamara, President of the World Bank, is visiting Pakistan at a moment when Pakistan owes the Bank and the Consortium US \$ 4,568 million. Annual

debt servicing liability is US \$ 237 million. Relations with the Consortium countries have been deteriorating since March, 1971.

The Bank desires from a position of strength at least the following in economic terms, and perhaps more politically but the latter has not been revealed.

In specific terms, the bank has hinted its willingness to recommend regularization of Pakistan's unilateral moratorium pertaining to the loans from the consortium countries and its extension for a short period; offer loan on easy terms to enable Pakistan to continue to service the Bank debt and to afford a certain debt relief from the bank as well as the consortium. The bank has virtually made these contingent upon devaluation of rupee; mobilizations by Pakistan of all her rupee resources, including what they term higher bracket, as yet untaxed, agricultural income, overhaul of taxation system, import policy and of the entire economic machinery, reduction of defense expenditure and efficient organization of public sector expenditure.

The note said:

On our part the rock bottom in terms of the political price of economic measures below which we cannot go is (a) substantial reduction in unemployment in urban areas. (b) Availability of essential items of mass consumption. (c) Holding of price line of essential items on a controlled spiral of correspondingly escalating wages. The latter will require greater state control over economic activity and is undesirable. (d) Meeting electrical power crisis in the coming winter. (e) The aforementioned are in addition to meeting the requirements of ability to defend the country.

Bhutto was happy with his meeting with McNamara. I suspect they only talked politics. In my meeting with McNamara, he was all praise for the manner in which Bhutto had released Mujibur Rahman. After talking to Bank officials, neither Bhutto nor I saw any serious problem with the resolution of the debt crisis. We believed that matters would work out rapidly once we had implemented the Exchange Reform, that is, devalued the rupee. Returning to Washington McNamara wrote:¹⁰³

You may be assured of our willingness to continue our cooperation and support for Pakistan's development. I am confident that the close relationship between Pakistan and the Bank Group will be further strengthened in the coming years.

¹⁰³ McNamara's letter dated 11 February 1972.

Permit me also to welcome you as a Governor of the International Bank for Reconstruction and Development on behalf of the Executive Directors, Officers and Staff of the Bank Group.

Following the visit by Cargill and McNamara in January and by Gunter in February, the international organizations represented seemed ready to resume their business with Pakistan on a short term basis. They were left with little other economic or political option. They had done business with countries whose economies were in a worse condition than Pakistan's. In this case, as in others, politics was the crucial factor. They had to deal with Bhutto government irrespective of its socialist policies of nationalization of large industrial and financial undertakings. To them, no viable alternative to his government was visible.

The representatives of the Consortium countries met in Washington on 1 March 1972. Our man, MM Ahmad, who was in Washington was not invited to the meeting. It was obvious that there existed major internal differences within the Consortium which could not be discussed in the presence of the Pakistani representative. However, Ahmad had met the representatives of the US, UK, Germany and the Bank, at breakfast that morning. The Bank had prepared a revised document, *Short Term Debt Relief*,¹⁰⁴ for the consideration of the meeting. It stated inter alia: '. . . if Pakistan is to be able, during the difficult period of transition and adjustment ahead, to regain economic strength and thereby lay the basis for resumed economic and social development, agreement on short term relief must be seen as the first step by the Consortium towards revitalizing relations with Pakistan, which needs to be followed quickly by fresh commitments of commodity assistance'. The Bank as the president of the Consortium recommended that the 'short term' period for debt relief should be from 1 January 1972 to 30 June 1973. It accepted the figure of 530 million US dollars deficit worked out by Pakistan for this period. The Bank proposed the following breakdown of financing the deficit.

Table 5.2		
Financing the Deficit		
(US \$ million)		
	Total	Consortium
Disbursement from Commodity		
Aid Pipeline	100	
Debt Relief	200	172
Fresh Commodity Aid	180	180
Use of Reserves and IMF Resources	50	
Total	530	352

¹⁰⁴ It was dated 29 February. Personal papers.

At the conclusion of the Consortium meeting Cargill who had presided came to the residence of the Pakistani ambassador and reported to MM Ahmad that the attitude of the creditors was cooperative. He mentioned in particular, the forthright stand taken by Japan, Italy, and France. In the beginning, the US statement was unduly harsh. According to Cargill, it was not directed towards Pakistan but was aimed at obtaining more concessions from those who had lent money at higher rates of interest. In the end there was consensus to provide a debt relief package of 234 million dollars, commodity aid of 280 million dollars and the use of reserves up to 50 million dollars. Its period was to begin from 1 May 1971, the date from which Pakistan had applied the moratorium and not from 1 January 1972 as the Bank had proposed. The meeting also proposed that by 30 June 1973, the question of the long term rescheduling of Pakistan's debt should be finally negotiated. The question of short term debt relief was thus settled until autumn when we were to take it up again. A decision on East Pakistan's debt also stood deferred. We had no objection if the Bank let it stand in Pakistan's name, nominally for the time being as we were not sure of the nature of our future relations with Pakistan's former eastern wing.

RESTRUCTURING THE ECONOMY (2)

The arrangements for short-term debt relief made with Consortium countries were valid only up to 30 June 1973. The government was keen to negotiate a long-term debt settlement with the creditor countries, if possible, before the expiry of the short-term relief period. Fortunately, we had a competent group of senior officers working in the economic ministries and in the Planning Commission. Our chief negotiator with foreign nations, MM Ahmad's departure for Washington had a doubly good effect. In Islamabad, the Secretaries working under his towering presence felt freer and more confident to express their own views. With his presence in Washington, we had a nationalist Pakistani who had made a signal contribution to the resolution of the debt settlement issue. Compared to the days of December 1971 and early January 1972, the next six months saw a distinct change in the atmosphere in the economic ministries. It was more relaxed and confident. The Secretaries tended to be bolder than before in making their proposals and expressing their views before their ministers or in the meetings. Qamarul Islam's take-over as helmsman at the Planning Commission had significantly helped in this welcome development. As the presiding officer of the Economic Committee of the Cabinet, or the Executive Committee of the National Economic Council, I was confident that as long as this team of officers were present, no decision to the detriment of the country could be taken.

Qamarul Islam was asked by Bhutto 'to handle for the time being the questions of foreign loans and Consortium negotiations'. He went on to add:¹⁰⁵

I do not know how we stand on the rescheduling of debts, on the moratorium and on new loans. I was given the impression that the United States and the nations of the West would contribute handsomely and generously to Pakistan's economic development, both project and commodity aid, if we devalued the rupee. We devalued the rupee a long time ago and massively but I have not seen any extraordinary gesture either by the United States or the World Bank or other consortium countries.

The Ministry gave very high priority to the question of debt settlement. We had been working on it without break for months. The Outstanding debt, as on 31 December 1971, to the Consortium Countries and to the international agencies was estimated in January 1973¹⁰⁶ as 3,404 million dollars of which 1,171 million dollars related to East

¹⁰⁵ Extract from President's directive dated 28 August 1972, Personal papers

¹⁰⁶ Personal papers.

Pakistan. Our liability was thus Confined to 2,233 million dollars.¹⁰⁷ We considered various alternatives to rescheduling in the Ministry and consulted the State Bank as well as MM Ahmad. The consensus proposal prepared by Qamrul Islam for submission to the President envisaged that we should take off from our books the East Pakistan part of the debt and we should seek the rescheduling of the debt on the Indonesian pattern. The main feature of that pattern was that on the date of rescheduling the entire debt was Pooled together to be paid in thirty equal installments with no moratorium interest. Bhutto asked Minister for Production and Presidential Affairs, JA Rahim, to hold a meeting on 12 February 1973. Rafi Raza, Feroze Qaiser,¹⁰⁸ and the Law Secretary were also asked to attend.

Rahim responded magnificently. After listening to all sides, his major recommendations to Bhutto were:¹⁰⁹

(a) First of all and as a matter of highest priority we want that the portion of debt which was incurred for use in East Pakistan should be taken off our books. We should no longer be responsible for this part of the debt. Our position is that even if it implies no more aid, we would like to remove this burden from the present Pakistan. We are very keen to get an amicable settlement of this issue and waited long enough for the Consortium countries to work out arrangements in this respect. We would, however, be willing to go to the extent of taking unilateral action if we are forced to do it. In both economic and political terms, we have no alternative. Our moral case in terms of equity is also sound on this point.

(b) In addition to (a) above, we would also want a long-term rescheduling of West Pakistan debt in a manner that our current debt servicing liability should go down substantially to make us, credit-worthy for fresh loans which the economy of West Pakistan needs in order to utilize its full potential and in order that Pakistan can be in a position to honor all its debt obligations from a strong economic base. We feel Indonesian formula can serve a good base. However, on this point we are open to suggestion.

(c) Our third priority is getting fresh aid partly in the form of commodity assistance to meet our essential requirements of food, fertilizers, pesticides and

¹⁰⁷ It included 120 million dollars whose allocation between East and West Pakistan was yet undetermined by the World Bank donor countries.

¹⁰⁸ Feroze Qaiser, a chartered accountant and an income tax specialist was Special Assistant to the President for Economic Affairs.

¹⁰⁹ Personal papers.

essential raw materials and partly for starting new projects for infrastructure and social services to implement the new development strategy of the government.

Rahim's minutes served as the brief for the Pakistan delegation at the Consortium countries meeting held in Paris on 23 and 24 March 1973. The donors conceded the principle of bifurcation of debt between East and West Pakistan on the basis of the location where the loan was utilized and agreed to ask Bangladesh to discharge its liability. The rescheduling of Pakistan maturities would be attained after the bifurcation of the debt. They also agreed to the non-discriminatory treatment of Pakistan and Bangladesh. The Consortium proposed, as an 'interim Solution', that Pakistan carry the liability for East Pakistan's debt for another year in order to give more time for the bifurcation exercise to be carried out. Our team rejected the 'interim Solution' for substantive as well as tactical reasons.¹¹⁰

A stalemate had been reached. Neither Pakistan nor Bangladesh was accepting the liability of East Pakistan's debt. In a meeting with bank officials at the end of March, Bangladesh had refused to accept the liability for the loans saying that it would only discuss the question of debt in the context of other financial issues such as division of assets between Bangladesh and Pakistan, an accounting of foreign exchange balances since 1947, and an assessment of the quantum of exploitation of the east wing by West Pakistan over the last twenty-four years.

Apparently, our message to the creditor countries that Pakistan would take off from its books the portion of debt which was incurred for use in East Pakistan had gone home. The government learnt that the Bank had asked creditor countries whether they would consider Pakistan or Bangladesh to be in default if Pakistan did not make payments on East Pakistan's debt after 30 June 1973. Thus, on paper at least, there existed the Possibility that Pakistan could be declared in default.

Our teams diligently studied the economic impact of such an eventuality.¹¹¹ For the purpose of computation they assumed the worstcase scenario, namely, total breakdown in aid relationship involving cessation of new commitments and a freezing of the existing pipeline. The effect on the balance of payment Position was far from alarming. Our export performance had greatly improved. We could reasonably assume merchandise export of 750 million dollars and invisible receipts of 250 million dollars during 1973-74. With the liberal import policies introduced after devaluation, merchandise import estimates were put at 1,000 million dollars and invisible payments of 330 million dollars. The latter figure was the approximate shortfall. In case of no breakdown in aid relationship, the Consortium countries would have disbursed 427 million dollars, while debt servicing (assuming East Pakistan liability) would have

¹¹⁰ Ibid.

¹¹¹ Ibid.

amounted to 240 million dollars, leaving a net inflow of 287 million dollars. Given the conditions of tied aid and the charging of higher than market prices, the real value of the net inflow from the Consortium was put at approximately 150 million dollars. This was the extra amount we needed if we had to rely on our own resources. The team's calculations showed that the impact of the stoppage of aid relationship on the 1973-74 budget would be of the order of 2,300 million rupees, arising from an estimated loss of revenue (4,400 million rupees) against the relief of not servicing the debts (2,100 million rupees).

On the issue of debt we found that among the Consortium countries, France was the only one to take a forthright and logical stand. She was prepared to declare Bangladesh a defaulter. The British, on the other hand, were most unfriendly and were trying to influence other creditors to link the issue of debt settlement with that of division of assets and liabilities and the recognition of Bangladesh. All told, our internal studies and my faith in the people convinced me that we should avoid default but not at any cost. Our position was strong enough to stand by what we considered just and equitable.

The Consortium formulated its response to the stand taken by Pakistan in its meetings on 30 May and 30 June 1973. The heads of delegations made the following specific proposals to Pakistan:

- (a) Debt service due in 1973-74 would be rescheduled on terms comparable to those of the rescheduling agreed in May 1972.
- (b) Within the amounts of rescheduling to be done by each creditor, service on credits incurred for projects visibly located in Bangladesh would be rescheduled.
- (c) Beginning 1 July 1974, Pakistan would not be expected to service any credits incurred for projects visibly located in Bangladesh.
- (d) During the coming year, a study would be made of Pakistan's debt situation, in response to its request for long-term relief and taking account of all aspects of its debt burden.
- (e) The present conditions providing new aid to Pakistan would be lifted.

On clarifications sought by our chief negotiator, Qamarul Islam, the Consortium Chairman Cargill said that in case of default on the servicing of debts by Bangladesh, Pakistan would not be regarded as a defaulter. A detailed study of the need for rescheduling Pakistan's debt taking full account of all aspects of Pakistan's burden would be undertaken. Specific recommendations emerging from that study would be discussed with Pakistan before being sent to the Consortium would be presented to the

Consortium in time for review, with conclusions to be reached before 30 June 1974. The Consortium was quite categorical that it did not wish to go into the assets and liabilities question between Pakistan and Bangladesh.

In the last week of June 1973, the Cabinet considered the package proposed by the Consortium. On the one hand, the government was satisfied that the Consortium had recognized the equity of Pakistan's case and accepted the urgency of breaking the deadlock before 30 June. On the other hand the government was disappointed that the proposed package was unfair to Pakistan and was a departure from the concept of even-handed treatment to Pakistan and Bangladesh agreed to at the Consortium meeting held in Paris in March 1973. In the end the package of proposals 'was accepted for a period of twelve months ending June 1974 on the understanding that efforts will continue to be made both to improve the interim arrangement and to expedite the formulation of the proposals for Pakistan's long-term debt rescheduling'.

Director South Asia, Diamond, who had replaced Cargill at the World Bank, visited Pakistan and called on Bhutto in March 1974. Bhutto told Diamond that to accommodate the Consortium, Pakistan would most reluctantly continue to service the remaining Bangladesh debt liability only if we were adequately compensated with a massive rescheduling over the next five or six years for the servicing of such debts which were not the legal or moral responsibility of Pakistan. Bhutto also told Diamond that Pakistan would not be able to pay debt servicing in excess of 100 million dollars per annum or, at the most, 125 million dollars per annum on the debts contracted up to 1 July 1974. By this time our negotiating team for the long term debt settlement had suffered two serious blows. In August 1973, Bhutto suddenly ordered the retirement of Qamarul Islam.¹¹² Then, in July 1974, Bhutto dismissed JA Rahim. Both were dedicated to taking a hard stand against the international financial institutions and had my full support. With the departure of Qamarul Islam, the style of negotiations changed. Kazi, who was Islam's successor, preferred to negotiate in dollars and cents and not base his arguments on the basis of legality or equity.

Over a period of six financial years, 1974-75 to 1979-80, the total debt servicing amounted to 1,435 million dollars, without any rescheduling. We proposed that, of the amount, 1,159 dollars should be rescheduled. Kazi went to Paris to lobby with the Consortium members who agreed on the terms of rescheduling but considered the amount of 1,159 dollars proposed by Pakistan to be too high. Kazi and I had decided on a code for telephone conversations before he accepted any figure. Kazi held his ground and told the Consortium Chairman that the amount was the basic factor and any reduction in the amount of rescheduling would reopen the whole matter and Pakistan would not be in a position to service any part of Bangladesh debt after 30 June 1974. The

¹¹² I was at Guddu working on measures to save the barrage from very high floods when the news came over the radio. I was stunned. In vain, Mazhar and I sat for long in the evening trying to find a possible reason.

Consortium decided to meet again in May 1974. The Consortium met again in Paris on 15 and 16 May and offered to reschedule Pakistan's debt servicing by 650 million dollars. The rescheduled amount would be repayable over a period of thirty years including ten years of grace at interest rate of 2.5 percent, giving a grant element of 62 percent which in those years of high inflation, amounted to almost a write off.¹¹³ The question of Bangladesh debts was also resolved. Pakistan would not be required to service, project loans by the World Bank group, loans for completed projects, project loans by Consortium countries, and rescheduled project loans relating to the territory of that country. Meanwhile, the Consortium had been successful in persuading Bangladesh to accept 80 to 85 percent of its total liability. The Pakistan Cabinet accepted Kazi's negotiations with the Consortium. A Memorandum of Understanding on Debt Relief for Pakistan was signed in Paris on 28 June 1974.

The exercise in exchange reform and debt negotiations had kept the Ministry of Finance very busy for months. The 145-days period of the Bhutto government, 20 December 1971 to 12 May 1972, was stimulating and revolutionizing. The announcement of the devaluation of the rupee and progress on debt negotiations freed the Ministry to start work on compiling budget proposals for the year 1972-73. Much work had already been done on it along with these two exercises. The time had come to give shape to our policies in the national budget. The pledges made in the party documents had to be made good.

The government had carried out important reforms already described in previous chapters. These were in pursuance of the policies laid out in party literature. A beginning had been made but the long and hard march lay ahead. The Foundation and Policy document had stated:

It is never a pleasant task to take the long road when there is a shorter one, but the objective conditions of Pakistan require that the long road be taken. Experience has shown that in matters which affect the whole destiny of a people the short and easy road is, in truth, a mirage.

It was the firm resolve of the PPP government to establish an egalitarian society through the application of scientific ideas in economic reform. *The Foundation and Policy*, document had laid down:

The socialist society cannot come about tomorrow by the enactment of a law, the promulgation of an ordinance, or the fiat of a dictator. It can be reached only at the end of a long road of changes and evolution, divided into stages that the practical socialist will take as his approximate goals. A stage will not be for him a resting place but a point of departure for his journey to the next, and so on.

¹¹³ Thus reducing the debt burden of the rescheduled amount by 62 percent.

For the past fifteen years the strategy of development planning in Pakistan had been based on the premise that rapid growth of the gross national product was the solution to all economic ills. It was assumed that the greater the rate of the growth of GNP in a particular period, the greater would be the increase in the prosperity' of the nation. This view of planning and development was sponsored, and its acceptance was urged, by western developed countries and their international financial institutions. They had dictated the policies which Pakistan had scrupulously followed and laid down strict guidelines for calculating cost-benefit ratios of development projects with a view to enhance economic growth in terms of the GNP. Almost all their loans were sanctioned keeping this growth criterion in view.

The PPP had criticized the fallacious GNP concept as far back as in 1967. The party had pointed out that the concept did not reflect the well-being of the overwhelming majority of the people. Without taking into account the mix of goods and services and without knowing, or caring to know, the ultimate users of these goods and services, the GNP was a growth indicator of little consequence for measuring national economic progress. Instead of increasing prosperity, it merely increased disparity.

What was worse, previous governments had not concerned themselves with collecting reliable data pertaining to the distribution and disposal of income, the consumption pattern of goods and services, levels of employment, and the availability and cost of such essentials as education, health, housing, electricity, drainage, and sanitation. The lack of accurate facts and figures greatly handicapped the new government in determining the priorities in development projects and in the allocation of limited resources. Pioneering scientific work was required to enable the government to measure in quantitative terms, the degree of poverty, disparity, backwardness, and inequalities of opportunities in Pakistan. Our first budget had to break new ground in the wake of the reform measures already implemented.

Budget making for the financial year 1972-73 turned out to be a simple exercise since major policy decisions had already been made. The parity value of the rupee had been fixed at 11 rupees to a US dollar, arrangements had been made to ensure the availability of foreign exchange for next year's needs as estimated by the Ministry, import and export policies had been completely revamped, a new interest rate had been determined. The extent of deficit financing was not an issue since I believed in a balanced budget, as far as was possible.

There is generally little scope for the finance minister of a new government to alter the expenditure side at the time of budget making, unless detailed homework has been done prior to the elections and the decision has been taken to cut down the scope of certain departments or development projects. We had not done that. In fact, we knew very little about the budget of Pakistan. In our first budget, we had to provide for all the

expenditure that had been sanctioned in previous years. Similarly, the projects which had been started in previous years and had not been completed had to be provided for especially if large sums had already been invested in them. However, during the course of the year, the Ministry was free to refuse funds for new projects on the plea of lack of funds. And I often rejected projects of relatively little developmental importance, even in cases personally favored by the prime minister. It went to the credit of Bhutto that in such cases he never used his authority to overrule me.¹¹⁴ Once the budget had gone through the Parliament, the Ministry of Finance was free to sanction new expenditure all the year round. This expenditure had to be regularized by Parliament in the Supplementary Budget submitted at the end of the financial year.

The expenditure side of the budget was compiled as was the convention under Revenue Account, Capital Account, Development Expenditure, and Non-Development Expenditure.¹¹⁵ The total expenditure on Revenue and capital account worked out as:

Expenditure met from Revenue	Rs 7,677,929,000
Capital Disbursements	Rs 5,436,761,000
Total Expenditure	Rs 13,114,690,000

* * *

Revenue receipts were first estimated on the basis of the current year's rates of duties and taxes. Nearly 66 percent of the revenue receipts emanated from indirect taxes. These included customs, central excise, sales tax, and a few others. These came out of the pocket of the people in general. The corporations and the middle and the upper classes contributed nearly 12 percent through income tax, corporation tax, estate duty, gift tax and wealth tax. Another 22 percent were net receipts from commercial and other undertakings owned by the State. The total came to Rs 8.5 billion. Deducting the statutory share of the Provinces, the federal government was left with Rs 7.4 billion.¹¹⁶

Capital receipts¹¹⁷ stood classified into two resource categories, internal and external. Internal resource comprised borrowings from banks and from the public in the form of treasury bills and notes, prize bonds, small saving schemes and various funds and

¹¹⁴ One such case for inclusion in the budget was to meet the cost of lengthening the runway at Moenjodaro airport to enable large jet planes to land there. I refused the money. Long after, the Shah of Iran was Bhutto's guest in Larkana Bhutto had to receive the Shah in Nawabshah bring him to Moenjodaro by a smaller plane, before taking him by road to his house at Larkana. After Bhutto had seen the Shah off at Nawabshah he said to me 'Dr, if you had not refused the funds for extending the runway, the Shah wouldn't have had to go to Nawabshah this afternoon'.

¹¹⁵ See tables 6.2 and 6.3.

¹¹⁶ See table 6.4.

¹¹⁷ See table 6.5.

deposits. The external capital receipts were made up of project aid, federal loans in foreign currencies, foreign project grants, Indus Basin funds, commodity aid, food aid and private sector receipts. The total budget receipts were:

Revenue Receipts	7,426,094,000
Capital Receipts	5,343,902,000
Total Budget Receipts	12,769,996,000

The budgetary shortfall measured as the difference between the estimated expenditure and income which was only 0.67 percent of the Gross Domestic Product (GDP) of the previous year. It would have involved only a little deficit financing. However, I wanted to reduce the gap and sent my proposals to Bhutto. We agreed on the following taxation measures:

<i>Measure</i>	<i>Net Effect in million Rs</i>
1. Double the wealth tax rate subject to a maximum of 5%	15
2. Income relief for middle income groups	-11
3. Increase estate duty	0.7
4. Alter taxation system on partnerships	60
5. Taxes on banks and corporate sector	8
6. Withdrawal of tax holiday for Industries	60
7. Revaluation of assets	-20
8. Increase in customs, excise and sales tax	150
Total	262.7

Bhutto was firmly opposed to the inclusion of agricultural income in the total income of those who were already paying income tax. Agricultural income was not to be touched. Moreover, it was a provincial subject and the federal government could not legislate concerning it. Earlier, I had suggested that we should levy a small amount of income tax on big landlords. Bhutto was opposed to the idea. He said that once a little amount of tax was levied, it would be increased in the years to come. He was also opposed to the wealth tax proposal and had drawn double lines across the paragraphs of both the wealth tax and agriculture income tax proposals. In a later discussion he yielded on the wealth tax proposal. The PPP government showed that it wanted the rich to pay more taxes than they were already paying. The justification of increase in estate duty, a levy on the wealth after death, was the same.

After the taxation proposals had been approved by the President in a small meeting, Qamarul Islam sent me a note on the budget proposals and its copy directly to the President. The note said that the measures approved by the President would meet some of the objectives stated in the party manifesto. The measures had an egalitarian content

but, in his opinion, the budget as a whole would not revive economic and industrial activity and the stock market. The Deputy Chairman Planning Commission also added that the measures did not fully match up to the pronouncements made by the President in his speech to the business community on 23 May at Karachi. He went on to suggest that the stipulation that investment allowance would not be allowed to be used in private industry should be deleted. Bhutto reacted sharply, scribbling at the bottom of the note:

I have agreed with your proposal but you better be right and if you are not right then I will have to take some steps because in agreeing with you I have overruled many of my trusted colleagues. This has not been pleasant for me. We have struggled for Socialism while you have sat in your seat and avoided us in casual meetings in order to keep in good books with the *Junta*. So I have agreed with you in the hope that as an expert you are right. If this does not come about then I will have justification to believe that you are neither:

- (a) an expert
- (b) a friend (because of your attitude when we were in opposition)
- (c) an official with serious reservations on our socialist objectives
- (d) a sheet anchor of Capitalism and business of the country.

Bhutto's remarks on Qamarul Islam's note offer a glimpse into the working of his extremely complex mind. That Qamarul Islam had avoided Bhutto in casual meetings during martial law days was a reference to a telephone call Bhutto had asked me to make to Qamarul Islam. After our success in the 1970 elections, Bhutto and some of his colleagues were staying at the Intercontinental Hotel, Rawalpindi. All kinds of people were calling on the victorious PPP chairman. The former Foreign Secretary had just seen him. Sitting alone, Bhutto and I, wondered what the attitude of the senior serving officers in Islamabad would be towards us. Both Bhutto and I knew Qamarul Islam, who was Industries Secretary at that time well. Bhutto asked me to telephone him and suggest that he visit Bhutto. Qamarul Islam politely replied that the time had not yet come.

Bhutto was not the person to forget anything, all the more if it was in the nature of a slight or if it had taken place in another person's presence. And yet it was not the thing that would remain uppermost in his mind all the time. It was stored in his super computer brain to be recalled only at moments of personal involvement. The reader will recall how seriously and positively Bhutto had taken Qamarul Islam's note on devaluation six weeks ago. He had gone to great lengths in getting the Deputy Chairman's proposals examined and reexamined. In this particular case of investment allowance, Bhutto did not discuss Qamarul Islam's counter proposal with me or with the finance secretary. It was not important enough to merit a meeting or, even a discussion on the telephone. Its tax effect was miniscule, but he had been irked.

First, Bhutto did not like to change a decision once it was taken. For the feudal mind, it was tantamount to humiliating oneself before the world. Second, he did not like to be reminded that he had acted contrary to what he had promised, in this case, to the business community of Pakistan. On both counts, Qamarul Islam's note must have sounded an alarm-signal in the supercomputer of Bhutto's brain—danger from the appearance of a man on the computer screen who had made a case forcing Bhutto to change his mind and one who had in the same breath accused him of not keeping his word. The sally must be repulsed. He must be put in his place. The attack should be on all fronts. Withdrawal on the technical front should be made to appear as a tactical one. It must be more than balanced by advances on personal and ideological fronts. So Bhutto accepted Qamarul Islam's suggestion with the caveat 'you better be right, if not then...'. Bringing in the ideological argument was purely tactical. Socialism was neither being advanced nor driven back by allowing the investment-allowance concession to public companies and disallowing it to private investors. However, to remind Qamarul Islam that his friendship did not measure up to the standard criterion on account of his refusal to see Bhutto when he was out of power was a genuine weapon in feudal armory. Loyalty is easily the most vital ingredient in feudal relationships. That this weapon was used by Bhutto showed how irked he was by the Deputy Chairman's success in getting the President's stand reversed.

In the end, the new taxation proposals were estimated to yield 263 million rupees. After deducting 64 million rupees, the statutory share of the provinces from this amount, the government was left with 199 million rupees as additional receipts. This reduced the gap of the shortfall in receipts from 345 million rupees to 146 million rupees which was as good as no deficit financing.

Finally, the budget had to go before the cabinet. The ministers assembled in the town hail of the hill station, Murree. The bulky budget documents had been laid out before their seats. These ran into hundreds of printed pages along with their summaries in technical and legal language. One of the documents was the Finance Bill, mostly a collection of amendments in numerous sections of existing laws and rules of various Acts. Substitute such and such words or figure for such and such words in such subsection of such an Act. It certainly did not facilitate intelligible communication. That had been the practice. None of them except Bhutto had ever been a minister and this was their first glimpse of an 'unpassed' budget. The Finance Secretary briefly described the budget proposals, rattling off figure after figure of expenditure, receipts, and deficit in the year just ending and for the year to come. I was sure that the ministerial audience retained, much less grasped, very little of it. Then my brief intervention followed. I explained that in the new budget we were taxing the rich as much as feasible, and sparing the poor from additional burden, as much as possible. Then the President invited comments. I braced myself to hear objections and suggestions from at least some of the ministers but there were only a few queries of a general nature which were easily answered. Then Bhutto turned to me and asked what time I was to go on air. I had only

five minutes left so he said, 'Go and announce the budget'. Radio Pakistan had prepared a room quite near the place of the cabinet meeting for which I left, wondering about the process of approving the budget. It dawned on me that cabinet meetings for approving the budget are just farcical. What is included in or excluded out of the budget has only to do with the finance minister and the chief executive.

The 1972-73 budget was announced over the radio. It did not have to go before the National Assembly. While legislating the Interim Constitution, opposition parties had approved the article which required the President to prepare the budget for the financial year 1972-73 and to authenticate it.

The budget broadcast outlined details of what was considered to be of interest to the people. The major measures of nationalization, devaluation, and the liberalization of imports and exports were reviewed. Details of negotiations with the international financial institutions were given. An outline of the estimates of receipts and expenditure for the next financial year was presented and new taxation measures were described. I concluded the broadcast by asserting:

Pakistan's economy is a viable economy. It has already passed the greatest test to which any economy can be put. We have come out of it successfully and *Insha-Allah* progress in the coming months and years will be revolutionary . . . There is no doubt in my mind that, God willing, we shall successfully build a new Pakistan, a prosperous and progressive Pakistan.

The budget was roundly criticized by the business community. Traders raised such a hue and cry about altering the taxation system of business partnerships that the proposal was withdrawn.

The implementation of the annual development programme for the year 1970-71 had badly suffered due to the disturbed economic and political situation in the country. The original outlay for the programme was 7.7 billion rupees (gross) Expenditure on military operations and loans cut off by donor countries reduced West Pakistan's development effort to 2.6 billion rupees.

Allocation for the 1972-73 programme could only be made after a decision on exchange reform had been taken and an estimate could be made of the availability of the quantum of foreign assistance. The Planning Commission and the Finance Division agreed upon earmarking 4.15 billion rupees for the development outlay of which the domestic contribution was 420 million rupees only. Bhutto called a special conference to consider the following allocations of the development programme.

Table 6.1	
Development Programme for 1972-73	
Rs in million	
Federation	
Federal Programmes	700
Indus Basin (Tarbela)	960
Pakistan Railways	195
WAPDA (Power)	754
Provinces	
Punjab	875
Sindh	300
NWFP	246
Balochistan	120

I was expecting the provinces to put up a spirited fight for increases in their share. So I told Bhutto that I had kept a reserve of 100 million rupees for him to pacify additional demands made by the provinces at the special conference. Provincial leaders from Punjab and Sindh strongly argued their cases at the conference but their demands were minor. Punjab wanted a reduction in the burden of food subsidy. Sindh complained about the reduction in its development budget from 27.3 percent to 22.3 percent. NWFP wanted 40 million rupees extra for the Centrally Administered Tribal Areas. Balochistan wanted a reduction in the rates of electricity. Poor provincial leaders—little did they know that their Development and Finance secretaries who understood the national financial situation much better had already agreed with the allocations in their discussions with the Planning Commission and the Finance Ministry. These officials had briefed their political leaders on minor points, more to establish their loyalty to the province than for a substantial increase in the provincial allocation.

The meeting ended in complete consensus. Late at night, Bhutto phoned me to say that at the morning meeting he had conceded only 70 million rupees to the provinces and the balance of 30 million rupees of the 100 million rupees I had kept in reserve, was his to be used for projects of his choice.

Table 6.2	
Revenue Expenditure	(Rs in thousands)
A. Non-Development Expenditure	
1. Direct Expenditure. This included Debt Services, Civil Administration, Defence, Beneficent Departments and other items	7,359,467
2. Transfer Payments. These included Pensions, Grants-in-Aid and adjustments with Provinces	74,919
B. Development Expenditure	
1. Development Expenditure met From Revenue	243,543
Total Expenditure from Revenue	7,677,929

Table 6.3	
Capital Disbursements	(Rs in thousands)
1. Non-Development Expenditure Capital Account	
Repayment of Foreign Loans and Credits, Foreign Exchange Grants for Relief Measures and Payments into Reserve Funds and other items	1,563,535
2. Development Expenditure	
Indus Basin	824,301
Direct Expenditure Departmental and Expenditure of Federal Autonomous Bodies: Railways, WAPDA, PIDC.	1,695,901
Development Assistance to Provinces	1,222,586
Private Sector: Federal and Guaranteed Loans	977,582
Total Capital Expenditure	6,283,905
Deduct Guaranteed Loans	847,144

Table 6.4	
Revenue Receipts	(Rs in thousands)
A. Proceeds of Taxation	
1. Direct Taxes. These included Income Tax, Corporation Tax, Estate Duty, Gift Tax and Wealth Tax	994,100
2. Indirect Taxes. These included Customs, Central Excise, Sales Tax, Other Taxes and Surcharges	5,658,365
B. Receipts from Other Sources	
These were the net receipts from commercial undertakings, interest earned and other receipts	1,857,026
Total Revenue Receipts	7,426,094
Less Statutory share of the Provinces	1,083,397
Net Revenue Receipts	7,426,094

Table 6.5	
Capital Receipts	(Rs in thousands)
1. Internal Resources	
A. Loan Recoveries and Other Capital Receipts	554,406
Borrowings: Non-Bank Borrowing, Prize Bond, Treasury, Bills, Treasury Notes and Cash Credit Accommodation	295,638
B. Public Account: Small Saving Schemes, State Provident Funds (Net), Railways Provident Fund ReserveFunds and Other Deposits	1,349,164
2. External Resources	
Project Aid, Federal Loans, Guaranteed Loans, Project Grants, Indus Basin Funds, Flood Control, Commodity Aid, Food Aid, and Private Sector Receipts less Guaranteed Loans	3,144,694
Total Capital Receipts Rs	5,343,902

ACCORDS AND DISCORDS

During all of Bhutto's years in government, relations with the Opposition were marked by distrust which went back years in history. The Baloch and Pakhtoon had never been at ease with the British. They didn't get along with successor governments either, who continued to act as if independence had come only for the ex-servants of the state, its collaborators and their successors. The PPP government inherited not only the British built apparatus of the state, its armed physical power and intelligence services, and set of laws which made it supreme, but also the antagonism with ethnic groups of the north-west and the south-west. For full five years this uneasy relationship was to continue.

In Sindh, during the last quarter of a century, Urdu speaking migrants from India had been busy establishing themselves in urban areas, with the support of the federal authority. Karachi, their main destination, developed into the largest commercial, industrial, and financial centre of Pakistan. The fortunes of the Urdu speaking population soared. Within a generation, they were dominating the urban life of Sindh to the disadvantage of the Sindhi speaking population. The Bhutto government's measures to restore the status of Sindhi language precipitated an ugly clash between the two communities.

Resolving the Sindhi-Urdu issue, securing an agreement between all concerned on adopting a permanent constitution of the country, and ending the state of war with India took less than three years. However, the confrontation with the Baloch and Pathan continued till the very end.

* * *

Fortunately, in the initial months, our relations with the NAP/JUI governments in the NWFP and in Balochistan were not antagonistic. The time was ripe to make progress towards framing a permanent Constitution for Pakistan.

The 6 March accord with the NAP and JUI and subsequent negotiations with these parties had paved the way for the overwhelming approval of the Interim Constitution by the Constituent Assembly. It came into force on 21 April 1972. Negotiations with NAP and JUI also resulted in the creation of the Constitution Committee of the National Assembly to prepare a permanent Constitution. Unfortunately, the committee worked much too slowly. Months passed by without any progress. Differences between Bhutto and Law Minister Qasuri, who headed the Committee, increased with passing

months.¹¹⁸ Qasuri resigned in the first week of October. Bhutto assumed charge and moved swiftly. He appointed Hafeez Pirzada as the new Law Minister who teamed up with Rafi Raza who had been working on the draft earlier.

The PPP's guiding principles for the purpose of framing the Constitution had been laid down in the election manifesto.¹¹⁹ The Party stood for:

- (a) Full democracy.
- (b) Parliamentary government
- (c) Federal system.
- (d) The extension of local self-government.
- (e) Guarantee of the freedom of conscience.

To expedite the process, Bhutto called a meeting of all parliamentary party leaders on 17 October and conducted a series of meetings.¹²⁰ The principal decisions on the fundamentals of the future Constitution were hammered out. These were the parliamentary form of government, a bicameral federal legislature, a concurrent legislative list with residuary powers resting with the provinces, a council of common interests, and Islamic provisions.

Although elected as a member of the Constitution Committee, I was not personally involved in it on account of the pressure of work in my own ministry, and due to my ill health. I attended only one or two meetings. Later, someone replaced me and I was quite happy with the arrangement. However, one fine morning, when I was still nursing a nasty back problem for over a month at home, Rafi and Hafeez paid me a visit. They brought the good tidings that in Bhutto's meetings with parliamentary leaders, an agreement had been reached on the constitutional framework except matters relating to the finances of the federation and the provinces. They informed me that a meeting with the NAP and JUI leaders was set for the next day. Both of them seemed apprehensive of the demands that might be put forward by the NAP-JUI team. The Finance Secretary and the Deputy had prepared some papers and they had brought two officers along with them who were waiting in the adjacent room. Rafi and Hafeez wanted to know how Bhutto should respond to the possible stand of the NAP-JUI combine. I told them that only after looking at the papers and talking to Kazi and Qamarul Islam, would I be able to give my views. I requested them to see me later in the afternoon.

¹¹⁸ Raza, Rafi, *Zulfikar Ali Bhutto and Pakistan*, Oxford University Press, 1997, p. 175.

¹¹⁹ *Ibid.*, p. 51.

¹²⁰ *Ibid.*, p. 176.

The papers prepared by Kazi and Qamarul Islam were comprehensive. The revenue and expenditure of the federation was shown under various heads, not in the way they are shown in the budget documents where it is difficult for the uninitiated to follow them, but in easy to understand tables. The figures showed the extent of the dependence of the provinces of NWFP and Balochistan for budgetary support on the federation and the statutory claims of the provinces on the revenues of the federation. After a brief discussion, I requested Kazi, and Qamarul Islam to leave the papers with me and to come back when the ministers returned.

The NWFP and Balochistan were like poor relatives of the Punjab and Sindh. In the past the responsibility of the federal government for the uneven development within Pakistan was clearly discernible. To me the moment seemed to have arrived to satisfy the past grievances of smaller provinces. They deserved to get all that the federation could possibly part with, even at the cost of reducing its own expenditure or finding additional resources without burdening the two western provinces. It was also crucial to come to an agreement the next day.

When they returned in the evening, I advised Rafi and Hafeez to suggest to Bhutto to make some excuse and not attend the meeting in the morning. Instead, I volunteered to go in his place, hammer out an agreement and inform Bhutto that the path was clear. In case I was unable to come to a settlement, at least the number of differences would have been reduced. Bhutto would have more flexibility and put the blame on me for being too rigid or unfair. They were happy. They neither asked me nor did I volunteer to tell them what my stand would be the next day.

The meeting started as scheduled. Sitting upright in my chair with the help of pillows, I apologized for the inability of President Bhutto to join us on time saying that he would be with us as soon as he was free. Governor Bizenjo and Chief Minister Ataulla Mengal represented Balochistan. Governor Arbab Sikandar Khalil, Chief Minister Mufti Mahmud, MNA Amirzada, and NWFP Finance Minister Ghulam Faruque, represented the NWFP. The PPP team from Punjab and Sindh comprised Rafi Raza, Hafeez Pirzada, Mustafa Jatoi, Hayat Sherpao and Malik Muhammad Akhtar. I distributed the papers I had brought with me and explained each sheet containing details of the revenue receipts of the federal government and the share of the provinces. I said we believed in the fullest possible provincial autonomy and the provinces were free to take all leaving the federal government just enough for its expenditure. The ball was in the court of the NAP-JUI team.

Apparently, my brief remarks had been disarming. There was total silence on the part of the NAP-Jul team which Mufti Mahmud took some time to break. He began by saying that tobacco grows in the NWFP but the centre collects 16 crore rupees as excise duty. This amount should belong to his province. I replied that Mufti Sahib was right. However, of the 16 crore rupees, a portion was the duty on cigarette manufacture of

which 'X' number of factories were located in the NWFP and 'X' number in the Punjab and Sindh. I told him that I had no problem surrendering all the excise duty to the provinces to the extent they grow tobacco or manufacture cigarettes. I went on to suggest that all excise duty on agricultural produce should also go to the provinces. On learning that Punjab would then get a little over 30 crore rupees and Sindh about 15 crore rupees on account of cotton, Mufti Mahmud withdrew his proposal on tobacco.

Governor Khalil spoke next, saying that the NWFP was endowed with a large number of rivers in hilly areas but it was not free to generate electricity. I said that that was wrong, the provinces should have full authority to do so. He was a little taken aback and to reassure himself asked me if his province could build its own electrical power generating station. 'Yes, by all means', and I added jokingly, 'But don't put the power you generate on our transmission lines'. Governor Khalil then complained against WAPDA. I agreed with him and said 'Let us decide to provincialize WAPDA'. Unfortunately Governor Bizenjo objected to this saying that Balochistan had no management infrastructure to run WAPDA. Governor Khalil said that the power generating plant of Tarbela Dam was situated in the jurisdiction of the NWFP yet the profit from power generation was taken by the Federal Government. I replied that I had no objection to the profits of the power house going to the province in which it was located. Finally, Ghulam Faruque spoke on behalf of the NWFP. He described the history of the finance commissions appointed by the British government in the past for a just distribution of revenues and grants to the provinces. He suggested the provision of a finance commission in the Constitution. I readily agreed.

Speaking for Balochistan, Governor Bizenjo justly complained that it was his province that was supplying gas to the rest of the country but to the people living in the province not a 'bubble of gas was made available. (At this point, I was told privately that Bhutto wanted me to save something special that he could personally concede to Bizenjo). Also I was told that huge amounts of taxes collected on the production and distribution of gas were usurped by the Centre. I replied by saying that there were two types of receipts from gas. One was called Well-head Surcharge. That could be transferred to his province, straightaway. The other was called Equalization Surcharge. It was not a source of revenue but was collected on a no income basis to pay for the maintenance of a uniform sale price of gas all over the country.

The proceedings went extremely smoothly and it took perhaps an hour or less to obtain a consensus. The leaders of the NAP and JUI had conducted themselves most nobly. I nodded to Hafeez to inform Bhutto that it was time for him to join us. Dressed in an immaculate pale white suit, Bhutto I arrived all smiles and grace. I briefly described the points that had been raised earlier and what we had finally agreed to. He then asked the NAP-JUI team members if they were satisfied with this. They concurred that they were. In the meantime, I had passed him a slip stating that the excise duty on gas that had been agreed to be paid to Balochistan may also be extended to oil. Before concluding the

meeting, he turned to me and said 'Dr Sahib, you have decided to transfer gas revenues to Balochistan, what about oil revenues, should they not also go to the provinces'. I nodded, and Bhutto looked at Bizenjo¹²¹ and smiled. The constitutional accord was a reality.¹²²

Hayat asked if I would agree that instead of passing on the profits, I would agree to pay 2 paisas per unit of electricity generated at Tarbela to the NWFP. I said that if he would have made the suggestion at the morning meeting where he was present, I would have agreed there and then. Now it would amount to reopening the accord which was politically dangerous. Hayat insisted. In the end I said, I would agree if Bhutto asks me to agree. On my part I would not make any move. Apparently, Bhutto did not agree and correctly so. Honors were evenly divided between both sides. But without the statesmanship of Ghaus Bakhsh Bizenjo, the accord would have been difficult to come by.

The 1970 Election Manifesto of the Pakistan People's Party, drafted mostly by Secretary General Rahim¹²³, had outlined the Party's foreign policy in very precise terms.

The first step must be to get out of entanglements with imperialist-neocolonialist powers. The ostensible objectives for the sake of which our governments excused participation in alliances, have either not been fulfilled or have been frustrated on account of the alliances. The first condition, therefore, for avoiding neocolonialist dictation of policy is for Pakistan to withdraw from the SEATO and the CENTO pacts.... Among other harms done, these two pacts have curtailed Pakistan's freedom of action in obtaining the liberation of Kashmir and righting the territorial and other wrongs suffered by her....

¹²¹ Twelve years later when the Movement for Restoration of Democracy was finalizing its proposals for provincial autonomy, I asked Bizenjo why they had made such a poor show on that fine October day in 1972. Why were they so ill prepared? I was prepared to concede to the provinces all the revenues leaving just enough for the federation to meet the security needs and outlay for a modest federal structure. He replied that they had pinned all their hopes on Ghulam Faruque who had been a secretary, a minister, a governor, chairmen of important authorities besides being an industrialist. He was supposed to put forward their demands. He had let them down. Actually, it was wrong on the part of the NAP-Jul to expect Ghulam Faruque to perform differently from what he did. He was a product of a highly centralized imperial government and its Pakistani successors, and he could not think in any other terms but that of a strong Centre.

¹²² Late in the evening, Hayat Sherpao, our Minister for Water and Power in charge of WAPDA came to my residence to say that Tarbela power house would yield no profits from generating electricity. My cabinet colleague had put his finger on a very complicated question. The accrual of profit from a multi-purpose hydro project depended upon (1) the manner in which the total investment on the entire dam is split between water and power sectors and (2) what cost of water is charged from the power house.

¹²³ Printed by Vision Publications Ltd. Karachi.

No permission to neocolonialist powers will be granted to station any sort of personnel meant for war purposes on, or to overfly for any reason connected with military strategy, any part of the territory of Pakistan.

Pakistan will support the cause of all oppressed peoples in their struggle against imperialist and neocolonialist powers, in particular the cause of the heroic people of Vietnam.....With the great powers Pakistan will maintain good relations on the basis of reciprocity, but will not compromise in any manner her stand supporting liberation movements all over the world and actions to remove neocolonialist encroachments on Asian territory.

Now that the white members of the Commonwealth have all taken the side of the American aggressors against the Vietnamese people, there is one reason more for Pakistan's leaving the Commonwealth.... Pakistan will leave the Commonwealth at the appropriate opportunity.

Towards India, a policy of confrontation will be maintained until the question of Kashmir, Farakka,, Beruberi, and other pending matters are settled. Entirely in consonance with the principle of supporting liberation movements Pakistan will support the cause of the people of Assam who are fighting for their independence....

* * *

Pakistan will follow a positive policy to promote solidarity among Muslim peoples.

Israel: Israel is a colony implanted on Arab soil. The Arabs are the victims of a Zionist aggression aided and abetted principally by Western capitalist powers. Complete and unreserved support to Arab states and the Palestinian liberation movement in their fight against Israel will be given by Pakistan.

The general elections were followed by a civil war and armed intervention by India. In 1971, Pakistan was dismembered and considerable territory on the western front was overrun and occupied by India. Ninety-three thousand prisoners-of-war were taken, including 15,000 civilian men, women and children.¹²⁴ In Bhutto's words¹²⁵:

In 1971, Pakistan was painted in fairly dark colors to public opinion in the West. it was not understood that the unhappy chapter was written by a tripartite congruence of a benighted clique that ruled the country, a frenetic leadership in East Pakistan and an international conspiracy.

¹²⁴ Bhutto, Zulfikar Ali, *Foreign Affairs*, April 1973.

¹²⁵ Interview with George Hutchinson published in the Spectator, September 1976.

No easy road was available to Pakistan. The 1971 civil war had soiled and disarranged whatever it touched Pakistan's name was mud but Bhutto was not discouraged. He believed that he had a just case and spared no effort to inform and change the attitude of world leaders about the Pakistan he intended to build anew. Bhutto travelled far and wide to achieve this objective. Within the short period of a few months, he had visited China, USSR, Iran, Turkey, Egypt, Saudi Arabia and nearly a score of Arab and Islamic countries.

On 28 June 1972, President Bhutto left for Simla¹²⁶, India, to meet Prime Minister Indira Gandhi. True, the danger from India had receded somewhat but she was still holding 93,000 Pakistani prisoners-of-war. A chunk of Pakistani territory was also in her possession, and these were matters of concern. In Allahabad, Indira Gandhi had announced that India had won a battle, the war had yet to be won.¹²⁷ There was no peace with India. It was imperative that something be done to terminate the state of war. In *Zulfikar Ali Bhutto and Pakistan: 1967-1977*,¹²⁸ Rafi Raza has described the negotiation in some detail and how the Simla Accord was arrived at. The talks were crucial not only for Pakistan but for our government and for the party. The summit at Simla had been preceded by discussions at Murree between Aziz Ahmad and Rafi Raza representing Pakistan and DP Dhar representing India. They covered a large range of issues confronting the two countries and settled on a summit, and in principle, an agenda'.¹²⁹ It was all tentative. No one actually knew how the Simla summit would turn out, not even Indira Gandhi or Bhutto. Until the agreement was actually signed, the prospects for success appeared dim. What could a defeated nation claim from the victor? There was little going in Pakistan's favor except for high moral ground. The country had been dismembered by brute military force, violating all international covenants. What more could India possibly want besides the success it had already achieved? We did not know. What more could Pakistan agree to? There was no way to undo what had already been done but there was little else to give. East Pakistan had seceded. It was for India to decide if it wanted war or peace. Bhutto was at Simla in a weak position but he was neither a frustrated nor a disheartened man. In a special note¹³⁰ he said:

Countries pass through many phases. There are ups and downs. What has happened to Pakistan is simply terrible but it is no way unique. There is no need

¹²⁶ The name of the Indian hill station, summer capital of the British Raj was spelled Simla in 1972.

¹²⁷ *Nawa-i-Waqt*, 8 January 1972.

¹²⁸ Oxford University Press, Karachi, 1997, op. cit., pp. 212.

¹²⁹ *Ibid.*, p. 202.

¹³⁰ Personal papers.

to be disheartened by the present conditions. Poland and many other countries have been dismembered by war. Germany is an obvious example. History has shown that nations which have suffered, lost territories and have had their economies shattered, are capable of splendid resurgence whenever their people have been sensible to adjustment. Those who lose today can win tomorrow in patience and in resoluteness. There was a time when China lay prostrate and was exploited by many powers. Through determination and by the directions given to the Chinese people by their leaders, today China has attained a Super-Power status. What was the position of Turkey at the end of World War I? Kamal Ata Turk literally picked up the pieces and with a great sense of realism not only regained the rights of the Turkish people to live as free and honorable people but also put Turkey on the road to progress.

History tells not to lose heart and to act in despair. We must mark time and draw the correct lessons from our tragedy. The people are being given a sense of purpose and a sense of direction. Let them unite and follow the Quaid-e-Azam by Unity, Faith and Discipline. They must respond positively to the crisis. The people of West Pakistan as a whole and the Muslims of India generally have played a historic role in the subcontinent. They are brave and they have always valued their honor, their self respect and their freedom. They are stout-hearted people and now that they have the leadership which inspires them, let nobody accept defeat as a final verdict. Instead, let everybody put his shoulder to the wheel and take Pakistan out of the quagmire of chaos and turmoil and put it on the road to progress, prosperity and strength.

Pakistan's defeat had deeply distressed Bhutto He longed for the moment when national honor could be vindicated However, for at least the next ten years, Bhutto did not feel that war, was a viable option for the settlement of disputes with India Huge preparations were required for going to war. Besides acquiring arms and ammunition, Bhutto believed that for war the people had to be prepared in the manner of the Vietnamese. Nothing of that kind was possible at the moment. He thus went to Simla as, a man of peace and yet he was not prepared to concede anything of substance, to India, such, as territory or bits of sovereignty. In the event India opted for further use of force to 'finish' Pakistan, Bhutto would rather fight than give in. At worst, India could have achieved some success in Azad Kashmir or our forces would have retreated to the Salt Range and then fought back. There was no chance for India to achieve total victory. Indeed, through a war imposed on it, Pakistan could have emerged stronger and more stable, albeit at a very very heavy price in terms of death and destruction. The suffering of the poor people would have increased manifold.

Above all, Pakistan wanted the expeditious release of the military and civilian personnel who were in Indian custody as a result of the war. The government was deeply concerned about the matter and had approached the United Nations, the big

powers, the International Red Cross, and many other governments. Bhutto had raised the question personally with many heads of states and had sent envoys where he could not go himself. Unfortunately the families of some officers had taken to protesting in the street for the release of the personnel held by India. Stupid and misguided, these demonstrators seemed to believe that the release of prisoners-of-war was akin to the release of political prisoners by a home government, and that their agitation against the government of Pakistan would result in the government of India releasing the prisoners. Little did they realize that their pressure was counter-productive as it would raise the price India wanted to extract in the forthcoming negotiations. However, Bhutto was not influenced by these protests. He was angry but undeterred. He knew that India could not detain our people indefinitely. He had made up his mind that he would not trade 'human flesh for the soil of Pakistan'.¹³¹

For its part, Pakistan was holding a substantial number of Bengali civil and military personnel. Bhutto had ordered that they would be well-treated; when the time came for them to go back, they should return with memories of civilized behavior. The timing of their return to East Pakistan had come up for discussion within the government. Bhutto had hoped that in view of the pressure on Mujibur Rahman to expedite their return to Dhaka, it would help in the return of the West Pakistani prisoners-of-war in Indian custody.

Another serious concern for Pakistan was to get territory vacated in Punjab and Sindh that had been captured by India. The Indian army had driven out the population from these areas. Their houses had been looted, doors, windows, timber and steel from roofs and walls uprooted and carted away. In Sialkot district in the Punjab, hundreds of thousands of people had been placed in, refugee camps in bitter cold. The time for sowing the kharif crop had come and people were Unable to return to their fields.¹³² Bhutto was keen to turn the national disaster of the 1971 war into an opportunity to rebuild a newer, safer, and Stronger Pakistan.

Bhutto was keen to prevent the possibility of the Indian army handing over the custody of 1,500 Pakistani officers and men to Mujibur Rahman's government for so-called war crimes trials. Pakistan was concerned that if this transpired, then a number of them would most likely be executed or sentenced to long terms of imprisonment. Such an act would have soured Pakistan's relations with the new Bengali Muslim state for a long time to come, which was most undesirable. We were apprehensive that the accused

¹³¹ Personal conversation. The writer was a member of the committee appointed by Bhutto to consider questions arising out of the 1971 war. Other members of the Committee were Ministers of Presidential Affairs, Information and Broadcasting, Secretary General Ministry of Foreign Affairs, and Secretaries from the Ministries of Foreign Affairs, Defence, and Information.

¹³² In the hectic days of budget-making and nationalizations, I found time to plan model villages to replace the old devastated ones but the district and divisional civil officers working under pressure on other counts did not rise to the occasion.

Pakistanis were not likely to receive a fair trial. The document of Pakistan's surrender signed by General Niazi referred to the Indian General Aurora as the Commander of Indian and Bangladesh forces, and as such it was likely that Bangladesh could readily advance a claim on the custody of some of the prisoners. It was a very serious matter and there was not much Pakistan could do except to mobilize world opinion on political, legal and humanitarian grounds. Bhutto spared no effort and achieved this objective with distinction. He was also worried about the safety of Biharis and those Bengalis who did not support the secession of East Pakistan.

About the Kashmir dispute, Bhutto maintained that any solution imposed upon the people through the use of force would not resolve the dispute. For him, the right of the people of the state to self-determination could not be taken away either by India or by Pakistan. That was also the internationally recognized position. It was within this framework that Bhutto wanted to come to some agreement at Simla that would help normalize relations and reduce tensions. He was keen to avoid war by accident. He did not want to disturb the ceasefire line and would have welcomed freedom of movement across the line. However, Bhutto was against making the ceasefire line a permanent boundary.

In case Pakistan was able to achieve its main objectives regarding national security, Bhutto was ready to move towards normalizing relations with India in the fields of diplomatic exchange, travel, and communications. Trade and cultural relations were to be the last on the list.

Bhutto had taken a very large Pakistani delegation to Simla. It included members of the Opposition parties to show the Indians that he was not just representing the People's Party. But, according to him the members, of the Opposition parties were of little help. Bhutto complained to me that they had become a liability on account of their irresponsible talk and he was obliged to remain silent and isolated for most of the time in Simla. The four days of talks yielded little. Bhutto was, by temperament, a hard negotiator. At Simla he was mentally prepared for the failure of the talks unless Indira Gandhi agreed to the very minimum that he wanted. On 2 July, the last day of the talks, an influential Indian paper actually reported the failure of the talks¹³³. It was only at the end of the formal dinner on, the last evening when Bhutto, Gandhi, and their aides, reopened the discussions that the Agreement was finalized and signed¹³⁴. Clause 4 of the Agreement provided:

In order to initiate the process of the establishment of durable peace, both the Governments agree that:

¹³³ Raza, *Zulfikar Ali Bhutto and Pakistan* 1997, Oxford University Press.

¹³⁴ *Ibid.*, for details.

- (i) Pakistani and Indian forces shall be withdrawn to their side of the international border.
- (ii) In Jammu and Kashmir, the line of control resulting from the cease-fire of December 17, 1971, shall be respected by both sides without prejudice to the recognized position of either side. Neither side shall seek to alter it unilaterally, irrespective of mutual differences and legal interpretations. Both sides further undertake to refrain from the threat or the use of force in violation of this line.
- (iii) The withdrawal shall commence upon entry into force of this Agreement and shall be completed within a period of 30 days thereof.

For both India and Pakistan it was a difficult agreement to come to. Indira Gandhi could have offered a hundred and one reasons to her people for not signing it. But she acted like a stateswoman. On Pakistan's side, Bhutto, Rafi Raza, Aziz Ahmad, and Aftab Ahmad had given their best, and Rafi Raza made a signal contribution during the talks in Simla. The Agreement¹³⁵ was a triumph for Zulfikar Ali Bhutto of which he could justifiably feel proud.

Soon after Bhutto's triumphant return from Simla, he found Sindh in the throes of serious disturbance of peace on account of the language controversy between the Urdu and the Sindhi speaking population.

* * *

Language had played a crucial role in determining the boundaries of the new states of Eastern Europe following World War I. It was generally conceded that a people speaking one language were one nation and, on the principle of self-determination, were entitled to establish a nation-state for themselves. In the fourth decade of this century, the argument was not lost upon the Congress fighting for the freedom of India as one country and the Muslim League fighting for the establishment of Pakistan.

Now it so happened that there did exist a spoken language which was widely understood in northern and central India and in parts of the Deccan Peninsula and the presidency of Bombay, one could say almost throughout India. What this language was called was never seriously debated much less settled. Indian films used it all the time, but when it came to writing it down, two main scripts were used, *nastaliq* and *devnagri*.

¹³⁵ Officially called *Agreement on Bilateral Relations between the Government of Pakistan and the Government of India*. Dated Simla, 2 July 1973.

In many municipal primary schools of pre-partition India¹³⁶, those who chose Urdu learnt it in the *nastaliq* script and those who chose Hindi were taught in the *devnagri* script. It was, of course, the same spoken language. In the Middle and High schools, in the Punjab, the choice of the *devnagri* script was not available. Nor was the vernacular, as the language of the natives was called by the British, taught in the Hindi script in the colleges of the Punjab. The Urdu-Hindi controversy became an important battlefield in the freedom struggle of India. The Muslims called their national language Urdu while the Hindus called it Hindi. The great vernacular daily newspapers of pre-partition Punjab and Delhi, *Partab*, *Milap*, *Vir Bharat*, *Ajit* and *Tej*, who valiantly fought for Hindi as the national language of India, were printed in Urdu, that is, in the *nastaliq* script. When Pakistan came into being in 1947, the question of its national language appeared to have been settled in favor of Urdu. Not long afterwards, in addition to Urdu, Bengali was also accepted as the national language of Pakistan, albeit following violent protests that cost many lives in what was then the province of East Bengal.

Once again, in 1972, violent protests were to follow, this time by Urdu speaking people in Sindh against the alleged introduction of Sindhi as a compulsory language. Even if the alleged basis were true, it was not altogether a new measure. When the British discontinued the use of Persian in the province, they introduced English and Sindhi in its stead. English was declared the official language, and Sindhi was used for the maintenance of revenue records¹³⁷ and other official work at the lower levels of government such as the preparation of electoral rolls, Sindhi continued to be taught in schools as a compulsory subject from pre-British days. It was only in 1948, after the establishment of Pakistan, that Pir Ilahi Baksh, the Minister of Education of Sindh, passed an executive order that Sindhi would no longer be a compulsory subject; and Urdu could be learnt instead. For the next twenty-four years, Sindhi almost disappeared from the schools attended by the children of the Urdu speaking migrants, the so-called New Sindhis. An entire generation of Urdu speaking people grew up in Karachi without learning a word of Sindhi, the language of the province of which Karachi was the capital.

In the highly turbulent days of meetings, rallies, processions, and strikes by students, labour, and businessmen, the government of Sindh with Mumtaz Bhutto as chief minister decided to reintroduce Sindhi language in the provincial school system. From the middle of June onward, the protagonists of the two linguistic communities began to marshal their forces for a showdown. On 18 June, city intellectuals, educationists, poets and writers staged a silent demonstration in Karachi demanding official status for both Urdu and Sindhi. The next day, a committee for the protection of Urdu announced the holding of a series of demonstrations, rallies, and meetings to draw public opinion in favor of making Urdu as one of the official languages of Sindh. Some Sindhis read this

¹³⁶ Such as the one I attended, The Municipal Primary School, Mohalla Ansar Branch, Panipat, 1927-31.

¹³⁷ Except in one taluka.

as a danger signal. One of their leaders stated 'The people who migrated to Sindh from India after partition were trying hard to destroy language, culture, and civilization of Sindhi people and to capture their, economy in order to turn them into Red-Indians'. Another resolution said that only Sindhi, Punjabi, Pashto and Balochi could become the national languages of Pakistan. If any language was thrust upon the Sindhis by force they would pull it down by force. Bhutto, who was totally immersed in preparing for the Simla Summit, gauged the seriousness of the situation and issued a statement on 26 June saying that he loved Urdu as a Pakistani and was equally in love with the Sindhi language as a Sindhi, and that there was really no clash between the two.

As soon as the Sindh Assembly passed the Language Bill, riots erupted in Karachi. Curfew was imposed in parts of the city. Wild rumors reached Islamabad. The two senior ministers, Rahim and Qasuri, were greatly agitated. They must have talked to Bhutto who called them to a meeting. I was also summoned. The meeting was truly amazing, Rahim and Qasuri narrated all they had heard on the phone from their friends and acquaintances in Karachi. They put all the blame on the Sindh government of Mumtaz Bhutto, but the President stoutly defended him. I knew Mumtaz would take no measure without consulting Bhutto and securing his approval. It was apparent that events in Karachi had taken Bhutto by surprise and he was an anxious man. In such a situation he must have hated to be attacked by his colleagues. The atmosphere of the meeting was very tense. During the meeting, I observed that, sitting at the head of the table, Bhutto was watching like a hawk a slip of paper that was being exchanged between Rahim and Qasuri who were seated next to each other. Finally, as the slip passed from Qasuri to Rahim, lo and behold, Bhutto raised his arm, pounced on Rahim's papers, and snatched it¹³⁸ from him. I was totally taken aback by Bhutto's action. It showed a measure of lack of confidence in his ministers. The meeting ended with Rahim and Qasuri being told that the situation was not as bad as they had thought it to be and that the government was as careful as it could be in handling it. Throughout the meeting, I had not said a word as I was quite unaware of the situation in Karachi. No one had telephoned me from there and the morning papers had reported very little. A little after midnight, my phone rang. Bhutto was on the line. Slowly in a state of restrained emotion, he said 'Doctor, you said nothing at the meeting this morning'. He sounded a little hoarse and I knew that he was not angry but was registering a complaint. He had expected me to support him or at least say something to contradict Rahim and Qasuri. I replied that I did not have any reliable information on the issue and thought it best not to speak. I had always spoken what I thought was right, but in the meeting I did not have the facts before me. I knew nothing of what had happened in Karachi.

'But let me tell you, I am a Sindhi, I am a Sindhi', was Bhutto's answer.

¹³⁸ The scribbling on the slip of paper was not relevant to the discussion, Rahim told me later.

'Yes, I know you are a Sindhi', I interjected. 'Yes, Doctor, you must remember I am a Sindhi.'

Bhutto was hurt and upset. He felt that injustice had been done to the Sindhi speaking people on the language issue.

The events of the next eight days are best described by the crisp headings from newspapers:

10 July Three die in police firing in Karachi. Troops called to help local civil administration. University students set 'ablaze Sindhi department records.

11 July Language riots continue. Curfew violated in Karachi. Two die in Tando Adam Khan. Censorship imposed in Sindh Thirteen more people die in police firing. Armed Sindhi extremists demonstrate in Sukkur city.

In a statement in the NA Bhutto deploras fratricidal conflict in Sindh, calls for a lasting solution to the, language issue after a two-hour meeting with Sindhi representatives. Joint appeal by leaders of Sindh for restraint. Bhutto appointed a four-man committee to find agreed solution.

12 July According to the official version about the situation in Karachi there was firing in three areas of the city.

13 July Fifty people detained in Karachi. Some train services in the interior of Sindh disrupted,

14 July Eleven hour break in curfew in Karachi. Armed guards provided for all incoming and outgoing trains in Sindh. Lahore High Court Bar Association calls for the immediate introduction of Arabic as the second compulsory language in order to bring Pakistan nearer other Islamic countries.

15 July Bhutto defends the Sindhi Bill in the National Assembly. Karachi almost normal but trouble brewing in Larkana.

16 July Bhutto announces agreed language formula. In his broadcast on July 15 he says that documentary evidence was available to show that the language riots were incited by the capitalists who threw about 39 lakh rupees for the purpose.

What happened in Karachi during the first fortnight of July was unfortunate and the PPP government paid a high political price for it. Time and again, the Ministry of

Interior, the Intelligence services, and the rest of the British made apparatus of the state with its feudal minded politicians have erred in treating the population of Karachi like that of the rest of the country whereas it requires a completely different approach. Karachi has the highest per capita income in Pakistan with the highest literacy rate. Above all, its population, especially the Urdu speaking part, belongs mostly to the middle and lower middle commercial and industrial class. This class is highly articulate and capable of coming out on the streets for the acceptance of its demands. For this reason, in order to maintain order, federal and provincial governments need to use measures and employ tactics that are more sophisticated than the ones that are used in feudal areas.

The internal situation in the rest of the country continued to be of concern. There was unrest among students, labour and journalists. The people who had voted for Bhutto were expecting miracles which were not happening. Everywhere labour was going on strike, taking out processions, fighting with the police, occupying factories, and taking the law into their own hands. Instances of police opening fire on demonstrators that resulted in injuries and deaths were frequent. Students were also on the warpath, striking at and capturing educational institutions. There was serious discontent among journalists. The right wing press considered it its duty to do all it could to topple our left wing government. But then there was also the case of Hussain Naqi, a brave left leaning journalist, and a sympathizer of the PPP, who had opposed military dictators throughout their regimes. Somehow, he landed on the wrong side of Bhutto and was arrested along with some right wing editors. They were tried and sentenced to one year imprisonment by a summary court. The sentences were remitted after about two weeks, but our credibility had suffered. Our government was not able to bring internal peace to the country.

* * *

The amicable relations between Bhutto's federal government dominated by Punjabis and Sindhis and the government of NWFP and Balochistan dominated by Pakhtoons and Balobhs, respectively, were not destined to last long. The history of the past twenty-five years had shown time and again that no lasting working solution was possible between the highly centralized and bureaucratized ruling elite of Pakistan and the ruling elite comprising the *sardars* of the Baloch. The Baloch hailed from a 'land too cold, too dry, too mountainous, too infertile or too remote'.¹³⁹ His environment had made him hardy, accustomed to struggle, courageous and resourceful. He was militant and chivalrous. He had a strict code of honor. He loved to be free and independent as only a son of the desert could be. There were no other people in the subcontinent quite like the

¹³⁹ Tithawalla, Manech B., *The Problems of Baluchistan*, The Manager of Publication, Government of Pakistan, Press, Karachi, 1953

Baloch. They, were a unique people and demanded a unique status in the governance of the country.

Before independence, the status of the British in Balochistan was defined by a series of agreements with the Khan of Kalat¹⁴⁰. Under these agreements, in lieu of certain sums paid by the British Indian government, Baloch *sardars* had relinquished their rights of governance over some areas in favor of the British and had retained their powers to govern their tribal people. Notwithstanding these, agreements, the Muslim League leadership, had always considered Balochistan to be a part of British India. The resolution prepared by MA Jinnah representing consensus of opinion between different schools of Muslim political thought at the end of 1928, popularly known as Jinnah's Fourteen Points, contained as Point Number Ten, 'Reforms should be introduced in the NWFP Province and Baluchistan on the same footing as in other provinces'¹⁴¹.

On 4 August 1947, Muhammad Ali Jinnah, Viceroy Louis Mountbatten and Ahmad Yar Khan, the Khan of Kalat, entered into a standstill agreement. On 15 August 1947, the Khan announced that after the lapse of British rule, Balochistan was sovereign and independent. For months, the Baloch *sardars* remained hesitant to join Pakistan. By 17 March 1948, their unity was breached when the states of Kharan, Lasbela, and, Makran agreed to join Pakistan. Finally, as Pakistan prepared for military action, the Khan of Kalat, the leader of those advocating sovereignty also agreed to fall in line.

Political, economic and social conditions in Balochistan were far worse as compared to the rest of the country. Extreme shortage of water had prevented the development of agriculture. Absence of capital, energy, communications, raw materials, literacy and technology had come in the way of industrialization. Balochistan was a totally isolated pastoral society divided into tribes living a life of poverty and deprivation under an oppressive social order. Grievances abounded. The elite was unhappy as it had no share in governance either at the provincial or at the federal level. The working classes were unhappy as only the most poor and downtrodden can be. Conditions existed to ferment political and social discontent.

In 1948, soon after the Khan of Kalat acceded to Pakistan, his younger brother Prince Abdul Karim, dissatisfied with the move, armed himself with weapons and escaped to Afghanistan to wage a battle for independence. In 1958, ninety-year old Nauroz Khan, the venerable Zehri *sardar* from Sarawan offices who came on sworn assurance on the Holy Book that no harm would come to him died in jail and his seven nephews and grand-nephews were executed. From 1962-68, many Baloch activists agitated against the formation of the province of West Pakistan. Some of them escaped to the mountains,

¹⁴⁰ 1876, 1879, 1883, 1892,1903.

¹⁴¹ Ahmad, Jamil-ud-Din, *Documents of the Muslim Freedom Movement*, Publishers United, 176, Anarkali, Lahore.

living as armed outlaws waging guerrilla war. The Khan of Kalat was arrested and detained in Lahore in 1968.

In 1972, the principal Baloch leaders, who had secured several seats in the 1970 general elections as members of the National Awami Party, held a series of discussions with Bhutto and decided to cooperate with him. As a result, Bhutto appointed Ghaus Bakhsh Bizenjo governor of Balochistan at the end of April, 1972 and Ataullah Mengal became chief minister on 1 May. The arrangement worked for a short time.

Baloch sardars had differences of opinion amongst themselves about visualizing the future of the Baloch people. Khair Bakhsh Marri¹⁴² and Ataullah Mengal, both proud and, independent chieftains, blended these attributes with enlightened leftist views¹⁴³. On an ideological basis alone they had little reason to respect the military and feudal leaders of Pakistan. The two chieftains, along with Gul Khan Nasir and their colleagues were often inclined to think in terms of uniting the Baloch tribes inhabiting Pakistan, Afghanistan, and Iran to form a Greater Balochistan. Ghaus Bakhsh Bizenjo, on the other hand, was a moderate who believed that within the federation of Pakistan, Balochistan and other small provinces should have the maximum measure of autonomy.

Opposed to *sardars* Marri, Mengal and Bizenjo were Sardar Akbar Bugti, a personal friend of Bhutto, and Ghaus Bakhsh Raisani who was appointed governor by Bhutto prior to Bizenjo. They were against the NAP-JUL leadership. This latter group had the fullest support of Abdul Qayyum Khan, and his faction of the Muslim League. Abdul Qayyum Khan was Minister of Interior but Bhutto could not have chosen a more unsuitable man for the job. Qayyum was an implacable foe of the National Awami Party led by Wali Khan, at a time when cooperation with NAP was a political necessity. Besides, he was reported to be close to the intelligence agencies that had repeatedly conspired against political governments in Pakistan. This group, which was close to Bhutto, was unlikely to be appreciative of a political solution to the problems in Balochistan or to understand that the use of military power would be counterproductive in this case.

Relations between Bhutto's federal government and Ataullah Mengal's provincial government had eroded considerably, although nothing significant appeared in the press until December 1972. True to its way of working, the Interior Ministry did not put up a summary before the cabinet but handled the matter by itself with the direct involvement of the President. Suddenly, there was a spate of rumors about breach of peace among some tribes in Balochistan. On 8 December, Governor Bizenjo accused

¹⁴² Nawab Khair Bakhsh had refused to sign the 1973 Constitution approved by the Constituent Assembly of which he was a member.

¹⁴³ Raza, *Zulfikar Ali Bhutto and Pakistan*, Oxford University Press, 1997.

former Governor Raisani, and Qayyum Khan, the Interior Minister, of worsening the situation.

On 11 January 1973, Akbar Bugti accused Bizenjo of raising private armies in the name of recruiting levies¹⁴⁴. By the end of January, there were reports of a serious tribal revolt in the Lasbela area. Governor Bizenjo accused Qayyum of engineering the revolt. Bhutto ordered army units to move¹⁴⁵ into the area to quell the revolt. As bad luck would have it, in those days, Marri tribesmen from north-eastern Balochistan who had been hard hit by a severe drought in their area that year, were moving towards Sindh as was their tradition at such times. Unavoidable in such movements were the clashes here and there with the farmers of other tribes whose lands they trespassed in their journey. This was considered by Islamabad as a serious breach of peace by the Marri tribesmen.

From February developments took place fast. According to press reports at the time,

- 5 February 1973 Chief Minister Ataullah Mengal accuses the federal civil armed forces of stopping him from taking action against the rebels.
- 10 February Army assumes control of Lasbela. Mengal says he will resist. Bizenjo sees design to end NAP government.
- 11 February Pakistan army recovers a huge cache of arms from the Embassy of Iraq. Bhutto declares in the National Assembly that the arms were meant to be used in Pakistan against his government¹⁴⁶.
- 13 February NAP leaders arrested in Punjab, accused of preparing for disturbances during Muharram.
- 16 February Ataullah's government dismissed, Provincial Assembly suspended. Bhutto proclaims President's rule in Balochistan.

The die was cast for the worst ever confrontation between the Baloch people and the government of Pakistan.

In April 1973, the provincial government was restored with the Jam of Lasbela as chief minister and Akbar Bugti as Governor. On 12 April, the members of the Constituent Assembly affixed their signatures to what has come to be known as the 1973 Constitution.

¹⁴⁴ A para-police force.

¹⁴⁵ Government statement dated 31 January 1973.

¹⁴⁶ Ibid.,

Military action in Balochistan started on 29 April 1973. I happened to be with Bhutto when General Tikka Khan arrived to give the news of his troops entering the village of Khair Bakhsh Marri. The general seemed a little disappointed as the village consisted of only a few score mud houses and the house of the great chief was also a mud house like any other. But the general was in for a greater surprise. Unlike the tribal chiefs of southern and south-eastern Balochistan, the Marri tribe did not seek peace.

Thousands of Marri families migrated to Afghanistan, those who remained waged a guerrilla war that lasted four years. An entirely novel feature of the military operation in the Marri area was the assistance rendered to the tribesmen by a group of young men from Punjab. According to Asad Rehman¹⁴⁷, who rose to a key position among the guerrilla leadership, the number of fighters was not more than 500 at any time. The casualties of combatants were 200 and of non-combatants 3,000 to 4,000.

Apparently, the armed resistance put up by the Marri far exceeded the estimates of General Tikka Khan and his successor, Ziaul Haq. The military top brass never told Bhutto that the campaign in Balochistan was unwinnable. The civil and military establishment of Pakistan, created and trained by the British to maintain a colonial hold, has never opted for a political solution as it implies a give and take of political power. The establishment knew only one solution, that is where intrigue and bribery fail, suppress dissent by physical force. It acted in the colonial tradition in Balochistan, in the NWFP and later East Pakistan.

In his recent book¹⁴⁸, Raza says that the Centre-Province confrontation in Balochistan

... was partly due to the Baloch leaders' inexperience of formal government, though they were natural administrators. More important, however, was ZAB's failure to accept this NAP dominated 'government of *sardars*' with their proud traditions, who rejected his assumption of superior wisdom and leadership.

Ataullah Mengal's observation¹⁴⁹ as quoted in the book, that the real problem lay with Bhutto, who could not accept any power which did not emanate from himself, or which he could not control can only be cited as a supplementary factor. In reality, what the Baloch leaders could not understand was that it was not possible for Bhutto or his predecessors in a similar position, to go against the wishes of the establishment. Indeed, as long as the civil and military bureaucracy in Pakistan and their intelligence services are in a position to remove civilian governments, no prime minister or president is in a position to ignore their advice which almost always consists of using the gun as the first

¹⁴⁷ Personal conversation.

¹⁴⁸ Raza, *Zulfikar Ali Bhutto and Pakistan*, Oxford University Press, 1997. p. 209.

¹⁴⁹ Quoted by Raza, *Zulfikar Ali Bhutto and Pakistan*, Oxford University Press, 1997.

and the last resort. For a civilian government, a political solution with an ethnic or any other group capable of offering armed resistance and demanding autonomy or independence amounts to condoning rebellion. Any dissent which casts a shadow on the sovereign power of the real ruling elite is not to be tolerated.

The military adventure in Balochistan, especially the operation in the Marri area, remained a well guarded secret among those in Islamabad responsible for waging it. Almost nothing came out in the press, but ultimately Bhutto and the PPP paid a heavy price for it.

ALL NOT WELL

On 20 December 1971, Bhutto and his party had on their hands nothing more than the ruins of a government of a defeated humiliated nation, looked down Upon by almost the entire world community. By the first week of July 1972, the government could look back with satisfaction at some of its achievements Martial law had been replaced by a Constitution, an interim one for the time being. Democratic institutions had started functioning, giving the government legitimacy. The immediate threat to the government from the top military commanders had been removed. The, ailing and bankrupt economy had entered a stage of convalescence. The state of war with India had ended with the signing of the Simla Agreement There was significant progress in implementing the party manifesto. The PPP government had begun to work as a closely knit body. Ministers, governors, and chief ministers had acquainted themselves with their assignments, Some of them had grown into their jobs. Ministers were free to travel, meet people, investigate conditions on the ground, issue orders on the spot or even suggest to the Prime Minister what orders should be issued by him. As long as the question addressed was for the good of the people and Politically in line with government policy, Bhutto was eager to listen and to act Upon what his ministers and advisers had to say.

However, alongside the Positive achievements one could discern some disturbing factors. Our inability to tackle serious complaints of the broad masses of people against the working of the state machinery was one serious complaint. The poor had voted for us and they had genuine expectations from the new government. Complaints would pour in thousands into the offices of ministers and all they could do was to mark them to the very bureaucrat whose negligence or dereliction of duty had given rise to the complaints in the first place. For example, I received a three-page complaint, in Urdu from a citizen¹⁵⁰ of Wazirabad, a town sixty miles north-west of Lahore.

I am a very poor man. I had come to Pakistan in 1947. All my family members were murdered and I also carry scars of the wounds inflicted on me. Pakistan came into being with the help of the poor. For the last twenty-five years the poor are, still subject to injustices and inequities. Rich people, bad characters and goondas have ruled in Pakistan. Corruption is rampant. Those who did not bribe were subjected to zulm.

Our President spoke in every city before the poor saying that he was only the leader of the poor. He will serve the poor all his life. He will redress all the complaints of the poor. He will fulfill all his promises. The poor people went to the meetings of the Quaid-e-Awam

¹⁵⁰ From Dilawar Hussain s/o Ghulam Rasul, Mohalla Araian, Kucha Jarianwala, Wazirabad Khas, Distt Gujranwala.

Zulfikar Ali Bhutto, listened to him with great attention and were satisfied with what he said. Even little children of the poor wished Zulfikar Ali Bhutto to become the President. They prayed for him night and day.

I have not yet seen one promise of the PPP being fulfilled. The poor continue to be subjected to injustices as before. The government has failed to distinguish between water and milk. I have sent twenty registered letters to the PPP. You should go through my letter very carefully. I have also sent registered letter to the President and Governor Punjab.

I have two grievances. (1) Persons opposed to me for political reasons got my daughter, who had a three year old son, kidnapped from Gujranwala and forced into prostitution. (2) I have been living in an evacuee house for the last twenty-five years without getting its ownership despite a valid claim. All the time my children and I are under the threat of eviction.

Redress my grievances and do not throw my, letter in the waste paper basket, please.

I am sure that the Governor of Punjab to whom I referred the complaint could not do much to redress the grievance. I do not even know what happened to this Particular complaint Even if the governor was able to do something for him, there were hundreds of thousands of others for whom he could do nothing.

We were at a loss. We could not have a better leader than Bhutto and he could not have had a better team of governors and ministers. For the first few months, we had all the power of martial law, and later of the Interim Constitution, Which strongly tilted in favor of the executive. The lower middle and working class people were with us and they were prepared to help. The upper classes were against us but that was not disquieting. There was no shortage of sensible and sincere advice even from the Party workers of the lowest ranks. For instance, Mohammad Ramzan, affectionately called Baba Ramzan, was a laborer at the Lahore Mint administered by the Ministry of Finance. Ramzan had no formal education but could read Urdu newspapers. He was a diligent PPP Supporter and had a better understanding of politics and society than most party officeholders and elected representatives. His analysis of the news was widely respected in the locality. In early March, he wrote a letter which read in translation:

I submit that before 1947 the Lahore Mint employed 2400 labor. It had only two officers, a Mint Master and a Works Manager. These days the labor employed is 700, we have too many officers: One Mint Master, one Deputy Mint Master, four Works Managers three Wardens, One Labour Officer with a staff of ten. There are more engineers than there are Departments There used to be one Accounts Officer before 1947. Now there are four. Consider this question early and effect national saving. These people are people on the nation. During the recent war, lot of purchases have been made from the Department of Civil Defence which are worthless and cannot be used. There is corruption and

embezzlement in the stores. The Storekeeper has made huge property. The People's Union's representative should be there when purchases are made for the Mint. The Welfare Store established to make essential commodities available to the labour at economical price has become an organization to make profit. Its income is used by officers while the man who works in the canteen is paid Rs 35 pm. The Mint employees want you to pay a visit to the Mint and see for yourself how well labour is working and how incompetent are the officers who are having a good time. To visit the Mint is one of your duties. God willing, we shall not neglect our duties.

There was no dearth of complaints such as the one cited above. Frequent visits to Lahore would afford me a chance to meet party workers who had endless tales concerning what was wrong with governance. Every visit was a shocking reminder of our inability to redress the grievances of the poor. Khar, a highly effective administrator, was Governor of the Punjab and he had the full support of Bhutto. He was freely accessible to the people and yet what could a governor achieve, presiding over an administration designed to subjugate and control the people rather than to meet their democratic aspirations and respond to their needs. Following every visit to Lahore, I would return to Islamabad quite upset, but once in the capital the affairs of the state would demand complete attention. By the third day, the mental slate would be clean as if I had never been to Lahore in the recent past, until, of course, the next visit.

The peace and security situation remained of serious concern to the government. Industrial workers in urban areas, students in universities, and prisoners in jails, were almost up in arms. The nature of their grievances may partly be assessed from the following selected news items for the first half of June 1972:

- 3 June Karachi Shipyard workers go on strike.
- 4 June Students *lathi* charged in Multan. Jail Riots in Sukkur.
- 7 June Striking workers of Modern Tentage Factories Muridke take over the factory.
Rasool Bakhsh Talpur, Governor Sindh and Chancellor of Karachi University, unable to deliver his convocation address on account of pandemonium caused by students.
- 8 June Several dead in tenant-militia clash in Swat. Three workers died in Karachi Mill firing. Hunger strike by shipyard workers called off.
- 9 June Eleven people killed in Karachi in workers-police clash. Jama'at-i-Islami MNA from DG Khan Dr Nazir Ahmad shot dead. Six people arrested in Swat in connection with the recent tenant-militia clash.

- 10 June Mumtaz Bhutto defends the police action and says that the government was determined to end *gheraos* Multan schools closed for three days.
- 11 June Punjab University closed for indefinite period following students' clash at New Campus. Nishtar. Medical College students go on strike Eight labour federations of Karachi give call for strike Thousands of Hyderabad workers protest against the Karachi firing Landlords of Shahi Bala village, Tehsil Peshawar burnt eight *maunds* of wheat and thousands of rupees worth of sugarcane belonging to their tenants.
- 13 June One thousand telephone workers on strike in Karachi Bank and T & T staff on token strike in Hyderabad.
- 14 June Forty-three people hurt in jail riots in Peshawar. *Gherao* of Balochistan University ends after Education Minister accepts most of the demands of the students.
Post office clerks token strike today. Staff of commercial banks in Lahore threaten to stop work if their Hyderabad colleagues are not released.
- 15 June Bank workers in Karachi stage one hour strike to support Hyderabad bankers; One hour token strike in Lahore post office. Government-labor talks to break seventeen days old strike comes to a dead end.

The following months were no better either for the federal government at Islamabad or for the PPP governments in Sindh and Punjab.¹⁵¹ A major-general, two brigadiers and three colonels of the Pakistan army had to be disciplined for 'Bonapartic tendencies'. In the provinces, the right as well as the left wanted to topple the government. The Rightists, led by Nawabzada Nasrullah threatened to use force. The Pakistan Workers Party, led by the famous labor leader Mirza Ibrahim, also gave a call for struggle. Strikes by labor were unending. Sindhi nationalists, led by the redoubtable GM Syed, were on the warpath and Syed had to be confined to his house. Governor Khar threatened so take over flour mills if *atta* prices continued to rise Some Jama'at-i-Islami workers were also arrested on allegations of breach of peace. There were landlord-tenant clashes in the NWFP. It was clear that the traditional elite of Pakistan was very unhappy with the PPP government. Since they had no significant support either in parliament or on the streets, they posed no serious threat to the government. We had no proof, but we suspected all the time that our leftist government was being targeted by imperialist and neo-colonialist interests.

¹⁵¹ More details of the unfortunate events may be seen in the Appendix relating to this period.

Bhutto was worried that things had gone wrong. On 20 August 1972, in a note to PPP ministers and ministers of State, all special assistants, governors of Punjab and Sindh and chief ministers of Punjab and Sindh¹⁵² he wrote:

We have been in office for more than six months. Many decisions have been taken but a growing implementation gap is becoming visible. Once the implementation gap sets in, the decline begins. We came to abolish the abominable status quo but the status quo is very much present.

He bitterly complained about the tensions and conflict among ministers saying:

It partly stems out of everyone's desire to be a 'big shot'. It also arises out of acute sensitivity, generally imaginary, that the functions and powers of one minister are being usurped by another. In this way tensions and disagreements escalate and the people suffer - but who cares for the people? The Izzat of an individual Minister is more important!..¹⁵³

Bhutto reminded them that a crisis situation was developing and the people were becoming disillusioned and disenchanted. He spoke about wild stories circulating about petty corruption and misbehavior of PPP leaders and went to say:

Transfers of officials seems to have become a full time profession of the MNAs, MPAs, and Ministers.

He asked for concrete proposals on that subject as it was getting notoriously out of hand. He wanted to create a dynamic and ethical image, a sense of purpose, and an outlook of devotion towards duty. He spoke about stagnation in the economy, the rise in prices, growing unemployment and a fall in production, adding:

The Minister of Finance in the Federal Government asserts that the provinces have not established the infrastructure to begin the Rural Works Programme or to embark on massive road building programme. Not a brick has been laid on low cost housing; not a single slum has been cleared; not a single Jhuggi has been replaced by a pucca building. The provinces on the other hand claim that they do not have sufficient funds. How are we to break this vicious circle?

He then went on to speak about, education, vice-chancellors, professors, student activists, agriculture, tree planting week, labor and labor unions, educating, directing and admonishing his ministers, stating his wishes and desires, and exhorting them to be good and dutiful. He wondered if orders could be given to all the courts below the

¹⁵² Personal papers.

¹⁵³ No D 6395 PS (President) dated 29 August 1972. Personal papers.

Sessions Courts to complete all criminal and civil cases pending in their courts within six months.

The general public has to face great harassment over protracted litigation. I wonder if we can give an order directing all the courts below, the Sessions Courts to complete all criminal and civil cases pending in their courts within six months...

On 27 August, Bhutto fired a note to his Special Assistant for Agriculture, Khuda Bakhsh Bucha, complaining about delays in the implementation of certain schemes and adding:

I do not appoint experts to let me down ... I am not at all satisfied with this kind of progress. This does mean revolution to me. No wonder the so-called revolutionaries are laughing at us. Whoever is concerned, where the tape is red you are individually responsible for getting this work in motion. I will not hold anyone else responsible for it.

On 29 August he had dictated a long note to the Governor of Punjab, the Chief Minister of Sindh, Ministers, of Finance, Presidential Affairs, Provincial Coordination, Khursheed Hasan Meer, Ghulam Mustafa Jatoi and Kausar Niazi. It began:

Party workers are getting frustrated. They are on the edge of revolt. They feel neglected, they feel bypassed. They are full of grievances both genuine and otherwise.... They feel they have been exploited by the leadership.

Bhutto sought a concerted effort on the part of the leaders to dissipate frustration among party workers, otherwise, he said:

...we will fall more and more on the mercy of the bureaucracy and the bureaucracy has no love for us.

He wanted party workers to be accommodated at all levels which he said would be good for them, for the party, and for the country. He cited the example of the two provincial governments of the NAP which had quickly filled all posts, sensitive and otherwise, with NAP followers. He said that the PPP governments had failed to absorb hard working, intelligent, and well qualified workers. Then he went on to criticize the working of the party saying:

The PPP offices have either been burnt down or are lying vacant. There is nothing churning in the offices. From the active hustle and bustle that we saw before we came into Government most of our offices have become 'gup-shup' centers for the idle few. The Party is not bringing in any worthwhile literature. No pamphlets are being brought out; no guidelines are being given. The socialist line, the, ideological line has been forgotten.

He praised Kausar Niazi's Ministry of Information, 'Thank God, the Ministry of Information is rendering some service, but I would request the Minister of Information to do much more. This was a direct and unfair attack on JA Rahim, Secretary General of the party who was also his Minister of Presidential Affairs. Since Rahim hated Kausar Niazi for being a *mullah* and considered him an undesirable person in the Party and more so in the Cabinet, Bhutto's remarks were tantamount to encouraging Kausar Niazi's *mullaish* approach in interpreting party's' ideology over the Pakistani radio and television services.

Bhutto expressed unhappiness with his ministers' conduct. In an unprecedented way the note continued:

Except for a few Ministers the others have become hide-bound. I keep writing notes but what is the good of these notes if we do not pay attention to what is written in them? All of you have an equal stake yet I hear people telling me that some Central and Provincial Ministers are on many occasions as critical of Government as the opposition. I am informed that the pet reply given by our Ministers and by our Governors is that they are obliged to do certain unpleasant things because of the President's wishes. By criticizing the President and by holding him responsible for every unpleasant thing, the others associated with him are not absolved. All the Ministers and Governors will finally stand or fall if I stand or fall. This is so elementary that I need not mention it here but! have had to mention it because there is a growing tendency on the part of some of my colleagues to take this posture. It does them no credit. They actually fall in the eyes of those whom they are trying to please.

The information that had been fed to President Bhutto that his central or provincial ministers criticized him was false. If anything, they were totally loyal to him as head of the Government and of the party. They were politicians who had struggled against dictators and could never think of criticizing Bhutto who was their hero of course, in private, they might reveal to a friend or an *agent provocateur* of the intelligence that a certain order had emanated under the instruction of the President but that was due to lack of experience or maturity and could not be termed criticism. Apparently, the intelligence services had started their game of convincing the President that they were more loyal to him than his party people.

On 31 August, in a note¹⁵⁴ to the Ministers of Finance, Presidential Affairs, Health, Governor of Punjab, Chief Ministers, Deputy Chairman Planning Commission, Special Assistants Agriculture and Economic Affairs, Commerce Secretary, Industries Secretary and Finance Secretary Bhutto wrote that he was greatly disappointed and dejected at the method of work and approach to national problems that the government had adopted. He said that:

¹⁵⁴ Personal papers.

Eight valuable months have passed but we have not taken elementary steps to prepare for the transition for a genuinely mixed economy. Most of you are experts and you will understand what I mean. Thank God, our entrepreneurs and middlemen are not organized enough to have put us in a difficult corner; with good leadership and a little bit of courage they could have brought the economy to a grinding halt. We have taken partial advantage of their disorganization and their timidity, but must every Government of Pakistan run on the mistakes of others?

From the meeting with ministers and other officials held the day earlier, he seemed to have come to the conclusion that the villain was the middleman operating between the farmer and the customer, whether he was an *arthi* (commission agent for farm products), a ginner, or a trader. He concluded that:

If we are to induct fundamental, reforms we must have a parallel arrangement to offset any sabotage by the middleman be he a ginner or a trader.

I want the Governments of Punjab and Sindh to immediately take steps to set up in important towns and cities ginning factories competing with the private sector in cotton ginning, rice husking competing with the private sector in the rice husking business and flour mills competing with the private sector producing atta

Once we have got five to ten modern well equipped factories capable of directly getting the product from the farmer, we will be able to meet the challenge of the small entrepreneur and the middleman who is today, in a position to blackmail us and place us at his mercy. We must have an alternative arrangement in the public sector ensuring justice to the farmer and competing with the private sector in order to prevent abuse and manipulation.

I also want with immediate effect using whatever loan is available to set up two more sugar mills in Sindh and three in Punjab.

The suggestion for the establishment of ginning, rice husking; and flour grinding plants in the public sector was far from practical and no one took it seriously. Bhutto had to wait for four years, indeed, till his old colleagues had departed and his new team had taken over, when in 1976, he nationalized more than three hundred such mills—a take-over which played a major part in propelling the political agitation against him which brought Bhutto's downfall.

Bhutto was worried, and so, too, were his senior ministers. We had been working hard, Bhutto would work till the early hours of the morning, clearing all the files received by him the previous day. Since we did not know better, any lack of achievement was either attributed to lack of diligence or lack of application on the part of the ministers. Bhutto, like many autocratic rulers in history, had his share of fantastic notions that he truly believed could be turned into reality out of his fiat. He liked neither rules and

regulations nor administrative formalities to come in the way of the implementation of his orders. On 3 November 1972, he directed the compilation of all the orders he had issued since 21 December 1971, the date of his assuming office, along with a report on the implementation of those orders. Throughout the government, his general directives as well as notes on files were scanned, excerpts of his of the state with respect to each was described. It would take several books to document the story of the non-fulfillment of his wishes in all the ministries.

During May 1972, some of his directives to the Planning Commission and Ministry of Finance and the Chief Ministers of Punjab and Sindh stated:¹⁵⁵

I want genuine development of underdeveloped areas. I want clean and healthy towns, a vast network of roads, electrification and anti-water-logging measures. I want factories to feed agriculture and to be its arteries. I want the Karachi/Hyderabad Highway to extend all the way to Peshawar via Dera Ismail Khan. I want Sui Gas benefits to be enjoyed by the Province producing this wealth and I want gas to go to the under-developed regions of the right bank. I want first class hospitals. I want splendid parks and the general beautification of Pakistan. (15 May 1972).

I want work to begin on the following major projects in Pakistan: (1) A first class modern tractor manufacturing plant. (2) One or two large pesticides plants equipped to meet all the requirements of Pakistan for the next five years if not more. Please give top priority to these projects. I will not listen to any excuses for this delay. (18 May 1972)

I am informed that scandalous smuggling is taking place in Karachi, smuggling of the nature which will destroy the economy. I want smuggling to be stopped, it must be stopped. We do not want a bad name for the misdeeds of a few individuals. (27 May 1972)

A directive¹⁵⁶ issued on 25 September 1972 said:

I want atta to reach the common man at low prices and want coarse cloth to be available in abundance at low prices. Cannot I distribute, on the 20th of December, the day on which I assumed power, ten yards of coarse cloth free of charge to every family earning less than a hundred rupees per month Simultaneously corruption is spreading. This must be checked . . . The poor people of Lyari have been living in subhuman conditions and I have always a deep sympathy for their miseries: I will be very happy to see improvement in their living standards.

¹⁵⁵ Excerpts from the compilation of President's directives to Federal Ministers, Provinces and the Planning Commission. Personal papers.

¹⁵⁶ Personal papers.

Bhutto passionately wanted to transform Pakistan into a modern country. One late afternoon as we drove from Kharian to Rawalpindi, after offering condolences at the death of President Fazal Elahi Chaudhry's mother, he saw labor engaged in breaking pieces of stone into smaller bits. Tears came to his eyes when he said 'Dr Sahib, when will my countrymen not have to break stone with their hands? He had little or no patience for listening to or being confronted with details of what was needed to be done to carry out orders, that is, the details of planning, designing or financing. His constant refrain was that I went too much into detail. All he wanted was that the job he had assigned be done and done as a 'first class' job. As for the paucity of finances to carry out development works, he wrote to the Deputy Chairman Planning Commission on 13 September 1972:¹⁵⁷

We cannot effect any cuts in our defence expenditure for the foreseeable future. At the same time we are pledged to a radical economic programme. In these circumstances we have no alternative but to indulge in deficit financing I would take the risk of inflation in preference to all other risks. I am afraid, finding ourselves in the circumstances in which we stand we have no alternative but to go for massive deficit financing. If most of the expenditure is earmarked for public sector, I think we will be able to face the inflation.

Bhutto seemed very unhappy and disturbed in those September days. He was frustrated because of the non-fulfillment of his dreams of new factories, roads, parks, housing, increased fertilizer production, relief to the farmer at the wave of his hand, and, above all, by the lack of funds, which the Finance Ministry was refusing to release except for a certain category of industrial projects. Bhutto's frustration was not quite justified although there was considerable room for criticizing the prevailing inefficiency and ineptness. He did not realize that an economy which had been in such dire straits as that of Pakistan took time to pick up. So much should not have been expected so soon.

Once Bhutto had begun to think in terms of the inadequacies of his team, the behavior of the wives of one or two of his colleagues became the subject of complaint. On 9 September 1972, he ordered his Cabinet Secretary MH Sufi to write to all ministers:¹⁵⁸

.... instances have come to the notice of the President in which the wives of Ministers have shown a tendency to interfere in matters of administration. In one case a senior official was bullied and threatened with dire consequences unless he changed his attitude and adopted a suggested course of action ...

The President would, therefore, like to curb this -tendency on the part of the wives of Ministers and other VIPs to interfere in the administration in any manner both in the

¹⁵⁷ Personal papers.

¹⁵⁸ Cabinet Division No 116/12/72-Min dated 9 September 1972.

Centre and in the Provinces where the Pakistan People's Party is in power. Disregard of these instructions will invite serious disciplinary action.

On 19 September 1972, Bhutto wrote another letter¹⁵⁹ to all the PPP ministers at the centre as well as in the provinces. He lashed out at the leaders of the party holding office:

Whether young or old with or without experience, those leaders of the party holding high office have done many unusual things since assuming responsibility of the State machinery.

He accused the members of the central committee of abusing one another in the central committee meetings and making public statements contradicting each other on sensitive policy decisions, of violating law in talking openly about Cabinet meetings, and of showing files of the government to Members of the National Assembly to prove their petty points. He had thought that the leaders would learn with time but his hopes had been dashed. It was obvious that the intelligence services were feeding Bhutto against his ministers and party men in a massive way. They were hitting him where it hurt him most.

The bureaucrats are laughing at us; all manners of nasty jokes are being cut; the opposition leaders have ridiculed us and good and proper diplomats have been bewildered by our performance.

Bhutto was exaggerating. People have made fun of governments probably since the state first came into being. That is how the cartoonists of the world make a living. There seemed more to his series of warnings and rebukes than what his notes indicated.

At first I hoped that, with experience, our new leaders will acquire maturity and settle down but alas, I see no signs of it. In order to put things right I have reprimanded some of my colleagues, I have tried to reason with some others, I have, shown patience, I have tried to guide and instruct. But no appreciable difference is visible.

The fact that he was blaming his entire team for the lack of diligence shown by a few was the first sign that he was beginning to lose patience with the kind of team he had at his disposal. His note was a virtual parting of the ways with his close associate and Minister of State, Mairaj Mohammad Khan:

So despite the crisis and despite my patience and regard for all my colleagues, there comes a time when human endurance gets exhausted, one sees a line beyond which it is intolerable to tolerate. Yesterday in a speech a Minister of State made a scathing attack on a colleague in Central Government. I will not be able to run the Government of

¹⁵⁹ No D 6668-PS (President)/1972. Personal papers.

Pakistan if I permit such flagrant displays of indiscipline. I have seen many shocking things but I was shocked to see the way the Minister of State ventilated his prejudice against a colleague of Government in open air. This unabashed criticism in public of the limbs of the same body will lead to ruination. Immediately I disassociate myself from such foolish mudslinging. I have said a thousand times that there is a place and a time for criticism I have never discouraged internal but external criticism of any nature and especially of this kind which cannot be condoned. In view of these circumstances I give a final warning to all Governors and Ministers and Special Assistants to desist from such deplorable violations of discipline, to desist from foolish antics, to bring their own Government to contempt and ridicule. I am giving this final warning as the Minister concerned is a young man whom I have tried to groom and bring up as a leader. I have spent much time and effort in training him. On many occasions in the past he has taken a different path, even on small matters, but at the time we were not running the country, so I ignored his defiance. I have stood by him when he has been attacked by colleagues and friends before we came into office and after assuming office. On occasions I have been told that he still follows his own line which is not in conformity with the Government line and this has caused us increasing difficulties. I have not taken notice of such criticism. I had hoped that with passage of time better sense would prevail. I am not taking action because at one time I said that this young friend of mine might become my successor. I am sorry to say that he has not measured up to that expectation. On account of his long association with me I am giving this final warning. I hope that in future none of us will have cause to face such an ugly embarrassment. This warning is not a threat. It has been given in good faith and in the higher interest of the Government's proper performance of its functions and, shall we all halt to say, in the supreme interest of Pakistan.

It must not have been an easy decision for Bhutto. He had once declared Miraj as his successor, from whom he had learnt more than a thing or two in the art of addressing public meetings. At last, the intelligence services had succeeded in poisoning Bhutto's mind against the competence of his team of ministers and particularly against the man the intelligence community had hated since his student days in the early 1950s, Mairaj Mohammad Khan.

On 25 September 1972, Bhutto fired yet another salvo at all the central ministers, Governor Punjab, Chief Minister Sindh and at his Special Assistants.¹⁶⁰ He complained that the prices of essential commodities were rising and corruption was rampant and that there was a sense of disillusionment amongst the people. In this note his chief target was the National Assembly. He observed:

The Assembly is indulging in monkey tricks. The Assembly of the Frontier Province is in sixes and sevens. Since the inception of Pakistan, today we have the largest Cabinet the country has seen. If we divided the Assembly work properly, every Minister could look

¹⁶⁰ No D 6708-PS (President)/1972. Personal papers.

after five to six MNAs without difficulty but this is not being done. The MNAs are bitter. There is petty intrigue taking place all the time.

His complaint, that the National Assembly was indulging in 'monkey tricks' was without basis. Barring a few members, the Assembly was with him. True, some of our members were irrepressible. They would not let an Opposition member finish his speech and would immediately be on their feet. Those who had any parliamentary experience could be counted on the fingers of one hand. Very few of them had studied the Rules of Business. They could not listen calmly to the Speaker. It is also true that some of them were unhappy for not being able to get a permit or a license, or for not being able to get a relative or friend in government service transferred from one station to another or promoted to higher rank, but this unhappiness did not mean that they were not loyal to the party. Once again, Bhutto came down on his ministers:

With the least provocation some of the Ministers flare up and even attack the person of the President. Those stories are carried back to me with a big laugh and all I can do is to lower my eyes in embarrassment. Efficient and effective control is lacking. There is little respect for punctuality. After making strong speeches against the opposition, ministers and the members of the majority party go to the opposition members and fraternize with them. This is supine cowardice and it only confuses and intrigues the people.

Within a few months of becoming head of state a gulf had come to exist between Bhutto and most of his colleagues, even his old personal friends. Not one amongst them could address him with his nickname 'Zulfi'. However, if such a story had ever been brought before him, he would have come down heavily on the person concerned and the world would have known it. He did cite one specific incident of a minister's unbecoming behavior:

The other day there was a party at the Bulgarian Embassy and one of the Ministers of the Central Government was making fun of the Governor of Punjab in unbecoming terms. This was noted by foreigners and it has come back to me from them. What a shameful Spectacle. We make a laughingstock of ourselves. The Bulgarian Embassy was not impressed. I can give a multitude of examples. I was hoping that with administrative experience, the situation would improve, after nine months in office, I regret, to say that this has not happened.

These were difficult months for Bhutto and his team. He was not conscious of the fact that the basic obstacle in their lack of achievement was structural in nature. The undemocratic system of governance through a tiny salaried elite over a vast multitude that was created by the British in the last century was no longer workable. Ministers' and office-holders in the Party were dedicated to the service of the masses and were not corrupt. Bhutto's exhortations did make them work harder but the month of October saw three resignations. The first departure from the original political team was that of

Law Minister Qasuri, who resigned in October 1972. The reasons for the resignation have remained obscure, for neither side thought it fit to go public about them. Bhutto was too astute a politician to give Qasuri a chance to air differences on their approach towards the future constitution. As a minister, Qasuri had remained in the sidelines, for he never, became a close associate of Bhutto. Perhaps, he just left, in disgust. His departure was a blow to the progressive stance of the party.

Soon after Qasuri's departure, Mairaj Mohammad Khan resigned. The reasons behind Mairaj's resignation were mainly political. He was assigned the portfolio of Minister of State for Political Affairs as he enjoyed an eminent position among a large section of organized labor and students. Mairaj was never satisfied with the role he was asked to play. Besides, as a Minister of State, he was not treated as he thought was his due, In July 1972, he had pointed out to Bhutto 'that prior to 1958, the allowances and privileges of the Ministers of State were almost the same as were admissible to Ministers' and had asked Bhutto that his discretionary grant as Minister of State should be raised from 2,000 rupees per annum to 10,000 rupees per annum as was allowed to ministers. He also asked for raising the status of his private secretary to that of Class I Gazetted Officer and that of one of his peons to that of a Jamadar. Bhutto acceded only to the last request.¹⁶¹ Bhutto's letter of 19 September was a clear call asking for Mairaj's resignation.

It was not surprising that when the prime minister was expressing his unhappiness with his ministers, MNAs, and MPAs in such a blatant manner, the civil establishment decided to avail the opportunity of winning over Bhutto to their point of view and to weaken the position of politicians in the Government. On 1 November 1972, Qamarul Islam, Deputy Chairman, Planning Commission and President Civil Superior Services Association submitted an analysis of 'what had happened' in the last ten months. In his forwarding note he wrote:

I have read the directives of the President regarding the economic situation in the country with a certain amount of helplessness. The situation is remediable without taking drastic measures. It is, therefore, all the greater pity that it has been allowed to deteriorate unnecessarily.

He said that his analysis formulated some days back but he had delayed its submission as he had hoped that some favorable developments would taken place to brighten the gloomy diagnosis. He felt that the tide had turned which decided to be 'taken at the flood'.

In his nine-page analytical narrative, the Deputy Chairman pointed out that a crisis of confidence had come into being:

¹⁶¹ Bhutto's letter No D 4825 PS (President) 1972 dated 11 July 1972.

. . . there is uncertainty about the political future of the country, lack of understanding of the eventual socio-economic structure and doubts about the efficiency and objectivity about the decision-making machinery in the Government.

Qamarul Islam pointed out that industrial sanctions accorded by Yahya Khan were arbitrarily cancelled; businessmen were threatened in crude language; there were violations in the implementation of the Economic Reforms Order in taking over the industrial units and some of the assurances given to the business community at the highest level were not honored. In his remarks in the margin to Qamarul Islam's note, Bhutto said that there was only one case of wrongful cancellation of licenses which should be rectified. About the threat of hanging given to businessmen who would not declare their foreign exchange, Bhutto said:

This was done deliberately, but in either case, the business community has not responded to the threat or to the appeal.

Bhutto dismissed the charges of violations in the implementation of Economic Reforms Order and also of the non-fulfillment of the promises made to businessmen.

Qamarul Islam was not aware that some of the points he had raised in his note and which he believed had contributed to the 'crisis of confidence' were ordered by Bhutto. Qamarul Islam and Bhutto differed widely in their approach towards industrialists. While the latter wanted to make use of them for the public under the guidance of the establishment, Bhutto wanted to wipe them out in favor of the public sector.

In his narrative, the Deputy Chairman further spoke about the very harsh rates of taxation imposed in the 1972-73 budget saying that the total annual tax liability in certain cases, inclusive of wealth tax, exceeded 100 percent of the annual income. He then mentioned that the government had tilted too much in favor of labor and against the industrialist, that the investment climate had become unfavorable.

I was ill in those days, and Bhutto sent Qamarul Islam's analysis to Feroze Qaisar and later to JA Rahim. Feroze Qaiser countered¹⁶² the analysis by a nine-page note and fifteen pages of data. Rahim's comment¹⁶³ on Qamarul Islam's note was incisive and comprehensive: -

8. What seems remarkable to me in the Deputy Chairman, Planning Commission's note is the basic assumption that somehow things were normal before and they accidentally became abnormal afterwards. He has been kind enough to write in the Evaluation that the

¹⁶² Note dated 27 November 1972.

¹⁶³ Note dated 30 December 1972.

'crisis is not because of Government's new policies and reforms as such which most people realize were inevitable'. However, the whole note of his is a criticism of the present Government economic policies. Again the assumption is that the policies of the previous governments were somehow all right because they pleased the businessmen. We know that they pleased the businessmen, but we know also the fact that the old policies brought the country to disaster, a disaster not limited to the 'bearish hella' on the Karachi stock exchange but extending to the breakup of the nation.

9. *What is called the 'present crisis' is simply a manifestation of the breakdown of the past economic policies. It has to be noted that the need and the pressure for devaluation was even before the events in Bangladesh took place. The only thing hiding the true state of affairs was that the previous governments did not dare take remedial action. They could not take remedial action because they were clinging to the economic policies of which the Planning Division is one of the main architects.*

10 *In paragraph 2 of the Deputy Chairman's note five plus points (grace marks) have been given to the Government as if they were the real factors in stabilizing the economic situation. In fact I am rather more pessimistic than the Deputy Chairman, because I maintain that we have failed to take radical measures, allowing the same old structure to continue standing, and have pursued the policies formulated piecemeal by the gentlemen of the Planning Commission and the other economic Divisions of the Central Government. Now therefore it is not surprising that we are being advised from those very quarters that Government must instill more confidence in the heart of businessmen, as if it were the panacea for economic stability. We might ask the question, how it came about that long before the present economic situation arose businessmen had been sending their money abroad at the very time when they were being most pampered by the Government and were keeping government officials in their pay. There is, of course, such a thing as real confidence in the economy; but it is not the kind of thing Deputy Chairman, Planning Commission, talks about.*

On my return from abroad in December, I came to know of Qamarul Islam's note and that Bhutto had held several meetings and discussions on the issue. On 8 January the files reached the Finance Minister. Bhutto had not appreciated the Deputy Chairman's comments. He could not possibly agree with Rahim that the government had not been radical enough. That he was baffled and worried can be discerned from his note addressed to me:

Please see my marginal comments. There are many reasons for the economic crisis. Everyone has his own thesis. I want firm answers. I will support any sensible and unanimous decision of the Ministers, but on important issues, none of the Ministers are of the same view. They differ fundamentally. There is no coordination. Nobody is in overall charge. Mr. Rahim has his views, and heavens really fall when anyone, including the President, disagrees with him. Mr. Feroze Kaiser has his views, Mr. Qamarul Islam his views and you as Finance Minister, your own views. Each and every little matter is

*therefore referred to me. This is not fair. Besides it causes delays. There was some method before you fell ill, but now every Minister and Special Assistant dealing with the Economic Ministries is the Master of his own little house. There is no team work, no sense of participation, not even tolerance. Please get together and work out a sensible system, one that will work and bring benefits.*¹⁶⁴

Qamarul Islam's assumption that had the government been nice to the industrialists, they would have sided with it was not correct. The policies of the governments of Ayub Khan and Yahya Khan of pampering the industrialists and draining away national wealth in collusion with them had alienated the entire country and had contributed to a great extent to the success of the party in the urban areas of Punjab. Further, the Party could not act against its own ideology and programme. It was impossible for the party to think and act according to the analysis of the Deputy Chairman. My position, at the time, was that of a sick person who had resigned.

At the end of August or in early September 1972, while going up in a lift in the National Assembly building, I felt a stabbing pain in my arm. By the time I reached the office, I was perspiring profusely. The condition lasted for half an hour or so but left a suspicion that it might be related to cardiac trouble. A few days later I was unable to walk on account of severe pain in the back and in my right leg. Doctors confined me to bed. Bhutto sent his physician and doctors from CMH who gave their full attention. They could think of no other source of trouble except the disc and yet X-ray pictures gave no evidence of it. On 1 November 1972, I wrote to Bhutto:

From what doctors have said and have left unsaid and what I have (learnt from others) . . . there is a strong indication that the disability caused by my illness may be of permanent nature I therefore seek your permission to proceed to Zurich Switzerland, in the middle of November for a thorough check up.

I would further seek your permission not to charge the State the expenditure of journey and medical checkup. In case however, long hospitalization due to surgery or any other reason is required, I may later request reimbursement of those expenses only. Now I would draw the necessary foreign exchange, on personal and not on Government account.

. . . it is my duty to submit for your agreement that you may be pleased to assign me a smaller job. Already the work has suffered on account of my long absence and I feel that the present state of unsatisfactory performance should not be allowed to continue. It is a case, unfortunate as it may seem, based on genuine medical grounds, but one not altogether without compensatory features. For the national economy it may be a change for the better.

¹⁶⁴ Note dated 7 January 1973.

After enjoying the full confidence you placed and all the backing you generously gave during the last ten months, I was far from a roaring success as your minister. I did try my best but the best was not good enough.

In reply, Bhutto phoned and said that I should not have written such a 'morbid' letter and he had torn it off. He further directed that I should get the best available medical treatment, and that the government would bear its expenses. Much work had yet to be done, he said, including the most important one, that of giving Pakistan a permanent constitution.

However, the debilitating illness that had come my way was not the only reason why I wanted to quit the ministry. Governance did not seem to be my 'cup of tea'. For reasons that have remained unclear, I was never attracted to a job involving the use of authority. In 1948, I had left a senior Class 1 post in the Punjab Irrigation Department to take a teaching job at the engineering college in Lahore. In the 1970 general elections, I did not apply for the party ticket for I had no desire to become a member of the National Assembly. Unfortunately, the PPP was so short of candidates that for eight National Assembly seats in Lahore we could find only six candidates. Bhutto and others prevailed upon me to contest for the sake of the party.¹⁶⁵ The general elections were postponed in September 1970 to December 1970 due to a hurricane in East Pakistan. I requested Bhutto again to find somebody else in my place but he did not relent.

Besides my preference for not being in a position to exercise authority, a promise I had made to my mother heavily weighed on me. It so happened that in 1968, when I started political work, my eighty-three old mother gave me a remarkable piece of advice. One day, she asked:

'I don't see much of you these days, what is keeping you busy?'

I replied, 'Politics'

'What is that?' she asked.

'Meetings and processions among others.' I tried to explain.

'Oh! You are doing *Khilafat*¹⁶⁶, are you?'

Upon my saying yes, she remained quiet for a while before asking:

'You want to remove the king?'

'Yes, mother.'

'Why?'

He is no good,' I said and tried to explain some of the wrong things President Ayub Khan was accused of. My mother listened but did not look as if she

¹⁶⁵ That made us seven. Only after the announcement had been made, was I able to persuade a party member to contest from an area outside Lahore which he had never visited in his life to contest for the eighth seat.

¹⁶⁶ The great political movement of the early 1920s for the restoration of the caliphate in Turkey.

thought that trying to remove him was worth the while. She fell silent and after some time resumed her questions.

'Who are you going to put in his place?

'Zulfikar Ali Bhutto, I replied.

Who is he

'He is a young, educated and popular person', was my reply. '

Is he well off?' She quietly asked.

'Yes, he is quite rich.'

'Does he have a wife and children?'

'Yes, he has a wife and four very nice children,' I happily replied, not knowing at that time that Zulfikar had two wives. That brought the verdict for which I was not ready. Mother shot back.

'Then, what afflicts him that he wants to become a king?'

It was my turn to be silent.

'For the sake of the people and the country,' I replied after a while.

She looked at me with disbelief. She was far from convinced. As I was leaving, out came the wisdom of the ages.

She demanded: 'Promise me that you would not become a minister'.

The wisdom of the ages that her words conveyed had a profound impact on me and I duly promised her. According to her, the ambition to become a ruler was an affliction and how right, she was.

Dr Shubbar Hasan, my brother, a WHO executive stationed in Alexandria, Egypt, and Dr Zeenat Hussain, my wife, selected Cantonal Hospital, Zurich for my treatment and accompanied me at their own expense. The checkup by the specialist revealed that our suspicions about a cardiac problem were unfounded and they also found that there was no problem with the discs in the spinal column. According to them a bundle of nerves were pressing on a congenital grain-size protuberance in the hip bone and were causing pain. They decided against an operation and suggested physiotherapy. In about two weeks I was partially cured and returned to Pakistan in early December to resume duty after a break of nearly three months.

My resignation in 1972 was not in any way connected to my personal equation with Bhutto. He had given 'me, even in cases that involved him personally, full measure of freedom to take decisions according to my best judgment. A few days after we came into government, the Finance Secretary sent up a file 'For Orders' on which the President had desired that a certain aggrieved individual whose petition was attached should be reimbursed for a sum he was encumbered with. The amount was only a few thousand rupees but his loss had nothing to do with the government. I asked Secretary Kazi if government rules allowed for such payments. When he replied in the negative, I asked him to say so on the file. Next day, Kazi returned with the file and advised that we should agree to make the payment nonetheless. I asked him how we could go

against the rules and it was our duty to bring it to the notice of the President. Kazi took the file back once again but returned next day still advising me to make the payment as the President had desired. Only this time, he advanced the argument that since Bhutto was also the Chief Martial Law Administrator he could issue any order he liked. It was then I realized that Kazi was not willing to take the responsibility of writing something against the wishes of the President. I took the file from Kazi and wrote that the payment could not be made under the rules. Promptly, Bhutto returned the file with the remarks 'Thanks, I did not know the rules'.

Soon after the devaluation of the rupee, Air Marshal Rahim, the Air Force Chief who had been retired and made Pakistan's Ambassador to Spain, requested that the amount of his gratuity benefit, as due after retirement, be paid to him in US dollars at the pre-devaluation rate. Bhutto strongly supported Rahim's request and spoke to me about it on more than one occasion. Unfortunately there was no way for the ministry to accede to Rahim's request. I wrote to Bhutto on 13 March 1972:

Air Marshal Rahim Khan (Retd.) saw me this morning

I gave all the courtesy the Air Marshal deserved but I am sorry to report that he thought there was no future in Pakistan and he might not return in view of his young children. It is surprising how a man who is prepared to 'give' his life for the country one day adopts a completely different attitude the next day.

As far as his proposal is concerned, I am sorry to submit that the existing rules do not contain any provision for such payment

The Ministry of Finance is of the opinion that such a permission, if granted to the former Air Marshal, will be against the ends of justice and would not be in the best interests (of the country). Besides, it will open flood-gates of criticism and may really be indefensible in public.

Bhutto responded on 15 March:

I thought the same. It is very strange that he should adopt such an attitude. Please discuss.

The Minister of Presidential Affairs' remarks dated 17 March were:

If he is given permission to take his money abroad, what about other people who want to make their homes outside Pakistan? If the retired Air Marshal has so little faith in the continued existence of the country, he should surely not be given the task of representing Pakistan abroad. There is really no need to send him on a foreign assignment.¹⁶⁷

¹⁶⁷ Personal papers.

In September 1972, a request came up to the Ministry of Finance under the Exchange Control Act to allow Murtaza Bhutto, the eldest son of President Bhutto, to purchase one hundred dollars through the State Bank. He had been studying in the United States and was in Pakistan to spend his vacation with the family. On his way back to school, he wanted to stop over to see the Olympic games being held in Munich, Germany, hence the request before the ministry. I wrote on the file that a president's son was entitled only to what any other Pakistani student was entitled, and returned the file to the Finance Secretary. This was interpreted as a rejection of the request. Someone must have informed the President's office and, in no time Afzal Saeed, the Secretary to the President, was on the telephone with me. I told him that I had given my decision and there was no question of changing it. He pleaded at length but ultimately made the mistake of informing me that he had spoken to the President before submitting the request to the ministry. I lost my cool and barked into the phone that he did not know what was good for the President and what was good for his son and that I would speak to the President about this myself, and banged the phone on the receiver. The occasion arose later in the evening when I told the president of my reasons for rejecting Murtaza's request. He seemed unperturbed.

Rao Abdul Rashid, Inspector General of Police, Punjab, informed me about huge consignments of illicit arms that had been sealed by the police. It was alleged that a big arms dealer had imported thousands of rifles and other arms despite a ban on such imports. It was further alleged that the firm had tampered with the markings to show prohibited bore weapons as non-prohibited bores. The charges were of a serious nature and involved, violations of the Customs Act. The alleged culprit was described as a person of considerable influence. I told Rao to proceed against the man and charge him with all the offences he had committed. After, the cases were duly registered, the *sifarishes* (requests and recommendations for letting the person off) started pouring in from different ministers. I was quite baffled and had not expected that a culprit could mobilize such support among my colleagues. I began to wonder, whether such a man would one day approach the President and if that happened what would be my course of action? I talked to Khar, and to my great delight, he advised me to do what I thought was right, that is, to prosecute the man. My speculation proved to be correct as the dealer appealed to the President stating that he was being victimized and that he had suffered losses and he was being falsely implicated. I presumed that someone must also have spoken to Bhutto for, in the margin of the appeal he inquired as to why such petitions were coming to him. This was an ambiguous comment which could be interpreted either way. I was a little annoyed, but sent the communication to Rao without any comment Rao showed up to ask what report should be sent to the President 'State all the facts and if you like send your report directly to him' However, Rao sent his report to me which I forwarded to the President with the following remarks:

The President may like to go through the report placed below at his leisure.

Unfortunately in this case at least three Central Ministers, one Minister of State and one Special Assistant made recommendations in favor of the firm involved in the illegal deeds.

Bhutto responded within three days with the most satisfying order:

Please take firm action according to Law.

Bhutto was conscious of the authority he had allowed me to exercise as a minister. Two years earlier, we were together at a dinner in Rawalpindi's Flashman Hotel. It was a big banquet and I was seated on Bhutto's left and Rahim was to his right. After we had finished eating and the guests were waiting for Bhutto to rise, he spotted Secretary Finance Kazi and the Deputy Chairman Planning Commission Qamarul Islam among the guests and beckoned to them. He asked them to bring their chairs and to sit opposite him across the head table. When they were seated he started examining them as a skilful lawyer. He asked Kazi about the length of his service, posts in which he had served, and finally about how many – finance-ministers - he had worked with. Then he asked the same questions of Qamarul Islam. Both had put in over thirty years service and had worked with many finance ministers. Finally Bhutto asked Kazi, who was the strongest finance minister he had worked with, to which Kazi replied: 'Sir, the one sitting on your left'. The same question he put to Qamarul Islam who replied 'Your Finance Minister is the Economic Czar of Pakistan'. Bhutto then turned to me and said: 'See how powerful I have made you'.

If the objective of Bhutto's questions that evening was to make me recognize that all the authority I wielded as a minister was due to his being well-disposed towards me, it was not necessary. For nineteen years, I had been in government service and, except for one year¹⁶⁸, I had always had conservative bosses who were reluctant to take initiatives and do new things. Bhutto, on the contrary, was always appreciative of new schemes and projects. Besides, not once did he overrule any decision taken by me as a minister or as chairman of the Economic Coordination Committee of the cabinet or of the Executive Committee of the National Economic Council. He had certainly allowed me a very large measure of freedom to operate as the Rules of Business permitted.

By December, when I resumed work, the torrent of Bhutto's admonishing and warnings against his team of ministers had abated. In any case, it had little effect on me as a person. I was convinced that he was being too harsh. His ministers were doing all they were capable of doing and were loyal to the party as well as to the leader. The

¹⁶⁸ In 1954-55, when the renowned engineer, Khan Muhammad Azam, was the principal of the engineering college at Lahore where I was teaching.

fundamental problem to which we had no answer was that the intelligence services were poisoning Bhutto's mind against the members of his team.

People who have not had the opportunity to watch the operation of a government in Pakistan at close quarters, cannot correctly assess the extent to which the intelligence agencies provide prime ministers and presidents stories of plots and conspiracies against them. A secret, and untouchable ring of informants gradually grows around the prime minister. There is no way for him to check. Gradually he stops listening to other opinions regarding the reliability or otherwise of the 'information' supplied to him. Within a few months, he gets totally isolated and is at the mercy of his informants, good, bad, or indifferent but all religiously dedicated to preserving the system which has placed intelligence services on such a high pedestal. It has been the tragedy of Pakistan that more than a score of presidents, prime ministers, chief ministers, and elected parliaments, have had an unconstitutional ending because of the policies pursued by a president or a prime minister based on the secret information supplied by the intelligence services of the country.

Most of the political intelligence gathered is trivial and misleading, constructed on the basis of hearsay. Generally, it comes from agents within the political parties or from illegal means of telephone taps and mail censors. Very few, ministers in Bhutto's Cabinet were privy to the intelligence reports. On some occasions, Bhutto would order a piece of information to be brought to my notice. I remember once reading a report which indicated that through a 'source' in the US Embassy, our intelligence had learnt that two Americans were about to visit Pakistan in connection with some issue relating to the Economic Affairs Ministry. On seeing the paper marked Top Secret, I called the Director Intelligence Bureau to my office. The conversation went something like this:

'So, you have a "source" in the American Embassy,' I asked him.

'Yes,' he replied with a bit of smile, as if revealing some achievement.

'But, it must be on the basis of some give and take,' I asked him and saw his smile vanishing. He did not answer. Next, I put before him a copy of the two day old International Herald Tribune which carried the same piece of news that had been submitted to the prime minister who had then sent it to me. As he turned to go, the head of the Intelligence Bureau repeated the Persian proverb '*Ja-i-ustad khali ast*' (The place for a teacher is ever vacant).

Another secret report sent to me from the Prime Minister's office, apparently on his instructions is reproduced herewith:

Someone (name not disclosed) requested Mr. X (a political person in the Opposition was named) to arrange appointment with Dr. Mubashir for one Mr.

Y (the man was named) because he (Y) is interested to invest some amount on textile side. X told the caller that he will talk to Dr. Mubashir and will arrange for Y's appointment with Dr. Mubashir on 6th. The caller told that he will be returning from Karachi in the evening of 5th and actually he wants to dispose off his textile. The caller also invites X on lunch for which X tells that he is waiting for a telephone call. On having pressure from the caller, X promises to see the caller as soon as he receives the telephone call.

Unfortunately, a good deal of the Prime Minister's time was taken up with reading useless reports as the one cited above. I saw this report dated the fourth on the tenth of that month and my remark on it was 'What rot.'¹⁶⁹

Indeed, quite early in Bhutto's government, the secret services had started playing a significant political role. It was not so when we had initially come into power. At that time, we distrusted them and had even thought of dismantling them. I was often astonished by Bhutto's revelations about the private lives of politicians, civil servants, and even PPP ministers, MNAs, and MPAs. Almost always in a mocking or a disparaging manner. He would disclose, information that could only have been, made available to him by the government's secret operators.

Soon after the 1973 Constitution was adopted and suggestions were pouring in from all sides about how the great achievement should be celebrated, Bhutto sent in an unusual communication¹⁷⁰ to governors, chief ministers, and a few central ministers, which summarized a number of recommendations apparently made by an intelligence chief. In the forwarding note Bhutto said:

I have received a dizzy note full of fanciful suggestions on what needs to be done to usher in the new era opened by the Constitution . . . As a matter of policy, I would be inclined to:

- a) withdraw Section 144 wherever it exists;*
- b) release those political detenus who are manageable and who will not create new problems;*
- c) lift bans on newspapers and periodicals wherever feasible.*

The questions relating to the detaining or releasing of political prisoners from detention, of putting restrictions on the media, or of using Section 144 of the Criminal Procedure Code which gives wide arbitrary powers to District Magistrates, were dealt with by the

¹⁶⁹ Personal papers.

¹⁷⁰ Personal papers.

prime minister on the basis of information supplied and suggestions to him by intelligence services. Never during my period of ministership was a case of detention of a citizen brought before the Cabinet. These purely political issues pertaining to the fundamental rights of the citizens which ultimately influence the long term survival of governments, were dealt with by the permanent civil establishment and the secret services. Their advice on these crucial questions amounted to their sharing the state power with elected rulers.

Among other pieces of advice, one recommended the cessation of telecasts against landlords and capitalists, another suggested measures against two very respected journalists of *The Pakistan Times* who had written against the Jamaat-e-Islami. Yet another recommended a clean-up in the Pakistan People's Party, and another sought authorization for an expression of thanks on behalf of the President to the personnel of the agency for their coverage of internal political activities and foreign reactions.

In May 1973, Bhutto wrote to his ministers:¹⁷¹

Whenever a situation becomes brittle the anti-State elements and habitual criminals seek to take advantage. Pir Pagaro . . . has always been an Establishment man but now he has chosen to lead the opposition. Is he itching for trouble? Recently he told Mengal and Wali Khan in Quetta that he will let loose his Hurs the moment the trouble starts in Balochistan and Frontier. Already there is trouble in Balochistan. In frontier effort is being made to instigate the students and others on the Anti-Ahmadi front and on the Kissan Mazdoor front. Pir Pagaro's Hurs have been a menace in the past but now times have changed If he wants a confrontation I would welcome it to settle for ever the medieval curse of the Hurs. We must be fully prepared militarily and through the civilian channels to purge the Hurs the moment they try to create some trouble on a large scale.

The intelligence community ceaselessly sent false and half-true reports, mixed with some correct ones not only against the members of the opposition parties and other dissidents but also against members of the PPP. By July 1973, enough had been fed to Bhutto to make him write to all central ministers, governors and chief ministers:¹⁷²

Corruption has come back again and has gone up disturbingly The administration cannot become brazenly corrupt unless there is corruption in higher ranks Added to this menace is the twin curse of sifarishes for transfers and postings Hardly an officer remains on his seat before he is transferred on the recommendation of some influential person or another. The MNAs and MPAs are the biggest culprits in this connection. We will destroy the administration if we laxly indulge in this merry-go-round.

¹⁷¹ Circular dated 5 May 1973. Personal papers.

¹⁷² Letter dated 9 July 1973. Personal papers.

Telling ministers, governors, and, chief ministers that they were either corrupt or the protectors of the corrupt was playing directly into the hands of the establishment. Such admonishments widened the gulf between Bhutto and his colleagues.

The role of the Inter Services Intelligence in tendering advice to Bhutto increased over the years. The service was headed by Lieutenant-General Ghulam Jilani with whom I had a curious encounter. My old mother resided at 11 Temple Road, Lahore, where I used to visit her as often as I could and where Bhutto would almost always talk to me. On one of these visits, my sister bitterly complained about the persistently faulty working of the telephone. That was not her first complaint and I had tried to get it rectified before, so, on that occasion, I decided to bring it to the notice of the General Manager, Telephones. In no time, a linesman of the Telephone Department, a PPP enthusiast, showed up and immediately, detected that there existed a parallel connection to our line. When told that such a connection was not in the house and he should go and find out where it was, the genius returned with the astonishing news that 'a colonel' was the culprit. 'How did he know, he was a colonel?' I asked. He replied that nobody, except the army, had the kind of wire that had been used. He had followed the wire to the end of the street along Temple Road for a little distance, then across the road into a locked room where he had seen the telephone apparatus by peeping in through the window pane. The neighbors had told him that a colonel had rented that room. The Sub-divisional Officer Telephone arrived next to say that the connection was illegal and the law had been violated. The General Manager arrived soon afterwards and they decided to register a case with the police. I then informed the Director General Intelligence Bureau about the incident who, upon learning that the case was with the Punjab Police, was delighted and said 'Leave it to me 'now, Sir'. A few hours later, a man came and said 'I am Colonel, I am sorry that they connected me to your line, I needed the phone urgently' I replied that it was a matter between the police and his agency, and that he should be talking to the police.

I wrote a letter to General Jilani informing him of what we had found and asked him for an investigation. I did not inform the prime minister knowing that IB would do so in any case. Two or three days later, when Bhutto did not hear anything about the incident from me, he was the one to inquire. After discussing some official business, he kept on inquiring about how things were and was most friendly and relaxed. At one point I said 'I know what you want to know' and I told him of the incident and said I was waiting for the report from Jilani. The report marked 'FOR EYES ONLY', which meant that it could not be discussed with anybody, arrived a few days later. It said that his agency had nothing to do with what I had reported.

About a week, later, I attended a meeting in Quetta. After the meeting, Bhutto sent for me. Standing in the great lounge of the Government House near the staircase, he said 'I have given hell to Jilani . . . Look at him, now. I have made him stand there', and he

turned his face leftwards. I looked outside and beyond the verandah saw Jilani, standing under a tree. Jilani was called in and Bhutto told him that he took a very serious view of what had taken place. There was Jilani, his face bespectacled with rimless glasses and the sharp nose of a spymaster, meekly explaining that the ISI had nothing to do with the matter and hinting at another direction. Finally Bhutto said 'Don't go by the polite manner in which Dr. Sahib put his case, he was quite specific in his complaint'. Jilani repeated what he had said, earlier. After Jilani had left, Bhutto said, 'They were torturing that man in Lahore Fort and I have stopped them'. By 'that man' he meant the 'colonel'. Right from the beginning, I had suspected that he was not a colonel of the Pakistan army and that he had been recruited for spying, he did not know by whom. Once caught on the wrong foot he was dropped by the intelligence people as was customary with their community all over the world.

Bhutto's Information Minister, Niazi, had also hired journalists to gather intelligence on other journalists, writers, and politicians and the standard of 'information' supplied by him was as low as that of the others. Once Bhutto sent me intelligence gathered by Kausar Niazi on an income tax officer who was alleged to have written in *New Times* 'about a year and a half back' against the government under the pen names of 'Faulad Khan' and 'Shaharзад'. At that point of time, the man was reported to be engaged in composing posters against the Urdu speaking population and getting money in lieu thereof from Chinioti businessmen. He had convinced the latter that the success of the campaign would mean that the Chiniotis would replace the Urdu speaking people in trade and commerce. Woven into this stupid story, was a lot of other gossip heard or overheard by journalists against the government and the country attributed to Mir Ali Ahmed Talpur and Wali Khan. Bhutto bought the story and ordered that the income tax officer 'should not only be dismissed but arrested'. By the time the order reached my office, I was ill and away and it remained there.¹⁷³

I have quoted the foregoing excerpts not because I believe in all the allegations against the Opposition leveled in it to be true, or the veracity of the alleged conspiracies. Our intelligence services still work in the tradition of colonial days when the only reliable pillars of support to the state were civil and military servants. Politicians were not to be trusted. The major goal of the intelligence community is still to wean the prime minister away from the principal members of his team, his old political comrades, and his favorites from the services. One cannot find a single chief, executive of Pakistan who had ruled for more than a few years and still maintained good relationship with his old colleagues. Thanks mainly to the poison served to the ruler by the intelligence services against the strong and effective colleagues, only the weak and the pliable ones among his original team manage to survive. Within a year or two, the prime minister is left with no option except to rely on the advice of the intelligence community. It can be safely asserted that the biased and misleading intelligence reports supplied by the

¹⁷³ Personal papers.

secret services has played a significant role in the tragic end of many governments in Pakistan.

FEELING FREE

The October Accord of 1972 with NAP-JUI and the resignation of the Law Minister Qasuri, cleared the way for Bhutto to form a new team comprising himself, his new Law Minister, Hafeez Pirzada, and Rafi Raza. All, three men gave their best to the job of drafting, the Constitution. Rafi was not a member of the Constituent Assembly but in the committee appointed by the Assembly, he was the principal spokesman for the PPP and did the major part of the drafting, ably assisted by the Law Secretary and his staff. The committee was successful in presenting its report along with the draft of the Constitution Bill by the deadline of 31 December. The job was so well done and Hafeez Pirzada piloted it so brilliantly that, by the middle of April, the Assembly had approved it. For both Rafi and Hafeez, and particularly for Hafeez, Bhutto was not an easy task master. He wanted to concede nothing in the draft accompanying the report of the Constitution Committee. The Opposition members had tagged some objections of it, on some questions they had agreed to earlier. Meanwhile, the NAP-JUI government in Balochistan was dismissed by Bhutto and their government in the NWFP resigned in protest. The Opposition was incensed and, as expected, put up, strong resistance. Relations deteriorated further following the bloody disruption of the Opposition public meeting at Liaquat Bagh in Rawalpindi on 23 March 1973.¹⁷⁴ On 9 April, in a strongly worded statement, the Opposition attacked the government. Then just as suddenly, its boycott of the Assembly ended on 10 April, and with a few minimal, almost cosmetic amendments, the Assembly adopted the Constitutional Bill without dissent. How did this sudden development take place? According to Raza:

Mustafa Khar had used all his connections and persuasive powers in the Punjab to bring round some Opposition leaders, particularly from the Jamaat-i-Islami, while ZAB and his agencies were also hard at work.¹⁷⁵

According to Khar¹⁷⁶, a point had been reached in early April 1973 when a sad and depressed Bhutto was no longer sure whether the Constitution could be approved with the consent of all the parties. Khar mustered the support of the Muslim League leaders, Mumtaz Daultana, and Zakir Qureshi, and secured the help of Zafar Ahmad Ansari, MNA, and Mustafa Sadiq, editor of *Wifaq*, to persuade Maulana Maudoodi, head of the Jamaat-i-Islami. Khar had a secret meeting with the Maulana. The Jamaat obliged with the result that the NAP was rendered alone in the Opposition and unable to carry the

¹⁷⁴ Raza, Rafi, *Zulfikar Ali Bhutto and Pakistan*, Oxford University Press, 1997, pp. 177.

¹⁷⁵ *Ibid.*, pp. 178.

¹⁷⁶ Personal conversation.

stigma of opposing the passage of the Constitution Bill. It had no option but to fall in line.

According to Bhutto, the Opposition had played into the hands of 'foreign interventionists'. On 26 April 1973, two weeks after the Constitution document was signed, he wrote a nine page note¹⁷⁷ to his senior ministers stating that the best way to tackle a crisis was to anticipate it and then to take steps to avoid it. Bhutto believed that in most Asian societies foreign interventionists drew out the Opposition's plans, sometimes without their knowledge. Once the plot had been hatched outside the country the strings were synchronized inside the country to make everyone dance to their tune without even knowing it, he said:

Please note how certain events were orchestrated before the Constitutional crisis reached¹⁷⁸ a crescendo. Ghaffar Khan's return from Kabul to 'unite the Pakhtoons' was the signal. This signal was acknowledged by Ghulam Jilani in London by virtue of the fact that he stepped up his subversive activities and pamphleteering. Asghar Khan became suddenly active and audacious once more. Approximately at the same time, he established concrete links with the military plotters who were directed to prepare for a *coup d'état*. Wali Khan fired a fiery volley on the 5th January 1973 at Peshawar by making one of the most threatening speeches that he has made in a series of threatening speeches. At about the same time the traditional crony of the Establishment, Pir Pagaro, picked up courage in Sindh. Shaukat Hayat came out of his slumber and with his sick heart sickened the scene in the National Assembly. Kasuri and Ali Ahmad Talpur, especially Ali Ahmad Talpur became vulgarly abusive and reckless. Altaf Gauhar picked up his pen again to attack the Government ferociously in the editorials of the Dawn and in other columns of the same paper. Big business activated itself and for the first time began to make demands on the Government. The Judiciary virtually became a tool of the opposition parties.

Bhutto went on to claim that it was his foresight, planning and sensible approach that had finally brought all the parties together to adopt the Constitution. He continued:

If we had not sensibly approached the situation, if we had not acted with tact and patience, if we had not hit the opposition hard when it was necessary to hit them hard, we would have got involved in an ugly conflict, resulting in the ultimate shattering of the shattered pieces. I prepared for the crisis. I had a conception and I worked out a plan on the basis of it. The Interior Minister and the Minister of Production wanted the National Assembly to proceed, full steam ahead after the breakdown of the Accord of 20 October 1972. The minutes of the

¹⁷⁷ Personal papers.

¹⁷⁸ Probably middle, of March, 1973.

Cabinet and our own memory will reveal how exasperated they were over my seemingly conciliatory gestures. The Governor of Punjab was irked by the conciliatory discussions with the MNAs from Bahawalpur. While putting on a façade of conciliation I was firm in my belief that the violent threat had to be faced courageously at the right moment. The right moment came on the 23rd of March 1973. I had no doubt in my mind that the ground had to be held no matter what the cost. So much so that some of the so-called militant leaders of my party were expressing their doubts on whether 23rd of March should be made the decisive day for a show of strength. Firmness and flexibility were combined to bring about the unanimous approval of the Constitution. If the classical attitude of the opposition is gauged, if the historical position of the NAP and the statements of their leaders are scrutinized it would appear that the consensus on the Constitution was a miracle. It was not a miracle, all it needed was clear thinking, steady nerves, correct strategy, a sense of anticipation and the collaboration of my principal colleagues.

I was not in Islamabad on 23 March 1973¹⁷⁹, the day Bhutto called 'the right moment'. On that day, the Opposition had planned to hold a massive public rally in Rawalpindi for which it had made extensive preparations. The government feared that with the audience brought in large numbers, along with armed guards from the Frontier Province, the Opposition might rally public support to reject the Constitution proposed by the Constitution Committee and, in that eventuality, it foresaw conflict and chaos. Thus Bhutto made 23 March the decisive day for a show of his strength. I was to learn twenty-five years later, that the PPP also made elaborate arrangements, to make the Opposition meeting a failure. No violence was planned and the Punjab government saw to it that the caravans of men who came from the Frontier to attend the rally were disarmed at Attock. However, once the rally had been successfully disrupted and PPP workers had captured the stage and were celebrating it in *bhangra*, firing started and many innocent lives were lost on both sides. Both parties, those who organized the meeting and those who disrupted it, denied their involvement in the firing. The organizers had been disarmed and could not be accused of starting the firing. Those who had successfully disrupted the meeting said that they had no need to open fire. One is left with the irresistible conclusion that firing on those who came to attend the meeting and those who came to disrupt it was opened by gunmen of the Federal Security Force. It was one of the most unfortunate events of Bhutto's regime. Bhutto thought otherwise. According to him, what took place on 23 March had made the falling in line of the Opposition parties possible.

An agreement between the parties having been reached, the Constitution Bill had to be adopted by the Assembly. The PPP had to make extra efforts to have the required

¹⁷⁹ On this day there occurred bloody clashes at a public meeting in Rawalpindi. Many PPP and NAP workers were killed.

number of its members of the Constituent Assembly present in the House to cast their votes for every clause of the Constitution Bill. In general Members were not terribly interested. They had approved the bill in the parliamentary party meeting and had little to contribute to the debate except reply to the points raised by a few members of the Opposition. Governor Punjab and Chief Minister Sindh were asked to ensure that all the members from their provinces were present in Islamabad.

Whenever voting, had to take place, sometimes throughout the day, I would take a seat at the back of the House, near the exit and keep a count of the members as they left or entered the House and signal to the Speaker whenever they were short of the required numbers. Bhutto was keen that the Constitution be adopted unanimously. There was one member of the Assembly, however, a *maulana*, who wanted money in lieu of his vote. The amount was settled and Bhutto described the scene to me how, when the fellow came to the President House to collect the money, Bhutto threw the packet of notes on the floor in front of him and ordered him to pick it up. There the man was, moving over the carpet on all fours, picking a bundle from here and a bundle from there. Bhutto was mightily amused.

The Constitution provided for a strong executive. The Prime Minister was supreme. The President was bound to act on the prime minister's advice. Parliament consisted of two Houses, the National Assembly and the Senate. Seats in the National Assembly were allocated on the basis of the population while the Senate consisted of an equal number of members from each province, a lesser number from the tribal areas and two from the capital, Islamabad. The Supreme Court was the apex court of the country and there were High Courts, one for each province. The Constitution gave wide powers to the superior judiciary. It could direct any authority, federal or provincial, to refrain from doing anything that was not permitted by law or to declare any act so done to be of no legal effect. The court could direct any person in custody to be brought before it and to order the release of that person if found to be held without lawful authority. Above all, the Constitution had a full chapter guaranteeing fundamental rights and authorizing the courts to order the enforcement of any of those rights.

The fundamental rights incorporated in the Constitution held all citizens to be equal before the law and eligible to equal protection of law, without discrimination on the basis of, sex. It provided for safeguards against illegal arrest and detention, banned all forms of torture, forced labor, child labor, and held the dignity of man and the privacy of the home inviolable. The freedoms of movement, assembly, association, trade, business, profession, and speech, were guaranteed. The right of every citizen to profess, practice, and propagate his religion and of every sect to establish, maintain, and manage its religious institutions was recognized. The Constitution further provided that no citizen be compelled to pay any special tax, the proceeds of which were to be spent on the propagation or maintenance of any religion other than his own.

The Constitution guaranteed that no person be deprived of his property save in accordance with the law, but the Parliament was authorized to make laws prescribing the maximum limits to property that may be owned, held, possessed or controlled by any person. It further provided for adequate compensation for property compulsorily acquired by the state for education or medical aid, housing, and other public facilities. This could not be called in question in any court.

The Constitution, on the one hand restricted the scope of the Federal Legislative List and gave wide powers of legislation to the provinces, on the other hand it devised a large Concurrent Legislative List, with the proviso that law made by the federation shall prevail over the law made by the provinces.

The Constitution did not declare Azad Kashmir to be a part of Pakistan. Instead, it stated that when the people of the State of Jammu and Kashmir decide to accede to Pakistan, relations between Pakistan and that State would be determined in accordance with the wishes of the people of that State.

The Constitution protected for a period of ten years the measures of nationalization, especially over industry and life insurance agencies and this period also held for land reforms taken in the early months of Bhutto's government.

* * *

In April 1973, the Constituent Assembly adopted the Constitution for which it was elected. That was a big achievement. It was now time to prepare the budget for the year 1973-74 which presented no problem of consequence. The National Assembly passed the budget at the end of June and in July, I sent in my resignation to the Prime Minister:

I write these lines with a deep sense of humility but out of strong inner compulsions of personal nature. I consider that hard, intense and unrelaxed life over a span of thirty years is more than enough. You are aware of my old resolve to cease active life at the age of fifty. It is one and a half year past that mark. I should, therefore, be most grateful if you will keep this in view when you consider names for selection of your ministers for the government under the new constitution. Important domestic reasons and the state of my health are additional factors that force me not to postpone this request any longer.

I will always be mindful of the trust and confidence you placed in me during the last six years and hope that you will forgive my shortcomings and inadequacies in performance of the tasks assigned to me.

This took a big burden off my head. I began to wait for the time when Bhutto would release me from my post. I felt far more free to act than before. The first opportunity to

exercise this freedom came when the country was overwhelmed with devastating floods. It provided me with an exciting opportunity to do a 'smaller job'.

The first to rise sharply to flood levels were the notorious *nullahs* of the Districts of Gujrat and Sialkot. The raging waters of the Palkhu *nullah* and the river Chenab joined together to breach the high embankments of the Grand Trunk Road and the main Lahore-Rawalpindi railway line. It was a pathetic sight. Just out of the ancient city of Wazirabad, the railway track was high up in the air and a huge torrent of water gushed underneath it. Senior railway officials estimated that it would take them thirty days to restore the traffic. 'Entirely unacceptable', I told them, 'we cannot afford to have Peshawar and Rawalpindi areas cut off from the rest of the country for more than a week' Then Mazhar, a brilliant irrigation engineer who was working directly under me with the designation Joint Secretary 'X', got into the act. After a few mental calculations, he told them how much stone they would need to fill up the breach and volunteered to procure it from the reserves of the Punjab Irrigation Department which were located only fifteen miles away. The job, he said should not take more than a week. Working round the clock, railway engineers restored the traffic in only five days.

The rivers Chenab and Jhelum rose sharply and simultaneously. The Indus, Sutlej, and Ravi also reached high flood peaks. The battle to limit the damage and save whatever could be saved was as grim as it was challenging. Appeals for international help were launched and Khar arranged a helicopter for diplomats from Islamabad to take a look at the damage in northern Punjab. It was a large Russian machine with small windows looking out and benches along the sides to seat passengers. As soon as we were airborne, the noise made any verbal communication impossible. I started passing around slips of paper explaining the position of the helicopter, the crops that were under water, the marooned population, their animals, and the damage to housing and infrastructural amenities, and the approximate depth of the flood water. The diplomats were visibly affected. In their own countries, only a few of them had seen so much water except in the sea. Landing back they asked for estimates of the extent of the damage. Government officers were used to estimating the damage only after the floods had receded. I asked them for tentative estimates since they knew the area that was under water, the population, and the pattern of crops in the area. By next morning the figures were ready and supplied to the news media and to foreign embassies.

Meteorological news and the data on water discharges entering the Punjab plains from the Himalayan and Karakoram ranges, was menacing and the assessment of their impact was the field of my academic specialization. Perceiving the challenge, I forgot all about Islamabad and requested the army to make a helicopter available to me. Mazhar joined me and we decided to keep track of the south-westerly advance of the floods in the Chenab and in the Ravi. We were very concerned about the safety of the twin cities of Jhang and Maghiana and the nearby Trimmu head-work which lay just downstream of the confluence of the rivers Chenab and Jhelum. The economy could not afford

damage to any canal head-work for it could take months, even longer, to repair while the fields it supplied water to would dry up causing famine conditions over large area the water level started rising at Trimmu, an embankment on the Chenab left bank gave way and, water started rushing towards the cities. At that stage engineers at Trimmu decided to blow up an embankment on the right side to save the head-work and to reduce the pressure of water on the twin cities. The head-work was saved and the damage done to urban areas was limited, but a large tract of rural land on the right bank of the Chenab was devastated.

The next to come under threat was Multan, the historic city of south-west Punjab, which had become a sizeable trading and industrial centre since 1947. River Chenab approaches Multan, joined by the rivers Jhelum and Ravi, and flows past the west of the city. Only an earthen embankment, called the Bosan Bund, stands between the city and the fury of oncoming flood peaks. When we reached Multan, the city was nervous. Thousands of people were flocking to the river to check the rise of the river. Khar, who was personally supervising the defence of the city, had spread a work force of hundreds of men to watch the embankment and to plug any leak should one develop. That was standard procedure. I assured him that the flood peak would not overflow the embankment and, unless it was breached because of a dangerous leak, the city would be safe. Even so, the flood was high enough to pose a serious threat further south, I informed him.

The Chenab is joined by the Indian river Sutlej, about eighty kilometers south of Multan. From there onwards, it is called the river Panjnad, meaning the five rivers.¹⁸⁰ A few miles from the area where the two great rivers meet lay the Panjnad Headworks and its protective embankments which, on that day, stood gravely threatened. The defence of the left side had been entrusted to army engineers and of the right side to the Punjab Irrigation engineers. Mazhar and I reached Panjnad to find that the mighty river had breached both the left as well as the right embankments. The water pouring out of the breach on the left was moving mercilessly, relentlessly. Smashing canal banks, submerging roads, toppling transmission towers, drowning villages, and destroying crops it was rushing towards the ancient capital town of Uch. The main road and railways communication lines connecting Sindh to northern Pakistan lay helplessly at its mercy. Our main task was to issue timely flood warnings and urge the people to move to safety. We also had to rescue marooned men, women, and children and to supply fodder to marooned animals. There was no way to reduce the fury of the flood except to try to close the breach as quickly as possible. The army chief, General Tikka Khan, had come out to supervise the breach closure and other rescue operations being undertaken by the army.

¹⁸⁰ The five rivers of pre-partition Punjab: the Jhelum, Chenab, Ravi, Beas and Sutlej.

It was a major disaster. The flood wreaked havoc in one of the most fertile areas of Punjab, more than 150 miles long and at places ten to thirty miles wide before it turned towards the desert. Six small US army helicopters happened to be in Pakistan. The US responded to our request to send these copters to the affected area, and the Charge d' Affaires, Sidney Sober, flew out to Rahim Yar Khan. It was extremely heartwarming to see how Governor Khar and his ministers threw themselves, into the rescue and relief operation. The PPP seemed to have sprung to life once again.

Nearly a week after the flood had struck northern Punjab, it moved towards the province of Sindh. Mercifully, the Indus itself was not in high flood but the River Panjnad had swelled to a dangerous point. For us the first citadel to defend was Guddu Headwork, situated just inside Sindh province. Endangered was the left embankment which protected a large area of eastern upper Sindh with its fertile lands, roads, fuel, gas, railway, electricity, and telephone lines to the north. A breach in the embankment would have meant major disaster for the national economy. Mazhar examined the records of the head-works checking the levels attained by the flood peaks of the past and the amount of water that could be safely discharged. He declared the well-designed head-works to be safe enough to pass the anticipated peak discharge. No Trimmu-like situation existed in Guddu. However, my fingers were tightly crossed. The engineers in Sindh had taken all possible protective measures. The Chief Minister Sindh, Mumtaz Bhutto arrived a day before D-day, that is, the day when the peak level was expected. Together we inspected the embankment, and, then he left to meet Bhutto in Larkana, glad to know that I was staying in at Guddu to see the flood peak pass.

The water level gauge at the head-work had been rising slowly all day. The flood peak was expected to hit us early next morning. It was an eerie night. I could not sleep. At 1:00 a.m. Mazhar and I went in a jeep to inspect the embankment and to see if the watchers were alert and on duty. Many of them were asleep. News spread that the minister was on a visit and soon everyone was up and moving. The wind was blowing strongly across the embankment, making the waves strike the earth in a menacing manner. We knew the weaker sections of the embankment and were surprised to find that some of those keeping guard at the embankment were doing so from the top. I got down the slope and started inspecting the toe of the embankment. Lo and behold, there was water, as much as a half-open wash basin tap. It was dangerous. If not closed right away it was bound to grow bigger and bigger, ultimately breaching the embankment. Quickly, we ran to the top, asked workmen to get into the water and stomp their feet to plug the hole through which water had found its way through the embankment. Soon success was achieved. More leaks were found and closed. The morning came. The water level gauge was steady. The flood peak had arrived, the embankment was safe.

News came that Bhutto was in Sukkur. I decided to report to him personally that Guddu was safe and that the danger now lay downstream between Guddu and Sukkur. President Fazal Elahi was also in Sukkur. As I was about to return to Guddu, the

President asked me to take the two BBC reporters accompanying him off his back. I told him that my helicopter was not big enough to carry five people and we were already three, the accomplished pilot Major Sajjad, Mazhar and myself. The President was glad to offer his helicopter. For the first time we were able to see the elaborate engineering works that had been put up in Sindh to protect the countryside from the ravages of the Indus. About ten or fifteen miles from Guddu, as we were crossing the river from one bank to the other we witnessed little specks in the water that showed some signs of life. Sajjad lowered the copter and we discovered a few men standing in the water, frantically waving to us for help. We made signs to inform them that we would return for them. I asked the pilot of the bigger helicopter if he could lower personnel from the machine to pull them up. He replied that he could, but refused me permission to go down. The BBC reporters requested that they be allowed to take the smaller helicopter to film the rescue operation. We found the spot and our expert pilot lowered the copter near the water to allow me to jump out. I indicated to him that it would be no problem if he wanted to put the pontoon on the slightly submerged soil and keep the machine running. But I was staggered to find that what I had thought were a few people turned out to be a crowd. Out they shot like arrows towards the helicopter and started climbing into the cabin. I decided that women and children should go first. Soon, the cabin was full. I stayed back and asked the pilot to return for a second trip. The machine and its noise faded away into the distance and we were left in the vast stillness, there was stillness—miles and miles of water all around us and not a word to say. We saved many lives that afternoon, including a two-day-old baby and her mother.

The next day was also exciting. I saw a huge diesel boat anchored idly while news poured in from all sides of marooned people unable to reach high ground. The problem was that the boat was on the downstream side of the head-work whereas the rescue operation was required on the upstream side and, the head-work rules specified that the lock to transfer the boat from one side to the other could not be used during high flood. The other problem was that, the boat had never been used to rescue people. It was to be used only for engineering surveys and inspections. I asked the captain to forget the orders and bring the boat to the downstream half of the lock. The door through which the boat had entered the lock was ordered closed and the hydrants were opened to fill the lock up. Within a short time, the lock was filled and the boat rose to the level of the river on the upstream side. The flood flow was calm and there was no hitch in moving the boat away from the head-works. We moved into the *bela* and started picking up marooned men, women and children. At one place, we saw a boy hanging around the neck of a cow drifting downstream. As we approached him, he told us that he would not come until we took his cow. Now, to lift the cow four or five feet up on the deck of the boat was not possible, so we lowered a small boat, tied it to the big boat, and slid the cow on it. The boy declined to board the boat saying that he only wanted the cow to be saved. As we ploughed on, we heard a man shouting to be rescued. Steering through trees and brush, we approached him. As he was trying to catch his chickens, he started running helter-skelter on the thatched roof. Help was sent

to him and his chickens. At one place, we saw a man perched on a small portion of a thatched hut waving wildly at us. The current seemed fast and treacherous but we managed to get near him. He jumped into the water and clambered on to the boat but left his dog evidently barking in protest. I told him that we could not take him until he brought his dog. He went happily to fetch it. In a day's operation we filled the boat with several hundred people and safely brought them to the high embankment.

The massive floods having passed the great canal head-work at Guddu we left next morning for Sukkur, seventy-five miles down the river. The flood had already struck. The right bank of the main stream had breached, just downstream of the head-works, pouring hundreds of tons of water per second, flooding the adjoining flatlands and the airport runway, breaking through the nearby canals and on to large cultivated areas. I phoned Bhutto in Larkana, telling him that I would like to close this breach. He replied that breaches in the Indus were not closed in Sindh until the river had subsided. He had been shown a plan to direct the floodwaters in a manner so that least damage was caused. He wanted to have my opinion on it. I insisted that the breach could be closed and that I was going to try. He responded that we had no resources, no engineers, or material to spare. Everything was committed. I asked permission to use whatever was available. Within an hour, his military secretary, Brigadier Imtiaz arrived with maps showing the points where the rear line embankments or canals were intended to be cut. I refused to give my opinion since I did not know the layout of the land and also since politics was involved here. Cutting an embankment at a particular point to make way for flood waters would save some lands while it would flood others. It was a political decision.

Unexpectedly, Bhutto arrived to meet me and left soon after the discussion. He did not stop me from undertaking the closure of the breach. I phoned a few former students and friends of mine in Lahore and asked them to volunteer for the job and leave for Sukkur that night. They arrived next morning by a special plane. They were all senior engineers and after having inspected the site, they assigned to themselves jobs normally done by mates, overseers, SDOs, accountants, and surveyors. They brought out tractors, bulldozers, scrapers, a few trucks and other machines lying unused in the Machinery Pool Organization, repaired the dirt road leading to the breach site, electrified the breach site and the road for a twenty-four hour operation, picked up uncommitted jail labour, and empty cement bags, and were in business by nightfall. The Pakistan Air Force obliged by sparing a helicopter to lift bundles of bags full of sand and place them in the midst of the breach as directed by the engineers. It was perhaps the first ever use of a helicopter for engineering operations in Pakistan.

Next morning, as Mazhar was preparing to leave for the local executive engineer's office to collect the latest report on river discharges and gauges, I saw a strange look come over his face. 'What is it?' I asked him. Looking at my trousers, he said: 'You were carrying a spare pair of trousers with you?' 'Yes, I was, but I hadn't the time to change it

in all these days', I replied. More than a week had passed since we left Islamabad intending to stay only for a day or two. Shirts we would wash every night to be used the next day but trousers had remained unchanged. Mazhar, too had managed with only one pair.

On the third day as the breach was scheduled to be closed, Hafeez Pirzada informed me somewhat hesitatingly that Sindhi engineers were unhappy that engineers from the Punjab had taken up a job they were not entitled to do. I told Hafeez that it was no problem and that he should call them in as I would like to speak to them. In came the Irrigation Secretary and some other senior, officers. I told them that the engineers from the Punjab were volunteers and that they were prepared to, return forthwith. There were two breaches to be closed. One was due for closure that afternoon and the engineers from Sindh, were welcome to take over, the operation without a break in it or they could allow the Punjab team to close this breach and then proceed with closing the next one further down themselves. Hafeez said that it was a fair deal. They decided to let the Punjab team complete the closure by that evening, and we prepared to leave the next day.

A few days earlier, I had an occasion to meet Bhutto at Jatoi's village near Nawabshah. The discussion turned to fighting the floods and how hard the people had been working. General Tikka Khan, who happened to be present, told Bhutto that 'Dr Mubashir has also been working very hard and he is clocking nine hours a day in the helicopter'. When the general had left, Bhutto turned to me 'Dr, you say you are not well and can still work for such long hours. If you were, well how much more work would you be doing'. I replied that it was a very special kind of work and that the vibrations in the helicopter had a therapeutic effect on my back.

* * *

In October 1973, I took to a helicopter again, touring the northern areas comprising Baltistan and the former Gilgit Agency of the British days. The vast, fiercely mountainous north was administered from Gilgit by an officer of Commissioner's rank, known as the Resident. If I were asked to name a day of my ministership that was of great service to the people of an area, it would be the day I called a combined meeting of officials and members of the public in Gilgit. It was attended by the Resident, Gilgit, Secretary Planning, officers of the Ministries of Kashmir Affairs and Agriculture, Deputy Commissioners, members of the Resident's Advisory Council, office bearers and workers of the Pakistan People's Party, representatives of students, and some experts specially invited from Lahore and Peshawar to advise on problems of irrigation, power and transportation. Held on the lawns of the Residency in bright sunshine, it was a lively meeting. The discussion was dominated by non-officials even the officials joined them in voicing grievances against the administration. It was most satisfying.

how the officials and the people pinpointed major issues and made constructive suggestions about how they could be resolved.

The report sent to Bhutto briefly described the decisions taken to address the problems faced by the people and the administration. Most of the problems did not concern the Ministry of Finance and it was irregular on my part to encroach on the realms of other ministries. I refrained from decisions on the spot and suggested that Bhutto, who was about to visit the area in the next few days, make the announcements himself.

The area was very poorly supplied with energy and transport facilities. My report to Bhutto read:

Electrical energy is nonexistent. Coal is not available. Petroleum products are prohibitively expensive. So are the dwindling stocks of firewood. Fortunately, the area has extremely generous potential for hydro-electric energy. Large schemes will take time and may also prove to be expensive in the end. The best course is to provide small hydro-electric (hydel) stations so that all the major villages are electrified. Seventy such places were identified. It is proposed to install turbines of 25 to 200 K.W., and an officer is being sent abroad to purchase prototypes and designs and blueprints so that these pieces of machinery can be made in Pakistan. It should be possible to start construction work before the end of the year.

Petroleum, Oil and Lubricants products are subject to high profiteering and adulteration. There is no depot established by petrol company or by the government. In particular, kerosene oil is in acute short supply. The oil companies have been directed to establish their agencies at Gilgit and Chilas to sell their products at the standard rates. Government will also establish depots. The Resident has been asked to keep stocks of these products in the stores of his engineering departments which have power to do so under existing rules and regulations.

Except for a PIA service in and out of Gilgit and Skardu, the region has no public transportation system. This meant immense hardship to the people and was a critical factor in retarding their development. I decided to establish a transport system covering all the areas in the region and also linking Gilgit with Rawalpindi through the creation of a Northern Area Transport Corporation. To begin with, there were to be bus and wagon services between Gilgit and Rawalpindi and Gilgit and Hunza. Jeep transport services joining Gilgit to Skardu, Ashkoman to Imit, to Yasin, Nagar, Astore to Minimar, Phandar, Sazin to Darel, Sazin to Tangir, and Hunza to Passu were set up along with cargo services by trucks and jeeps. It proved to be a very popular move and a useful undertaking.

Chilas, an important watershed on the ancient silk-route and now a bustling small town, was the headquarters of the newly created district of Danyur. It was known to be a hot and unhealthy place never visited by a minister. The residents complained that not a single street was paved nor were there any drains or civic amenities. The crude water channel which ran through the houses and bazaars not only supplied drinking water but also carried away the filth of the area. The Citizens demanded civic amenities but the place perched on a steep mountain side was utterly cramped. They welcomed my proposal to shift the village of 500 odd houses and thirty four shops to a plateau half-a-mile away and 800 feet above, where a modern town could be built. It was reported that the channel already under construction for Chilas could easily take water to the new site. All the officers as well as the citizens thought that the new site was much healthier, cooler and less mosquito ridden. It also commanded a beautiful view of the snow-clad mountains. I approved the proposal and promised to release the necessary funds.

Radical steps were proposed for the improvement of health facilities for the people and for their cattle. The report to Bhutto summarized below said:

Water Supply: A special division headed by a qualified water supply and sanitary engineer who happens to be of local origin has been created to construct a large number of rural water purification plants.

Medical Facilities: A scheme to extend medical cover is being worked out on the following rationale:

More than fifty percent of the diseases will not occur if clean drinking water is available and if prophylactic treatment is given in the form of inoculation and vaccination. This will leave not more than eight or ten common diseases which were amenable to simple treatment. To treat these diseases, men can be trained in a few months' time. The remaining ten to fifteen percent diseases require treatment by qualified doctors in well-equipped hospitals.

It is proposed to train one or two persons from each village depending upon its population. Training is proposed to be started in a month's time.

Veterinary Facilities: An alert veterinary surgeon posted at Chilas had ready a scheme for treatment of animals on the lines indicated in the preceding paragraph for medical facilities for humans. It was decided to follow the same procedure for treating the animals.

Amidst the mountainous terrain of the northern areas there were large tracts of plateaus which could be cultivated. The land was fertile and water for irrigation was available everywhere only a few hundred feet below the culturable land. The meeting identified

twenty-two channels which were in a state of disuse or where a channel had been partially constructed but later abandoned. Necessary funds were released for their repair and rehabilitation. Fertilizer was generally in short supply due to the faulty method of accounting adopted by the local quota of fertilizer was increased from 3,000 bags to 15,000 bags per year. The Agricultural Development Bank had only one branch in Gilgit and its activities were limited. The case of the National Bank of Pakistan was similar. It was decided that the Agricultural Development Bank would open five more branches and the National Bank would open six more branches in the area.

Government accounts of Gilgit Agency were under the control of the Accountant General stationed in Peshawar. There were widespread complaints of non-receipts of salaries by government servants. No officer had been paid for the last four months. Only the Resident had received a salary and that, too, after a delay of three months. It was decided that an independent office should be opened in Gilgit by 15 November 1973. The Agency would have its own accounting and auditing unit.

The police staff complained that their scales were lower than those enjoyed by policemen in other provinces. The principle of equal pay for equal work for men with equal qualifications in all the provinces was accepted.

Bhutto's orders dated 23 October 1973 on the minutes were:

We are not going to Northern Areas tomorrow. These are important decisions. They cannot be delayed till next spring merely because we have postponed the visit to next spring. Why should the poor people be denied the benefits of these decisions for all these months for a small thing like my indisposition. Please make sure that all these decisions are announced and implemented. Four ministers were to accompany me. Mr. Sherpao and Mr. Jatoi should go there in any case. Their portfolios are most relevant to the people of the northern region. Nothing should be held up due to my postponing the visit.

* * *

Encouraged by Bhutto's support to the reform and development initiatives taken for the northern areas, I decided to visit the economically depressed area of Balochistan. Politically, it was a difficult period. Relations between Baloch *Sardars* and the federal government were exceptionally strained. Military operations against dissidents were in full swing. Having sensed that his days as governor were numbered Bugti was not in a cooperative mood, nor was the local military commander who expressed his inability to spare a helicopter for my visit to Saindak.

Saindak located along the borders of Pakistan, Iran, and Afghanistan. It was a five hour ride from Quetta in a Pakistan Air Force helicopter. There was no water for miles, no vegetation, and the terrain was nothing but rocks. But there was copper, worth over a

billion dollars. There was no boarding and lodging facility in Saindak. Not one brick or stone structure had yet been constructed by men working on the copper mines. Initially, I thought that I would pass the night in the transport provided by the Geological Survey of Pakistan, but later I opted in favor of a small dilapidated tent arranged by the Director General. Assessing the bureaucratic difficulties that may come in the way of exploratory work undertaken by the GSP, I conferred wide powers on the field officers to employ staff and incur expenditure. Bhutto appreciated the measures I had ordered, giving his remarks on every paragraph of my brief report.¹⁸¹ At the end he said:

Fully approved. Please speed it up. Now that Bugti is going please take early and proper action on Steel Mill and Cement Factory on (their) location etc. Those projects also have to get moving.

Life in Balochistan was extremely hard, even for people living in habitations along the railway line. One such place was Azad, a railway station on the Quetta-Zahedan route manned by ten to twelve members of the railway department. Since the discovery of marble mines, Azad had become one of the principal loading stations, and the population jumped to 600 odd souls. All the inhabitants, except for the railway staff, were employed by the marble mine companies. The daily wage was five to six rupees per day. The mine owners, with a few exceptions, delayed the payment for months. Mine companies provided no housing to the workers. Drinking water was brought once in twelve days by rail from a distance of eighty miles. There was neither a school nor a dispensary. Meat was 12-14 rupees per seer, ghee 18 rupees per seer and sugar 7 rupees per seer. Wheat was available at government rates but most people did not possess ration cards and were unable to travel eighty miles to get it. Railway wagons were not available to carry the huge quantity of marble stacked along the station. It would have taken 1,500 wagons to carry the accumulated stone. The supply even in the best of times was fifty to sixty wagons per week. For the past one-and-a-half months, no wagon had been made available.¹⁸² Bhutto's remarks on this report were:

I have never been an admirer of the Zehri brothers (owners of some of the mines) Please take whatever action you deem fit.

Unfortunately, I was not in a position to take any action except prod the Ministry of Communications to supply more wagons to the area. Other matters lay in the provincial domain.

I paid a brief visit to Dalbandin, a *tehsil* headquarters in the district of Chagai, more than 200 miles west of Quetta with a population of about 6000 people. Drinking water

¹⁸¹ Copper Prospect at Saindak, report dated 5 November. 1973, Personal papers

¹⁸² Visit to tehsil headquarters in Balochistan, Report dated 5 November 1973. Personal papers.

for this tour was brought by rail. The poverty was extreme and yet all the 600 children of Dalbandin were going to school. I talked to about forty children who demanded increase in the number of scholarships and for a college to be set up in the area. They complained of shortage of ghee, sugar, and drinking water. The children had worms in their stomach due to contaminated water supplies They also had complaints against the teaching staff, I sent a brief report to Bhutto' 'For Information', who wrote back:

My information but your action I am not the Finance Minister, Feroze Qaiser told me that there was ghee everywhere. Nice of him.

I called a meeting in Quetta on 1 November 1973 that was attended by Akbar Bugti, Governor, Jam Sahib of Lasbela, Chief Minister, Minister for Planning, Chief Secretary, and other senior officials. The meeting lasted over seven hours and was largely successful. In order to speed up electrification of the areas twenty-eight places were selected where small diesel generators were to supply electric power to areas with a population of more than 2,000.

This high powered meeting helped dispel the doubts in the minds of the provincial government and its influential politicians that the federal government would usurp the rights of smaller provinces, like all previous governments in Pakistan. Governor Bugti was unhappy that the construction machinery from Hub dam which had been taken away by the Sindh government during the floods had not been returned.

The briefing given by the Director General, Geological Survey of Pakistan, about the mineral wealth of Balochistan was an eye opener. He described nine extremely important minerals and urged the federal and provincial government to order extensive exploration as top priority. The exploration of copper and two important iron ore deposits had been taken in hand but it seemed to me that the project was heading for political trouble. In order to make steel, 25 to 30 cusecs of water was required That quantity was not available in the province. The Development Commissioner conducted himself more as a technical man rather than as a development executive, and suggested that the project be split into two parts: first by turning the ore into pig iron in Sibi and then making steel from the pig iron in Kashmore. I was not competent to speak on the technical aspect, but the wrangling seemed to be excessive and the outcome negative. The other ore deposits which awaited exploration and exploitation were of manganese, laterite, chromite and fluorite. As far as the Finance Ministry was concerned, I gave them all a green signal. Bhutto's orders on the minutes were:¹⁸³

Top Priority

¹⁸³ Personal papers.

A very useful visit. Follow up is essential. Please meet me and Governor on 10th to discuss the outstanding issues. Chief Minister of Sindh can attend. He will also be in Pindi.

Please arrange this meeting

* * *

After submitting my resignation, I had radically changed my pattern of work. I had delegated most of my work apart from looking at the files for final approval to government officers to proceed abroad to attend conferences or to go on some other official business. I would receive about fifteen files a day. Nearly two-thirds of them would be rejected or approved by simply writing 'Not Approved' or 'Approved', as the case may be, and on the remaining one-third, a note would be dictated. Gone were the days of working fourteen to sixteen hours a day. There was a lot of time for me to think and travel. By the end of 1973, the course of the national economy had been set according to the PPP manifesto. Fighting floods, visiting Gilgit and Baltistan, touring the borders of China in the north, and Iran in the west, I was no longer a permanent fixture in Islamabad.

In November 1973, Bhutto decided to tour the north-western tribal areas. It was a tour without precedent. No prime minister or president had ever visited these areas. There was tension in relations with the Afghan government of Sardar Daud Khan. Many families living along the border were divided in their loyalties to Pakistan and Afghanistan. The popular saying was that if a family had three sons, one would be loyal to Pakistan, another to Afghanistan and the third one would be neutral. The governor of the NWFP, the Chief Secretary, the secret agencies, and the tribal administration had expressed fears about the safety of the Prime Minister during the tour. To fly for 400 miles in a helicopter along the international border with Afghanistan over a territory without a full-fledged Pakistan administration and where the entire population was armed was certainly full of risk. Bhutto enjoyed taking risks. His dashing Inspector General of the Frontier Constabulary, Nasirullah Babar, sold the idea to him who then brushed aside everyone else's objections.

One helicopter carried media persons, another carried Babar, some security men and officials, and the third carried Prime Minister, Aslam Khattak, the Governor of NWFP, members of Bhutto's personal staff, and myself. The tour was from the north towards the south. In the brilliant autumn, we saw the point where, approximately, the borders of Pakistan, China, and Afghanistan met. It was an exhilarating sight – super-mountains of pure white snow, in close vicinity to the Pamir, majestically glittering, in the early morning light. Across the valley of Wakhan, we could see the territory of the USSR.

It was a long and rugged tour involving meetings and discussions from early morning till late at night. The places we visited were Khar in Bajaur Agency, Nawagai in

Mohmand, Parachinar in Kurram, Jamrud in Khyber, Miran Shah in North Waziristan, and Wana in South Waziristan and a few other important places such as Razmak, Mastuj and Drosh. The District of Chitral was also extensively toured. Everywhere the people thronged to see Bhutto and to listen to him. They brought their complaints to him. The welcome had been warm except for two untoward incidents. In the Bajaur Agency, a bomb exploded near the place where our public meeting had been planned minutes before our arrival, and in South Waziristan, as we left a meeting, a few stones were hurled at our motorcade.

Everywhere the people wanted more roads, dispensaries, hospitals, schools, reservation of seats in medical and engineering colleges.¹⁸⁴ In Chitral, they complained bitterly against the medieval tax of *ushr*, a ten percent levy on agricultural produce collected in kind through contractors. They wanted it changed into land revenue like in other settled districts. They also complained against the levy of *klang* (chicken, goat, milk, ghee) by the princes of Chitral. Bhutto promised to stop the practice there and, then, Government Transport Service reported that the newly purchased jeeps had bugs or design defects of certain components. The National Bank Manager reported that not a single loan had been sanctioned for business or industry during the whole year. He had sent four applications for loans to the Deputy Commissioner last May but no reply had been received and it was November.

In Chitral, it was reported that 225 men of the District Border Police guarding one hundred miles of border with Afghanistan were each paid only 26 rupees per month. The Deputy Commissioner's orderly, Muzaffar Ali Khan claimed that he was the first to report the presence of uranium in Chitral, a claim confirmed by a geologist of the Atomic Energy Minerals Centre in Lahore.

Between Khyber and Kurram Agencies lay the huge tract of Tirah which had been closed to the administrative personnel of the Pakistan government. Officials told me that the tribes of Tirah were opposed to any development work in their area. However, when I sat down with them in Parachinar to mark the roads they wanted on a map, the entire area north to south and east to west was, marked by their demands. There was something terribly wrong with the administrative system here. Throughout the belt, lack of communications was hampering supplies of essential items such as *atta*, salt, kerosene, edible oil and sugar.

Bhutto had been extra nice to me all these months of the summer of 1973. He had gone out of his way to allow me to exercise authority beyond what the Rules of Business had assigned to the Ministry of Finance. He had also taken me to the tribal areas, an exclusive preserve of the prime minister, and had left me wondering about his reaction to my resignation. One evening in Parachinar when Hayat Sherpao was with us, Bhutto

¹⁸⁴ Personal papers.

brought up the issue of my resignation. He told Hayat Sherpao that I wanted to resign, to leave them, and that I should not be doing that as there was so much work to be done and they were all such good friends. Hayat, a fine man and sincere friend started pleading with me to stay on. I made no promises.

The visit had a positive political impact. Babar thought that Pakistan's link with the tribal areas had been greatly strengthened, the pace of development was accelerated and the grant was increased several fold during Bhutto government.

1973 was a good year for the PPP government. At last, Pakistan had a Constitution approved by an Assembly elected on the basis of adult franchise. The economy had stabilized. Ethnic and labor unrest seemed to have subsided Bhutto's team of ministers has gained experience. On the face of things all seemed well.

10 THE YEAR OF CHANGE

The year that brought great popular support to Bhutto's government was after the holding of the Islamic Summit in Lahore in February 1974. Rahim argued that a summit could neither be Islamic nor un-Islamic. Bhutto overruled him. Thirty-eight kings, *amirs*, presidents, and prime ministers participated in it, King Faisal of Saudi Arabia and President Gadhafi of Libya being the star participants. The great hulk of President Idi Amin of Uganda, with his shining brown complexion, who came uninvited was also the object of great interest, as were President Sadaat of Egypt, Boumedienne of Algeria, and Hafiz Asad of Syria. The Shah of Iran did not come himself but sent a minister from his government.

Elaborate arrangements were made for the security of the distinguished guests. Weeks before a ban had been imposed on visas to foreigners. The military was deputed to escort the two scores of motorcades to and from the sessions and banquets of the Summit. Many rich personages of Lahore generously vacated their residences to accommodate the distinguished guests. The Summit was held in the Punjab Assembly building. For the first time in Pakistan, arrangements were made for simultaneous translation of the speeches through a network of microphone and speakers available to each participant. The proceedings were secret, but since the arrangement was through wireless, anybody sitting in the nearby Falettis Hotel with a high frequency radio receiver could listen to all that was being said in the conference.

Bhutto ordered elaborate measures to prevent Opposition parties from using the occasion to create propaganda against his government. In a detailed directive he said:¹⁸⁵

It appears that the Opposition in this country does not have any national self-respect. It has no knowledge of the world, does not have the faintest idea about protocol and etiquette. It seems that it does not understand how State relations are conducted, otherwise how could senior so-called politicians disgrace themselves and insult their own country by approaching foreign Ambassadors on petty internecine issues? . . . It is painfully embarrassing but we have to live with these ignorant and uncouth individuals, untutored in the elementary code of State conduct. Typical of them, they have decided to brain-storm the foreign Heads of State during their visit to Pakistan for the Islamic Summit Conference. They have decided to inundate them with literature and complaints against the Government. They have decided to seek interviews with them and to fall at

¹⁸⁵ Personal papers.

their feet and to beg them for their cooperation in overthrowing my tyrannical government. They want to contact them on the telephone, they want to send them letters and emissaries, they want to meet them under hush hush conditions. They are devising plans and approaching the Ambassadors of the concerned countries They want to bring down the high pedestal of the conference to the gutter. . . . Do they not realize that such unbecoming conduct would only incur displeasure and disgust of the foreign leaders We have to think of the dignity of the State. For this reason we will have to block all the holes and ensure that none of their dirty schemes and projects work We have to deal with them very firmly. The Telephone Department will have to be on its toes and also the Telegraph Department. The Postal authorities will have to screen all the mail, the Police and other functionaries of the Provincial Government assisted by the Federal Government will have to seize obnoxious pamphlets, posters, and other literature printed by these individuals If posters are printed and posted on the walls, they must be immediately removed. None of them should be able to establish contact with the Heads of State and the Leaders of the Delegations.

Before the conference fears had been expressed that the irrepressible and emotional people of Lahore might endanger the security of popular leaders like Faisal and Gadhafi. Appeals were made in the media for the people not to break security lines and to maintain discipline. The people of Lahore responded marvelously. For the first time in history, one heard the Superintendent of Police expressing his gratitude to the people over the media by saying 'I want to garland the people of Lahore'.

The Summit adopted resolutions against the occupation of Arab territory by Israel, for the return of Jerusalem, and for the restitution of national rights of the Palestinian people. It also adopted a declaration on radical lines. A decision was taken to set up a group to study the question of eradication of poverty, disease, and ignorance from Islamic countries. The Islamic Summit placed on record that it was essential to end the exploitation of developing countries by the developed nations.¹⁸⁶

* * *

With the Constitution passed, the Islamic Summit over and with one of the best budget positions Pakistan had seen in the last twenty-seven years, Bhutto was in a position to be less dependent on his colleagues. Before coming into power in 1971, he had declared before a huge crowd that his party comrades, Mustafa Khar and Mairaj Mohammad Khan, were his successors. A few years later, as Prime Minister of Pakistan, he was

¹⁸⁶ As I passed by a room where the staff of the Foreign Office was working on the Resolution and Declaration to be adopted by the Summit, a young Foreign Service officer was good enough to show me the draft under preparation. In my hand I amended it to include the sentences about the study group and the exploitation of the developing countries. I was pleasantly surprised that in their hurry or ignorance, the conservative establishment and leadership of the Summit let my insertions- stand. No study group was ever appointed.

telling his Cabinet Secretary, Vaqar Ahmad,¹⁸⁷ 'You are my Deputy Prime Minister'. It was a complex phenomenon which will be investigated and debated in times to come. Here it is proposed only to describe in broad terms the sequence and circumstances of how some of his old colleagues were gradually departed from his government, their place taken by a team of a different persuasion. Mairaj Mohammad Khan left the Cabinet in October 1972. Rafi Raza resigned as Special Assistant in June 1973, and Mumtaz Bhutto resigned as Chief Minister later that year. Ghulam Mustafa Khar was the next to leave.

The distance between Khar and Bhutto had been growing slowly and steadily. They understood each other better than any two men in the Cabinet. I was aware of Khar's doubts about the rightness or, wisdom of some of the decisions taken by Bhutto and which Khar had to carry out, but these did not amount to serious differences on questions of policy or programme. They related mostly to Bhutto's choice of personnel. What ultimately mattered was Bhutto's suspicion of Khar's ambition for power. The first point of difference that emerged between the two friends related to a matter of the heart long before coming into government, Bhutto had some dental problem and I took him to the clinic of my friend, Dr. Zafar Niazi, in Lahore. While Niazi worked on Bhutto, Khar lost his heart to the beautiful receptionist in the good dentist's clinic, Sheharzad Haq. Bhutto tried unsuccessfully to dissuade Khar from marrying Sheharzad, saying that he would have no time left for his job as governor, but ultimately relented and attended the private marriage ceremony at the Governor House.

In mid-April 1972, Bhutto summoned me to the President House. Governor Khar and Federal Minister Meraj Khalid were already with him. Bhutto asked me if Meraj Khalid should continue as a federal minister or go to Punjab as chief minister. I said that in my opinion Meraj Khalid should stay in the federal cabinet. Bhutto then asked the three of us to move to the chairs in the nearby verandah and take the decision for him. Khar explained to Meraj Khalid that in case he chose to become chief minister all power would be vested in the governor and not in him. Still, he chose to become the chief minister. Meraj lived by his word and did not assert the powers which the Interim Constitution vested in him. The arrangement lasted for sixteen months till the 1973 Constitution came into effect. All three, men Bhutto, Khar, and Meraj Khalid, acted against the spirit of the Interim Constitution, since the Governor was made the *de facto*

chief minister. According to Mian Mohammad Aslam, a friend and confidant of Khar, the latter did not choose to become chief minister of Punjab in April 1972 because Bhutto wanted the new Constitution of Pakistan to be presidential in form but providing for a prime minister. Khar had always wanted to stay near Bhutto and work under him rather than on an independent charge. Perhaps Bhutto interpreted it as Khar's wish to become prime minister. That was most unfortunate. Eventually, the new

¹⁸⁷ Conversation with Vaqar Ahmad.

Constitution that came into effect on 14 August 1973, was parliamentary in nature and Khar was made chief minister of Punjab. Trouble started brewing almost immediately.

During the floods in August 1973, Bhutto was addressing a public gathering in Jhang. The crowd was shouting *zindabad* slogans in favor of Bhutto when suddenly a young Khar enthusiast shouted out Khar's name for the *zindabad* slogan. Bhutto ordered the Superintendent Police who was standing nearby, to restrain the young man. Either the man did not stop or the policeman believed that the only way to stop him was by beating him up mercilessly. The man was a well meaning worker of the Party and his beating by the police in the presence of the Party leadership was an ugly spectacle. Khar, who was standing next to Bhutto, asked the policeman to stop the beating. That infuriated Bhutto even further who curtly told Khar that the beating had been ordered by him and that if Khar wanted to become prime minister he was free to do, so. The episode had taken place in public.¹⁸⁸

One evening in winter 1973, after we had seen off Bhutto at the Lahore airport, Khar asked me to accompany him to the shrine of Data Sahib where he had been invited to perform *the ghushl* of the saint's grave. At the Regal Chowk on the Mall, no sooner had Khar stopped his car at a red light, than a crowd recognized him and besieged his vehicle to shake his hand. Identical scenes occurred at two other red light stops, it perturbed me greatly. Khar's friends Dr. Ghulam Hussain, Chaudhri Talib and the Punjab Minister Mumtaz Ahmad Kahloon, were beaming with joy in the back seat, No words were exchanged but I could judge from Ghulam Hussain's looks telling me 'See? the popularity of our man'. At the shrine, the crowd went mad around Khar, shouting slogans and trying to touch him and to shake his hand. When Khar dropped me at my house; I told him quietly that what I saw bode ill for him and that he should avoid such occasions.

By the autumn of 1973 Khar was not happy in his relationship with Bhutto and on several occasions expressed his desire to part company, with the man. I always advised him to continue. A few weeks later, as I lay in bed after a dental operation, I saw in *Musawaat* that the entire front page of the party newspaper was covered with news concerning the activities of Khar. There were pictures of the chief minister amidst his admiring crowds and big headlines. The prime minister's news was relegated to an inside page. I was afraid that Khar's enemies in Islamabad would use it to poison Bhutto's mind against him. Shaukat Siddiqi, the editor, when asked if he wanted to create a rift between the prime minister and the chief minister told me that orders of the Punjab government, that is, by Khar's men. I requested Khar to come and see me about this. He came immediately and said that the paper was responsible for the publicity. When I told him that the editor was sitting in the adjoining room to contradict him, he said that I could give the editor whatever instructions I liked. After he left, I did just

¹⁸⁸ Confirmed by Khar and two other persons.

that. I then phoned Bhutto and told him that I had done the needful and that he should not believe the exaggerated tales brought to him about Khar who had been warned and the party newspaper had also been properly advised.

Relations, between Khar and Bhutto kept on deteriorating. One evening, I went to Khar and told him that things had gone far enough and that he should now quit as chief minister if he did not want to lose Bhutto's personal friendship. I also advised him to part company amicably. When I told Bhutto that I had asked Khar to leave, he was a little upset and remarked '*You always tell the other person also*'.

Bhutto's relationship with Khar was a complicated one. They had been close comrades for a decade and were very loyal to each other. I cannot forget Bhutto's anguish on 8 November 1970 when he made his triumphant train journey from Rawalpindi to Lahore. On that day, since the police wanted to arrest him, Khar had travelled by public transport. When Bhutto reached Lahore and was told that Khar had not yet arrived, he was hugely upset. Again and again, he would utter: 'Khar has been nabbed, Khar has been nabbed'. Khar arrived late in the evening. We hid him safely at Haneef Ramay's residence. The eventual decision to part company must have been a very difficult one for both men. It was kept a closely guarded secret. In the summer of 1974 when Bhutto decided to relieve Khar as chief minister of Punjab, he came to Lahore and stayed on at Khar's rented house before making the earth-shaking announcement of dismissing his host and friend as Chief Minister Punjab. I was taken completely unawares and was quite shocked since I was not unaware of the previous arrangement between them. As soon as I heard the news that evening, I went to Khar's place. There was a large crowd gathered outside the house. His numerous admirers and friends were extremely upset and sad. Inside the house, there was complete calm as though everything was normal. There were four of us: Bhutto, Khar, Hafeez Pirzada, and myself. Soon, we moved to the dinner table. As had happened quite often, an argument developed between Pirzada and Khar but this time it ended with both men crying simultaneously. Seated at the head of the table, Bhutto kept himself strictly aloof of the argument. Dinner over, Hafeez left and he moved to the modest roof terrace of Khar's house. The dismissal of Khar and the appointment of Haneef Ramay to replace him was not discussed amongst us. I was not happy with the appointment although Ramay was a friend I knew very well. In my view, he was someone incapable of satisfying Bhutto for any length of time. Bhutto had little respect for Ramay and would often make fun of him in his absence. Ramay lasted slightly more than a year-and-a-half. Later, Bhutto imprisoned and maltreated him in jail which Ramay bore with great dignity. He came out of jail only when Bhutto had been overthrown by Ziaul Haq.

Khar remained in the political wilderness for many months, to be appointed Governor of Punjab once again. The two friends could not tear themselves away from each other for any extended period of time. They were incapable of extinguishing their sense of personal loyalty to each other. Khar's re-appointment as Governor was a welcome

rehabilitation but it was a temporary arrangement and he knew it. I learnt of it in a curious incident. One evening, Bhutto invited Sadiq Qureshi and myself to dinner at the Lahore Governor House where he was staying with Governor Khar. By then, I was no longer a minister but had been elected Secretary General of the Pakistan People's Party. While drinks were being served, Bhutto addressed Khar:

'Mustafa (Khar), do you remember the day I appointed Ramay as Chief Minister, you told me that Dr Sahib was of the view that Ramay was the wrong choice.'

'No, I never said that', Mustafa replied.

'Mustafa, don't you remember that after dinner that evening we went to the roof terrace and there was only one bulb hanging in went to the roof terrace and there was only one bulb hanging in the door to light the place and Dr Sahib had left earlier and you went down to see him off and on your return you had told me that'.

'I never said that', Khar stuck to his statement.

Bhutto was now quite upset, his big eyes looked bigger, he said in an angry tone:

'Mustafa, I knew you told lies, but I never thought that you would lie to my face.'

We sat silently for a while, then Bhutto announced that he would eat in his room. Thus dismissed, Sadiq and I took leave and walked the long verandah, came down the grand staircase, and headed for our cars, when we heard Khar shouting from the first floor verandah, *'Sadiq, Sadiq, come back'*.

Up we walked again and took the seats we had just left. Khar went into Bhutto's bedroom and brought him out and, addressing me, said:

'Dr Sahib, mein nay kaha tha.' (I had said that.)

'You see, you had not understood what I was going to say. Dr Sahib was right. He knew Ramay better than us, I wanted to pay a tribute to Dr Sahib.'

The matter seemingly closed, we moved to the dinner table. There was more silence than conversation while eating, a kind of unease in the air. Suddenly, Bhutto asked Khar:

'Mustafa, if the Party Chairman (Bhutto) were to tell you something and if the Secretary General (Mubashir Hasan) were to tell you something else who would you believe?'

'The Secretary General', was Khar's reply.

Fortunately, we were finishing desert at that moment and as soon as it was over, we said, good night and left.

Khar who came down to see us off, took me aside and explained why he had to retract his statement contradicting Bhutto in the conversation before dinner. Bhutto had angrily demanded of Khar that he should have lied and not contradicted him publicly. Khar said that he was to remain governor only for a few more days and did not want any unpleasantness at that hour.

Within a short period of being relieved as governor, Khar's relations with Bhutto soured. He was denied a party ticket when a seat fell vacant in Lahore. So Khar contested against the party. One of his election rallies was disrupted, and in the onrush that ensued nineteen people died. It was only in 1977, during the PNA's agitation against Bhutto, that Khar was reinstated in Bhutto's eyes and appointed an advisor.

* * *

Early in 1974, I learnt that the General Assembly of the United Nations was to meet in April for its first ever Economy Session. In the previous two years, my understanding of the importance of my presence in Islamabad had prevented me from taking a foreign trip despite more than a dozen opportunities. It was no longer so and I decided to attend the UN Special Session. I started consulting young economists in January about the stand Pakistan should take at the UN. The more we worked on the problem, the more unprepared we felt to present the case of Pakistan and other third world countries against the exploitation by rich, developed nations. A task force was constituted to spell out as clearly as possible the principal ingredients of neocolonial exploitation. I also requested the Foreign Office to put up a draft of the speech that I was to deliver.

During that period, the imperial West woke up to realize that an economic crisis, as grave as the one that hit the world in the 1930s, loomed ahead. I collected excerpts from some authoritative western publications indicating the dismal economic prospects for the world in the coming years and sent them to Bhutto:

Economists are baffled, politicians are tongue-tied and consumers are seething with rage. Suddenly all conventional wisdoms have been shattered and even the most meticulous calculations have been rendered obsolete. In the space of less than a year, the seemingly inexorable global march towards greater production, greater wealth and greater prosperity had been abruptly brought up short by a frightening phenomenon a worldwide inflationary spiral. (*Newsweek*).

'We don't know how to control inflation', says John Dunlop, the distinguished labour economist who heads the U.S.'s Cost of Living Council. We simply don't know how to do it with our existing tools.' (*Newsweek*).

'I cannot logically dispute the views that the natural consequences of the present process is a global price surge that causes all favor of gold or food and the birth of a hideous world depression.' (Economist Irving Friedman in *Newsweek*).

'The struggle over oil prices may be followed tomorrow by a similar struggle over the prices of other imported raw materials. And since what is at stake is not just pawns on a chessboard, but the peaceful evolution of the world economy and the prosperity of the nations of the world, we need a politically sound philosophy if we are to win this dangerous fight'. (Schmidt, Former German Finance Minister writing in *Foreign Affairs*, April 1974.

'With no other changes to affect international trade, the 1973 current account surplus of the developed nations would turn into a deficit of \$41 billion and the 1973 current account deficit of the developing nations would double to \$ 23 billion'. 'Such deficits threaten the stability of the economies of oil consuming nations throughout the world'. (Robert McNamara, President World Bank, talking to *Newsweek*)

Bhutto returned the note with the remarks: '*Very interesting – so what do we do? Weep or win?*'¹⁸⁹

The Foreign Office sent me a weak draft and advised that Pakistan formulate its stand only after the big powers had spoken. I reacted to it strongly, telling them how little they understood of the crisis confronting the third world as a whole and the importance of speaking up at the forum. They made it a point to schedule my speech more than ten days after the session opened. I reached New York on 8 April, taking Sikander Rahim, JA Rahim's son with me who had been working with the Planning Commission and understood the assignment better than anyone else.

My turn came on 22 April 1974, and my speech would have gone unnoticed into the UN archives like thousands of others but for a chance meeting on 23 April with James Reston, Vice President of the *New York Times* and one of the most respected columnists of the United States. Reston chose my speech as the subject of his column the next day which was syndicated the of our, exports would be on a par with that of the developed world over in twenty-three newspapers. This put the speech in a different perspective and favorably influenced the course of my meetings in Washington. On 5 May, the Los

¹⁸⁹ Personal papers.

Angeles Times published an abbreviated version of my speech titled 'A Third World View, Wealth by Exploitation' which is reproduced below:

The problem before this special session is an all-embracing one political, social, economic, biological, and ecological. It affects every facet of national and international life. Its implications are awesome and mind-boggling; but for us in the Third World, or call us the fourth, the fifth, or indeed the last, the essentials of the problem are simple.

For the industrialized world, the primary problem is that of making suitable adjustments in the economic order that has brought to them the highest standards of affluence ever attained by man in the history of civilization.

For us in the non-industrialized world, the spectre of death looms large. Poverty, hunger and disease have reached unprecedented levels.

Out of every three children born in the developing countries, one succumbs (to death) before the age of five. For those who survive, it is a life of deprivation, desperation and degradation. Theirs is a subhuman existence. It is an intense but, mercifully, a short struggle, as their life expectancy is no more than thirty years.

How has this tragic situation come about? Hardly a generation ago our Charter lay down in Article Fifty-five that the United Nations should promote a 'higher standard of living, full employment, and conditions of economic and social progress and development'. The problems we face today have come about because we did not take measures that the Charter required of us. Despite our political independence and sovereign status, an unceasing transfer of resources has been taking place from the poor to the rich nations. This transfer occurs in many forms. However, the single most active mode is that of 'unequal exchange'.

The prices of commodities exported by the developing countries are low because we are forced to pay low wages to our workers. Not only are our wages low, but our profits are low too. If our profits were higher, the income, on value added we receive per unit of our exports would be on a par with that of the developed countries with their high wages. But this is not the case. Thus the exchange is unequal.

Furthermore, where our goods compete with those of the developed countries, tariff and non-tariff barriers force our prices down. This is the case with textiles, leather-goods and a large number of foodstuffs. One must ask oneself how much such products would cost if they were to be produced by the highly paid workers of the industrialized nations. It is a question of simple arithmetic. The labor of the developed countries is paid at least ten, and of certain types,, twenty times of what the labor of a developing country receives.

Thus the magnitude of the difference between what we do receive and what we should receive is hundreds of billions of dollars. Our estimates range between 250 and 630 billion annually, depending upon the method and range of calculations.

The figures may at first sight seem incredible but, unfortunately, these are hard and cold facts which explain the basic reason for the miseries of two billion people, nearly two-thirds of mankind who toil from dawn to dusk, from childhood to old age.

The antagonism between the rich and the poor is natural. You have to be poor to realize it. The poor are increasingly beginning to believe that the rich have not become rich by divine design but by expropriating the fruits of their labor; that some nations are affluent and others are impoverished as a result of the cumulative effect of the eras of imperialism, colonialism and neo-colonialism, and not due to any inherent defect in themselves.

The speech drew the attention of the world community to the inordinately high prices of technology charged by advanced industrialized nations from developing countries. It also raised the issue of emigration of educated, skilled, and professional manpower from the developing to the developed countries. The economic clout of the western industrialized countries determined the pattern of investment, production, commerce, and consumption in developing countries and was invariably used to the advantage of the first group of countries and to the detriment of the second. Similarly, the influence of the developed countries was depleting the natural resources of poor countries at an alarming rate. These serious excesses were compounded by thoughtless and short-sighted pursuit of unrestricted production and consumption which caused ecological imbalances and polluted the water and atmosphere of our planet.

Developing countries, that produced raw materials, literally got a raw deal. The terms of trade were against them. Having no holding capacity, they had to sell at cheap prices and any increase in production was penalized by lower unit prices. The international middleman, the speculator, and the hoarder of the commodity markets, reaped most of the profits while the individual producer and the producing country suffered.

In my speech, I reiterated that it was our deep belief that the riches of the land, the sea, and the spaces beyond, are meant for the good of all mankind, for all time, and are not meant merely for one generation, much less for the exclusive use of their temporary owners. Indeed, Islam proclaimed that individuals and nations who seemingly own wealth are only its custodians.

The Assembly was told that to say that the international monetary system was in disarray would be an understatement. It allowed the privileged countries to incur large deficits because their currencies were used as the basis of international exchange. The inflation which was raging across the world in those days which had created a situation

that could no longer be sustained was the manifestation of the effort to consume more than is produced.

What was required, I said, was a vision on the part of the rich, both in the oil consuming and in the oil-producing countries. In that vision lay the only chance of a peaceful solution of the current crisis. Should they fail to find a solution based on justice and equity, I added, nature had its own grand design for the fulfillment of the destiny of mankind.

I had taken a copy of the speech to Reston who had earlier told the Press Attaché of the Pakistan Embassy that, due to previous engagements, he could not meet me. I then requested the Press Attaché to tell Reston that I had been reading his columns for the last twenty-eight years and I had something important to say to him. He agreed to see me at the offices of the *New York Times*. I brushed aside the advice of our local diplomats that a minister's visit to a newspaper office was against protocol. In fact, I had to go twice that day. In the morning, the Board of Editors had invited me, and in the afternoon, the meeting with Reston took place.

The discussion with Reston was mostly about the future of the world economy with particular reference to the United States and western Europe. I asked him how long these countries could go on spending money they did not have. Such a policy would exact a terrible price from the poor countries. I told him of my discussion with McNamara and both of us agreed that difficult times were ahead. Reston asked me if he (McNamara) was as pessimistic as I. As I left his office to take a train for Washington, I left a copy of the speech, with him, adding that not a word on the debate had been covered by his paper.

Next morning, I started receiving excited calls at the hotel to inquire if I had seen Reston's column. I went down and bought a copy of the *Times*. There it was one full column reminding its readers that the points raised by Pakistan's Finance Minister would remain the subject of discussion till the end of the twentieth century. He wrote:

. . . . the poor nations are not only making some fundamental charges but asking some awkward questions. Dr. Hasan of Pakistan, a long, lean, highly intelligent, almost beautiful man, asked the rich nations to choose:

They could (1) increase and share production or (2) equalize the wages of labor and reduce consumption in the advanced nations, or (3) deal with the consequences of malnutrition, poverty, starvation and death in the poor nations.

'Over the last few decades,' Dr. Hagan told the delegates here at the United Nations, the developing countries have struggled successfully for their, political independence. They

are now struggling for their economic emancipation is it not natural that the struggle should continue until peace on earth and goodwill among mankind is established?

'What is required,' he added, 'is a vision on the part of the rich both in the oil-consuming and the oil-producing countries In this crisis. Should we fail to find a solution based on justice and equity let us always remember that nature has its own grand design for fulfillment of the destiny of mankind.'

In fact Mr. Mubashir Hasan's definition of the growing class war between the rich and the poor nations of the world was scarcely noticed.

Yet he raised a question that will probably be troubling the world even at the end of the century. Can the rich and poor nations go on like this? Can the advanced nations consume and waste and charge for labor as they are, and ignore the misery of the majority of the human race in the poor countries?

'Will the big countries even listen?' Dr. Hasan asked and the answer obviously is not yet.

Three, days after the speech, and a day after Reston's column, Bhutto called me and after warmly congratulating me on the speech, advised me:

'Hold a press conference now', he said.

'I held one last evening, it was very good', I replied.

He praised the speech again and added "*I was really not sure of what you were going to say*".

'Why, did I not tell you, that I was not going to say anything that would cause you a problem'.

'You did, lekin andar say to turn kale he ho (But inside, you are really black!)', he added laughingly.

I also laughed, saying '*Not quite*'.

Reston's column facilitated my discussions in Washington. Two US Senators sought permission to include my UN speech in the Proceeding and Debates of the Ninety-third Congress. It appears twice in the Congressional Record.¹⁹⁰ I also met Secretary

¹⁹⁰ No 57 p. S 6325 and No 63, p. S 7245.

Commerce, Secretary designate Treasury, Deputy Secretary of State, the Administrator US Aid, and a number of Congressmen and Senators.

When I returned to Islamabad, Bhutto made fun of Reston for using the words 'almost beautiful man' to describe me. He certainly seemed impressed with the reception of my speech.

It was time to prepare the budget for the financial year starting 1 July 1974. The economic policy pursued in the last two years had begun to show positive results. There were no acute problems of financing government expenditure or development outlays, the latter being restricted by the lack of infrastructural capacity. Foreign exchange was not abundant but was not scarce either, despite sanctions by the US and its western allies. We felt so strong that at a Cabinet meeting, Bhutto queried if we could renounce our foreign debts repayment but due to rising oil prices and deepening recession in the west, the matter was dropped.

At the Cabinet meeting called to approve the budget, a slight change in the proceeding caused much excitement. In the past two years, the presentation before the cabinet was a routine that amounted to taking the ministers in confidence before the budget was presented before the National Assembly. The Finance Minister presented the summary of his proposals and took leave of the cabinet meeting to be in time to start his speech which was televised over the Radio and TV. For the sake of maintaining secrecy, the Cabinet meeting would continue a little longer and then the ministers would leave for the Assembly. At this particular meeting, Bhutto asked the ministers if they had something to say. As one minister after another got up on his feet to air his view I tried to guess Bhutto's intentions. I decided not to remind him that it was time for the speech.

The timely presentation was as much his problem as it was mine. After causing a little delay, he asked me to leave without paying any heed to what the ministers had remarked. The delay was enough to cause headlines in the newspapers the next day that the budget prepared by the Finance Minister had been altered at the Cabinet meeting.

In the budget speech, I reviewed the performance of the government during the last two-and-a-half-years. The speech ended:

Sir, the budget before you, in fact, is a unique budget - no deficit financing, no new taxes, increase in pay of everyone, decrease in personal taxes, incentives for personal savings, encouragement for industrial investment, no enhancement in import duties, substantial lowering of export duties – all these along with a big increase in development outlay are features rarely found in one budget. Wise and statesman - like leadership of the Prime

*Minister made it possible. Let us unite and work hard to establish an egalitarian society in Pakistan.*¹⁹¹

Late that night, Bhutto congratulated me on the budget as well as on the speech and said that he wished I had added just one more clause to the sentence in the last paragraph, 'more provision for the defence forces', which was factually correct.

* * *

Soon after the budget, I was greatly disappointed to learn that Bhutto had misled me. A month earlier, I had conferred with him about the state of the national economy. I held that the country could afford a 'soft' budget like the one I presented only if he was going to hold elections before the 1975-76 budget. If no elections were to be held, then it should be a 'hard' budget with greater taxation and more investment on government account, but in no case could the government afford two 'soft' budgets, one after another. Bhutto had replied that he would think it over and after a few weeks he informed me over the phone 'You had asked if that should be 'hard' or 'soft'. Make it 'soft'. On that basis, I levied no new taxes and tried to spread the benefits to all sections of society. In July, I learnt that there could be no elections during that year as no work had been done on the delimitation of the constituencies. That was a blow to the national economy. Bhutto should not have taken the risk of a 'soft' budget.

By July 1974, a feeling of disenchantment had set in among Bhutto's socialist colleagues in the Cabinet. In my personal papers there is a sheet dated 1 July 1974. Apparently, the scribbling took place during a high level meeting on the prevailing political situation. The sheet contains a note in my hand reads:

I am convinced that there was a secret subversive hand pulling strings of each participant – convincing them each in its place, even though they were each other's enemies – that the time has come. I also believe that the subversive hand kept away the pawn that was to move in when and if the situation developed as to their design.

The writing in my hand is followed by four lines in Rahim's hand:

*I agree –
Real Object
Topple the government
Disintegrate Pakistan*

On the left margin of the remarks by Rahim are remarks by Shaikh Rashid:

Realistic conclusion

¹⁹¹ The National Assembly of Pakistan, Debates, Sunday, 8 June, 1974, p326.

On the right margin of the remarks by Rahim are remarks by Khursheed Hasan Meer:

I was the first to say so. We are still not planning to prevent the scheme to go further.

Near the bottom of the sheet there is a list of the supposed political adversaries: Wali Khan, Mufti Mahmood, Jamaat Islami, Nasrullah, Qadianis (who used to be our friends until recently when we amended the Constitution to declare them non-Muslims), labour strikers, and the Jamaat, once again.

Another sheet among my papers found along with the one above mentioned above mentioned carries no date but has the following note in my hand:

1. We have allowed a political vacuum to generate.
2. All issues on which working classes could be mobilized have gone in the background.
3. No wonder we are faced with a problem that has little to do with people's struggle.
4. Issues that concern the people must be identified once again and people mobilized through our workers.
5. We must attack problems that face the people. These campaigns must be mounted. The bureaucracy must not be allowed to assume greater and greater importance by behaving (and acting) as if the government's salvation lies only through them.

In the margin are Shaikh Rashid's comments:

Not only this but this hampers the people's struggle But all the same we have to handle this unfortunate situation in a rational manner, and strong measures are to be taken.

Below my scribbling are Khursheed Hasan Meer's comments:

All this is happening because we allowed socialist character of the Party to practically disappear. We allowed pseudo religious approach to black out the approach of social (and) economic issue which was responsible for our, success. Simultaneously this prolonged state of affairs relegated the politically educated cadre of the Party in the background. Since we came to power, even before that there has been a constant process of de-educating our cadres. I have done my

best to counter it in pamphlets we issued for the Central Secretariat but few workers read them. What is happening was bound to happen. One day worse will follow.

Early morning on 2 July 1974, Sikander Rahim, the son of JA Rahim, the senior most minister in Bhutto's Cabinet, and Secretary General of the PPP, came to my house in his dressing gown and stated that last night his father had been beaten up by Bhutto's men and taken to the police station. He narrated that, led by Saeed Ahmad, Chief Security Adviser, a posse of policemen began pounding at their front door. His father was greatly annoyed and went down with a revolver in his hand to meet Bhutto's men. An exchange of hot words took place, followed by a scuffle. Both Rahim and Sikander were injured. Rafi Raza, who lived quite near Rahim's house, heard of the incident and went to the police station to take Rahim to the Combined Military Hospital.

Sikander said that his father would be returning home by about 11:00 a.m. I was profoundly shocked to hear this and promised to come by and see them before leaving for Lahore soon afterwards. Rahim did not return home and regrettably, I left for Lahore without being able to see him, but I asked Durrani, my Private Secretary, to call on Rahim and enquire after his health and look into anything else that he wanted to be done. As soon as I reached Lahore, Durrani called to say that Rahim wanted me to return to Islamabad immediately. I arranged a special flight for this and went to the CMH straight from the airport. Rahim had some bruises on his face, but he was alert and determined. He said that Bhutto had arrested him and he asked me to go back to Lahore, engage Qasuri as his lawyer, and file a writ of *habeas corpus* for his release. I told Rahim that he was not under arrest and that the military man sitting in the verandah was a guard. I told him that if he liked, I could take him home there and then and if they arrested him, they would have to arrest me too. I asked Rahim what the doctors had advised him. He said they wanted to keep him under observation for a few days on account of his heart condition.

Rosemary, Raza's wife, arrived with some flowers and for a long time we discussed what resort on the Adriatic would be best for Rahim's holiday. The consensus was for Dubrovnik in Yugoslavia. When Rahim said he couldn't afford it, I assured him that I would send him abroad at government expense if he promised to make a study on Market Socialism of President Tito. Rahim agreed to this and soon after his release from hospital he left for Yugoslavia. I did not consult Bhutto or seek his approval for Rahim's trip.

After leaving the Cabinet, Rahim returned to live in Karachi. Relations between the two principal founders of the Pakistan People's Party grew from bad to worse. True to feudal tradition, Bhutto made Rahim's life miserable and humiliated him and his son Sikander no end.

Besides the mistreatment of Rahim by Bhutto, three other developments took place that made it impossible for me to stay on in government. First, I had perceived Bhutto's tilt towards, an obscurantist interpretation of Islam. Second, Bhutto had indicated to me that general elections would be held before the 1975-76 budget and the 1974-75 budget should not be a harsh one. I gave a 'soft' budget but no elections were forthcoming. Third, my mother passed away in the month of June and I felt guilty about not having quit the Cabinet while she was alive. I drafted a letter to Bhutto which would pave the way for my resignation later. It was sent on 17 August 1974.

It was an eighteen page letter titled 'Where Do We Go From Here' drawing Bhutto's attention to what was wrong with the state of the economy, of the Pakistan People's Party, and the crisis of leadership. It warned Bhutto that the increasing degree of state control over the economy was a sure invitation to the military to intervene and the road to disaster.

The letter reiterated the widespread belief that the system of industrial and agricultural production, services, education, press, trade and commerce, law and order, and the administration of justice, had greatly deteriorated. The infrastructure of services such as electricity and communications had suffered. There was general strife in industry between labor union and management and also between rival labour unions. The unions were controlled not by labor but by outside elements: professional leaders, opposition political parties, and others.

The letter complained bitterly about the existence of large scale organized crime in urban areas. Criminals were hired to help in recovery of rent, in securing possession of premises in maintaining 'law and order' on bus stands and in cinema houses, to oppress laborers in factories demanding their rights. The *goondas* indulged in illicit distillation, smuggling, and in black-marketing. They committed murders on payment, abducted children, ran gambling dens, were hired to protect political processions or to upset political meetings, and to be available for any other, illegal activity, for instance to terrorize individuals. These men operated on behalf of big builders, transporters, big traders, *zamindars*, politicians, including MPAs, MNAs, ministers and, of course for themselves. Some of the bigger *goondas* enjoyed the protection of senior civil service officers. Several of them had permanently rented rooms in top hotels in Lahore where orgies of wining, dining, and womanizing took place. A few civil servants were regular visitors to these rooms. The prevalent system of production and distribution of goods and services depended a great deal on the existence of this mafia. So scared was the upper stratum of our society that nearly 1,500 to 2,000 armed guards were employed to stand before the houses of high-ups.

The letter drew Bhutto's attention to the anomalous situation in which both Shaikh Rashid, a staunch leftist, and Malik Bucha, a strong advocate of feudalism, stood together in recommending more state intervention in the national economy. It was a

moment of crisis for both Shaikh Rashid favored a solution to weaken the power of vested interests but Malik Bucha gave the same advice to avert a collapse in which the landed gentry might be the loser. The letter warned against increasing state-control of the economy welcome as it seemed at first sight, because it was not without its own perils. The intervention by the state to avert a collapse of a particular channel of production and distribution was to be welcomed only when the management was transferred to good hands and the economic policies were sound. But in the existing situation, leaving the machinery of state control in the hands of a person whose personal interests were in conflict with the rest of society and who were inefficient and corrupt and anti-people, would neither help avert a collapse nor strengthen the government. In fact it would make the situation worse. It is a sure invitation to military intervention and disaster'.

The letter stated that the prevailing situation could not last very long. The deterioration was not confined to the ranks of the well-to-do. The labor class and low-paid unskilled employees and the salaried class were a part of it. It was a foreboding situation. The situation was so sensitive that even small incidents had disproportionate impact. An isolated robbery and a murder in Lahore gave rise to a four-day hartal sponsored by a pitifully weak community. A temporary shortage of ghee or sugar had to be taken the most serious notice of by the government. And this could be pitted against the most spectacular achievements of the government. Either things had to improve or they would deteriorate at a faster rate.

In commenting upon decline and deterioration of the Pakistan People's Party, the letter stated that the transformation of the PPP from a movement into a party did not take place. Its leadership was in a state of confusion. There was no propaganda machinery of the party. Ministers were making groups within the party which seemed to rest content with the performance of the chairman. Members of the National and Provincial Assemblies had generally become involved in financial advancement for themselves. That attitude had affected other party workers. The high command had lost contact with the workers who were never given the party-line. Statements of high-ups of the party against each other were causing confusion among the workers. The PPP had lost much popularity. It had forgotten its aim of making the people powerful.

The letter cautioned Bhutto that the system of leadership had collapsed. Two years ago, Mustafa Khar, Mumtaz Bhutto, and JA Rahim were epitomized loyalty, trust, and political wisdom. They were comrades-in-arms who had passed all the tests that a struggle against a dictator had presented. Two years later, what had happened could not be explained away as vagaries of available in Pakistan. It was the system that had taken its cruel toll. The system of leadership had lost any semblance of a moral criterion that it might have earlier possessed.

The letter cautioned Bhutto that a new political leadership could not be created through administrative means. The boss may hire a few deputy bosses, who may in turn hire a few sub-deputy bosses, and in this way a large system of big and small bosses could be created. But such a leadership would not have the willing partnership of the peasant and the laborer and it would not work in their interests. No one could do that job for the leader. Even if someone was foolish enough to try, he was bound to run into insuperable difficulties due to the powerful vested interests that existed. The burden of creating the new leadership had to fall on the leader. There was no escaping it.

The letter continued that although an authoritarian rule that enforced discipline and raised productivity was not without its attractions, it meant that no radical change was needed in the administrative system, and in the status quo. This suited the civil and military bureaucracy. Authoritarian leadership also suited western capitalist countries because their economic relation would not be disturbed. Neighboring countries would also welcome such a government because it would not threaten them on account of its inherent weakness. Pakistan had experienced that type of leadership. Ayub Khan tried it and failed. By its very nature, it had no permanency. Authoritarian leadership became Corrupt very soon and all the evils against which it originally sought redress reappeared in a more oppressive form Production would not pick up if divisive forces kept getting stronger. The hold of foreign powers would increase over the economy. Further, I added, an authoritarian leadership could not be enforced without peace with India. Even Mujibur Rahman could not have taken the harsh measures in the former province of East Pakistan unless the borders had been rendered safe by India. And what had he got to show for all his oppression. In any external crisis, an authoritarian leadership almost always collapsed. The fall of Yahya Khan, the latest example of the Greek strongman, NATO's support notwithstanding, was not without its lessons.

What was needed in Pakistan was a leadership with the willing partnership of the peasant and laborer working solely in their interests through a democratic process without the intervention of persons whose interests conflicted with those of the working classes I beseeched Bhutto to create the new leadership and spare time for the purposes. The letter ended with proposing an elaborate procedure to strengthen the party and to establish a new leadership pattern.

I did not receive a reply to this letter. Much later, I learnt that on 20 September Bhutto had marked it to Rafi Raza, Hafeez Pirzada, Yusuf Buch and Khursheed Hasan Meer, commenting in the margin to the effect that what Mubashir Hasan had said was true. The situation was remediable and they should get together to consider the matter and suggest measures.

Not receiving a reply from Bhutto was quite unexpected. Generally, he was prompt in responding to letters. What plans he had for me are difficult to imagine, but I had my own plans. I was not going to give him a chance to discuss my resignation. I decided to

leave the country, telling him that I needed rest to cure my back problem and if I felt well I might stay abroad or if my health deteriorated I might return to Pakistan. After attending the IMF-World Bank meeting in Washington in September, I went on to Alexandria to stay with my brother. On 16 October, Vaqar Ahmad called to inform me that a new Cabinet would be sworn in a week later and that I should return to Pakistan. I told him that I did not intend to join the next Cabinet. Two days later Bhutto called to ask me to return. I thanked him by saying that he had been exceptionally kind to me, but that I was not available. He said that I should think it over and he would call again in two days. In the latter call, he said if I promised to join the cabinet, I could take any portfolio of my choice and return then or at any time I liked as long as I promised to join the Cabinet. My reply was the same. I thanked him again but regretted my inability to serve as a minister.

Bhutto formed a new Cabinet on 24 October 1974 and according to Rafi Raza:

Until the last minute, ZAB refused to believe that Mubashir Hasan would not withdraw his resignation. It was inconceivable to him as a politician that anyone would willingly relinquish power. He was as baffled by Mubashir's resignation as by my own in June 1973.¹⁹²

¹⁹² Raza Rafi, *Zulfikar Ali Bhutto and Pakistan: 1967-1977*, Oxford University Press Karachi pp 303-4

ALL POWER TO THE ESTABLISHMENT

In 1970, before coming into power, Bhutto had greatly, depended on his young colleagues and comrades Mustafa Khar and Mairaj Mohammad Khan. In 1972 a major transition had begun to take place in Bhutto's team. The civil and military bureaucracy and their intelligence services that were to destroy Bhutto and his government in 1977 had, for all practical purposes, successfully displaced the forces of the people and the party that had brought him in power in 1971. The balance of force had tilted in favor of the former in the year 1974.

The departure of some of Bhutto's old colleagues has been described in the last chapter. There were others, however, Bhutto's staunch supporters and influential leaders of the Pakistan People Party, who had also said adieus to Bhutto during 1974 and 1975. There was Khurshid Hasan Meer, an uncompromising, plain-speaking, hard hitting leftist who had served as a Federal Minister and Deputy Secretary General of the Party. Bhutto failed to give Meer protection against the attacks launched by his Information Minister, Kausar Niazi, and Meer resigned in disgust. Mumtaz Ali Bhutto, a towering figure in Sindh's politics whom Bhutto had called his 'talented cousin' on the momentous occasion of taking over as President in 1971, and who had held the banner of the Party and the provincial government of Sindh in the most difficult period of 1972, was sidelined as Minister of Communications. A wide gulf had come to exist between Bhutto and Mumtaz. The paranoiac attitude of the prime minister became evident when one day, in 1976, while touring Sindh Bhutto called Mumtaz and showed him an intelligence report that said the latter had planned an assassination attempt on him for the next day where Bhutto was to address a public gathering. Mumtaz was naturally stunned. He decided not to leave Bhutto's side for a minute until the next day when, Bhutto feigned fever and cancelled the meeting¹⁹³. To be vigilant has been the prerogative of kings, presidents, and prime ministers but to become paranoid is, a trait of a different category. Mumtaz was not the only one to be stunned by Bhutto's lack of trust. In 1974, when he was staying at Khar's house, from where he had announced the dismissal of the chief minister and appointed his incumbent Haneef Ramay, Bhutto confessed to Khar one morning that he could not sleep well during the night as he was haunted by the suspicion that Khar would kill him during the night.

Hayat Mohammad Khan Sherpao, an ardent supporter of Bhutto, a person of charm and political talent, and a great stalwart of the PPP, was totally alienated in the end. Before he could make up his mind about parting company with Bhutto, Sherpao was blown to bits by a bomb while addressing a public meeting in Peshawar on February

¹⁹³ Narrated by Mumtaz Bhutto in personal conversation.

1975. Intelligence services had been poisoning Bhutto's mind against Sherpao and had the audacity to send a note to Bhutto that it was Sherpao who was arranging the bomb blasts in the Frontier Province. Bhutto sent Rafi Raza to confront Sherpao with these reports. A day had not passed when a bomb killed Sherpao. In his book, Raza writes:

*His death provoked my first and only angry altercation with ZAB a few days later: 'How do you think I feel when you told me to accuse him of being involved in bomb blasts just the day before he was blown apart himself?'*¹⁹⁴

Rafi Raza, Bhutto's close confidant for the first crucial period of eighteen months in government resigned on 1 June 1973, soon after the adoption of the new Constitution he had worked so hard on. Although Rafi rejoined Bhutto in July 1974 as Minister of Production, his new job was quite unlike his old assignment when he was privy to the most sensitive decisions under Bhutto's consideration. By 1976, Rafi was disenchanted and sought a way out of his job. Despite the fact that many of his original colleagues like Shaikh Muhammad Rashid, Meraj Khalid and Ghulam Mustafa Jatoi, remained available to him till the last, the balance of power within the government had tilted against his left-oriented colleagues.

From the first day of his assumption of power on 20 December 1971, Bhutto had started recruiting a team of political administrators and some of the people he recalled, were not members of the Party and were certainly not leftist. Most of them were retired government servants. Apparently they had impressed Bhutto during his years as a minister in the Cabinet of the military dictator Ayub Khan. These men had been trained to dictate national policy and to control politicians through administrative means as was done by the colonial rulers. They stood for the status quo and were enemies of the Left.

Within hours of taking over in 1971, Bhutto phoned Prem Shahani to ask four people to reach Rawalpindi immediately. Among them was Aziz Ahmad, a senior and experienced civil servant who had retired in the 60s. Aziz Ahmad stood for 'law and order' in the tradition of the British Indian Civil Service officers. He had been a pillar of strength for the martial law regime of Ayub Khan and, had ruled over the province of East Pakistan with an iron hand. Once in a discussion with Bhutto and myself in 1970, he dwelt on the incapability of Bengalis to run their province efficiently, justifying thereby the dismissals of elected governments in that province by West Pakistani administrators. When it was put to him that based on his logic, the British were better administrators than Pakistanis and should not have been made to leave, Aziz Ahmad agreed whole heartedly. During the days of Bhutto's trial, when Ziaul Haq's Information Secretary, Major-General Mujeebur Rehman, had put severe restrictions on the press, in a chance meeting, Aziz Ahmad, stretched his arm and clenched his fist to

¹⁹⁴ Raza, *Zulfikar Ali Bhutto and Pakistan*, OUP 1997, pp. 275.

tell me how well Mujibur Rahman had controlled the press, adding 'We should keep this man in mind when we come into power again'.

Bhutto recalled Aziz Ahmad to serve as Secretary General, Ministry of Foreign Affairs. He and Rahim differed on the basis on which the foreign policy of Pakistan needed to be formulated. Aziz Ahmad's appointment served as a signal to the United States that the anti-imperialist stance of the Pakistan People's Party had been toned down. A year later, Aziz Ahmad was appointed Minister of State for Defence and Foreign Affairs. He joined the party in 1977, a solemn indication of the change in the party's character.

Among the first to be inducted into government was Mian Anwar Ali, a senior police officer who had served as Ayub Khan's Interior Secretary as well as Director of the Intelligence Bureau. Anwar Ali was a rabid anti-left officer known for gross violations of human rights. During the earlier period of his stewardship of the intelligence apparatus, Hasan Nasir, a young communist and a detainee at the notorious Lahore Fort died due to torture. Ultimately, Ayub Khan relieved Anwar Ali of his assignment. Bhutto recalled Anwar Ali and gave him charge of reorganizing the Intelligence Bureau. On one occasion, Bhutto sent me a report prepared by Anwar Ali about a friend, of mine whom I had known for more than twenty years. It was full of prejudice, rumors, and half-truths.

Another police officer brought in by Bhutto was Saeed Ahmad. More than one relative of Saeed Ahmad had been selected for government service by the Sindh Public Service Commission under the chairmanship of Sir Shahnawaz Bhutto, Zulfikar Ali Bhutto's father. In accordance with feudal norms Bhutto had the right to expect loyalty from Saeed Ahmad. Bhutto had actually reminded Saeed Ahmad of this fact when the latter was serving as Inspector General of Police, Punjab, when our party was less than a year old. In 1969, Yahya Khan had terminated the services of 303 senior officers under a martial law order. Saeed Ahmad was one of them, Bhutto rehabilitated him as a very special case. One day, Saeed Ahmad phoned to inform me that he was back in service and when I asked him what his job would be, he answered unhesitatingly: 'I am going to collect some *goondas*'. I was shocked to hear this but did not quite believe him. Bhutto gave him the designation of the Chief Security Adviser to the Prime Minister.

I came to know of only two exploits of Saeed Ahmad Khan. One concerned the alleged kidnapping of a political leader (henceforth, PL) who had been issuing strong statements against the government during the days of the PNA agitation in 1977. PL's family and the newspapers made a case against the government for his disappearance. When I enquired of Saeed Ahmad if he knew whether PL was in government custody, he said he did not know and went on to add that PL might be in some remote area of Pakistan but he was not in government custody. PL surfaced after Bhutto was removed from office by General Ziaul Haq and narrated a story of being kidnapped and freed in a desolate area, somewhere along the coast of the Arabian Sea. After a few weeks, a

business tycoon, a financier and patron of PL, told me that the story of the kidnapping was false and that PL had been hiding all the time in a city not far from Lahore. I then realized that a drama had been staged to fool the people. All along PL had been a man of the establishment operating inside the Opposition and during the grand agitation, when his statements began to hurt the government his kidnapping had been staged which made it look even worse.

The other exploit related to a campaign by some truck drivers and transporters who went about their business throughout the country with photographs of the former president pasted on their vehicles. Bhutto was not amused and, in September 1973, Saeed Ahmad Khan reported to him that two sons and a son-in-law of Ayub Khan were involved in the distribution and display of the pictures. He alleged that Ayub Khan and his sons owed huge amounts of income tax to the government, and said that the tax cases should be activated and recoveries made. He also suggested that a number of other cases pending against the family members should be reopened. As for the truck drivers who displayed photographs, Saeed Ahmed's suggestion was that in order to force them to abandon the practice they should be dealt with by the provincial police through a rigid enforcement of traffic laws. Bhutto's reaction to the suggestions made by Saeed Ahmad was:

Ayub Khan was spared because he came personally and begged to be pardoned. We can keep our word with him although he has broken it. I do not see why we cannot recover the legitimate dues of government from his sons and in-laws except Aurangzeb and his father as they have already agreed to play fair. But even in their case legitimate government dues should be recovered. Politics or no politics the State cannot suffer. This is axiomatic.

I came to know of the case of income tax recovery against the former President, Ayub Khan, when Rao Abdur Rashid, Inspector General of Police working with the Federal Government reported to me in 1974 that the government's investigation had showed there were two cases against the Field Marshal. An income tax officer whose services had been requisitioned by the police had worked out the amount Ayub Khan owed the government. In addition, the Field Marshal had contracted the exchange of a piece of land in his native village with an urban plot in Rawalpindi. He had taken the possession of the urban plot but had also kept the piece of land in his village. Rao Abdur Rashid, apparently sent to me by Bhutto, wanted to know how he should proceed further. I decided that the issues should not be used for political propaganda against Ayub Khan. Defaming a former president reflected upon the country. We should forget about the additional piece of land and let Ayub Khan keep it. As for the recovery of tax, I looked at the calculations, added a bit to be on the safe side and asked for Ayub Khan's son to come and see me. Gohar Ayub showed up and was told that I respected his father as a former President and the government was not interested in taking up the matter in public. If he would agree to pay the amount we had worked out we would be happy to

forget about the whole thing. Ayub Khan paid Rs 700,000, we kept our word. When, Bhutto came to know of the amount he queried 'Is this enough?'¹⁹⁵ It was.

Yet another policeman chosen by Bhutto to head the newly created Federal Security Force (FSF), which earned considerable ill-repute in the years to come, was Masud Mahmud. Bhutto had ordered the creation of this new Force in September 1972. I was informed that:

*Mr. M. H. Sufi, Cabinet Secretary rang up to say that President has passed an order that the proposed Central Force should be designated as 'Federal Security Force' (FSF) and that Mr. Haq Nawaz Tiwana is reemployed and posted as Director General, Federal Security Force. Cabinet Secretary also said that the President has directed that a sum of Rs 5 lacs should be released immediately and placed at the disposal of Mr. Haq Nawaz Tiwana to enable him to take initial steps to set up the force.*¹⁹⁶

Haq Nawaz Tiwana was quietly relieved of his job. Khar had accused him of ordering unnecessary and indiscriminate firing on an Opposition rally after it had ended peacefully on 23 March 1973, which resulted in the loss of many innocent lives. At that time Khar was Governor Punjab and had ordered the arrest and registration of a murder case against Tiwana. Only Bhutto's intervention saved the man. Ultimately, another police officer, Masud Mahmud, was appointed as Director General in place of Tiwana. He was an unprincipled, pompous, arrogant and unpopular officer who was known for his sadistic inclinations. Bhutto entrusted him with intelligence duties. When I had ceased to be a minister, he told me of the 'great lengths' he had gone to, to protect me. I had only one privately paid cook-cum-peon of *Jamadar* rank paid by the Government to receive and handle official files and letters. I had no other servants or guards at my residence as a minister. Masud Mahmud told me that he had employed secret service men as laborers at a house under construction opposite my house in order to 'protect' me.

In August 1974 Bhutto asked me to let Masud Mahmud present the case for enlarging the FSF. In a brief note, I wrote to Bhutto that the important consideration before me was not the amount of money being asked for but the purpose for which the force was created. If the FSF was being enlarged to catch smugglers, black marketers and other big criminals then the people would welcome it, otherwise, even if twenty crore rupees were given instead of the thirteen crores being asked for it, it would be of no avail. I asked for a meeting with the prime minister. Bhutto replied that he would like to discuss, 'financial and philosophical' problems with the Finance Minister. Nothing useful came out of the discussion which took place.

¹⁹⁵ Personal papers.

¹⁹⁶ Personal papers.

Bhutto appointed Malik Khuda Bakhsh Bucha and Feroze Qaiser as Special Assistants of Agriculture and Economy respectively. Their high ranks entitled them to take part in Cabinet meetings and to call for any file from the Secretariat. Malik Bucha, a Punjab provincial service officer, had distinguished himself in the Unionist government of Sikandar. Hayat and Khizar Hayat prior to partition. He never stopped rising and by 1953, he was Secretary Of Revenue, Punjab. After retirement, he became a minister in 1965 and leader of the House in the Punjab Assembly in 1967. Worried by chronic shortages of food items, Bhutto brought Bucha to advise him on matters of food and agriculture. Bucha had excellent working knowledge of revenue and land reforms and was well acquainted with the landed aristocracy of Punjab and Sindh. He was staunchly opposed to land reforms and agricultural income tax¹⁹⁷. As a person of conservative feudal views, Bucha was far from popular in the PPP and his appointment was not liked by the rank and file of the party.

Feroze Qaiser, a man much younger than Bucha, was an upcoming Chartered Accountant from Karachi who was introduced to Bhutto by a businessman who had been of help to the party in the past. He was hardworking, thorough, and amiable. However, Feroze Qaiser was unlike Bucha, as the latter could hold his own when pitted against the secretaries and directors of the federal and provincial governments.

The letter from the Cabinet Secretary, MH Sufi, to all the Secretaries of the Federal Government stated:¹⁹⁸

To enable his Special Assistants to aid and advise him . . . , the President has been pleased to direct:

The concerned Special Assistants should be associated at the appropriate level with the inter-ministerial meetings/discussions relating to the formulation of proposals and policies in the field of Economic Affairs/Agriculture, (and should be provided) the relevant information and files.

Bhutto appointed Barrister Yahya Bakhtiar from Balochistan as Attorney General of Pakistan. Clean, upright, and brave, Yahya had worked with Jinnah and was a staunch Muslim Leaguer since his student days. He was to remain one throughout his service for the PPP government. Yahya Bakhtiar won Bhutto's complete confidence and defended him in the High Court and Supreme Court in the notorious trial in which Bhutto was sentenced to death.

Besides Ghulam Ishaq Khan who was called back by Bhutto from his assignment as State Bank Governor to be posted as Secretary General, Ministry of Defence, there were two other officers who played a vital role in chalking out the course of Bhutto's prime-

¹⁹⁷ Information supplied by Khuda Bakhsh Bucha to the author.

¹⁹⁸ Dated 16 June 1972. Personal papers.

ministership in the later years. Vaqar Ahmad occupied the important post of Cabinet Secretary, combined with the post of Establishment Secretary, which made him the most powerful civil servant. An implacable foe of the traditional hold of the Civil Superior Service, Vaqar played the leading role in alienating what was once called the steel framework of the British Raj.

By the middle of June 1974, Vaqar Ahmad had become all powerful. When two senior CSP officers, Hasan Zaheer and Masud Mufti, who had been detained in India as prisoners of the 1971 war finally reached Pakistan, my request for their posting in the Ministry of Finance was not complied with. I must have raised the matter with Bhutto. In his comments, Vaqar Ahmad wrote two explanatory paragraphs which ended with:¹⁹⁹

. . . While every effort is made to meet the wishes of the Minister or the Ministry, the Establishment Division has to keep the requirements of Government as a whole when proposing such appointments.

Heavily side-lining the sentence in the margin which indicated to me what he was thinking Bhutto wrote to me:

How I would feel relieved if this simple fact was realized. Please appreciate my apparent difficulties. I have to take decisions for the whole country. It is not possible to satisfy everyone. Even a saint, or a Wali, or a new prophet cannot do it. Hope you do not misunderstand.

Times had changed. A year earlier, confronted with a similar request from me, the same Vaqar Ahmad would have come to my office with a long list of officers and would have requested me to select those I wanted appointed to the Ministry of Finance. On 20 June 1974, he was reminding me of the right of the Establishment Division to consider the requirements of all the ministries. Little did he or Bhutto realize that by then almost all the ministers were very unhappy with Vaqar and his arrogant attitude.

The role of the Inter Services Intelligence in tendering advice to Bhutto increased over the years. The service was headed by Lieutenant General Ghulam Jilani, who was attending high level meetings of a purely political nature by March 1977 such as the one held a week before the general elections to assess the number of seats the PPP was likely to win from each constituency.

Amongst all the men chosen by Bhutto to join the Party,, and to be given a ticket to contest the National Assembly elections or to be taken into the Cabinet, the most inauspicious of his choices was that of Kausar Niazi. Niazi was a self-educated,

¹⁹⁹ Personal papers.

intelligent, and ambitious man who was gifted with great oratorical skills. An embodiment of opportunism, he had no qualms about taking any measures for his own advancement or for his pleasure. He started his political career in Jamaat-e-Islami, one of the relatively better organized right wing parties in Pakistan which stood for establishing a theocratic state. In the Jamaat he became Qayyunz (Secretary) of the Lahore Party before he left or was made to leave. At the end of the 60s, he visited London, along with Inayatullah of the *Mashriq* newspaper, where he was paid for some services by the Intelligence Bureau.²⁰⁰ In the same period, Niazi confided to the well known journalist of Lahore, Abdullah Malik, that President Yahya Khan had asked him to join the PPP and that he was reluctant to do so.²⁰¹ Upon the discovery of an account operated under a false name, the Director Intelligence Bureau, NA Rizvi came to tell me that one of the recipients from the account was a minister colleague of mine. Bhutto asked me not to proceed with the case and Rizvi sent a cheque of 300,000²⁰² rupees, the balance in that account. He said the money was collected by Yahya Khan from private parties to be spent on clandestine activities. Niazi had met Bhutto for the first time in Lahore when the latter was staying at the house of Nauman Jan in Gulberg. Before Niazi was asked to come into the room, Bhutto suggested that the drinks in the hands of those present should be hidden, lest one day Niazi wrote an unfavorable account of the meeting like he had done earlier by writing about his experiences in the Jamaat.

Kausar Niazi was intensely disliked by the workers of the Party in Lahore for his former membership of the Jamaat, his alleged connections with the establishment, and for some allegations of a personal nature. Again and again, he was refused the platform of the Party in Lahore even though Bhutto allowed him to speak at a public meeting in Karachi. He was finally allowed to speak at an election rally outside Delhi Darvaza, where he made a highly provocative speech against Yahya Khan's regime, openly inviting arrest. He was tried by a martial law court and sentenced to a term of imprisonment. While still in jail, he contested the 1970 National Assembly elections as a PPP candidate and with the strong support of the Ahmadi Community he was elected.

Due to the resistance put up by Rahim, Bhutto did not select Kausar Niazi as a member of the Cabinet on 24 December and appointed him as an adviser. Only later, he became the Information Minister. He was a very unpopular man among Bhutto's colleagues and was obliged to keep a low profile. Bhutto never gave him the respect due a member of the Cabinet. On one occasion Kausar Niazi almost cried before Sahibzada Farooq Ali, Speaker of the National Assembly, and urged him to speak to Bhutto about not treating

²⁰⁰ Personal conversation with Rao A. Rashid Khan.

²⁰¹ Personal conversation with Abdullah Malik.

²⁰² United Bank, Rawalpindi Cantt. Branch 350122, dated 13 February 1973 in favor of President of Pakistan 'Payee's Account Only'.

him with contempt and addressing him in foul language. Bhutto's reply to Farooq was 'Have I ever treated you with disrespect?'

Kausar Niazi was firmly against the Party's slogan 'Socialism is our Economy'. He was against all that was socialist in the party. Rahim, Khursheed Hasan Meer, and I objected to whatever we considered wrong in the Ministry of Information. In July 1972, Rahim wrote to Niazi.²⁰³

It has appeared in the papers that in future cinema films will be imported on government account.

This is a matter of very great public importance. It affects the country in a way in which we are all concerned. I do not remember that the matter was brought up before the cabinet at any time by your ministry. In my opinion such a project upon which a minister seems to have given a decision to import English films only through government channels should have been discussed in cabinet.

I may add that I would certainly oppose the importation of films through the control of the Ministry of Information & Broadcasting because it would be exercising a censorship of a very narrow-minded character.

Unfortunately for Bhutto and for Pakistan, Kausar Niazi got closer, to the apex of state power. In the crucial negotiations with the PNA before the imposition of martial law on 5 July 1977, Niazi was the man closest to Bhutto. I have not the slightest doubt that his own ambition was limitless and that he would have been most happy to dethrone Bhutto had there been a chance for him to become prime minister.

Then there was the case of a high profile person who did not make it. MM Ahmad and Aziz Ahmad correctly believed that the best interests of Pakistan would be served if a competent economist was at hand to advise the prime minister. Their choice was the well known economist, Dr. Mehbubul Haq, who was working with the World Bank in a high position. Mehbub was a Planning Commission man and when MM Ahmad asked me whether Meboob's period of deputation could be extended. I suggested that we either bring him back or ask him to resign. Aziz Ahmad's keenness to have Mehbub back made Bhutto seek American advice which was favorable. Sidney Sober, the US Charge d' Affaires, wrote to Bhutto:²⁰⁴

I have now had word from a senior Washington official of AID, who has known Haq pretty closely over a period of some years. He considers Haq as an exceptional economic analyst, an incisive theorist, a man of strong social bias, courage and integrity, and also a

²⁰³ Letter dated 3 July, copy to Mubashir Hasan. Personal papers.

²⁰⁴ Letter dated 13 June 1973. Personal papers.

fine writer. He is considered to be in the top rank of development thinkers and has a worldwide reputation in this field. In his work at the World Bank, Haq has taken a strong lead on the importance of economic development with expanded opportunity and social justice for the common man.

It is my impression that Haq is well regarded not only by AID but also by the World Bank and other financial and development institutions. I presume that, as a senior official of your government, he would also be able to deal effectively with officials of the United States as well as of the international economic development community.

Bhutto marked the letter to me commenting: 'Should we try to get him back to work in the Country for the Country?' My reply to Bhutto was 'Why not?' I instructed my Private Secretary 'Call him', who wrote in reply 'He is in the States where he is big boss.'

Haq visited Islamabad in November 1973 and held detailed discussions 'about the concrete arrangements and framework for his appointment as Adviser to the Prime Minister'. Haq discussed these issues with MM Ahmad before leaving for Washington, suggesting that the prime minister should also be Minister of Planning and suggesting an institutional tie-up to enable him (Haq) to perform an effective role. He saw Bhutto in January 1974, who ordered:

Discussed with Mehabubul Haq. The first alternative has been approved, i.e., to use the existing institutions.²⁰⁵

Apparently, Haq was not satisfied with this. He gave a version of his conversation with Bhutto which was different from what Vaqar understood were Bhutto's orders. In a fresh note, Vaqar submitted in detail Haq's interpretation of Bhutto's orders specifying an elaborate network of new planning institutions with Bhutto as Minister of Planning. The establishment seemed to be in such an unseemly hurry that in the new Official Telephone Directory of the Federal Government, that had been published that week, Haq's name appeared as Deputy Chairman Planning Commission. Bhutto's political antennas must have hummed strongly and, for the first time, he referred the file to me saying:

I have not decided to be Chairman of the Planning Commission. As it is I have enough to handle. I would not like to add to my ministerial burdens. Please let me have your views. I am inclined to leave things as they are. Mehabubul Haq can be properly accommodated without turning everything upside down.

I responded to Bhutto's note by saying:

²⁰⁵ Dated 17 January 1974.

Four streams of thought appear to be running behind the formulation of the proposals prepared by Secretary Establishment and Dr Mehbubul Haq.

One: Planning should be left to professionals specifically to economists, hence a Planning Commission of three full-time economists.

Two: Plans prepared by 'experts' and sufficient involvement of officials at high level and at frequent intervals is all that is required for the solutions to the problems of Pakistan, hence National Economic Council. Executive Committee of the National Economic Council, Planning Council, Executive Committee of Planning Council, Economic Coordination Committee of the Cabinet, in addition to Governor's Conference, Governor's Committee and the Ministry of Provincial Coordination not to speak of the Council of Common Interest and whatever else it may bring in its wake.

Three: The advice of Ministers comes in the way of getting 'correct' decisions from the Prime Minister, therefore, they should be kept away from influencing the formulation and concretization of options for Planning and Development. Secretaries are still the wise guys. Presided over by a still more wiser guy, they should be enabled to put up proposals directly to the Prime Minister, hence the Executive Committee of the Planning Council consisting of all the Secretaries presided over by Mehbubul Haq.

Four: Fresh ideas are welcome . . .

The last one is the exception and is a good idea. The remaining have proved to be unworkable, time and again. How remote these are from the existing realities of the situation in Pakistan, can only be appreciated by those who are in the midst of the people and are trying to get things done.....

In the light of these brief comments my proposal is as follows:

The Prime Minister should not assume the portfolio of Planning. It is a portfolio which has all the political liabilities with no possibilities of securing results in the immediate future. In people's mind planning is everything. What is happening today is wrongly associated with what is being planned today. The situation is not of this Government's making. The important decisions in the realm of planning will come to the Prime Minister in any case. He is even today the Chairman of the Planning Commission. Dr. Mehbubul Haq should be appointed as Adviser to the Prime Minister.

Just as I had finished writing the note, Dr. Haq came to see me. I had no hesitation in showing him what I had written. He never returned. After a day or two, MM Ahmad showed up enquiring about the whereabouts of Haq. Apparently he gave up the idea and left for Washington without informing anyone. That was February.

Before leaving for Washington to attend the annual IMF-World Bank circus in September 1974, I called on Bhutto and he again expressed an interest in Dr Haq. 'Should I bring him?' I asked, and he answered in the affirmative. In Washington, I had a discussion with Haq and told him that some people unjustly accused me of having driven him away from the job whereas that was far from my intention. In the discussion that followed, in New York and was due in Washington and he would like to consult with him first. I was disappointed. I then tried to probe him about the real reason why he did not join the government in February. He gave an astonishing reply. He said that I was a socialist and that he could work with a socialist but Bhutto was a feudal and he could not work with him. I could not appreciate point at all. Returning to Pakistan in October 1974 no longer a minister, I reported to Bhutto about my trip and told him of my meetings with Haq. Bhutto instantly understood that there was something wrong. He picked up the phone and gave a two-word order to Vaqar: 'Forget it.'²⁰⁶

By October 1974, for all practical purposes, the stronger personalities from Bhutto's old team, Rahim, Khar, Khursheed Hasan Meer, and Mubashir were gone. Mumtaz had been side lined to a non-political portfolio, Hayat Sherpao was assassinated in February 1975, and Rafi Raza was no longer in his old very close position to Bhutto as Special Assistant. Ramay had been removed from the Punjab. The place of these people had been taken by Aziz Ahmad, Vaqar Ahmad, Ghulam Ishaq Khan, Ghulam Jilani Khan, Saeed Ahmad, Masud Mahmud, Yahya Bakhtiar, and Kausar Niazi. Under Bhutto's deft guidance, the power of the new team increased and by the end of 1974, tables had been completely turned on the old team or what remained of it. Still later, when Khar enquired from Bhutto as to why he had opted for the team comprising civil and military establishments, his reply was frank and straightforward. Bhutto said that to come into power one needed a special team, but to retain power one needed another kind of team²⁰⁷.

²⁰⁶ Vaqar told me later that he had just begun to tell Bhutto about fresh negotiations with Mehub when he was cut short in the middle.

²⁰⁷ Personal conversation with Khar.

12 THE LOSING BATTLE

Bhutto seemed to have taken another path. Most of his old comrades and founders of his political party were no longer with him but he had decided to rely on the traditional establishment of Pakistan, its colluders and collaborators. The party's struggle could not be abandoned. It had to be carried out albeit with restraint and caution. Open opposition to Bhutto was tantamount to giving aid and comfort to reactionary political forces against the party. The only alternative open to dedicated party workers was to continue to mobilize the people and to build a cadre by concentrating on the people's problems, hoping that one day Bhutto might awaken to the disaster he was heading towards and reverse his course. Since previous pleadings and warnings, such as those given in my letter of 17 August 1974, had gone unheeded Bhutto had to be confronted face to face.

A month after returning from Egypt, I sought an interview with the Party Chairman. It was late November 1974, and we met in the same little room in the Prime Minister House where Rahim and I had waited for him three years ago I opened the conversation by saying that I had come to have a serious discussion with him.

'What is it?' he asked.

I began by saying that I was no longer a minister and did not intend to become one again. My mother had passed away a few months earlier and I had promised her that I would not become a minister I had agreed to become a minister in 1971 because there was no option but to serve in any position that Bhutto had thought necessary at the time I had never had any political ambitions and had come to seek his permission to resign as member of the National Assembly. I had not wanted to become one in the first place and had pleaded with him to give the ticket to another person in the 1970 general elections. Bhutto interrupted at this point, saying that my remaining a member of the Assembly was necessary in the interest of the party and government. I replied that it would not be difficult for him to find a suitable replacement and insisted that he let me leave.

Bhutto turned the tables on me by saying how inopportune a moment it was to go in for a by-election under the prevailing political conditions and asked me to stay on and not pose a political problem for him. An argument followed and realizing that I was serious, Bhutto settled the matter by agreeing that I would not resign but that I would

not be part of the proceedings of the Assembly. The agreement was observed. From December 1974 to January 1977, I attended the Assembly only occasionally when there was a major issue to be voted upon but did not intervene in any debate.

Having assured Bhutto that what I was going to say did not contain any element of personal political ambition, I told him that I was immensely worried about him and the future of the country and the party. I said that his power was weakening with the passage of time. The people with him were no source of strength to him. When he would become weak enough, 'they will nudge you overboard'. This was the strongest language I had used with the Party chairman in the last seven years.

Bhutto listened intently. I must have sounded most serious. In the same vein, he asked:

'What do you want me to do?'

'I have come to suggest that you rebuild your power base among the people.'

He paused for a while and then said: *'Doctor, what you want me to do, I do not have the power to do'.*

I was shattered as I had never expected such a reply from the most highly regarded and strong prime minister of Pakistan. Both of us remained silent for a long time.

Breaking the silence, I asked him (*main zara aap ka phone dekh loon*) if I could check his telephone apparatus. I picked up the apparatus, took a bunch of keys out of my pocket, loosened a few screws, detached a piece from inside it and passed it on to Bhutto.

'Do you know what this is?' I asked him

'No, what is it?' he asked.

'It is to bug your phone', I replied.

'Yeh haramzaday mera bhi kartay hain (These bastards bug my phone as well)', was his spontaneous reaction.

Another long pause followed before he asked how I knew that the device was to bug a phone. I replied that I had detected it in my phone and had showed it to an expert who had torn it apart to find out what it was. Each device was individually numbered.

After yet another pause, he sent for Mrs. Bhutto. As Nusrat entered, he extended his hand, passing the device to her, *'Mubashir says it was to bug my phone',* he said to her.

Holding the device against the light bulb Nusrat declared: '*This is in all our phones in the house*'.

Bhutto looked baffled and after another long pause asked his wife how she came to know of it.

She replied: '*I did not know. It was Shahnawaz²⁰⁸ who found it in the phone in his room and suspected that it was you who had it installed to listen to his conversation with girlfriends. He checked all the phones and when he found that it was in all of them, he was satisfied*'.

We sat silently for what seemed a long time before I took leave. It was one of our saddest encounters. What Bhutto had said was hard to believe. Could a prime minister of his caliber be really so weak, so helpless, or was it just his way to say no to me. It was not the first time that I had warned him. In the letter of 17 August, I had said that I feared 'military intervention and disaster' if he were to continue his policies. Bhutto telling me that he did not have the power, to do what I suggested was quite unlike him. He was not a man to admit his powerlessness, and yet, by doing so he had struck a sympathetic chord in me. How could he be. helped was the thought that dominated my mind as I covered the almost dark roads from Rawalpindi to Islamabad that gloomy evening.

After serious reflection, I decided to do my bit for the party for whatever it was worth. I had always believed that without a well organized party made up of politically educated and trained cadres there was no way for any government in Pakistan to be successful in putting the country on the road to progress and prosperity. I had formulated proposals for the training of workers, had once run a political workshop, organized projects involving participation of the people, but without achieving any success with the party high command. A few weeks after the fateful meeting in November, I raised the matter with Bhutto once again and he asked me to make a concrete proposal which I did in a confidential letter dated 22 December 1974 (*see Appendix II*).

In a brief letter which I have not been able to trace in my papers, Bhutto replied that the Party Secretary General could not be given the authority I had suggested in my letter and that was all the letter said. In January, he called a high level meeting of the party in the Cabinet Room. About thirty people attended, including the members of the Central Committee and some ministers. No agenda, had been circulated and Bhutto opened the meeting by saying that the party had no Secretary General and that one should be appointed. Suddenly, without any preamble, Hafeez Pirzada proposed my name. Haneef Ramay spoke next, saying that the Secretary General should be a leftist and

²⁰⁸ Bhutto's youngest school-going son.

added that either Shaikh Rashid or Dr. Mubashir Hasan should be appointed. That was the end to the proposals and I found everyone, including Bhutto looking at me.

I submitted that in my opinion the proper way to select a Secretary General was to analyze the political and economic situation in the country, decide the party line for the future, spell out the task before the party, and then select a person most suited to perform the role of Secretary General. I then described, the unsatisfactory national and international political and economic situation, repeating what I had written to Bhutto in the letters of 17 August and of 22 December 1974. Bhutto did not seem amused and he asked the gathering to comment on what I had said. One by one, they spoke in counter-clockwise order. The meeting got extended. Sandwiches were ordered for lunch and the discussion dragged on for seven to eight hours. Sitting to the right of the last speaker, it was my turn to speak. I said that it had become clear that not one person agreed with me. They all were unanimous in agreeing that things were fine. I was therefore the most unsuitable man for the job. On hearing this, Bhutto declared a break for tea during which I was besieged by old friends and comrades who urged me to become the Secretary General. They were so insistent that I thought I had no other option but to accept the office. When the meeting resumed, Bhutto asked me again and I said that I would accept if the office of the Secretary General was shifted to Lahore. Bhutto had no problem agreeing to that. When the meeting ended he remarked casually that I should have considered it an honor to be the Secretary General of the party.

I accepted the post on the assumption that a day might come when Bhutto realized that his line of action was a mistake and only then would he need the effective support of the Party. If I devoted all my time to Party work, I thought it might be possible to educate and train a cadre of politically conscious and selfless workers. There was no dearth of committed workers everywhere especially in Lahore. With the help of the Chief Minister Punjab, Haneef Ramay, we set up the party's central office in the famous former Freemason Hall building on the Mall, Lahore. Prime Minister's Secretary Afzal Saeed wrote to us saying that Chairman Bhutto would pay ten thousand rupees a month to run the party's office. We set up a strict procedure to maintain accounts and to carry out its audit. Our immediate priority was to produce literature on the principles and programme of the party. I concentrated on writing pamphlets and a comprehensive survey in Urdu on the political, economic, and cultural developments in the subcontinent, beginning with the decline of the feudal Mughal era and the rise of the mercantile and industrial capital class in Europe. Briefly covering the rise of imperialism, revolutions in Russia and China, and the struggles of independence in the subcontinent, the 455 page book, titled *Shahrah-e-Inqalab*, described in some detail the mechanism of the neocolonial political, economic, and cultural domination by western civilization and ended with the defeat of US imperial power in Vietnam. Four thousand copies of the book were printed, paid for by me and sold on no profit and no loss basis. The paperback edition cost fifteen rupees and the bound edition cost twenty-five rupees. Students and party workers paid twelve rupees. Two copies were bound with

fancy decorations, one for President Fazal Elahi Chaudhri, and the other for Prime Minister Bhutto. On the latter copy, I wrote 'For my friend, Zulfikar Ali Bhutto'. Some months later, at a convention of party workers in Muzaffarabad, Azad Kashmir, when speakers demanded a 'party line' from the Chairman, Bhutto responded by announcing that the book by 'Dr. Sahib' was the party line. Then, perhaps remembering that he had not read the book, he added 'I have not read it, but it has been written by a friend, it must be good'. The Ministry of Information immediately placed an order of fifty books. The Secretary Defence, General Fazle-e-Muqem, who was also present at the convention, said that he would read the book alter what the Prime Minister had said. The book received excellent reviews from well known leftist intellectuals including Shaukat Siddiqi, Abdullah Malik, and Zaheer Kashmiri.

The most important work of politically activating the people was initiated by the workers of the Lahore PPP in *katchi abadis*. Early in 1973, a batch of residents from the Ravi Road came to see me lead by Mirza Inayat Beg and a few of his friends complaining that the *goondas* of big land grabbers had begun to harass them to pay higher rents or else to vacate the mud or mud-brick houses. Clusters of such houses had sprung up all over Lahore in 1947 when refugees from India had poured into the city. In the twenty-four years that followed, the city had grown tremendously and so had the *katchi abadis* as a result of rapid urbanization. Most of these habitations were in low lying areas, on the sides of open drains or in the midst of posh localities such as Davis Road or in the sprawling estate of the Maharaja of Patiala, opposite the Governor House. As the years went by, the value of land shot up and those who owned the property grew keen to increase the rent or to get the house vacated. I advised the group that had approached me to organize themselves in committees, stop paying the rent and to face *goondas* through their own physical force. The PPP was strong in those areas and I did not expect the police to collude with the property owners. Only in one or two cases was there a physical clash with the *goondas* and that, too, soon ceased.

But some way had to be found to make the residents of the *katchi abadis* owners of the their houses. I drafted a law on the model used by Ayub Khan for quick acquisition of land to build Islamabad and asked Khar to legislate it. Taking advantage of the provision in the 1973 Constitution that the amount of compensation to be paid by the government in lieu of land needed for residential purposes could not be challenged in courts of law, I proposed a ridiculously low price of 5,000 rupees per acre. I requested Khar not to send the draft legislation to the Law Department but to consult a lawyer privately. Next day, Khar, his Advocate General, and myself, got together and the draft was approved and an ordinance promulgated.

Within a short time, 120 *katchi abadi* committees sprang up all over Lahore. At the apex, we founded the *Awami Rehaishi Tanzeem*, an organization which arranged for fair elections to the committees. We treated the acquisition of land and the transfer of ownership to the occupants not as an end in itself but as a device to convey the political

and ideological programme to the people. It worked amazingly well but led us into a blunder which we were to regret for a long time. In a feudal society, power must be demonstrated. So, we decided to take out a procession. We called for the committees to assemble at Mochi Gate grounds. The response was overwhelming. They came in large numbers with placards, bands, drums, and party flags, and put up a tremendous show. In order to demonstrate that we were disciplined, I decided that the procession would proceed three abreast and not in a haphazard uncontrollable moving crowd. The procession thus became about two miles long. Lahore had never seen such a disciplined political rally since *Khaksar* days. The procession ended at the Punjab Assembly building where Chief Minister Haneef Ramay sought to address it. The demonstration was already too big for my liking, for I had anticipated that Bhutto would not be pleased. He was a man to feel threatened by any display of power by his colleagues even one that went in his favor. Had Haneef Ramay addressed the procession, poor man, he too, would have been suspected of collusion. So the procession dispersed without a speech or ceremony. All the same, the organization of *Katchi abadis* made big enemies, the biggest of them all being Zulfikar Ali Bhutto, thanks to the lies and misinformation supplied to him by the intelligence agencies. In due course, Sadiq Qureshi replaced Haneef Ramay as chief minister, Punjab, and the official cooperation of the Punjab government, required to regulate the acquisition of land, construct streets, to lay down water and sewerage lines, and to hand over the newly created housing plots to the residents of these *abadis*, ceased, allegedly on Bhutto's orders, if Sadiq Qureshi was to be believed.²⁰⁹

While my friends and I concentrated on political education and field projects with the objective of empowering the people, Bhutto kept going his own way. By the end of 1975, Bhutto's alternative team for governing Pakistan, was firmly in the saddle. The role of PPP ministers had been greatly diminished. Besides being the prime minister, he was minister incharge of Cabinet, Defence, Foreign Affairs, and Establishment division. Upon the retirement of Tikka Khan, Bhutto appointed Lieutenant General Ziaul Haq, number seven in seniority, as his new Chief of Army Staff. Zia, a cunning and clever soldier known for exhibiting extreme compliance and abject obedience to please his superiors, filled the bill for the kind of man Bhutto was looking for. I had only two occasions to meet Ziaul Haq on matters of substance. On the first occasion, he immediately agreed to all that I asked for, not knowing what he was agreeing to and, on the second, he just lied. In early 1976, Bhutto was in Muzaffarabad, Azad Kashmir, when he heard serious complaints about the Department of Buildings and Roads and about the arrangement to transport food grains to Azad Kashmir from the Punjab. Bhutto ordered me to look into what was needed and to finalize the transfer of both the responsibilities to the Pakistan Army. As the prime minister and I were leaving on a visit early the next day, I asked General Zia and the Communications Secretary to come to my room at the Circuit House at 7:00 a.m. I asked the General how long it would take

²⁰⁹ Personal conversation.

for him to assume this responsibility and he answered without thinking: 'One week, Sir'. The General had not the faintest idea of what he was saying, but seeing the keenness of the Azad Kashmir government officials, I gave my assent. Late in the evening, two army Brigadiers, one a former student of mine, requested the period of one week to be extended to a month. The other occasion for me to meet Zia-ul Haq arose in the middle of March 1979 when I appeared before the General in his capacity as Chief Martial Law Administrator to plead clemency for Bhutto after he had been sentenced to death by the highest court of Pakistan. General Sawar Khan was also present at the occasion and I thought I had succeeded in making a strong case when Zia assured me, *Doctor Sahib, Mein, Bhutto Sahib ko kaisay mar sakta hoon. Woh tou meray mohsin hain.* (How can I kill Mr. Bhutto, he is my benefactor.)

To add to Bhutto's power, the chiefs of the Intelligence Bureau, Inter Services Intelligence, the Federal Security Force, and the Atomic Energy Commission, also reported to him directly. Bhutto's Home Minister, Abdul Qayyum Khan, an arch enemy of Bhutto's principal adversaries in the Frontier and Balochistan, was most amenable to the advice of the intelligence community. Bhutto was Chairman of the National Economic Council and in his Secretariat sat advisers on Economic Affairs, Feroze Qaiser, and Khuda Bakhsh Bucha on Agriculture. Hayat Mohammad Tamman, a feudal lord of exceptional qualities, assisted Bhutto in rallying the support of the feudals of Punjab. There were two other men who played an important role in determining the operational character of Bhutto's government. One was Afzal Saeed Khan, a civil service officer serving as Secretary to the Prime Minister. His sympathies lay with the Jamaat-Islami. The other was his ambitious Military Secretary, Brigadier Imtiaz (later Major General) who exercised considerable influence in preparing Bhutto's schedule of interviews. Neither Imtiaz nor Afzal Saeed understood the danger of distancing Bhutto from public support and contributed substantially to his fall.

In the provinces, the Chief Secretaries and the Inspector Generals' of Police received orders directly from the prime minister on all important matters. The chief ministers were reduced to mere figure heads. The former rulers of the princely states of the British times or their heirs were appointed governors of the provinces, the Khan of Kalat in Balochistan, the prince of Junagadh in Sindh, and the leading prince of Bahawalpur in the Punjab. Sitting in Governor House, I argued with Bhutto about his choice of the prince of Bahawalpur as Punjab Governor. He drew my attention to the expensive carpets, furniture, cutlery and crockery, the lawns, and other things of splendor in Governor House and asked who he could entrust with the upkeep of it all. He appointed the prince of Junagadh as Governor Sindh for different reasons. Having made the appointment, Bhutto told me 'Now I do not owe anything to anybody'. Apparently, he was referring to Bhutto's father, Sir Shahnawaz, who served as *Dewan* (Chief Minister) of the Nawab of Junagadh in pre-partition India. Bhutto's family was under a feudal obligation to the House of Junagadh. By appointing the old Nawab's son as his governor, Bhutto had cleared the feudal debt of his family.

Having organized the administrative machine of the government and filled it with specially selected people, Bhutto decided to reorganize the Party by first holding conventions at the divisional level. These were large affairs to which delegations of workers and office holders from districts, cities, towns and *tehsils/talukas* came. Scores of speakers were given full opportunity to vent their grievances and make suggestions. Addressing the divisional convention in Lahore on 21 December 1975, he said²¹⁰ that in the last four years he had a chance to see everybody through and through. There was a need to reorganize the party. He wanted people in the party who would clean streets, give justice to the poor, and were revolutionary, intellectual, and able to work in the elections. He said he would hold conventions in Punjab, Sindh, Balochistan, and in the Frontier. The convention continued for two days. The party workers, bitterly divided among themselves, were far from happy with the existing organization, with the attitude of the bureaucracy, with ministers and party leaders, and urged the Party Chairman to bring about radical reforms. In his winding up speech, Bhutto could not give a satisfactory reply justifying the conduct of the ministers and leaders *vis-a-vis* the party rank and file. He said that he had inherited the system which needed workers and elected legislators. He advised the workers to cooperate with the legislators until the award of tickets to the next elections. Adjustment would have to be made to the system which was a requirement of democracy. He went on to threaten that if they did not want this system, if they wanted a one-party state²¹¹, then they would have to find another Chairman of the Party.

At the Karachi convention²¹², he appealed to the workers not to hurl unsubstantiated accusations at him as was done in the Punjab, which were found to be incorrect. The government and the Party had passed through a difficult phase and it had not been possible for him to give full attention to the Party. The speeches made by the rank and file in Karachi and in Sindh generally were not very different from those made in the Punjab. Everywhere, strong language was used against the provincial governments, the ministers, landlords, and the industrialists. On one occasion in the Hyderabad convention when I happened to be presiding, a Sindh Government minister whispered into my ear that, stung by the language used against him, the Chief Minister Sindh, Ghulam Mustafa Jatoi, was threatening to resign. The accusations being hurled were certainly serious and the rhetoric strong. I did not try to stop Jatoi but I sent a note to Bhutto at the Circuit House. During the course of his address to the concluding session of the convention Bhutto beseeched the Party workers, leaders, and ministers, not to cause distress to him by accusing each other since he was a man already burdened with many worries. In a theatrical gesture, with tears in his eyes, he called Jatoi to his side

²¹⁰ Notes taken by the writer personally.

²¹¹ No one had made that demand.

²¹² 1 and 2 January 1966.

and the Prime Minister of Pakistan and the Chief Minister of Sindh, stood in front of the rally with eyes full of tears. At the Sukkur convention, party workers were even more vociferous against landlords than in Hyderabad. In the lead were the delegates from Larkana, Bhutto's own district. 'O, landlords, if you will do injustice to the poor and downtrodden we will pull you out of your houses and throw you into the Indus', shouted one speaker. I asked a Party official from Larkana who had selected the delegation. His answer was: 'Zulfikar Ali Bhutto'.

At the Muzaffarabad convention, the one in which Bhutto had declared my book to be the Party line, Bhutto made an enlightening speech which impressed me very much. I wrote an article based on it called 'On Bhutto's Revolutionary Outlook'. In the article, I said that the Party Chairman believed that all struggles in history have been against economic exploitation and the motivating forces for all struggles have been religion, nationalism, or ideology imperialism wrote that imperialism is the greatest exploitative force in history with only a popular revolution as a countering force. Even religion gains its popularity from being a force against economic exploitation and, when it ceases to play this role, its decay begins.

I sent an advance copy of the article to Bhutto to which he did not react. The article appeared in *The Pakistan Times* on the day Bhutto, the Minister for Northern Areas, Qaim Ali Shah, and myself were leaving for Gilgit. As he came to board the helicopter, Bhutto said with apparent surprise:

'The article has been published'.

'I sent you an advance copy', I replied

Next morning, the Information Secretary, Nasim Ahmad, telephoned me to ask if I had seen the statement of the Prime Minister about the article adding that he knew nothing about who had drafted it but that he had nothing to do with it. In his rejoinder, Bhutto had said that he was competent to state his views and did not need a 'political engineer' to do that for him. As Bhutto came to, board the helicopter for another day's tour he said to me 'I had to do it, there was a difference of nuance'.

I felt sorry for Bhutto. If he did not like his name to be associated with what I had expressed in the article, he should have told me so and I would have corrected it as he wished or would have withdrawn the article altogether. That would have been unlike Bhutto who waited for the article to be published so that he could contradict it publicly and show the distance between himself and his Secretary General. I felt that he had harmed himself in the eyes of the progressives who were with him. Bhutto did not know what to do with me.

At one point during dinner, Bhutto turned the conversation to a disagreement I had with the Chief Minister of Sindh, Mumtaz Bhutto, about the mode of the construction of the fifth tunnel of the Tarbela Dam, two years ago. Bhutto insisted that I relate what the disagreement was about. Finally, I yielded. A week or so later, I received a letter from Mumtaz complaining that at the dinner in Gilgit, in the presence of army generals, I had made some incorrect statements about his stance. I was astonished and immediately drafted a reply, writing what I had attributed to Mumtaz. On second thought I decided not to dispatch the reply. I met Bhutto a few days later in Murree and he mentioned that Mumtaz was unhappy about what I had said at the dinner. Next day, I confronted Qaim Ali Shah and asked him the nonsense he had communicated to Mumtaz. Poor Qaim Ali Shah, he went to great lengths to explain that it was not him but Bhutto who had talked to Mumtaz. I then told Mumtaz what had transpired. Mumtaz understood that I meant him no harm.

My opportunity to indicate to Bhutto that I did not appreciate his statement about my article came the day when we left Gilgit to return to Islamabad. On our way back we stopped at the main Chinese road building camp, a hot and desolate place with no civilization for scores of miles. The Chinese served light refreshments, with the general manager sitting on Bhutto's right, the chief construction man to his left. During the second leg of our, helicopter ride, I asked Bhutto if he knew who was the man sitting on his right. He said that he did not know, except that he was the chief. When I told him that he was the former Governor of Siukiang, Bhutto was flabbergasted. I then added that when he got angry with a party comrade it was better for him to send him to a construction site as remote as this one. Bhutto got the point immediately and was apologetic. While we were still in the helicopter, he sent Qaim Ali Shah to me to convey that I should not have thought like that and that the prime minister had the greatest regard for me.

It was evident that Bhutto. was not happy with the work of mobilization of party workers that we were doing in Lahore. As time passed, more and more feudals were joining the party and our tirades against them in *Musawaat* and its *Siasi* edition was clear and strong. Not even, once did Bhutto object to what we said or wrote but to counter our growing influence, he opened another Central Office of the Party in Rawalpindi and appointed an MNA as the Deputy Secretary General who was a feudal who understood neither the theory nor the practice of politics and was quite. The tension between us remained.

13 THE BATTLE LOST

Early in 1976, Bhutto agreed to the publication of a weekly supplement called *Musawaat Siasi Edition* to be distributed along with the Party's daily newspaper, *Musawaat*. It proved to be an exciting undertaking. Two young journalists and a retired veteran editor, Khursheed Alam, published at least one story every week about the successful struggle of the poor against rural and urban landlords, *tribal sardars*, *pirs*, mine owners, brick kiln owners, and even against the managers of government owned factories. Also published frequently were articles about the class character of the proprietorial classes. I once wrote a stinging article about our colonial feudals. Bhutto told me that Information Minister Kausar Niazi brought it to his notice and said that it was a strong condemnation. I remained quiet, but Bhutto went on to add 'Do you know what my reply to him was?' and he answered the question himself by carrying on to say 'I told him, *Aur karo Seerat Conference!*' He was referring to a semi-political convention of selected religious men convened by Kausar Niazi, ostensibly to discuss the life and works of the Prophet of Islam.

The *Siasi Edition* also published one abridged version of Bhutto's speech, besides carrying the proceedings of the party conventions and meetings and directives of the party's central secretariat. I wrote a series of articles on the phony class character of Pakistan's ruling elite saying that its capitalists were comprador in nature, produced by the state; that its feudals were colonial, a product of the British *Raj*; and that its middle class was not the advanced mercantilist force of an industrialized society. The articles were published in the form of a book, '*Pakistan kay Ja'ali Hukm ran Ta qay*' (The Fake Ruling Classes of Pakistan) which was widely read.

The proof, that the political work in Lahore was effective and that the intelligence agencies and Bhutto were taking it seriously, came in a curious way. One morning, the Chief Secretary Punjab, Masroor Hasan Khan, visited my house and showed me a letter of the federal government which said that, at a meeting in Kabul, the government of Afghanistan had decided to assassinate me and Hafeez Pirzada, and the Punjab government was asked to take appropriate measures for my protection. The Chief Secretary scrutinized the buildings adjacent to my house and across the road to get an idea of where the house could be targeted from. He said that gunmen would be provided by the government round the clock and I that would need protection at the office which will be searched every morning for hidden bombs. I realized that the alibi concocted by the men from the intelligence agencies was bogus. All they wanted was to keep a strict eye over my activities. I had no objection to that since my activities were

neither anti-Bhutto nor anti-party. Indeed, I thought the surveillance might help allay their fears about the 'conspiracy' that the central office of the party might be hatching against the establishment.

By September 1976, Bhutto's reorganization of the party was completed. Thousands of office holders were selected on the basis of intelligence reports, and with the help of the local administration. Bhutto's idea was that the party and the administration should pull their weight together. A small number of leftists were accommodated to maintain the old face of the party as well as to confront the feudals. Through reorganization, most of the radical and militant members of the party were weeded out. At long last, the bureaucracy had the Pakistan People's Party of its choice, the problem that remained was the Secretary General. He was certainly not playing ball.

During one of my visits to Bhutto in the prime minister's office, he asked me to stay on after my business with him was finished. He called in his Military Secretary and asked him to find out if the American Ambassador, Henry Byroade, was home. On learning that he was, Bhutto asked for the car to take us to the Ambassador's house. It was a totally unannounced and unplanned visit. The Ambassador was mightily pleased. He apologized for the absence of his wife and conducted us into his small library room where he had been busy cleaning his guns. Coffee was ordered and the ambassador narrated his ventures in the Wakhan mountains and in Burma. There was no discussion concerning Pakistan's relations with the US. Suddenly, Bhutto turned to me and said somewhat plaintively 'Dr Sahib, why are you people against me?' I was taken aback. Why on earth had he brought me to the US ambassador's house to ask this question? What answer did he want me to give?, Not being able to make out his intention I put a question to him.

'Who do you mean by 'you people!'?

'You,' he said and then with a slightly longer pause, added *'Khar'* and then he became silent.

'I don't know about Khar, but I have not done anything against you,' I said with a smile. Byroade must have felt amused with that exchange between the Chairman and the Secretary General of the Pakistan People's Party. In a tone indicating that nothing serious was involved, he said *'No, he is not against you but . . . '* I do not recall his exact words but what he said meant that I worked from within. I have never ceased to wonder why Bhutto took me to the US ambassador's house in the middle of the working day to put that particular question to me.

By 1976, Bhutto had implemented his new plan of governance, for what he thought was the long term. He chose a team of experienced civil servants competent in doing things in the old way. He nominated thousands of office-holders of the party of his choice and

of his team who he thought would help in good governance. What remained to be done was to change the structure of the Party so that it would go with his new vision of governance: A new constitution of the party was needed Which would enable the chairman to enroll people of a different creed, like Aziz Ahmad and Yahya Bakhtiar. The former had told me that before he joined the party, Bhutto had assured him that socialist rhetoric was no longer the creed of the party. Yahya Bakhtiar, on the other hand, was a steadfast and patriotic Muslim Leaguer who would not change his creed for any opportunistic reason.

One day, Rafi Raza asked me what I thought of the new constitution of the party. I told him that I was not aware that a new constitution had been drafted, he expressed surprise over the part that the Secretary General had not been consulted. Rafi asked if I would like to see it. I said, no, if Bhutto did not want to show it to me, I was not interested in seeing it. Still, a few days later, Rafi handed over a copy of the draft to me saying that Bhutto agreed that I might see it but that I could not make any changes to it. Some days later, Rafi asked what I thought of the draft. *'I have not read it'*, I said.

'Why?' he asked.

'I could not go beyond two pages. It is not the constitution of the party that was founded in 1967,' I explained to him that in the proposed constitution, the Principles and Aims and the ideology of the party stood altered. It was like the constitution of the Muslim League. I asked Rafi how Bhutto intended to bring about the change, to which Rafi replied, through a proclamation.

'Where does he derive the power to issue a proclamation to change the constitution, why does he not call a convention and go through the procedure prescribed in the existing constitution?' I asked.

'Who cares?'

'Does he not care for history?' I said, and that was the last I heard about the new constitution. It was neither promulgated nor democratically approved.

Once again, I resigned from the post of the Secretary General. It was about September 1976. Bhutto asked to see me and while I waited in the ante-room, Hafeez Pirzada arrived and asked why I was resigning. He wanted to know my complaint or if I wanted anything. The gulf had become too wide for it to be bridged through discussion. We then went in to meet Bhutto together. Hafeez assured him that I had no complaint of a personal nature and that it was a question of party policy. Bhutto said that it was not the time to resign. If I did not want to harm the party, then I should wait until things were clearer. Bhutto did not mention elections but I understood what he meant. I would have harmed the party and benefited the Opposition if I had resigned before the

elections. By then, I think Bhutto realized the basis of differences between him and myself. We could no longer talk privately. He needed somebody else's presence, first **Byroade** and then Hafeez Pirzada.

In January 1977, Bhutto announced 7 March as the date for election to the National Assembly and 9 March for elections to the Provincial Assembly. Through the efforts of Mohammad Hayat Tamman, Khuda Bakhsh Bucha, the civil administration and the intelligence agencies along with, the entire feudal gentry of Pakistan, barring the *sardars* of Balochistan and some khans of the Frontier Province, had joined the Pakistan People's Party. They had applied to the party for the award of tickets to contest the elections. Most of the applicants thought that the recommendation of the Secretary General would carry great weight in this decision and I was swamped by the candidates, and their supporters. Hardly any opinion counted with Bhutto. He had elaborate reports from the intelligence agencies and the civil administration about the political work and loyalty of each candidate. He was personally aware of the factions and rivalries among the feudals, within their fiefdoms, and within their families. Bhutto was keen to maintain a balance and not allow any group or family to become dominant.

Bhutto nominated me as a member of the Appellate Board, the highest body for the selection of candidates. I reached Islamabad two days before the Board was due to meet. Since I had no clue who the applicants were except those who had approached me, I asked Bhutto's secretary, Afzal Saeed, to send me the agenda of the meeting and the list of that applicants. In reply, Bhutto phoned to tell me his team had been poring over the papers and that he had ordered that no paper should be removed from the Cabinet room I would have a chance to look at them when I attended the Board meeting next morning.

The meeting next day was a big affair, Besides a few senior members of the party and chief ministers of the provinces, the intelligence services were strongly represented. Throughout the length of the room, the intelligence chiefs had their files neatly placed on the floor along the wall. They seemed to have worked hard the previous day to apprise Bhutto of their recommendations. I knew that Bhutto would give the Left fifteen to twenty percent seats in order to maintain the pressure on the feudals in the party and on the establishment, as he had done at the divisional, conventions the year before. I had very little to contribute to the discussion over the tickets for Sindh, Balochistan, and the Frontier except where a really deserving party worker was a candidate. For me, the foremost question was how Bhutto would award the tickets in Lahore. Any wrong move there would have resulted in an ugly situation. I was well acquainted with the Punjab candidates and adopted the tactic of keeping quiet before the constituency of a good Party worker was to come up for decision and, when it came, Bhutto would generally agree with what I said against other applicants and in favor of the one I supported. This tactic did not work each time.

The battle for party tickets in Lahore was fought with considerable finesse. Lahore had eight National Assembly seats. We had worked intensively in Lahore and I was sure that anybody we put up was bound to win. When the award of tickets for the first seat came up for discussion, I decided not to suggest a single name for fear that he might become a marked man and not get a ticket at all. So I suggested eight names and said 'Give the ticket to any one of them and he would win'. The second seat was the one from which I had contested the 1970 elections, but I was not an applicant this time. Someone said that it was Dr. Sahib's seat. I responded that I was not a candidate. There was some discussion over this and Bhutto seemed visibly disappointed at my decision. For that particular seat I rattled off the same list minus the name of the man who had already been selected. Thus another name from my list was, selected and then a third was selected. Then Bhutto beat us at our own game. He had let us have the first three seats and accepted our candidates. For the fourth he said '*I am not going to listen to any discussion, I am awarding this ticket to Salahuddin*'. This man, an urban feudal, a friend of Bhutto since Ayub Khan's days, was intensely disliked by party members. He was a big landlord and several of the *katchi abadis* were on his lands and in the possession of poor people who were strong supporters of the party. But for that seat, we were able to get the right candidates for the party on all seats in Lahore.

Rafi Raza writes:²¹³

The award of tickets in 1977 involved an almost complete reversal of the PPP's 1970 position. The feudal class, which had been largely eliminated earlier, or at least made dependent on the Party, was now fully rehabilitated. Several individuals whom ZAB had attacked vehemently in the 1970 elections were accommodated both in Sindh and in the Punjab, a person who had reputedly led an attack on his cavalcade near Multan was given a Provincial Assembly ticket. Earlier, Mubashir Hasan had decided not to contest, and a day before the tickets were awarded Mumtaz Bhutto left Islamabad in disgust. Party workers and supporters felt alienated and aggrieved, the adverse consequences of which became apparent after the elections.

Bhutto made me incharge of the election campaign in Lahore and, asked me not to leave the city during this period. I thought that strange. What was wrong in the party's Secretary General joining the campaign trail? Was it to fix the entire responsibility of the campaign in Lahore on me, for in this city he had awarded tickets against all the recommendations of the intelligence community? On 4 March, Bhutto called a high level meeting majority was far too big to be affected by one ballot box or one the Governor House in Lahore to assess the party's prospects at the polls a few days later. The top brass of the intelligence community? On 4 March Bhutto called a high level meeting in the Governor House in Lahore to assess the party's prospects at the polls a few days later. The top brass of the intelligence agencies and the police, chief minister, Punjab,

²¹³ Raza, *Zulfikar Ali Bhutto of Pakistan, 1967-1977*, OUP, Karachi, pp. 323.

Sadiq Qureshi, and Rafi Raza attended. One by one each district was considered and everyone, gave his assessment of the party's success. When it came to assessing the Party's prospects in Lahore most of the officers said that it would win four out of eight seats, one said three and another said five. I was staggered by the way in which the agencies were misleading Bhutto. When he asked me what I thought I replied that we were likely to win all the eight seats and in no case would we concede more than one. *'Which one?'* he shot back. *'The one in which our candidate plays foul, uses a Sten gun, or runs away with the ballot box'*. Bhutto understood who I was referring to and asked me to issue him a stern warning. *'I'll write to him,'* I said. He stopped me from putting it in writing and asked Rafi to warn the man.

Bhutto was puzzled and wanted to know why my estimates were so different from those of the officials. He asked the officials to explain first. They spoke one by one saying that the party had not selected good candidates, that they had not spent enough money, had no *biradri*, and no influence in the area Bhutto asked me the basis of my assessment I said that if the gentlemen sitting on the opposite side had said that we would lose all seats, I would take them very seriously because they know who would vote for us and who would vote against us. I spelled out the classes who I was sure would vote for us and against us, and those against us were in a minority in every constituency. Bhutto asked if I meant that the candidates did not matter. *'No they don't, after our mammoth procession yesterday,'* I replied. He did not seem convinced by my reply and said that both the candidates and the party mattered.

We won all the eight seats of the National Assembly from Lahore with a good majority. The polling was fair. Only one of the eight candidates was accused of 'lifting away' a ballot box. The charge was false. I made it a point to observe his dealings on polling day and found nothing untoward. In any case, his majority was far too big to be affected by one ballot box or one polling station.

The results stunned Bhutto. He called me after midnight. I had never heard, him speaking as anxiously as he sounded that night.

'What has happened?' he asked again and again.

'The people have voted for you,' I replied.

'Are you sure, are you sure?' he asked.

He was rightly worried. All the estimates made by the intelligence agencies and by the bureaucratic election campaign machinery had proved to be wrong. The basis of his election strategy had been wiped out. Reports in the media mostly fed by intelligence leaks had misinformed the people that the Opposition was capable of putting up a good fight. The total rout of all Opposition parties had put Bhutto in a very difficult position.

The results were so overwhelmingly in his favor that no one was prepared to believe them. The Election Commission had lost all credibility. Opposition parties had contested the elections as a single alliance and saw no reason to go ahead with the polls to the Provincial Assemblies due to be held two days later. They boycotted the elections and came out on the streets. A crisis was born which deepened with every passing day. The steps taken by Bhutto to counter the threat amounted to one wrong move after another. The chance of reaching compromise with the Opposition slipped further and further away.

I was distraught and worked hard on a confidential note which I sent to Bhutto on 28 March 1977. It was titled: 'WHAT IS TO BE DONE, An analysis of the current political situation and proposals for the future'. Summarized below, the note read:

'Nine opposition parties of Pakistan have refused to accept the results of the general elections held on 7 March 1977. They have successfully boycotted the elections to the Provincial Assemblies. They would rather adopt the methodology of street politics than bargain on the negotiating table with the government. The mill owners, traders, small manufacturers, middlemen, contractors, transporters and suppliers, under the leadership of the notorious twenty two families, were on the war path. Since they lack political maturity and the organizational network for agitational politics, they have secured the services of obscurantist *mullahs* and some reactionary elements of the middle class as their political agents.

The fateful struggle launched by the industrial and trading community of Pakistan and its allies, is principally aimed at seizing political power from the hands of the feudal aristocracy of the Punjab and Sindh and their collaborators in the Frontier and Balochistan. During the last sixty-three months of their rule, the feudally dominated governments of Pakistan and its provinces had earned the infinite and abiding hatred and ill will of the industrial and trading community through measures of nationalization and massive intervention in free market operations of goods, services and labor, for their failure to stem corruption and *goondaism* and their inability to offer security of life, property and honor to the urban population. For the first time in the history of Pakistan the contradiction between the big industrialist and the feudal aristocracy was taking political shape in the form of the rejection of the constitutional provisions pertaining to the electoral process.

The major support that the Opposition had been able to muster in all classes of the population is on the following counts: Insecurity of life and property in the cities and highways due to *goondaism* patronized by the feudal clique of landowners, ministers, the bureaucrats and big racketeers; rampant corruption at all levels including the federal and provincial ministers; operation of the judicial machinery in favor of the financially powerful and unscrupulous people and inordinate delay in justice; mismanagement of government enterprises and of the machinery regulating commerce,

industry, transportation and communications; complete dissatisfaction of parents with the educational system; the hatred and contempt surging in the middle class against the less educated, insensitive, medievalist and petty minded ministers who are generally devoid of any sense of merit, justice and love of the people; the offensively luxurious living style of ministers, capitalists, landlords, traders and high executives of trade and industry; brutal and discriminatory harassment of tax payers by the income tax department and general harassment by collectors of tax on property, electricity and water mismanagement of the municipal services and unjust allocation of its resources in favor of the most affluent sections of the urban population and poor level of electricity, conservancy and water supply services in towns; atrocious and inefficient urban transportation system; rising house-rents and oppressive and brutal treatment of housing tenants by landlords in big cities; general non-recognition of merit of the professionally qualified youth, general atmosphere of sycophancy, influence peddling, misuse of office, position and the like; bureaucratic delays and red-tape.

The feudal aristocracy and its lackeys in the official information media have taken upon themselves to out mullah the mullah. Massive doses of conservatism, obscurantism, traditionalism and truly barbaric notions of truth and reality are being peddled by the government controlled media.

No government in the history of Pakistan missed a marvelous opportunity such as the one that this government had, to propagate modern and scientific ideas in order to unleash the spiritual and intellectual energy of the people to usher in an era of progress and enlightenment. Little wonder that during the last two years the credibility of the government had gone down to an astonishing degree.

Drawing lessons from world history it is clear that the nature of the current hostility between the industrial and trading classes of Pakistan on the one hand and the feudal class on the other, is such that no lasting reconciliation is possible between the two contenders. In this life and death struggle the feudal was doomed. Unless the political and social domination of feudalism was removed it was not possible to remove the grievances which emanated from its political and social dominance.

The fundamental imperative is to snatch power from the hands of the historically doomed oppressors and exploiters to pass it on to a united front of the productive classes and the enlightened and progressive elements of all classes. Only the genuinely productive classes and their genuine friends are capable of coming though victorious and saving Pakistan. The guiding principles of such a united front should be:

The ideology of Pakistani nationalism should be promoted and all progressive measures and ideas must be based on genuine patriotism and love for the motherland. For the ultimate defence of the country, local defence committees composed of poor peasants, workers and other patriotic elements of all classes

should be set up under the supervision of the national armed forces. A programme for the training of the people's militia should be launched on a national scale. The foreign policy of Pakistan should be designed primarily to defend the independence and sovereignty of the country against regional expansionism and imperialist domination and hegemony. Feudalism must be destroyed and the poor peasantry fully emancipated. In non-agricultural areas, the pre-feudal political and economic base of unjust and exploitative systems must be destroyed and the poor and oppressed of those areas emancipated. The right to possess unlimited riches and to earn unlimited income must be restricted. Women of Pakistan must be fully emancipated from the shackles of the feudal social system. They must enjoy equal political, social and economic rights. All civil and criminal powers except those relating to national security should rest with a newly created judicial machinery. All religious communities and sects must be given full freedom to practice their beliefs without injuring the, religious sentiments of any community or sect.'

In the letter accompanying the note, I requested Bhutto to reflect on what I had written in a cool and detached manner.

In the presence of President Fazal Elahi Chaudhri, Bhutto handed over my letter to Hafeez Pirzada in a gesture of rejection.²¹⁴ Disappointed, I returned to Lahore. After this incident, Bhutto, who used to speak to me every day on the telephone, cut off all communications. On 9 April 1977, the Opposition decided to confront Bhutto in the streets of Lahore. There were serious clashes and many people were killed. On 11 April, Bhutto was in Lahore and summoned me.

I reached the Governor House at about 10:30 a.m. and stayed with him until past nine in the evening. It was the longest ever meeting that I had with him. He was indeed a lonely man. Hardly anybody came to him, except for two intelligence chiefs, nor did he summon anyone. He did not look like a prime minister in charge of the situation. Every two to three hours he would call a servant to open a particular window and to close another. He said he knew all about the room and the way the light changed. I tried as best as I could to inform him of the real situation, to tell him that the correct information never reached him, this being the reason that he had lost contact with the people. To cite an example, I told him that a relative of his had made millions of rupees selling cement permits obtained from government factories. Bhutto was outraged. He immediately called the Chairman of the State Cement Corporation of Pakistan. The one side of the conversation that I listened to went something like this:

'Mazhar, mein Zulfikar Ali Bhutto bol raha hoon'. 'Waalikumassalam, tell me Mazhar if I have, ever told you to issue a cement permit to anyone?'

²¹⁴ As told by the President.

'No, I haven't, tell me if anyone had told you on my behalf to issue permit to my relative _____?'

'Be certain, tell me correctly... you are sure?'

'Nobody asked you, tell me then, who asked the Cement Corporation to issue him permits?'

'So, he was an agent before the time of this government'. 'You only increased his quota'.

'Now you have reduced it'.

At about 5:00 p.m., Masud Mahmud, Director General, Federal Security Force, and Rao Abdul Rashid, Director Intelligence Bureau, came to see Bhutto. After they had given him the latest reports, Masud Mahmud said:

'Sir, we have come to the conclusion that senior leftist leaders of your Party are behind the agitation.'

I held my breath for a while, openly he had pointed the accusing figure at me and Shaikh Rashid, our Health Minister. So that was the extent to which they dared mislead Bhutto, I thought. Rao Rashid disagreed with Masud Mahmud immediately saying that it was a rightist agitation and no leftists of the party were involved. While I kept quiet, an argument ensued between the two. Bhutto intervened by saying. *'But, Rao, how can a Rightist agitation last so long?'* Rao Rashid continued to hold his ground. He said there was no evidence whatsoever that leftist elements of the party were involved with the Opposition.

Perhaps sensing the contempt in which I held the argument, Bhutto asked:

'Dr, what is your view? Is it an agitation of the Left or of the Right?'

'Those who are agitating are to the left of those against whom they are agitating but the agitators are to the right of the Leftist,' I replied.

In his book²¹⁵, Rafi Raza, gives Bhutto's version of this meeting:

In the late afternoon²¹⁶ of 11 April, a very disturbed Prime Minister told me that Mubashir Hasan had just spent several hours with him, and had attacked

²¹⁵ Raza, op. cit., pp. 345.

²¹⁶ It must have been evening and not afternoon.

corruption among his relatives and servants,²¹⁷ compelling him to ring up the Chairman of a State Corporation for confirmation. ZAB, with tears in his eyes, said such an attack was unwarranted. He described Mubashir's political solution to oust the feudal lords who had joined the Party to get rid of the coterie of the bureaucrats around him and the FSF to take to task the corrupt, however close they might be and whether Ministers, relatives, friends or staff and not to concede any quarter to the advocates of Nizam-e-Mustafa. Above all, Mubashir had called for the revival of the original impetus and force of the Party to take on its opponents, saying that massive reforms would give the people a stake to fight for and that a revolutionary change was needed to meet the crisis. ZAB narrated what he termed 'these unjust demands', pointing out that such radical changes could not be introduced at this critical juncture. He asked why his Old colleagues in the PPP had quit.

A day later, Bhutto decided that I leave Pakistan. In a telephone conversation he asked me if there was a possibility of my going to see my brother in Egypt. I replied that I was only waiting for him to give me leave to go. He agreed, and I left for Egypt two days later. As I got into the plane, there was a shrieking headline in a Karachi newspaper 'Mubashir leaves for Moscow'. That insertion, I thought, was with the compliments of the administration machinery to spread the canard that Bhutto had got rid of the communist in this party. Bhutto decided to go on record in another direction.

The *Pakistan Times*, a National Press Trust Newspaper of Lahore reported in its issue of 18 April 1977:

Prime Minister Zulfikar Ali Bhutto on Sunday paid tributes to the former Secretary General, PPP, Dr. Mubashir Hassan for sticking to his principles.

In reply to a question at the Press conference, Mr. Bhutto said that Dr. Mubashir did not fall in the category of some people whose resignations were being generally talked about. Dr. Mubashir, he said, was a sincere man devoted to his cause. He had a long association with him. He respected his views.

The Premier said that Dr. Mubashir wanted an immediate end to the *zamindars* system in the present form and desired that '*batai*' system should be done away with and the tillers should be treated as real masters of the land. Similarly, Dr. Mubashir believed that the system of mixed economy was not the proper answer to our problems. Dr. Mubashir wanted complete elimination of the private sector and was for having only the public sector in the sphere of industry. Mr. Bhutto

²¹⁷ This was a reference to another case in which Bhutto's valet, Noora, had grabbed some land in Kasur under the patronage of the chief minister Punjab. I brought the matter to the notice of Bhutto who was incensed and ordered the Chief Secretary, Brigadier Muzaffar, to get the mutation undone. It was.

said that Dr. Mubashir advocated the idea of having only the people's Magistrates and people's police. He said that Dr. Mubashir believed that marriage between private and public sectors could not pay dividends. In his view, that productive forces in that event would all rise, Mr. Bhutto added.

The Premier said that Dr. Mubashir believed that if these measures were adopted all the 'shells and balloons would burst.' Conspiracies of vested interests, according to him, would have exploded. He told Dr. Mubashir that he did see the wisdom in what he believed. Ultimately every Asian country would go the same way as Dr. Mubashir thought but before that happened 'Let the people see some real drama. I salute him', he remarked.

I returned from abroad in June and on 5 July 1977, General Ziaul Haq imposed Martial Law on the country. Military courts were set up everywhere and a reign of terror, was let loose on Bhutto's party. Hundreds of thousands of party workers and sympathizers were arrested, thirteen protestors died of self immolation, fourteen of these were sentenced to death, and, according to one estimate, the total number of the sentence of lashes awarded was 45,000²¹⁸. General Zia-ul Haq arrested Bhutto on 3 September, accusing him of entering into a conspiracy with Masud Mahmud, Director General Federal Security Force, and some other policemen, to murder a former member of the National Assembly. On 11 September, the police filed an incomplete *challan* before a magistrate at Lahore. On the same day the magistrate sent the *challan* to the Court of Sessions and the State moved an application for the transfer of the case to the High Court. Next day, the Acting Chief Justice, Maulvi Mushtaq Hussain, passed the order transferring the case to the High Court (without any notice to Bhutto) and constituted a bench of five judges headed by himself. Justice Mushtaq Hussain was in Europe when Zia declared Martial Law. He was called back and took upon himself to preside over the bench to try the prime minister. To a friend of mine, Zahid Chaudhri, a respected journalist, it was clear, from Zia's first speech that he wanted to kill Bhutto. Justice Mushtaq was a friend of Chaudhri and we decided that Chaudhri should go to see Mushtaq and urge him not to be a member of the Bench that was hearing Bhutto's case since we thought that Bhutto's conviction would be a great tragedy for the country. Our worst fears were confirmed when Mushtaq told Chaudhri, 'If I do not try the case, no other judge will hang Bhutto'. Mushtaq made no secret of his resolve to sentence Bhutto to death. During the course of the trial, there was a feast at Mushtaq's house. The cook he hired was a PPP sympathizer. He appealed to Mushtaq for clemency. Mushtaq's reply was to the same effect as the one he had given to Chaudhri.

From 25 January 1978, the proceedings of the trial were held in camera. Bhutto's applications for the transfer of the case were dismissed by the Court in chambers. He boycotted the proceedings, withdrew the power of attorney of his counsel, and

²¹⁸ *The News*, Lahore, 22 November 1998.

expressed his lack of confidence in the fairness of the trial. On 18 March 1978, the Court convicted all the accused for criminal conspiracy and murder and sentenced them to death.

The hearing of the appeal against the judgment of the High Court started on 23 December 1978 before a Full Court of nine judges, presided over by Anwar-ul-Haq, the Chief Justice of the Supreme Court²¹⁹. While the case was being heard, a woman who was a friend of Justice Mushtaq Hussain, revealed that at a guest house maintained by some friends, Mushtaq Hussain had expressed his resolve to hang Bhutto. She, too, was a PPP sympathizer. I sent two young friends of mine, one of them a lawyer, to take the lady's statement on oath and take it to Yahya Bakhtiar who was Bhutto's chief defence counsel in the Supreme Court. Yahya decided not to make use of the affidavit. On 30 July, Qaisar Khan, Justice retired on attaining the age of superannuation. Eight Judges heard the case until 20 November 1973 when Waheeduddin Ahmad, was taken ill. The hearing was adjourned for a period of three weeks to await the recovery of the learned Judge. For reasons best known to him, he never returned. The hearing was resumed by the Bench of the remaining seven judges. Bhutto's appeal was rejected on 6 February 1979; four Punjabi judges Upholding the death sentence and three non-Punjabi judges acquitting him.

Bhutto was treated very badly in jail after the death sentence had been passed on him. When the time came to shift him to Rawalpindi to attend the Supreme Court hearing, the military officers responsible for shifting him brought a transport fit enough to carry only garbage. It was minus the step stool required to get into the vehicle. They wanted Bhutto to crawl on to it. Bhutto refused. It was only when the Superintendent Kot Lakhpat Jail brought a chair to be used as a step that the former Prime Minister and President of Pakistan climbed into the vehicle²²⁰. At one point during the Supreme Court hearing, Bhutto's doctors decided that Dr. Zeenat Hussain, a consulting pathologist of Lahore, should be deputet to take his blood sample for testing. She visited Bhutto in Rawalpindi Jail and reported the filthy and appalling conditions in which Bhutto was kept.

To the shame and ignominy of Pakistan, Zulfikar Ali Bhutto was executed in Rawalpindi Jail on 4 April 1979.

²¹⁹ Dilawar Mahmud, former judge of the Lahore High Court, in his book *The Judiciary and Politics in Pakistan*, Idara Mutalia-e-Tareekh gives a brief and succinct description of Bhutto's trial.

²²⁰ Narrated to me by the Superintendent Jail Kot Lakhpat, where I was also lodged at that time.

The assassins of Bhutto who ruled Pakistan with an iron hand for the next eleven years through imposing Martial Law and the civilian governments that succeeded them along with the international financial aid-giving agencies, have heaped much criticism on the economic reforms undertaken by Bhutto's government. After more than two decades, they still want the world to believe that Bhutto's government is responsible for the ills faced by Pakistan's economy today. This criticism is malicious and has no basis in fact. An attempt will be made in this chapter to show that the dictator Ziaul Haq's regime had inherited an economy from Bhutto's government that had been rehabilitated after the devastating wastage and bankruptcy of the 1971 war. The economy was on the verge of taking off, if only the course set earlier had been diligently pursued. It was rich with potential and could have put the country on the road to material progress and prosperity. In the earlier years, it did usher in an era of relative prosperity as the industrial, infrastructural, and agricultural development works initiated during Bhutto's years in government started bearing fruit. No economy could have survived, once Ziaul Haq and his civilian successor governments, had decided to follow obsequiously the dictates of international financial agencies and started adhering to the dogma of privatization, deregulation, globalization, and the sovereignty of market forces. Colluding with third-rate international investors, they shamelessly accepted all the conditionalities of the IMF and the World Bank and plundered public assets built at painful cost to the tax payers of Pakistan during Bhutto's time in office.

It must be acknowledged, that the economic legacy of Bhutto's government had another aspect which was put to undemocratic and oppressive use by the military dictator Ziaul Haq. Highly centralized economic power had come to vest in the state as a result of the economic reforms carried out by Bhutto's government. The unpopular dictator's regime brazenly and unjustly employed this power to strengthen itself. High level managerial jobs were offered as bribes to military and civil officers who were unfit to run state enterprises like engineering firms, export houses, and the like. Business norms and practices were thrown to the winds and the enterprises were used for personal and political gain. Industrial power assets of the state were used to help consolidate Martial Law and then to dispose off public assets like war booty.

* * *

Five and a half years of Zulfikar Ali Bhutto's government had radically changed the economic landscape of Pakistan in terms of economic planning, production and distribution. Some of these major steps were taken during the thirty-four month period when I served as Bhutto's Minister of Finance, Planning, Development, and Economic

Affairs After my departure in October 1974, the direction of the economy set during my incumbency was maintained²²¹. The government assumed total control of banks, greatly expanded state owned basic industries, and established corporations to export cotton and rice; These were major departures from the policies of the days of the British and its brown successors. Military dictators Ayub Khan (1958-1969) and Yahya Khan (1969-1971) had directed the economy under the guidance of the World Bank, the IMF, and other international financial institutions. They had suppressed the working classes, impoverished rural areas, kept the landed aristocracy on leash, and created a class of unprecedented rich, politically irresponsible robber barons of trade and industry. The salaried civil and military establishments ruled with a firm, almost fascist hand until the people rebelled in 1969-71 and the rulers were rendered helpless. In 1971 the country suffered a military defeat and broke into two.

Bhutto's government had lost no time in reversing the policies of Ayub and Yahya. The change of policies rested on the following factors:

1. Changing the economic, so-called aid relationship with the countries of the capitalist West and their international financial institutions.
2. Transforming the economy of the rural sector through basic changes in agricultural policy, such as radically raising the procurement or support price²²² of agricultural commodities and taking other measures to boost agriculture.
3. Establishing public-sector leadership in finance and industry through nationalizing banks, expanding and reorganizing basic industry, and creating a relatively advanced management infrastructure.
4. Inculcating self reliance in the economy.
5. Changing the character of labor-management relations.

With the transfer of power to Bhutto's government, economic relations with international financial institutions of western European countries, and Japan changed. Bhutto was the author of *The Myth of Independence*, Dacca, Lahore OUP, 1969, a book highly critical of the exploitation of third world countries by the neocolonial order. He had been critical of the imperialist countries in no uncertain terms. On assuming power, the socialist measures of taking over large industrial units and nationalization of life

²²¹ Indeed, before the general elections of 1977, Bhutto went beyond the PPP's manifesto when he nationalized flour, cotton ginning and rice husking factories.

²²² The price at which the farmer's surplus production was purchased by government.

insurance business in the early months of 1972 were a reversal of the policies recommended by the industrialized countries of the West. Bhutto's government neither expected nor was it ready to resume economic relations with the capitalist world along the lines followed by the Ayub-Yahya governments.

In diplomacy, the attitude of the economic and planning ministries towards the capitalist West was polite but firm. There were ambitious people here and there who would go out of the way to please visitors from the international financial institutions.

Soon after assuming office I minuted to the Deputy Chairman, Planning Commission and the Secretaries of Finance, Economic Affairs, Industries and Commerce:²²³

I find that in some divisions, a constant dialogue is taking place between officers of the Ministries and members of Foreign Missions of various categories.

In future I would like to know what is happening what discussions are taking place and with what objective. A summary of every contact with the members of Foreign Missions and their auxiliary officers should be reported. Whenever an officer has a discussion, the extent to which he has gone in supplying information, in making proposals should also be reported.

As a principle such contacts are not desirable unless policy has crystallized at the ministerial level and the extent to which contact is desirable has been determined.....

On one occasion I had to write to the Deputy Chairman:²²⁴

World Bank Mission is here. It is not such a high-powered mission as to be given interviews by seven ministers. I would like to know, within three days, who initiated and who finalized this programme and by whose approval it was done.

In January 1973, I prepared detailed guidelines for my former student, Aftab Alam, Engineer-in-Chief, Karachi Port Trust, as he was leaving for New York to finalize the draft feasibility study prepared by a group of foreign consultants. Among the points stressed was the stipulation that detailed planning and design would be done in Pakistan and no expatriates would be engaged for jobs which can be done by locals. If some parts of the design were intricate, needing the employment of foreign consultants, these would be joint ventures. Local materials, local machinery, and locally manufactured or fabricated articles would have to be used and the projects and their construction would be made as much labor intensive as possible. All work would be

²²³ Letter dated 13-1-1972, Personal papers.

²²⁴ Minutes dated 14-10-72, Personal papers.

done by competitive tendering and tender agreements would be prepared and processed by Pakistan. Payments would be finally authorized by the employer.

In another case in April 1973, in which the Ministry of Fuel and Power was keen that we accept a relatively low-interest loan from the Asian Bank along with their conditionalities or else the construction of the pipeline would be delayed inordinately, I noted down the minutes as follows:²²⁵

. . . the case has not really reached the stage that either we should agree to the Asian Development Bank conditions or delay the pipeline indefinitely. Whereas it may well be that the Asian Bank may not agree to any but their own terms because involved in it is the entire policy of the economic order of 'aid'...

If it is indicated that a commercial credit for either the pipe itself (or for the sheet metal for the pipe) with our own consulting and contracting, where necessary, and a provision of second opinion for consultation and employment of expatriates in construction will be economical, then the not so-low interest rate offered by the Asian Bank together with its conditions of international consultancy etc., may not be something worth accepting...

The Deputy Chairman is of the view, and I agree with him, that a time may soon come when we will have to say goodbye to the loans from the World Bank and the Asian Bank on account of their oppressive terms.

In another minute for the Industries Secretary, I wrote:²²⁶

In matters of construction arrangements, the Bank cannot be allowed to interfere. We are willing to have foreign experts where qualified Pakistanis are not available. Similarly, in matters of consultancy, Pakistan consultants will do the job. Foreign experts will be employed by them where competent Pakistanis are not available. However, we would be willing to appoint foreign consultants in consultation with the Bank for a second opinion.

We should be very polite but firm. I expect to save twelve crores of good Pakistani money, mostly in foreign exchange on this project.

On several occasions, the government refused to negotiate loans unless the World Bank agreed to our terms of appointing Pakistani consultants and foreign consultants, only if necessary for second opinion, and also to give opportunity to Pakistani contractors. Donor countries were not happy. Drastic reduction in the scale of 'Grant Assistance'

²²⁵ For Minister of Fuel and Power dated 2-4-73, Personal papers.

²²⁶ Dated 21-3-1973, Personal papers.

was the most obvious manifestation of the displeasure of the imperial world. Table A.2 in Appendix I, shows the disparities in aid by way of grant in the five-year period preceding and following the PPP government. For the years 1965-66 to 1969-70, the average amount of Grant Assistance Agreements signed with the Consortium countries was 115.24 million US dollars²²⁷ per annum. During the year of default, 1971-72, by the Yahya government, it had come down to 27.6 million dollars. In the first full financial year of Bhutto's government, 1972-73, it inched to 32.4 million dollars. The message was clear. Bhutto's government was not to be treated as favorably as governments of the past which were prepared to toe the line dictated by the Consortium countries and their agencies.

The Consortium countries adopted a different policy on lending to Pakistan. Loans and credit agreements were business deals which continued to be contracted as in the past and were no favors to Pakistan. On examination, they found our projects to have sound economic basis. They wanted to sell fertilizer, cement and airplanes, to the national airlines. They were prepared to lend. Often we would make these countries compete against each other. The loans and credits increased by fifty percent compared to the previous five years of the Ayub-Yahya period. Table A.3 in Appendix I, shows the amount of loans and credits during the five-year periods preceding and following the PPP government.

During the thirteen-year period, 1958-59 to 1971-72, the price of wheat purchased from farmers by the government for sale through ration depots in urban areas and wheat deficit districts, was allowed to rise only by 4.50 rupees per maund.²²⁸ The price of rice, the staple food of East Pakistan fared even worse. With the general level of prices rising every year, the farmer received less and less in real terms for his labor. It was a device to steal money from the rural areas in order to supply urban areas with capital for establishing industry. The policy also assured Pakistan's political dependence on the US for the supplies of food grains under the provisions of the Public Law 480. For these huge imports the country was not required to make any payment in US dollars but the amount was deposited in rupees with the State Bank under an account in the name of the United States which that government used to meet its expenditure in exploitation of Pakistan. Thus the rural areas exacted a heavy price in terms of increasing political discontent, especially in East Pakistan.

Table A.4 in Appendix I, shows that against the rise in the price of wheat of 450 rupees per maund over a period of thirteen years by the military rulers the PPP government raised the price by 20 rupees in a five-year period. The prices of rice and sugarcane were similarly raised. The price of cotton rose dramatically on account of government policy and also due to the rise of cotton price in the international market. Besides

²²⁷ Economic Survey 1989-90, p. 198.

²²⁸ A maund equals 82 lbs or 37.27 kgs.

raising the prices, Bhutto took several other measures to increase the production of wheat and other essential commodities. More than 400,000 new tubewells were installed, the amount of agricultural credit was raised fourteen fold, and the use of chemical fertilizers was nearly doubled during the five-year period of the PPP government. The results of the efforts made on wheat also are enumerated in Table A.5 in Appendix I. The yield per acre rose from 12.9 maunds in 1971-72 to 15.4 maunds per acre in 1976-77 and total production of wheat increased from 6.7 million tons in 1971-72 to 9.1 million tons in 1976-77. Table A.6 in Appendix I shows year-wise details. Higher prices also served as incentives for the farmer to use fertilizers and pesticides in larger quantities than before. How much of the increase in production could be attributed to increase in the support price, and the availability of other inputs, and how much of it was due to the increased availability of irrigation water from the newly constructed Chashma and Tarbela reservoirs, cannot be quantified. Surely, both factors contributed to better yields.

In September 1972, the government had three important measures under consideration. First, to raise the price of basic commodities: like wheat, sugarcane, sugar, rice, and inputs such as fertilizers while reducing the price of tractors. Second, raise the wages of labor generously. Third, to put a ban on strikes for say a period of one year.

Personally, I was not in favor of increasing the prices and other measures proposed along with it. In a letter dated 6 September 1972, I wrote to Bhutto from my sick bed:²²⁹

Mr. President, I am very apprehensive about measures discussed in the preliminary meeting held at Lahore on 4-9-72. At that time, I had kept quiet by saying that the effect will have to be worked out in detail. As time passed more and more dangers came to my view. I did some loud thinking with Mr. Rafi Raza immediately after the meeting. The more I think about it ... the more I think the measures to be harmful...

The right to strike has become an alienable right of labor. It is also guaranteed in the PPP manifesto. The labor will never agree to bargain a political right for economic gain. In the long run the use of force will not deliver the results. The measure is one that must be avoided at all cost...

The letter went on to state that the proposed measure would affect only a very small percentage of the total labor force. Agricultural labor, non-industrial urban labor, and employees of commercial establishments would not benefit from it. Further, the wages of labor and government servants were only recently increased and there was no justification for another increase. The raise in wages had to be commensurate with the rise in the cost of living. An undue increase would increase the cost of production which would result in a general price hike and an undue increase in the profits of the industrialist. All in all, the impact on the budget would be harmful. There may be slight

²²⁹ Personal papers.

increase in the revenue and some savings in subsidy payments, but increase in the payroll of government employees would cost a huge sum. The letter ended by recommending no change.

The policy of rapidly increasing the prices of agricultural produce turned out to be a mixed blessing. Its political results were complex. As millions of additional rupees got pumped in to the rural economy every year, the danger of political discontent in rural areas receded. That was particularly pleasing to Bhutto. He believed that after the Chinese revolution no state power was strong enough to maintain peace in discontented rural areas.²³⁰ The logic worked to a limited extent. As unprecedented amount of cash flowed into the hands of farmers who were culturally unequipped for savings or investment, the money was spent instantly on consumer items, travel, and marriages. Cash flowed in torrents from the hands of farmers into the hands of traders in towns and cities. The towns of the surplus grain producing areas of the Punjab and the cities of Lahore and Karachi were its main beneficiaries. The immense economic power that the trader in *mandi* towns and wholesalers in the cities acquired as a direct result of government's policies was to be mercilessly used by the trading community to overthrow its benefactor government in the 1977 agitation.

Yet another result of raising the prices of agricultural produce was the unprecedented scale of enrichment of the big feudal. This class of feudal, the traditional loyalist of the state since British times, had opposed Bhutto tooth and nail during the 1970 elections. There he was now, rich beyond his wildest dreams. His cash crops acreage of cotton and sugarcane made him a millionaire many times over, year after year. Within years, he was to flock to the fold of the PPP as the repentant old uncle who had once misread the designs of the young nephew. Bhutto, himself not a big landlord, was completely surprised by the amount of cash the manager of his farm brought to him on one occasion. 'I had never seen so much money', he was to remark later.²³¹

Bhutto's government won the cooperation of the agriculture sector to increase production without much difficulty. Except for the measures of land reform which directly hit big landowners, almost all steps taken by the government to boost agricultural production benefited the tenant, the small farm owner, and the big land owner. Historically, the social, political, and financial position of the owner of cultivable land was secure in Pakistani society. He required no license to grow crops on his land. His supply of irrigation water could not be interfered with by the state. Land revenue could not be raised beyond payable limits. He could afford to ignore the federal and provincial governments if he so pleased. Quite different was the position of the industrial class of Pakistan created by the state less than two decades ago. The bulk of industry had come into being with the ardent wish and active assistance of the

²³⁰ Personal discussion.

²³¹ Personal conversation.

government. As a result, the operation of the laws and rules governing industry, labor, banking, income tax, excise, customs, electricity, water, and drainage made the industrial sector totally dependent on the government's continued support. The measures that were designed to create the industrial sector could also be used against it. In the last decade, the industrial sector, the government, and its functionaries had established a working relationship with each other. This relationship was gravely imperiled by the PPP coming into power.

Our socialist, anti-capitalist and pro-labour rhetoric, had created a wide and almost unbridgeable gulf between the government and the owners of industry. They became our sworn enemies as only a *petit bourgeois* immersed in a feudal social ethos could. To date industrialists and traders have not understood that after coming into power it was not politically possible for Bhutto to renounce the programme of nationalization that the party manifesto had promised, even if he had wanted to. Bhutto's government had acted upon the mandate it had won from the people in the general elections and nationalization was a genuine democratic demand.²³²

Fortunately, the confrontation between the government and the leaders of industry soon settled into a cautious working relationship. The government realized that within the realm of the 'mixed economy' it stood for, it had certain obligations towards privately owned business and industry. It could not afford the closure of mills rendering hundreds of thousands of workers jobless, damage its revenue base, and risk other adverse effects on the economy. On their part, the owners of industry realized that they were in the business of industrial production and making money, the government was not going to run them into bankruptcy and that remaining in contact with the government was in their best interests.

Textiles were by far the largest industrial sector in Pakistan. Top industrial magnates of Pakistan, Dawoods, Saigols, Adamjis, Ameens, and Bashirs, had made their fortunes in textiles and trade. Bhutto government's treatment of textiles should serve as an indication of how sympathetically that government treated industry as a whole. The production of 1,792 million kilograms of yarn in 1971-74 was better than any five-year period during Ayub Khan's government. It was also better than Ziaul Haq's five years that followed. Similarly 2,889 million square metres production of cloth exceeded by a billion square metres during the five succeeding years of Ziaul Haq. It was only slightly less than the last five years of the Ayub-Yahya period. The details of production may be seen in Tables A.7 and A.8 in Appendix I. The hard facts were that the Bhutto years were the best ever for the production of yarn, and a close second best for the production of cloth. Further, the reason for being second best in the production of cloth did not lie in the policies of the government of the day but in other factors, such as the loss of the

²³² Through an almost unanimous vote of the Constituent Assembly, the measures of nationalization were made a part of the 1973 Constitution.

captive market of Bangladesh. Cloth production had reached its peak in the year 1970-71 (Table A.8). The decline that followed continued well into Zia's years in office yet production remained high during our period of government. The decline had nothing to do with the PPP government. All allegations that the PPP maligned the biggest industry of Pakistan are malicious and false.

The private sector made huge profits in industry and trade during the tenure of the PPP government. The nation's interests demanded that the profits were ploughed back into industrial investment. This did not happen. It was the same in the 1950s. Despite all kinds of incentives from the government, private entrepreneurs of those days made substantial investment only in textiles. The government at that time was forced to create the Pakistan Industrial Development Corporation to build industrial plants. The general hesitation of the Pakistani capitalist to invest in industry left no choice for the government but to expand the public sector. The 1978-79 edition of the Pakistan Economic Survey, written two years after the departure of Bhutto government, stated:²³³

Private sector investment which accounted for 88.6 percent of the total industrial investment in 1969-70 had shrunk to 27.9 percent in 1978-79, while the investment in the public sector has risen proportionately from 11.4 percent to 72.1 percent during the same period.

For example, the 1972-73 Annual Development Programme of our government allocated 1,150 million rupees for private sector investment Actual investment was 963.9²³⁴ million rupees mostly for ongoing projects Table A 9 in Appendix I, shows the shrinking of private sector investment and the expansion of the public sector during Bhutto's government The private sector blatantly amassed wealth but with a few notable exceptions refused to invest in Pakistan.

During the financial year 1972-73, the hope of any significant industrial investment by the private sector had faded away. The government decided to take the initiative in establishing industrial plants where private sector was not forthcoming Finding capital for the purpose emerged as a major problem Aminullah, formerly manager of the National City Bank, Lahore, who had resigned from his job to work with the government convinced Rahim and myself of the need to establish an institution to provide financial assistance to public sector corporations The National Development Finance Corporation Act was passed and the corporation started functioning in July 1973.

²³³ Page 46.

²³⁴ Economic Survey 1972-73, pp. 35.

In the midst of hectic activity to build more plants in the public sector, and to find money for the purpose, there occurred the totally unplanned takeover of ghee plants. Vegetable ghee, a form of hydrogenated oil, is an important food item in Pakistan. Its short supply, in the market and the rise in its price could have been politically damaging for the government. When Bhutto's government came into office, there were twenty-seven vegetable ghee plants in West Pakistan with an estimated production capacity of 201,000 tons, per annum. Unfortunately for one reason or another, the owners of the ghee plants, who were not big capitalists, never fully utilized their production capacity.

Sometimes they found it more profitable to sell imported oil from which ghee was made rather than to go through the process of converting it into ghee and then bringing it to the market. In 1971-72, actual production had fallen short by 40,000 tons from a possible production of 200,000 tons. At every discussion in a meeting of the cabinet or governors conference, there were serious complaints about the shortage of ghee in one area of the country or another. At one such meeting in Quetta on 2 September, in the aftermath of the devastating floods of 1973 when there was no dearth of problems for the government, a Secretary raised the matter of the non availability of ghee. An exasperated Bhutto immediately ordered the takeover of ghee plants. The audience of some forty ministers and senior officials was stunned. The order was quite extraordinary. Nationalization of ghee industry was not on the agenda nor was its performance under discussion. No one had suggested the takeover, nor were any proposals for the takeover ever made. The ghee industry was not a basic industry. What was to be done?

The Ministers of Industries and Production and the Secretaries of the Divisions concerned present in the meeting accepted the order by keeping quiet. They did not even inquire about the mechanics of the takeover. It was no use for me to try to persuade Bhutto to take his orders back. The only way he could have been stopped was for me to promise him that I would see to it that the industry produced the required amount of ghee. I could not do that. All my personal efforts at coaxing the industry to produce more had come to nought in the past. The industry had been warned on more than one occasion that it would be taken over if it produced less than capacity. The serious problem that arose immediately after that meeting in Quetta was that a law had to be drafted and promulgated. The President of Pakistan, whose signature was required on the jurisdiction was sitting in Islamabad, and so was the Law Secretary. The mills had to be taken over that very night but no one in Quetta knew where the mills were located or who their owners were. Finally, there was the question of how a decision announced in a meeting of forty people could be kept secret between now and the time of taking over the premises of the mills which could be no earlier than another eight to ten hours.

The legal side of the takeover turned out to be no problem. The British made laws give enough scope to a government to do anything at any time under legal coverage. The Commissioners were ordered to take over all the plants in their Divisions. The District Magistrates passed the necessary orders under Section 144 of the Criminal Procedure Code, and the job was done. Legislation followed within a few days. The problem of the news not breaking out in the country was also easily solved. I called Mahmud, a former student of mine at the Engineering College, Lahore, who was Divisional Engineer, Telephones, Quetta. He told me that Quetta was already cut off from the rest of the country as all telephone and telegraph lines had been swept away by the floods. There was only one ground line running through the difficult terrain of the NWFP which was their link to Islamabad. This line was at the disposal of the prime minister all the time. I told him that Law Minister Hafeez Pirzada may need the facility and that he should be connected when he so desires.

The effect of this nationalization was salutary on production. In August, the last month before the takeover, the industry had produced 13,458 tons of ghee. Within two months of taking it over 21,579 tons were produced in November, an increase of more than 50 percent.²³⁵ By the end of Bhutto's time in office, it had nearly doubled. Table A.10 in Appendix, shows the rise in ghee production following nationalization.

In retrospect, it seems that the nationalization of the ghee industry should not have been done in such haste. As far as the industrialists were concerned, Bhutto was probably the greatest hawk in his cabinet. In one of his notes written much earlier he had hinted at the takeover of the ghee plants and three years later he nationalized all the cotton ginning, rice husking and wheat milling plants.

Several factors contributed to the decision to take over the privately owned banking sector on 1 January 1974. First, the nationalization of banks and other financial institutions was a part of the election manifesto of the PPP. Second, the expectation of an improvement in the performance of the banking sector as a result of the Banking Reform Ordinance suggested by Ghulam Ishaq Khan, Governor State Bank in 1972, was not fulfilled. The general health of the banking sector was fast deteriorating. A few banks were on the verge of bankruptcy. Third, privately owned banks were of no help in the industrialization of the country, either in the private or in the public sector. They were reveling in promoting trade in the expanding economy.

Soon after the budget of the year 1972-73, I asked Ghulam Ishaq Khan to prepare a draft legislation for the nationalization of banks. I had expected that he would say something to dissuade me from taking this measure as he had done the year before but no objection or an alternative proposal was put forth by him this time. I took it to mean that in his mind the time to nationalize the banks had come. In his next visit to

²³⁵ Ibid 1973-74, pp. 52.

Islamabad, a week or ten days later, GIK handed over a handwritten draft of the legislation. I gave it to Kazi who returned it after suggesting minor changes in his own hand. It was promptly sealed in an envelope and put in the Finance Minister's safe. I was not going to take the risk of sending it to the Ministry of Law. It was still early August 1973.

Bhutto, ever keen on nationalization, was verbally informed of the scheme that involved taking over the ownership and the creation of a banking council to run nationalized banks. It was up to him to set the date. He was more than happy to do that. The main problem was to select top executives to run the banks. In a casual manner, without arousing suspicion, I began to make inquiries about the talent in the banking industry. Rafi suggested the names of Pirbhai, a veteran of banking and audit, and of Mustafa Ismail, of the Muslim Commercial Bank. There was Jamil Nishtar who was doing a good job at the National Bank. I arranged to meet them and some other people as if the encounters were casual and discussed with them their background and the state of the banking industry. I found among them some very good men.

A few months later, Bhutto decided that in order to end the uncertainty in the minds of the business community about the intentions of the government, whatever else had to be nationalized should be done in one go and a categorical announcement should be made that there would be no more nationalization. It was also decided that this 'good news' would be conveyed to the business community by the prime minister himself on 31 December, the last working day of the banking year. The premises of the State Bank were chosen for the announcement. The Ministry of Finance arranged for the address as if it were one of the usual addresses of the prime minister.

The prime minister's address was scheduled rather late in the evening. Bhutto arrived and made himself comfortable in a room adjoining the hall where the business community waited for him. He asked me to address the audience first. I spoke at length before requesting Bhutto, still in the adjoining room, to commence his address. He asked me to speak on. Finally, he came out amid rousing cheers. It was New Year's eve with the new year only hours away. The business community was in a holiday mood. Bhutto said all the nice things. He wished them a happy new year and announced that there would be no further nationalization. What he was supposed to say but did not was to announce the nationalization of banks, and the shipping and oil²³⁶ industry which were to become effective within hours of his speech. His failure to make the announcement caused considerable embarrassment next morning when the newspaper headlines shrieked simultaneously with the news of nationalization and the announcement of the prime minister that there would be no further nationalization. The business community felt cheated. Before they had started celebrating the New Year, the

²³⁶ When the Ministries of Natural Resources and Communications were asked, and by whom to prepare for the nationalization of oil and shipping is not known to me.

Law Ministry's communiqué from Islamabad releasing the text of the nationalization laws had spoiled everything for them.

As soon as the prime minister left the building I told GIK and the Finance Secretary Zulfiqar that all banks were to be taken over next morning. They expressed no surprise over the fact that such a vital decision had been made and was being implemented without a file passing through their hands. No written record of the decision existed. But I needed the Secretary's signature since ministers were not authorized to sign in the name of the President, and only under his or his subordinates' signatures, could the new chief executives of the banks be appointed. I asked him if he would like to come at 6:00 a.m. the next day on a cold January morning to the residence of my cousin in PECHS where I used to stay, or sign the blank letters of appointment which were in my hands. Zulfiqar offered to sign the blank forms. I was surprised at this because Zulfiqar was an upright officer who never went against the rules and regulations. Before becoming Finance Secretary, he was Chairman of the Central Board of Revenue, and in that capacity I had found, him bluntly expressing views quite different from mine on several occasions. I would ask him to do something and he would respond that it could not be done under the law. So when the post of Secretary fell vacant due to the illness of Rauf Sheikh, Vaqar Ahmad brought a list of three senior officers and asked me who I wanted to be the next Finance Secretary. I selected Zulfiqar. The news came as a shock to him. He rushed to consult my Private Secretary, Durrani, if he should proceed on leave as he was not sure whether he could work to the satisfaction of the Finance Minister. Only after Durrani had assured him that the minister had selected him, did Zulfiqar agree. We worked together very well. He was the perfect gentleman who was always meticulous with detail and correct in conduct.

Very early next morning, I got on the phone, requesting the executives to accept the presidency of the banks Bhutto and I had decided to offer them. All of them were modest in their responses. They were not sure if they would come up to the trust that was being placed in them. On further persuasion, in the name of national need and the assurance of full cooperation from the government, they accepted the offer. Their names were filled on the blank forms signed by Zulfiqar a night earlier and the letters of appointment were sent to their residences. All of them reported for duty at 8:00 a.m. the next morning.

The nationalization of banks was a great success. A branch was established in every village with population of over 10,000 people. The number of branches increased from 3,741 in 1974 to 6,439 in 1977. (Table A.11 in Appendix I). Bank credit in the private sector doubled and in the state sector increased six-fold (Table A. 12 in Appendix I) under the PPP government.

The nationalization of banks made it possible for the public sector to invest in heavy industry and in other sectors where private capital was shy. During the last twenty-five

years Pakistan had created no capacity for capital goods industry, that is, to establishing plants which could manufacture industrial plants. Pakistan had to import industrial plants from abroad at high prices that could only compete in the world market due to the miserably cheap labor of third world countries. Ayub Khan's government had made a beginning in this direction by approving the construction of the Heavy Mechanical Complex in Taxila, but very little progress had been made in building its sister complexes, the Heavy Foundry and Forge Complex, and Heavy Electrical Complex. As soon as the PPP government assumed office, it decided to upgrade both the Foundry and the Heavy Electrical Complex projects.²³⁷

The largest public sector project of the government was the Pakistan Steel Mills. It was built with the help of the Soviet Union. Its foundation stone was laid by Prime Minister Bhutto on 30 December 1973. Yahya Khan's government had decided on a construction site west of the city. JA Rahim stoutly opposed this to save Karachi from the emission of smoke and other gases. The site was shifted to the present location near Pipri. The steel mill project, costing 13,422 million²³⁸ rupees aimed at the following steel production targets:

Billets	260,000 tons
Hot Rolled Sheets	445,000 tons
Cold Rolled Sheets	90,000 tons
Galvanized Sheets	100,000 tons
Formed Sections	120,000 tons
Total	1,015,000 tons

The byproducts of the steel plant were coke 215,000 tons and 135,000 tons of pig iron.

In addition to the steel plant and the heavy industry complexes in Taxila, the government assigned high priority to achieving self-sufficiency in the production of sugar, chemical fertilizers, and cement. Chemical fertilizers were needed to increase agricultural production. The government promptly embarked upon examining and sanctioning the establishment of eleven new sugar mills.²³⁹ Six of them were to be located in Sindh, which was climatically most suited for the production of sugar from sugarcane. Two of these were in Thatta and one each in Dadu, Larkana, Khairpur and Rohri. In the Punjab, the new mills were proposed at Kot Addu, Kamalia, Pasrur, and Pattoki. Khazana was the selected site for the mill in the NWFP. Later, four mills were added to this list, to be constructed in Samundri, Ahmadpur East, Sudher, and Dera

²³⁷ *Ibid.*, pp. 49-51.

²³⁸ *Ibid.*, 1975-76, pp. 54.

²³⁹ *Ibid.*, pp. 47.

Ismail Khan. The Economic Survey of Pakistan, 1976-77,²⁴⁰ describes the fourteen new projects that had already been taken up. 'According to the present programme, three new sugar mills are expected to start production in 1977-78 crushing season and three in 1978-79', it said the government had tackled the problem of sugar shortage with vigor and determination. Production of sugar increased from 375,070 tons in 1971-72 to 736,303 tons in 1976-77 and to 1,204,971 tons in 1981-82 as a result of the construction of new plants on which work was started during Bhutto's government. Table A.13 in Appendix I, shows the, rise in sugar production and in the number of sugar plants.

Besides sugar, increasing fertilizer and cement production was another target the Bhutto government had set itself. A wide range of fertilizers were needed in the country. It was decided to modernize, and expand the Fertilizer. Complex in Multan to produce 450,000 tons of nitrogenous, and 304,500 tons of phosphatic fertilizers and 72,500 tons of urea per annum at an estimated cost of nearly 1,927 million rupees.²⁴¹ It came into full production in June 1979. The Pak-Saudi Fertilizer Project was approved which would have a capacity to produce 575,000 tons of urea per annum, Located at Mirpur Mathelo, Sukkur, the project was to cost 1,910 million rupees.²⁴² It started production in March 1982. The work on a government plant in Karachi was commissioned to produce 70,000 tons of ammonium sulphate and 10,000 tons of urea per annum at an estimated cost of 960 million rupees. It was decided to double the production capacity of the super phosphate plant at Jaranwala from 9,000 to 18,000 nutrient tons. Fauji Foundation was given the green signal for a plant to produce 250,000 tons of urea by 1980.²⁴³ Ahmad Dawood, the urea and textile tycoon offered to build a plant to produce 292,000 tons of urea at a cost of 1,180 million rupees which was accepted. As a result of the new fertilizer plants and the expansion of the existing capacity, the total indigenous production of fertilizers went up from 563,507 tons in 1971-72 to 1,621,240 tons in 1980-81.²⁴⁴

Pakistan had the potential of becoming cement supplier to the world. The entire hill ranges from the north to the south are endowed with inexhaustible deposits of limestone. Gypsum, water, and fuel, the other ingredients for producing cement, are also available in large quantities. With that potential in mind, the PPP government went in a big way, to increase cement production. The capacity of the existing plants, Maple Leaf in Daudkhel, Mustehkam in Hattar, and Javedan in Karachi was increased by 3,000"tons per day. New plants were established in DG Khan, Thatta, Dandot, and

²⁴⁰ Page 57.

²⁴¹ Ibid., 1976-77, pp. 58.

²⁴² Ibid., 1975-76, pp. 51.

²⁴³ Ibid., 1976-77 pp. 42.

²⁴⁴ Pakistan Fertilizer Statistics, National Fertilizer Development Centre, Planning Division, 1982, pp. 6.

Kohat to produce another 5,000 tons cement per day. Since it takes about six to eight years to build and commission a plant, the first three came into full production during the year 1982-83 while production in Kohat began in 1983-84. Another plant to produce white cement was built in Daudkhel.

The industrialization of the economy required a competent management infrastructure. The management of industrial units taken over in January 1972 was entrusted, as an interim measure, to the Board of Industrial Management under the Chairmanship of Minister of Finance. Later, a full-fledged Ministry of Production was created under JA Rahim. Top class professional managerial talent responded to the call of the government, first to serve on the Board and later in the Ministry of Production. There was Rafique Saigol, one of the leading businessmen of the country who responded to the call of the prime minister, and agreed to serve as the chief executive of Pakistan International Airlines Syed Babar Ali, a progressive industrialist, agreed to join the public service as head of the National Fertilizer Corporation. Another luminary of the private sector Rashid Habib accepted the invitation of the government to serve the public sector. His family had founded Habib Bank, the largest and best run bank in Pakistan. He was its Managing Director at the time it was nationalized. Rashid Habib chose to head Resource Development Corporation for copper exploitation. Bhutto appointed the venerable Rustam Cowasjee on the Board of Directors of the Shipping Corporation of Pakistan.²⁴⁵ Among government servants, Mazhar Ali of the Punjab Service of Engineers, outshone many experienced private sector executives and performed exceedingly well as Chairman of the State Cement Corporation. Most of the plants under his supervision produced above 90 percent of their rated capacity, the internationally accepted benchmark for efficient production He built five new plants and expanded the capacity of two existing ones.

These high executives and many others serving under them, worked with a sense of duty and pride never achieved before in Pakistan and not surpassed since then. Quite a few of them accepted no pay while others agreed to work for much less than they would have, got outside. They were men of impeccable integrity. I am aware of a case in which tenders for the supply of a huge industrial plant had been called, the bid was approved, finances, were arranged, and the government had cleared the placing of the order, but the chief executive of the corporation felt that there was still room to reduce the cost to the government. As the Japanese supplier came to pick up the order, the chairman of the corporation asked him to further reduce the cost. The Japanese refused, saying that he was the lowest bidder, and that his bid had been approved by the government. He was then asked 'What about the chairman's commission?' There was a smile on the Japanese face. He opened his wallet, took out his calling card and wrote on it '2.5%', signed it, and presented it to the chairman. The chairman took the card and demanded that the tender bid be reduced by 15 million rupees for which the card was

²⁴⁵ P M's Secretariat. (Public) U. O. No D 14/74 SS(II) dated 21-1-1974.

worth. The crestfallen Japanese had no option but to comply. In his modest retirement today, the former chairman cherishes the card. I am aware of two more cases where European suppliers were obliged to revise their price at the last moment after the international financial corporations and the government of Pakistan had accorded clearance for the purchases.

To institutionalize the management infrastructure, Minister of Production, Rahim, created a number of apex corporations responsible for building and running the plants assigned to it. The principal corporations were:

National Fertilizer Corporation for producing urea, nitrophosphate, super phosphate, ammonium sulphate, and calcium ammonium nitrate.

Pakistan Automobile Corporation produced bus and truck chassis, tractors, 4x4 vehicles, LCVs, and combustion engines.

State Heavy Engineering Corporation to manufacture heavy and light capital goods: sugar plants, heavy castings and forging, cement plants, road rollers, boilers and pressure vessels, cranes, pipes, machine tools, special steels, power generation and distribution equipment.

State Cement Corporation to manufacture a variety of cements.

State Petroleum Refining and Petro Chemical Corporation to produce lube base oil, asphalt, and carbon black, besides building refineries.

Federal Chemical and Ceramics Corporation to produce caustic soda, PVC resins, pipes, acetate yarn, soda ash and ceramics.

Federal Light Engineering Corporation to make diesel engines, pumping sets, bicycles, machine tools, rolled steel products, motor cycles, and air conditioners.

Pakistan Industrial Development Corporation to manufacture sugar, woollen fabrics and textiles in less developed areas, and refractory products.

By the end of 1974, a massive public sector network had come into being. State Oil Company which distributed petroleum and lubricants, came under the Ministry of Natural Resources. Karachi Shipyard and Engineering Works and Pakistan National Shipping Corporation were managed by the Ministry of Communications. The Ministry of Commerce was responsible for Trading Corporation, Cotton Export Corporation, Rice Export Corporation, State Life Insurance Corporation, Pakistan Insurance Corporation and National Insurance Corporation. National Power Construction and National Tubewell Construction Corporations worked under the Ministry of Planning

and Development. National Engineering Services of Pakistan was with the Water and Power Division. Northern Area Transport Corporation was with the Ministry of Kashmir Affairs. The Ministry of Finance was responsible for six commercial banks, two specialized banks one each for agriculture and industry, three investment corporations, three financing corporations, and two holding companies, one with the cooperation of the government of Libya and the other with the government of Kuwait.

The massive effort made by the PPP government to revive the economy through public sector enterprises was unprecedented. Since there is a five to seven years time lag between the approval of a project and its coming into production, the results of our government's efforts became visible only in the early years of the Zia regime. While the results of the advances made in large-scale manufacturing were delayed, the response in small-scale manufacture was immediate. According to Balder Naqvi, chief of the official Pakistan Institute of Development Economics:²⁴⁶

... the rapid expansion of small scale manufacturing sector ... logged an impressive annual growth rate of seven percent throughout the seventies ... its consistently high rate of growth contributed significantly to raising to a respectable level the average growth rate of the manufacturing sector as a whole.

Despite severe financial constraints and a hostile international environment, money was found to make a major thrust towards industrialization. It placed a heavy financial burden on the working lower-middle, and middle classes of Pakistan but a large majority of the population supported the policies of the government. On its part, the government responded to the trust placed in it by the people. The performance of the public sector was almost spectacular. Sales after the first five years were up by 321 percent and in another three years, 1980-81, were up by 746 percent. The profits rose by 313 percent in the first three years and climbed to more than 4,000 percent by 1980-81. The latter increase was due to the policy adopted by the Ziaul Haq government of exploiting the consumer through unduly raising prices of products and services. Employment in the public sector rose by 57 percent after the first five years and by 91 percent in another three years. Table A.14 Appendix I shows the figures of the dramatic performance.

The Election Manifesto of the Pakistan People's Party had stated:

The growth of trade unionism and the rights of trade unions will be promoted in all sectors of industry. International Labor Organization's standards will be enforced as the minimum necessary for the protection of the workers. Since all important large scale industry will be nationalized, it will be possible to offer the workers genuine participation in enjoying the fruits of industrial production.

²⁴⁶ Pakistan's Economy Through The Seventies, 1984, pp. 35.

Participation of workers and technicians in factory management will be progressively introduced.

The Party had also promised increased wages, hospitalization benefits and free medical care, educational facilities for working class children, old-age pensions, and homes for disabled and pensioned workers.

No sooner had the new government assumed power in December 1971, than labor was up in arms against it as never before in the history of Pakistan. There was no end to demonstrations, protest meetings, and strikes. Public peace was frequently disturbed. The police had to use force frequently to protect life and property, which complicated the already confused situation. The number of striking workers rose from 107,962 in 1971 to 361,149 in 1972, the number of man days lost rose from 815,211 in 1971 to 2,018,308 in 1972, and industrial disputes from 141 in 1971 to 779 in 1972. Table A.15 in Appendix I shows the explosion in 1972 and its gradual decline in later years.

There may have been several reasons for this. For the previous twenty-four years of Pakistan's history, labor movement had been suppressed by brute physical power of the state. Organized labor had been dubbed the enemy of the state. Civil and military establishments and the intelligence agencies had branded labor leadership communist. A labor leader was considered a disturber of civil peace if not actually a *goonda*. Any one friendly to labor was believed to be a communist or at least a fellow-traveler. Bhutto was the first leader of a mass based political party to associate with labor in a public demonstration. Immediately following a very successful public meeting at Mochi Gate, Lahore, on 8 March 1970, I requested Bhutto to be prepared to jointly lead the May Day procession in Lahore along with local labor leaders. Negotiations with the local labor leaders collapsed since most of them held that a political leader could not be allowed to lead labor. As Chairman PPP, Lahore, I announced that Bhutto would be honored to be a follower of the labor leadership in that procession. From Gol Bagh (later named Nasser Bagh by Bhutto) to the Assembly Chambers, the Mall was decked lavishly with red flags and banners. It turned out to be the most glorious procession of labor that Lahore had ever seen and it had made an enormously favorable impression on the working classes. Bhutto became their hero. After forming the government, I wrote to the Minister of Presidential Affairs, JA Rahim:²⁴⁷

Since May 1, 1970, when the Chairman, Pakistan People's Party, led a mammoth procession of laborers and workers in Lahore, the May Day has acquired its true significance in our country. It would be in fitness of things, politically as well, if the May Day is declared as a Public Holiday and arrangements are made to celebrate it in a befitting manner.

²⁴⁷ Letter dated 30 March 1972, Personal papers.

Bhutto agreed and May Day was declared a public holiday.

For the first time, labor felt that a friendly government had come into power. Now was the time to air all the pent up grievances of the past, to put the management in the dock and to get past injustices redressed. All over the country, they came out on the streets protesting and striking.

The government found itself in a very difficult position. It seriously and sincerely wanted to restructure industrial relations and to redress the wrongs done in the past. It was ready to fulfill promises made in the manifesto. It was ready to coerce the industrialists through administrative measures to keep the plants running. But it could not afford to lose production days through lockouts declared by the management or strikes by labor. On its part, the organized working class demanded instant justice for the wrongs suffered by it at the hands of the employers.

There were some things that the government could not do at that point in time. It could not force labor departments in the provinces to act against the law as it then existed. The laws of the land, heavily loaded in favor of management, were made by former governments who were hostile to labor. Bhutto's government was thus surrounded by a hostile environment and had to work within it. The management, labor departments, intelligence services, put the blame for the unrest on old leftists, and most of the media worked with the management and against the working classes. The task before the government was to reverse the role of the state machinery. Hitherto it had been pro-management. Now, it had to be steered to act pro-labor within the ambit of the law. This was not an easy task.

The government acted swiftly. Work on changing labor laws was taken in hand and the first set of laws drafted in a hurry, were promulgated in February 1972. These proved to be unsatisfactory. A revised version was promulgated in August.

The fundamental rights of labor, of freedom of association and collective bargaining, were recognized. Workers were guaranteed security of service and any order terminating a worker's service without a notice giving reasons for the action was declared illegal. Termination, discharge, and dismissal from service was made justiciable. The management's unfettered right to fire an employee was circumscribed. Closing down an industrial establishment without the permission of a labor court was prohibited. Provision was made for pension after a certain age. Compulsory group insurance was introduced. Provision was also made for layoff benefits, workers' share in profits, compulsory payment of bonus, enhanced rates of compensation for injuries, children's free education, and housing and medical facilities. Labor laws were made applicable to the Tribal Areas of Pakistan as well. The reforms were revolutionary and Bhutto's government could rightly feel proud of them.

The promulgation of new labor reforms proved to be much easier than their implementation in spirit. The laws provided ammunition to labor to wage fresh wars against the employers. Even in establishments where there was no confrontation with the management, cause for action arose following the enforcement of the new laws as the management was not prompt in providing the benefits provided by the new legislation. A World Bank report²⁴⁸ dating from early 1973 stated:

The two key factors holding down production have been strikes and labor unrest on the one hand, and the hesitancy of businessmen to invest or undertake long-term commitments on the other. The sympathy of the new government for labor encouraged workers to organize and to resort to strikes. The fact that Pakistan has not previously had strong unions has meant lack of established union organization and discipline, and some strikes reflected competition between those vying for union leadership. On the job discipline declined in some cases because workers felt less likely to be laid off. However after numerous strikes between June and October, centred in the Karachi area textile industry, labor management relations seem to have entered a more peaceful phase. Major labor legislation changes seem to be complete, and the government is pointing out the many benefits that workers have obtained this year through legislation and fringe benefits as well as wage increases, and calling on workers to increase productivity and to resort to strikes only after legal processes have been complied with and bargaining has failed.

It took Bhutto's government five years to establish what could be termed industrial peace.

The principal achievement of the government was that for the first time in Pakistan, a conscious effort was made to pass substantial benefits of their labor to the working classes in rural and urban areas. This was done by reducing the role of the private sector in finance and industry, levying higher taxes on the rich classes, and by establishing the legal rights of the working classes along the lines of those prevalent in industrialized countries. The exploitation of the rural sector by controlling prices of commodities was abandoned.

In building the New Economy briefly described above, the PPP government radically deviated from the planning pursued by past governments of Pakistan. The disaster that had struck the country in 1971, splitting it into Bangladesh and Pakistan, was mainly due to the uneven and unjust economic development pursued by the ruling elites of West Pakistan through the instrument of the Planning Commission. As Bhutto's Minister of Planning, I was determined to abandon the old course and discover, if

²⁴⁸ The Photostat copy in my papers of Chapter I entitled 'Recent Development and Prospects' covers 'The period since the last Bank Economic Report (SA 15- dated 17 July, 1970)'

possible, another way of economic development and progress. It proved to be an uphill task.

An important feature of Bhutto's government, at least during the years I was Minister of Planning, was the abandonment of the Five-Year Development Plans.

Development planning was initiated in Pakistan soon after independence. In 1948, a body called the Development Board was established to deal with questions of economic development. In 1950, the Colombo Plan for Cooperative Economic Development in South and South East Asia contained an outline of a development plan spanning a period of six years. In 1953, the government set up a Planning Board 'to assess the resources – material and human – and to prepare a national plan of development based on the fullest possible utilization of these resources for implementation in a period of five years from 1 April 1954, as a step towards the attainment of the economic and social objectives of Government's policy'. Subsequently, the date was changed from 1954 to April 1955.²⁴⁹ In 1959, planning was reorganized. The Chief Martial Law Administrator, Field Marshal Ayub Khan, changed the name of the apex planning body to the Planning Commission, and charged it with preparing a national plan at periodic intervals for the economic and social development of the country.²⁵⁰ The Economic Committee under the chairmanship of the Minister of Finance was charged with supervising implementation, sanctioning development schemes, and taking day-to-day decisions.

Working directly under the martial law dictator Ayub Khan, the Planning Commission exercised total authority over development planning and execution. It was lavishly assisted by foreign advisers and consultants. The western world praised it no end describing Pakistan as a model developing country.²⁵¹ By the end of 1960, there was little to show which directly benefited the majority of the people. Over the last twenty-four years, per capita availability of food grains increased only by a fraction of an ounce, from 14.9 ounce in 1949-50 to 15.7 ounces in 1969-70 (Table A.17 in Appendix I). Pakistan, a rich country in terms of cultivable land and irrigation water, remained an importer of foodgrains.

The Gross National Product's growth was 4.7 percent, the bulk of which was neutralized by the rate of population growth. GNP per capita increased only at the rate of, 1.4 percent over a period of twenty years between 1949-50 and 1969-70. The share of

²⁴⁹ The First Five-Year Plan, pp. (i).

²⁵⁰ The Second Five-Year Plan, pp. 106-7.

²⁵¹ The Times of London, 26 February, 1966. 'The survival and development of Pakistan is one of the most remarkable examples of state and nation building in the post-war world'. An year earlier The New York Times of 18 January 1965 had remarked 'Pakistan may be on its way toward an economic milestone that so far has been reached by only one other populous country, the United States'.

agriculture in GNP dropped from 60 to 45 percent, of industry the share increased from 6 to 12 percent, construction from 1 to 5 percent and the rest (mainly services) increased from 33 percent to 38 percent (Table A. 18 in Appendix I).

The beneficiaries of structural change to the GNP were industrialists, traders, and personnel in the services sector. Two decades of development, especially the one under Ayub Khan had done little to alleviate poverty and backwardness. A depredatory elite in a highly centralized set-up of autocratic governance ruled over Pakistan from 1958 to 1971. Advised by foreign aid donors, it adopted maximization of the GNP growth as the objective of national economic development. The Planning Commission prepared and implemented the Second and Third Five-Year Plans accordingly. The results were disastrous. Huge disparities of income and wealth came to exist not only between the rich and the poor but also between the provinces of Pakistan. In 1968-69, per capita income of 614 rupees was computed for Punjab, 360 rupees for NWFP, and 854 rupees for Sindh including the relatively prosperous metropolis of Karachi.²⁵² The disparity in per capita incomes between East and West Pakistan grew significantly. In 1949-50, per capita income of West Pakistan was 351 rupees against East Pakistan's 288 rupees. By the year 1969-70, West Pakistan income had risen to 553 rupees while East Pakistan's lagged behind to 331 rupees. Table A.19 in Appendix I contains more details.

As the years went by the disparities between the two wings of the country increased. By 1959-60 West Pakistan's share of GDP had risen to 52.5 percent compared to 50.5 percent in 1949-50. This gap had further widened by 1969-70 when West Pakistan accounted for 57.4 percent of Pakistan's GDP.²⁵³ The disparities, resulted from deliberately unjust planned development. The Planning Commission served as a tool of the West Pakistani ruling elite. The disproportionate amount of expenditures incurred in each wing by the government and the private sector through government permits, licenses, and bank loans is shown in Table 14.1.²⁵⁴

²⁵² Karim, N. A Study of Disparities between East and West Pakistan,' quoted in Rehman Sobhan, Bangladesh, Problems of Governance, Konark Publishers (Pvt) Ltd., New Delhi, 1993.

²⁵³ Ibid., p. 87, quoting Gunar, Myrdal, Economic Theory and Underdeveloped Regions.

²⁵⁴ Ibid., p. 100.

Table 14.1		
Regional Expenditures in Pakistan in million Rs		
(Non-Developmental and Developmental, Public and Private)		
Years	East Pakistan	West Pakistan
1950-51 to 1954-55	2,710	11,200
1955-56 to 1959-60	5,240	16,550
1960-61 to 1964-65	14,040	36,550
1965-66 to 1969-70	23,130	57,830
Total	45,120	122,130
100	27%	73%.
<i>Source: Report of the Panel of Economists on the Fourth Five Year Plan, Table 2 (p.6).</i>		

Political domination by the West Pakistani ruling elite which contributed only twenty-seven percent to the total revenue and capital expenditure to more than half the population of the country, was an injustice which could not endure for long, In the words of Rehman Sobhan, an eminent Bangladeshi economist:²⁵⁵

Bengalis came to believe that West Pakistanis ate better, were better clothed, had superior health care and education, lived in a, more developed environment with superior transport, telecommunications and power services. This awareness reinforced their sense of relative deprivation. The available statistics thus merely confirmed what most Bengalis had come to believe that the fruits of independence were consumed in greater abundance in West Pakistan.

The struggle for political, economic, and social rights waged by the people of East Pakistan developed into civil war, and the 1971 war with India. The country split into two which was a grim lesson for the future planners of Pakistan.

The PPP government had to learn from the mistakes of the past. The five-year plans had proved to be a straitjacket which was utilized by foreign aid donors as well as by the elite collaborating with them. It was quite extraordinary how socialist planning which was originally conceived for the economic emancipation of exploited workers and peasants was used for the advancement of an exploitative economic order under the patronage of the United States and the world financial institutions. A different path of development had to be explored. I soon learnt that the preparation of plans and their implementation was more akin to waging a war rather than to carrying out the political mission for which we had been elected. The war was fought simultaneously on many fronts and at many levels. The majority of the people of the country were ill-fed, ill-clothed, ill-educated, poor, and backward. The proclaimed objective of almost all

²⁵⁵ Ibid., p. 93.

development plans was to raise the economic, social, and cultural level of the people. Governments were formed and run in their name yet they were the ones who were denied the benefits of planning.

There were three principal contenders who utilized the mechanism of planning and implementation to prey upon the wealth produced by the people. First, there were the developed countries. Included in this group were industrial and financial houses of the developed countries and their governmental agencies, as well as the international agencies dominated by them, such as the World Bank, the Asian Development Bank, the International Finance Corporation and the International Monetary Fund. The US Agency for International Development, and similar agencies created by the governments of other developed countries, were also included in this group.

Second, there were the national and international technocrats, bureaucrats, and their military counterparts. Leading this group was the administrative and intellectual organization of the national planning commission. In the former colonies of Britain, the members of the civil and the armed services, administrators, engineers, educationists, doctors and specialists in agriculture and other applied sciences, implemented development plans. The planners and the implementers are hereinafter referred to as the managers.

Third, there was the political elite. It comprised big landowners, industrial or trading magnates, and custodians of the civil and military apparatus of the state. Industrial entrepreneurs, capitalists, agriculturists, real estate developers, and big transporters were collaborators of the managers who were the real custodians of state power in Pakistan. Under martial law or when the country was governed by a bureaucrat prime minister, the managers formed the political elite besides being the planners and implementers of policy.

The clash of economic, political, social, cultural, and ideological interests among the 'contenders', namely, the developed countries, the managers, and the political elite, was of a fundamental nature. Developed countries wanted the markets of undeveloped countries for their capital, industrial products, agricultural produce, low level of technology and communication networks, at highly profitable terms. They also wanted to grab the fruits of labor and the wealth of undeveloped countries at minimal cost. Meanwhile, they wanted to sell what they manufactured at the highest possible prices. In other words, the interests of the developed countries were best served when they could make as much profit out of the poor countries as possible. They wanted the primary exports of the poor countries to remain cheap. They did not want these countries to produce locally but to remain dependent on developed countries. Our poverty was their riches.

Pakistan's brief history is rich with the experience of several possible combinations among the contenders—the developed countries, the managers and the political elite. The political elite was dominated by landlords, and the managers joined hands with the developed countries and we saw what happened during a part of the pre-plan and the First Five Year Plan (1953-60). The managers joined hands with the developed countries during the years of the Second and the Third Five-Year Plans (1960-70) with equally disastrous results.

Very little has been made public of the fierce battles which rage among the contenders. Developed countries and their international agencies have worked towards acquiring total control of the economies of the third world countries. This is best illustrated by the measures they adopted to coerce Ziaul Haq's government to kneel before them immediately following the execution of Zulfikar Ali Bhutto in 1979. The Report and Recommendations made by AC Clausen, President of the World Bank, to his Executive Directors on 11 May 1982 had the following, to say about the working of the PPP government:

The new government which came to power in Pakistan in 1971 reversed many of the policies of the 1960s. Most large industries, domestic banks and life insurance companies were nationalized, with adverse effects on private investment and confidence and by 1977 public sector investment accounted for three quarters of total industrial investment. The system of five-year plans was discontinued. From the mid-1970s, public investments were allocated through annual development plans which did not provide a framework for programming the future phasing of development expenditures.

In several respects, government policies in the early part of the 1970s were biased towards the improvement of welfare for urban -wage earners. Substantial wage increases took place as well as over staffing of the newly acquired public sector enterprises, while consumer interests were protected by a combination of price controls and subsidies. The agricultural sector bore some of the burden of these policies.

The foregoing is indicative of what the developed countries and their lending agencies did not like about the policies adopted by the PPP government. What they wanted changed was the direction of the economy in favor of the developed countries. The device used to achieve this was called 'structural adjustment'. It, was quite irrelevant to developed countries and their lending agencies that the policies they wanted reversed represented the interest of the majority of the people of Pakistan who had voted in the Pakistan People's Party in the general elections of 1970 and 1977. The Parliament of Pakistan, elected on the basis of adult franchise, had approved the measures Our government had taken.

Two days after Prime Minister Zulfikar Ali Bhutto was executed, the United States cut off all economic aid to Pakistan. The World Bank and the IMF did not lag far behind, and an economic squeeze was put on Ziaul Haq's government. One team after another visited Islamabad from Washington, and within a short time, the IMF and the World Bank had broken through Pakistani resistance. By agreeing to avail of an Extended Fund Facility of US 1,500 million dollars, the new government pledged to change its economic policies. In the report cited above, Clausen disclosed:

Over the past 18-24 months, there has been an intensive and fruitful dialogue between GOP [Government of Pakistan] officials and Bank as well as IMF staff on necessary reform measures to support access to 'the IMP's Extended Fund Facility (EFF) and the proposed first phase of a program of structural adjustment lending. Bank staff participated in drawing up the sectoral policy measures of the EFF program; the SAL [Structural Adjustment Loan] program is designed to reinforce and build on those initiatives.

Structural adjustment was a euphemism for basic changes in the national economic policy. By changing your policy on ownership of means of production and distribution, prices, savings, investment, industry, agriculture, energy, and the priorities of your plan, you would have carried out 'structural adjustments'. The Extended Fund Facility signed with the IMP in 1980, and the Structural Adjustment Loan signed with the World Bank in 1982, along with some other loan agreements, sealed the fate of Pakistan's economy well into the 1990s. These are highly instructive documents for students of political economy and economic planning. The Structural Loan Agreement bound the government of Pakistan in the following sector and policy issues. I quote from Clausen's report:

Macro-economic management and resource mobilization:

1. Economic growth,
2. Domestic resource mobilization,
3. Monetary/credit policies,
4. Balance of payment/exchange rate policies,
5. Revised planning framework,
6. Plan priorities,
7. Planning procedures. Agriculture and water sector,
8. Reorientation of public expenditure,
9. Agriculture pricing policies,
10. Diversification of agriculture. Energy sector,
11. Petroleum exploration,
12. Development of domestic oil and gas fields and producer pricing policies.
13. Oil and gas consumer pricing policies,

14. Role of public sector oil and gas development, (Oil and Gas Development Corporation of Pakistan),
15. Long-term energy Planning and Industrial policies,
16. Public or private sector balance.
17. Public sector efficiency,
18. Export promotion,
19. Import liberalization,
20. Restructuring of industrial incentives.

In much greater detail than the list, the agreement specifies the objectives, lists the 'Recent actions and performance' and details 'Further steps to be taken'. The specifications of the Structural Reform Program covered six pages in extra fine print. Actions were specified in detail, such as: fertilizer subsidy to be reduced from 9.2 percent of total expenditure in the year 1980/ 81 to 2.9 percent in 1983/4. The sector share of public industry to be reduced from 15.6 to 4.9 percent of total expenditure. Expenditure in the agriculture and water sector to be increased from 19.1 percent in 1980/81 to 24.2 percent in 1983/4. Water charges to be increased to cover an increasing proportion of operation and maintenance expenditure in accordance with an agreed schedule. Fertilizer subsidies to be eliminated by mid-1985. All pesticide subsidies to be eliminated by the end of 1983. An agreed programme of import liberalization to be completed by the end of the present Extended Fund Facility Program.

The measures outlined in the Bank's report were so exhaustive that every facet of the economic life of Pakistan was covered by them. The economic fate of the people was sealed to suit the interests of the overlords, not merely in terms of policies, priorities, and objectives but also in terms of the day-to-day operations of the planning and implementing organizations. In the same report Clausen, went on to say:

A highly regarded and experienced economist has already been appointed to the previously vacant post of Deputy Chairman of the Planning Commission ... More high-level staff are expected to be appointed shortly and various forms of technical assistance are being sought. In addition, GOP has taken steps to safeguard planned priorities by requiring the active involvement of the Planning Commission at all stages of the project selection process. The project selection and approval process was reviewed by the Bank.

Developed countries were keen to place their men in key posts of planning, monitoring, and implementing economic policy. In order to achieve their objectives, they preferred, weak and highly centralized governments. They did not care about the consequences of their policies which often targeted one nationality or ethnic group, caught at differing stages of socioeconomic, cultural, and political development. As a result, class and regional disparities grew unchecked, breeding all kinds of antagonism which, with the passage of time, became unresolvable, bringing misery and disaster to countless millions.

The interests of planners and implementers, the managers in the former colonies of Britain, had been to enhance their own wealth, influence, and political power. Since their legitimacy as rulers and their indispensability as a necessary adjunct to the process of production are not established beyond dispute, they are prone to connive and collude against the people, either with the leadership or with developed countries, or with both, to serve their own group interest. They are also prone to intrigue and conspire against the people and against the leadership. A small number of individuals among them may attempt to act in genuine national interest, but they have little chance of keeping their jobs over a long period of time.

The foremost interest of political leadership is, to remain in power. At times, such an interest can prove to be highly corrupting, taking the leadership away from its electoral commitment to the people and moving it closer to the interests of the developed countries and the managerial class it sponsors. For instance, a government dominated by big landlords would want to raise the prices of agricultural produce, would like agricultural inputs to be subsidized by the state and would like a greater share of bank credit for big landlords. Naturally, such leadership is opposed to land reforms or the taxation of agricultural income.

A five-year plan for the economic development of a country may consist of hundreds of projects costing thousands of millions of dollars. Development requires that the concept of every project is elaborated into a working proposition. The project has to be planned and designed in detail. The cost has to be worked out and arrangements have to be made to generate the funds. The project has to be executed on the ground and, finally, it has to benefit more than one section of the population in one or more geographical location. Each stage, from the elaboration of the concept to deriving benefits from the project after implementation, involves a vast outlay of funds. Open to beg for, claim, or grab are jobs for managers, fees for consultants, payments to contractors and suppliers, royalties to owners of processes and patents, profits for providers of loans and credits, goodwill and often material benefits for the leadership. It is only natural that, for every project, there is a clash of interests and fierce battles for patronage, money, and power among the contenders. All aspects of a project can be a matter of economic, political, and occasionally, strategic interest to the contenders.

Apart from being a generator of projects, a development plan is an object of deep political interest to the contenders. In what manner will the balance of economic, social and political power change among the various classes and regions in the country, if the plan is implemented? What financial and economic intercourse is likely to ensue with developed countries during and after its implementation? How will the implementation of the plan affect relation among the superpowers and in the, region? These questions go to the heart of the problems of development in general, and the planning and implementation of five-year plans in particular. Planning raises high economic and

political stakes that is why interest in plans of economic development is so deep, not only within the country but among its foreign patrons.

The dominance-dependence relationship of underdeveloped countries with big powers poses extremely complex and difficult problems to the preparation and implementation plans of economic development. No country in such a relationship can ever be in a position to serve national interests, however the term may be defined. One of the most important prerequisites for planned national economic development is an independent foreign policy. The possibility of international or regional dominance can be countered by developing friendly economic and political relations with other small countries which can help each other economically and politically in times of need. Unfortunately, this is more easily said than done, with western industrialized countries in a dominant position.

The practice of employing foreign consultants and contractors sponsored by or acceptable to the developed countries or their lending agencies to carry out feasibility studies, prepare plans and designs, supply goods and services, and to supervise the execution of projects, was a stupendous drain on the wealth of developing countries. Quite unjustifiably, poorer, nations were made to pay much more than the real price of goods supplied and services rendered. With the help of just one officer, an engineer by profession, I was able to save hundreds of millions of dollars from being spent needlessly. But it was always a grim fight. The files bearing orders which adversely affected foreign interests tended to get lost. The high echelons of our administration and the top executives of corporations with foreign participation generally, tended to side with foreign interests. In November 1973, I wrote to Secretary General Finance and Economic Affairs:²⁵⁶

The more chance I have to go into some details about the projects and their implementation, the more horrified I feel as what will be their outcome. The bigger the project the bigger the mess it appears to be in. In everything there seems to be some major wrong present. Little thought has been given to the financial structure of the projects and on proposals to finance them. The work of detailed planning and designing has either not been done or it seems to be lagging far behind Thus the entire financial liability is in jeopardy

In spite of these critical areas of darkness, we seem to be pushing along with the projects.

Our projects of steel (the Russian or the Chinese), cement, oil, gas and fertilizers are the cases in point...

²⁵⁶ Personal papers.

..let us send a summary to the Prime Minister outlining our proposals to meet the formidable challenge. Enough case history will be available.

As Minister of Finance, Planning and Development, I soon became a very unpopular man.

In 1971, Pakistani irrigation engineers pointed out that the design of Tarbela Dam under construction at that time at a cost of US 600 million dollars was defective, as it did not provide adequate capacity to release water for irrigation purposes in a particular period of the year. Foreign consultants responsible for the design vigorously rejected Pakistani criticism. As events were to prove later, the foreign consultants were wrong and we ordered the construction of an additional tunnel in the dam. When the consultants and the contractor, both big foreign firms, came to know that I intended to assign the work of designing and constructing the additional tunnel to a newly created government agency, a storm broke out. The managers joined hands with foreign interests to oppose my proposal. I barely managed to assign the design work to Pakistani engineers. Formidable problems arose when the time of awarding the contract arrived, since the planners and implementers continued to favor the foreign firm. Two years later, while the dam was being commissioned, disaster struck. The tunnels designed and built by foreigners, along with massive concrete works, were severely damaged, costing us hundreds of millions of additional dollars. That was not all. Not a word appeared in the press about any lack of diligence shown by the foreigner engineers in the design or the construction. The bureaucracy had connived with foreign interests. I had left the government by then, and found myself totally helpless in getting the responsibility fixed where it belonged. The dam developed other trouble, and we ended up spending over 1,300 million dollars on it, against the original estimate of 600 million dollars.

During 1974 and 1975, attempts were made by nationalist-minded Pakistani engineers and their organizations to investigate the reasons for the disaster. This was no small matter since it involved the reputation of one of the largest consulting firm of the United States, the World Bank, contractors, and insurers all of whom had a stake in hushing up the matter. The builders of the dam were under threat of having to pay liquidated damages and meeting other liabilities amounting to hundreds of millions of dollars.

Since I had left the government in October 1974, it was no longer possible for me to institute an impartial investigation into the tragedy. However, that year, Pakistan Engineering Congress elected me president and I decided to devote a full day to discuss the Tarbela disaster in an open session of the Congress to afford full chance to the designers and constructors to defend their performance. We invited Bhutto to inaugurate the session which was to be held in 1975. The time drew nearer but there was neither confirmation nor rejection from the prime minister's office. Besides being a former finance minister and a close colleague of Bhutto, I was also the Secretary General

of the Pakistan People's Party at that time, but that was of no help. At long last, Bhutto accepted our invitation. Simultaneously, the Secretary of the Congress, Nisar Ahmad, was asked by the Chief Engineering Adviser of the government, Khalilur Rehman, not to hold the session devoted to the discussion on the Tarbela Dam. After consulting me, Nisar refused to oblige. Nisar was then told that if the Congress did not comply, our publication would be banned. I advised Nisar to tell Khalilur Rehman that the proposed ban would hurt the government more than it would hurt the Congress and it was not possible for us to accede to his request. Having failed to convince us the Ministry of Water and Power must have referred the matter to Bhutto for soon afterwards, I received a call from Afzal Saeed, Secretary to the prime minister, informing me of the Prime Minister's wish that the session on Tarbela Dam disaster should be cancelled. I consulted my colleagues in the Congress who advised that the prime minister's wish should be complied with. They argued that the articles on the disaster had already been printed and distributed a year ago and the government machinery was ignorant of the fact. Afzal Saeed phoned me again to ask whether Tarbela was going to be discussed and to inform me that in case it was not taken off the agenda, the prime minister would not inaugurate the session. Two days before the inauguration, Afzal Saeed called to tell me that it would not be possible for the prime minister to accept the medal the Congress had decided to confer on him. Finally, Bhutto inaugurated the session, excelled in rhetoric, and received tremendous applause. As we moved to have tea, with Bhutto publicly congratulating me on something quite insignificant, his Director, of Intelligence Bureau, Akram Sheikh, whispered into my ear that the arrangement for the applause at the end of the prime minister's speech was commendable. What sycophants and nincompoops Bhutto had collected around him, I regretfully thought to myself.

There was his other project to build a new gas pipeline from a field in Sindh to Karachi which would be over 200 km long. I expressed my preference for the pipeline to be built by Pakistani engineers since I did not believe it was such a highly technical job. The managers balked at the idea, saying that no Pakistani firm was capable of doing the job. Using the lever of the government's part ownership of the gas company, I hinted at my plan to change, the management, the part-ownership of a multinational firm notwithstanding. The company relented, and in due course there was a request to approve foreign exchange expenditure of about 40 million dollars to cover the cost of the imported pipe. I was staggered. Within minutes, I got the length of the pipe multiplied by the weight of steel per unit length and the price of steel per unit weight. The answer was between six and seven million dollars. Adding a certain percentage as the cost of fabrication, we concluded that the pipeline should not cost over ten million dollars, against the forty million being demanded. The company said that the government was in a hurry; the pipe was not available off the shelf, hence the high quotation. And yet, the pipe would not be required till about six months later. We asked them to make a later quotation. The price came down to about \$ 30 million, but it was still much too high.

At the time the last discussion about the cost of the pipeline took place, an American was sitting in my office. He showed utter indignation and amazement at what he had heard and told me that although he was not a businessman he could negotiate on our behalf. The price came down to between 23 million dollars to 25 million dollars but his gambit did not last long. Unfortunately for him, the telex operator was a sympathizer of the Pakistan People's Party who unofficially supplied my resourceful private secretary with the transcript of the American's conversation with his friends. The transcript revealed that a deal had been struck according to which, within a period of three days, all the four major manufacturers of oil and gas pipelines in the world had agreed to share the profits any one of them would make out of the Pakistani deal. They vowed not to quote below an agreed figure. As I pondered over the course to be adopted, an executive of our state enterprise called on me in some other connection. Upon learning that he was on his way to Japan, I requested him to approach the Japanese steel manufacturers. He did so and the price came down to about 19 million dollars. Ultimately, we bought the pipe for around 13 million dollars as against 40 million dollars originally asked for. In country after country, government after government, underdeveloped countries are robbed every working day of the year. Almost every project that came to the executive committee of the National Economic Council for approval had either an unnecessary, or an inflated tag of foreign exchange expenditure attached to it. In every meeting, we would save scores of millions of dollars for the country.

In the case of the purchase of pipeline, the managers did their best to connive and collude with the suppliers from the developed countries against the best national interests. Similarly, in hushing up the Tarbela disaster, powerful foreign interests were involved. In both cases, they were helped by the managers.

I turned to the Planning Commission to tackle the momentous task of serving the people. The Commission was full of relatively well paid technocrats. They were highly educated, often at institutions of higher learning in the West. They were academic in their approach and had little, if any, experience in the field. Most of them had either served or yearned to serve, with international organizations such as the World Bank. They seemed to know little of the real Pakistan, of factories, fields, villages and *mohallas*. I held several meetings with them. Only two out of more than a dozen chiefs of sections seemed to have a developed consciousness about the problems of the people. Others were as good as strangers, so I decided to introduce the real Pakistan of poverty, squalor, and disease to them. Bhutto approved the proposal. He was of the view that 'the atmosphere of Islamabad was deadening and that ministers should keep on going out of the capital for contact with the people'.²⁵⁷

²⁵⁷ Finance Ministers letter dated 15.6.72, Personal papers.

About thirty government officers from the Planning Commission, the Ministries of Agriculture, Industries, Commerce, Finance, and the Central Board of Revenue, boarded a special train on a 'Learn from the People Tour'²⁵⁸ of northern Punjab. The provincial government was requested to ask the Commissioners and Deputy Commissioners to be of assistance and supply basic data about their districts. The objectives of the tour were to meet the people and learn from their experience and views, assess the economic and allied problems faced by the people of a district, especially in the areas of agriculture, trade and industry, water, power, roads, housing and town planning, prices, finance and banking, labor and unemployment, consult MNAs and MPAs regarding the problems of the area and take decisions if necessary, and to provide an opportunity, to the central government agencies to inspect their local offices, and discuss the problems of coordination with provincial and district agencies.

The officials visited offices, institutions, and establishments, held meetings and discussions with local people and organizations, and in the evening they met again to write their reports. The train²⁵⁹ traversed three districts of central Punjab and stopped at Jhelum, Gujrat and Gujranwala. At each stop, the teams of planners and other officers from Islamabad met traders, industrialists, bankers, labor leaders, members of the provincial government, municipal officials, and citizens, and had a chance to sit across the table and learn firsthand about the problems faced by the people.

To my horror, I realized the chasm that existed between what the people expected from the government and what the governmental machinery was able to deliver. Everywhere, there seemed to be a breakdown of civic services, health, education, and all manner of infrastructure facilities. The bazaars and streets were in a state of disrepair, drains and sewers were clogged, garbage collection was in an atrocious state. At one place, a senior technocrat, a refined and sophisticated man, could not report for duty the next day for the headache he had contracted from the foul smell in a residential-cum industrial area he had visited the previous day.

The encounters of the visiting team with traders and trade union leaders were clamorous. They charged the Income Tax, Excise and Labor Departments and WAPDA with harassment and inefficiency. Complaints against water supply, drainage, and sanitation were rampant. The process of urbanization had adversely affected

²⁵⁸ Finance Minister's Learn from the People Tour. Details prepared by the Planning Commission available in Personal papers.

²⁵⁹ I arrived at the Rawalpindi railway station to find a large crowd of protesting workers of one of the railway unions shouting slogans and insisting that they would not allow the train to leave until their demands were met. Rejecting the suggestion from a man who was, probably from a security agency, that I should go by car to the next railway station and board the train from there, I invited the leaders for talks in the station's waiting room. They were full of complaints and it took them a long time to have their say. That done, they escorted me to the train. I promised them to look into the points they had raised which I did.

Gujranwala, the dynamic and bustling city of small industry. The group voted it the dirtiest city in Pakistan.

The tour had a positive political impact in the three districts of Punjab that we toured. Nothing like that had ever taken place before. It was welcomed by some specialist planners and I personally benefited from it. I was familiar with the squalor prevalent in the urban areas inhabited by the poor and the state of disrepair and the absence of civic amenities in urban centres but, the plight of entrepreneurs and businessmen in smaller district towns was unknown to me. In Jhelum, Gujrat, and Gujranwala, owners of small engineering enterprises were producing goods of fair quality under appalling working conditions. Despite problems with electricity, water supply, drainage, fuel, transport, municipal and tax inspectors, black marketeers of the importer's mafia, police, and the *goondas*, their ingenuity and skill was amazing. An unassuming *mistri* (skilled worker) in Jhelum was manufacturing printing presses with crude lathes and drills all by himself. His product was much in demand by newspaper publishers. He would accept orders to produce one machine at a time and several buyers were in queue.

The tour was also deeply disturbing at another level. I began to feel that the Planning Commission in Islamabad was perhaps not the place for preparing detailed plans or for their implementation on subjects such as sanitation, hygiene, health care, water supply, sewerage systems, primary and secondary education, and a number of other basic needs of the people. The tours planned for other districts were cancelled. A few months later, I wrote to the Deputy Chairman:

The old Planning Commission has gone, partly due to the changed circumstances and partly due to the dispersion of talent. The loss may not be mourned. There is an opportunity to gather new blood, make fresh teams and start work in the light of the new realities.²⁶⁰

Not long afterwards, I came to the conclusion that it was not in the domain of the Planning Commission to remove the hostility that existed between the people and the government machinery. Proper planning and its implementation required a radical change in the system of governance which was far from the mind of the government at that point in time. As a result, the Planning Commission was utilized more or less as a prestigious body of Pakistani consultants, a service it rendered admirably. The practice of preparing five-year plans was abandoned. For political reasons, I did not announce the decision.

As Minister of Planning, I was determined to abandon the objective of maximization of growth at the expense of equitable distribution of its fruits. I was also against the practice of seeking advice from foreign consultants. I had decided not to make another

²⁶⁰ Letter dated 28-10-72. Personal papers.

five-year plan of economic development on the pattern of past plans. Our government was faced with an uncertain situation. A new Constitution for the country had yet to be framed. The authority of the federation and the provinces had to be delineated, as also the power of raising revenues. We had yet to decide who was going to run the newly nationalized industrial units. There were so many ongoing projects such as a new steel mill, and electrical power and heavy engineering projects, for which resources had to be found. I decided to postpone the preparation of a new plan for a period of two years.²⁶¹ My letter to the Deputy Chairman Planning Commission soon after coming into government stated:

1. Why can't you take planning to the village level, at least at consultative stage on the basis of the maxim 'People Are the Best Planners' which is hereby recognized officially at the ministerial level.
2. Please think through it and formulate proposals.²⁶²

One manifestation of that thinking was the People's Works Programme.

In March 1972, I submitted an outline of The People's Works Programme²⁶³ (PWP) to Bhutto. The President's approval was sought 'for circulating it ... to elicit people's opinion in order to work out details and concretize proposals'. The programme was based on studies made in the Planning and Finance Division and as a result of consultations with advisers and officers of the Punjab government. People were to plan their own projects at *mohalla* (city neighborhood) or village level. Its main objectives were political and economic to raise the level of people's consciousness. Simultaneously, jobs were to be generated for those families with unemployed or partially employed members. Local resources were to be used to reduce the cost of the works. The payment for the work was not to be made in cash but in kind. Expenditure of an inflationary character was to be avoided. The programme was conceived as a joint venture between the government and the people. The government would undertake the initial work of putting the programme into first gear and thereafter provide conceptual, technical, legislative, and partial financial assistance.

Bhutto's approval of the outline went beyond what I had sought. He wrote:²⁶⁴

²⁶¹ Personal papers, Letter to The Planning Commission dated 31-3-1972.

²⁶² Ibid., Letter dated 3-4-1972.

²⁶³ Copy in the Personal papers of the author.

²⁶⁴ Personal papers.

People will bless you if it is a success. It will be a resounding success if you will be able to maintain the prices of essential commodities and carry out this gigantic programme at the same time This must be done, otherwise it will rebound onus. Wish you every success. When do you propose to announce it? This programme must get into motion very soon after announcement.

After further elaboration by the Planning Division,²⁶⁵ the outline was circulated to all members of the National Assembly under the signature of the Finance Minister on 11 April 1972. It described the objectives, the concept, the size of the programme, the mode of national participation, and a brief description of each item in the programme. In order to facilitate comment and criticism, the letter ended with a number of questions for which answers were solicited. Only one member of the National Assembly responded.

A team of senior officers started preparing a detailed working plan for the implementation of the People's Work Programme which took them several months

²⁶⁵ Copy of the eleven page letter is with the author. Excerpts follow: Objective of the Programme

- (a) To combat unemployment and under-employment by significantly enlarging opportunities for gainful work.
- (b) To undertake within the framework of the country's overall development plan, such productive projects as would build the economy through the provision of basic capacities and amenities. The projects undertaken would be split into comparatively smaller units and would materialize quickly.
- (c) To mobilize local resources and to motivate the people for a massive productive effort so that the process of development gets institutionalized and is associated with a large segment of the population.
- (d) To provide opportunities for constructive leadership and draw upon local initiative to the maximum extent.
- (e) To generate confidence and self-reliance among the masses through proper training and skill formation so that they become worthwhile productive assets for the country.
- (f) To avoid bureaucratic waste, leakage, delays and defects in the old style working in which various vested interests were either directly or indirectly involved.

Size of the Programme

The overall size of the programme will be truly massive ... within a few years a majority of households in Pakistan will have a house for themselves. No hawker or a vendor will be without a shop...

The bulk of the required resources will be generated by the programme itself for payment in kind. Among them:

- (a) Plots of land for house construction.
- (b) Constructed houses.
- (c) Shops.
- (d) Work places in community workshops for craftsmen.
- (e) Income from projects.
- (t) Income from new agencies to be set up for distribution of essential commodities.

Items in Programme

The principal items in the programme are housing, shops, community workshops, poultry, fish culture, distribution of essential commodities, brick making, cottage industries, clothes making, work for women such as embroidery and bee keeping, irrigation water courses, forestation, tree planting, road making, community building, literacy drive, education drive, drainage and sanitation, mass surveys, immunization, playgrounds and games, cultural activities, small dams.

Then something happened. Bhutto wrote a letter²⁶⁶ to four ministers including myself, Governor Punjab, Chief Minister Sindh, three Special Assistants, and Deputy Chairman Planning Commission:

The other day I was immensely disappointed to learn that the People's Works Programme is nowhere near my own dreams of a genuine works programme. What was explained to me was a drop in the ocean, simple peanuts, a poor dressing, a bad lipstick. I want to go to the heart of the matter, I want to move mountains and change the courses of rivers. I want to build barrages and dams, I want to build roads everywhere. I want to see construction taking place at a tempo that will not permit us to sleep. I want the noise of activity. I want the people to be on the move, I want the conquest of horizons. What you have given me is not only a disappointment - it virtually broke my heart. I will not stand for it. Within one month if I do not see the concept that I had visualized, I will have to make fundamental changes in the present arrangements.

It appeared that at a meeting at which I was not present, Bhutto was informed of the peanut scale of the PWP to which he strongly reacted and dictated the above letter. What he wrote made little practical sense. The government had no money to build barrages and dams and 'roads everywhere' or for other public works of gargantuan scale Bhutto could have easily been told that the programme originally proposed was good for, him politically and he would have gone along with it. I refrained from pursuing the old programme since I realized that, when martial law ended, all the work included in the PWP would fall under provincial jurisdiction and the Federal Ministry of Planning and Development would have little to do with its implementation I agreed to entrust the PWP to provincial governments to execute it as they thought fit.

The PWP was launched in November 1972. *Dawn*, in its editorial of 5 November, wrote:

How the institutional aspect is going to be taken care of is not yet quite clear, but Dr. Mubashir Hasan's call to the members of the middle class intelligentsia, including persons in the professions and in Government service, to participate in the programme by motivating and mobilizing the people speaks of an awareness of the need for popular involvement Now that long-term economic planning has fallen into abeyance, the People's Works Programme can play a very important role in the interregnum by specifying a certain number of urgent, short-term goals in the sphere of the further development of infrastructure the provision of long neglected amenities and the fulfillment of the overdue tasks, of renovation and renewal A programme of this nature can be sustained and developed without the commitment of foreign exchange, which is going to be the most scarce factor of production for a period of time ...

²⁶⁶ Personal papers.

And provided that the People's Works Programme will come as a great boon to the country.

The *Pakistan Economist*²⁶⁷ captioned its editorial in large bold letters 'This programme must work', and prophetically ended by saying: 'It is a fairly comprehensive scheme, covering a wide range of activities. It has in fact every potential of high sounding projects which are a big failure in the end. But it also offers full scope of almost revolutionizing the rural scene in this essentially rural land'.

Ultimately, the misgivings expressed by the *Pakistan Economist* proved to be true. Instead of the People's Works Programme, it became a works programme for members of the Provincial assemblies. They were made responsible to propose what works should be carried out. The original idea of a noninflationary programme conceived and supervised by the people at the village and mohalla level was mutilated beyond recognition.

I gave up the struggle. The general proposition I have come to believe is that only a people can, and will, develop itself.

²⁶⁷ 11-17 November 1972.

APPENDIX I

LIST OF TABLES

- A.1 Pakistan's Outstanding Debt.
- A.2 Total Grant Assistance Agreements contracted by Pakistan 1960-61 to 1986-87 in Millions of US Dollars with the Consortium Countries and International Agencies
- A.3 Total Loans and Credits contracted by Pakistan 1960-61 to 1986-87 in Millions of US Dollars with the Consortium Countries and International Agencies
- A.4 Procurement Price of Selected Agricultural Commodities.
- A.5 Improvement of Supply of Agriculture Inputs and Support Price of Wheat, 1971-72 to 1976-77
- A.6 Wheat Production, Yield, 1971-1977
- A.7 Production of Yarn and Cloth over 5-year periods.
- A.8 Textile Production
- A.9 Private and Public Sector Industrial Investment.
- A.10 Increase in Vegetable Ghee Production
- A.11 Branches of Scheduled Banks.
- A.12 Bank Credit to the Private and Public Sector.
- A.13 Rise in Sugar Production and in Number of Sugar Plants.
- A.14 Performance of the State Industrial Enterprises.
- A.15 Rise and Decline of. Labor Disputes, 1971-77.
- A.16 Gross Domestic Product at Constant Factor Cost in 1959-60.
- A.17 Per Capita Availability of Food grains (in ounces per day).
- A.18 Structural Changes in GNP.

A 19 Disparities in Per Capita Income between East and West Pakistan (In Rupees).

Table A.1	
Pakistan's Outstanding Debt	
Country /Agency	Debt in million \$
USA	1,511.920
Other Consortium Countries	1,291.120
Sub-Total	2,803.044
<u>International Agencies</u>	
World Bank	346.318
International Development Agency	313.189
Asian Development Bank	9.645
Sub-Total	3,472.196
<u>Non Consortium Countries</u>	
USSR	96.573
China	51.148
Yugoslavia	43.844
Czechoslovakia	39.232
Switzerland	25.310
Kuwait	4.498
Denmark	5.205
Poland	5.749
Romania	6.537
Turkey	0.729
Sub-Total	1,278.825
Loans Payable in Rupees	627.821
Grand Total:	Million US \$ 4,378.842

Table A.2

Total Grant Assistance Agreements Contracted by Pakistan 1960-61 to 1986-87 in Millions of US Dollars with the Consortium Countries and International Agencies

Government	Ayub	Ayub & Yahya	Bhutto	Ziaul Haq	Ziaul Haq
Years	1960-61 to 1964-65	1965-66 to 1969-70	1972-73 to 1976-77	1977-78 to 1981-82	1982-83 to 1986-87
Grant Assistance	924.9	576.2	374.6	742.2	2476.9

Source: *The Economic Survey of Pakistan*, 1989-90, Table 11.6.

Table A.3

Total Loans and Credits Contracted by Pakistan 1960-61 to 1986-87 in Millions of US Dollars with the Consortium Countries and International Agencies

Government	Ayub	Ayub & Yahya	Bhutto	Ziaul Haq	Ziaul Haq
Years	1960-61 to 1964-65	1965-66 to 1969-70	1972-73 to 1976-77	1977-78 to 1981-82	1982-83 to 1986-87
Bilateral*	1336.3	1717.5	1941.7	2183.8	2750.1
Multilateral**	390.2	361.1	1058	1956.5	4371.2
Total	1735.5	2078.6	374.6	4140.3	7121.3

** Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, UK, USA.

* IBRD, IFC, IDA, ADB, IFAD.

Source: Computed from *The Economic Survey of Pakistan*, 1989-90, p. 202-3.

Table A.4			
Procurement Price of Selected Agricultural			
Produce in Rs per 40 Kg			
	1959-60	1971-72	1976-77
Wheat	12.5	17	37
Rice (Paddy)			
Basmati	24	38	102
Irri	6	21	46
Sugarcane			
NWFP		2.25	5.5
Punjab		2.5	5.75
Sindh		2.6	5.9
Cotton (Desi)	48		120

Source: *The Economic Survey of Pakistan*, 1978-79 p. 34, 1981-82 P. 34.

Table A.5					
Improvement of Supply of Agricultural Inputs and Support Price of Wheat 1971-72 to 1976-77					
Years	Number of tubewells installed in thousands	Number of tubewells in operation in thousands	Consumption of fertilizer in nutrient tons in	Agricultural credit in millions of Rs	Support price in Rs per maund
1971-72	71	108	382	128	17.0
1972-73	81	118	437	307	17.0
1973-74	80	128	403	913	22.5
1974-75	77	137	425	1,010	25.0
1975-76	86	146	554	1,458	37.0
1976-77	85	152	631	1,717	37.0

Source: *The Economic Survey of Pakistan*, 1980-81, 1979-86.

Table A.6			
Wheat: Production, and Yield, 1971-77			
Year	Wheat production in thousand tonnes	Yield per acre	Imports in thousand tonnes
1971-72	6,782	12.9	
1972-73	7,325	13.5	
1973-74	7,325	13.5	
1974-75	7,552	14.3	
1975-76	8,554	15.5	
1976-77	9,144	15.4	

Sources: *The Economic Survey of Pakistan*, for the relevant years.

Table A.7*				
Production of Yarn and Cloth over 5-year Periods				
Period	1961-62 to 1965-66	1966-67 to 1970-71	1971-72 to 1976-77	1976-77 to 1980-81
Yarn (million kgs.)	940	1,247	1,792	1,646
Cloth (Million square metres)	2,817	3,028	2,889	1,789

*Computed from *The Economic Survey of Pakistan*, for the relevant years.

Table A.8		
Textile Production		
Year	Yarn: million kg	Cloth: million sq. meters.
1961-62	166.7	534.4
1962-63	174.4	561.6
1963-64	198.6	579.6
1964-65	206.0	597.6
1965-66	194.0	544.6
1966-67	207.0	571.6
1967-68	224.6	597.7
1968-69	238.8	593.9
1969-70	273.2	606.5
1970-71	303.8	658.3
1971-72	335.7	628.2
1972-73	376.1	588.6
1973-74	379.5	592.2
1974-75	351.2	559.5
1975-76	349.7	520.4
1976-77	282.6	408.3
1977-78	297.9	391.3
1978-79	327.8	339.4
1979-80	362.9	342.3
1980-81	374.9	307.9

Source: *The Economic Survey of Pakistan*, 1976-77 p. 34, 1981-82p. 34.

Table A.9			
Private and Public Sector Industrial Investment			
Year	Private Sector	Public Sector	Total Industrial Investment
1970-71	1,425.70	68.2	1,493.90
1971-72	1,235.10	78.5	1,313.60
1972-73	963.9	249.5	1,213.40
1973-74	970.5	624	1,594.50
1974-75	1,407.00	1,658.00	3,065.00
1975-76	1,818.00	3,181.00	5,000.10
1976-77	2,111.60	4,514.00	6,625.60

Source: *The Economic Survey of Pakistan*, 1976-77, 1978-79, p. 43 and 47.

Table A.10	
Increase in Vegetable Ghee Production	
Year	Production in thousand tonnes
1971-72	162
1972-73	187
1973-74	225
1974-75	272
1975-76	277
1976-77	326
1977-78	360

Source: *The Economic Survey of Pakistan*, 1978-79, p. 50

Table A.11		
Branches of Scheduled Banks		
As on 30th June	No. of Banks	No. of Branches
1972	34	3,714
1973	34	4,272
1974	31	3,741
1975	25	41864
1976	25	5,462
1977	27	6,439

Source: 10 Years of Pakistan in Statistics, 1972-1982, p. 204

Table A.12			
Bank Credit to the Private and the Public Sector			
Year	Private	Public	Total
1971-72	12,686.20	881.3	13,567.50
1972-73	14,582.70	19412.7	15,941.40
1973-74	17,514.30	2,268.90	19,783.20
1974-75	18,531.80	3,762.10	22,203.90
1975-76	20,764.10	4,782.40	25,546.50
1976-77	25,964.40	5,167.80	31.132.2

Source: *10 Years of Pakistan in Statistics*, 1972-1982, p. 209.

Table A.13		
Rise in Sugar Production and in Number of Sugar Plants		
Year	No. of Factories	Production in Tonnes
1971-72	22	375,070
1972-73	22	429,001
1973-74	24	608,003
1974-75	25	502,334
1975-76	26	630,491
1976-77	27	736,303
1977-78	28	860,767
1978-79	28	607,291
1979-80	30	586,000
1980-81	31	851,262
1981-82	35	1,204,971

Source: *10 Years of Pakistan in Statistics*, 1972-1982, Federal Bureau of Statistics

Table A.14					
Performance of the State Industrial Enterprises					
Year	Producti on Index	Sales in Billion Rs	Employ ment	Taxes in Million Rs	Profit in Million Rs
1972-73	100	1.8	40,817	198	17.8
1973-74	134	2.96	48,370	667	173.6
1974-75	164	4.48	55,359	1,214	277.4
1975-76	159	5.21	58,755	1,156	191.9
1976-77	154	6.02	64,643	1,408	59.2
1977-78	187	7.59	64,320	1,704	73.5
1978-79	197	8.3	65,840	2,019	19.9
1979-80	258	13.01	70,457	3,351	587.4
1980-81	261	15.23	77,758	3,512	745.5

Source: Ministry of Production, Experts Advisory Cell, Annual Report 1980-81, Public Sector Industries, p. 9-21.

Table A.15			
Rise and Decline of Labour Disputes 1971-77			
Year	Number of disputes	Number of workers involved	Number of man days lost
1971	141	107,962	815,211
1972	779	361,149	2,018,308
1973	536	233,568	803,583
1974	191	141,150	736,174
1975	260	129,385	798,183
1976	171	77,502	514,891
1977	81	49,083	200,865

Source: *10 years of Pakistan in Statistics*, 1972-82, Federal Bureau of Statistics.

Table A.16					
Gross Domestic Product at Constant Factor Cost in 1959-60 (Billion Rupees)					
Year	Agriculture	Manufacture	Energy	Transport	GDP
1972-73	12.8	5.7	0.9	2.4	38.6
1973-74	13.4	6.1	1.0	2.5	40.7
1974-75	13.1	6.1	1.0	2.6	42.0
1975-76	13.7	6.2	1.0	2.6	44.0
1976-77	14.0	6.3	1.1	2.7	45.6
1977-78	14.4	6.8	1.2	3.0	49.1
1978-79	14.9	7.1	1.4	3.3	50.8
1979-80	15.9	7.9	1.5	3.5	55.8
1980-81	16.5	8.2	1.7	3.8	60.1
1981-82	17.0	9.7	1.8	4.0	62.4
1982-83	17.8	10.5	1.9	4.2	66.6

Source: Planning and Development Division quoted by World Bank, *Review of the Sixth Five Year Plan Report* 5706-Pak, 10/83, p. 137.

Table A.17			
Per Capita Availability of Foodgrains in ounces per day			
	1949-50	1959-60	1969-79
Per capita availability	14.9	14.2	15.7

Source: The Planning Commission, The Fourth Five Year Plan.

Table A.18			
Structural Changes in GNP			
Sector	Value added as % of GNP in 1949-50	Value added as % of GNP in 1969-70	Growth rate in value added
Agriculture	60	45	2.6
Manufacturing	6	12	7.9
Construction	1	5	13
Other	33	38	4.7

Source: The Planning Commission, The Fourth Five Year Plan.

Table A.19		
Disparities in Per Capita Income between East and West Pakistan (In Rupees)		
	East Pakistan	West Pakistan
1949-50	288	351
1954-55	294	365
1959-60	277	367
1964-65	303	440
1969-70	331	553

Source: Tables 1-1 and 1-2. Report of the Panel of Economists on the Fourth Five Year Plan of Pakistan (Report prepared by West Pakistan Economists).

APPENDIX II

On reorganising the Party: Letter dated 22 December, 1974 from the author to the Chairman Pakistan People's Party, Zulfikar Ali Bhutto

Before I discuss the question of reorganization of the party, a brief appraisal of the national and international situation seems necessary. Without a correct analysis of the current situation, inside and outside the country, a correct methodology for reorganization cannot be determined for the party workers whom we have to try to inspire once again, this time by scientific education and training.

As you pointed out in your interview to Radio Pakistan 'There is a great turmoil under, the sky'. The world economy has become sick. The gravity of its sickness cannot be denied. The world leaders do not seem to know what to do with it. They are trying to treat its symptoms without touching the root cause of the malady. They seem to know that it needs a major operation which they want to avoid as far and as long as possible. They hope for status-quo-ante which is an impossible proposition. This is the sixth economic crisis since World War II and it is much deeper than all the previous crises.

The economic turmoil has shaken the foundations of the political set up throughout the capitalist world. As is now realized by the students of American affairs, Nixon's failure to stem the deepening economic crisis was the real cause of his being thrown out. The Watergate scandal served only as an excuse. President Ford has not been able to find his ground yet while there is a talk that Kissinger may not stay for long. The European Community is in disarray because economic difficulties have given rise to a special brand of nationalism. The very institution of democracy is described to be in danger and there are some who foresee the end of western capitalist civilization as it exists today.

The détente between the two super-powers is spurious and if there is some element of truth in it, it is confined only to Europe. The Chinese say that the economic situation in the empire of the Russian tsars is equally bad and the Russian say that because of continuous political unrest under Mao Ts Tung, China's economy is stagnant. Perhaps both are right, largely, if not wholly.

So far as the Third world is concerned, you know better than anyone else in the country, that it is undergoing a great upheaval. Very strong wind of change is sweeping the African continent White colonialists and racists have, at long last, come to realize that their days are numbered. In the Middle East 'No war no peace' situation cannot be maintained for long. Kissinger's diplomacy has reached a blind alley and all roads to Geneva peace conference appear to be blocked. Another round of war, with all its

immeasurable consequences seems impossible to avoid. It is not for nothing that warships of both the super-powers are constantly cruising not only the Arabian Sea but also the Eastern Mediterranean. The Cyprus problem, it scarcely needs pointing out, is as intractable as the problem between Pakistan and India

The situation in the South Asian Subcontinent, you will agree is pregnant with change Rampant inflation alarming unemployment stagnant industrial and agricultural production and growing food scarcity are factors which may cause great social disorder in all the sub-continental countries.

The upshot of this briefest possible appraisal of the international situation is that today's world is perceptibly changing every day. The process of change is so fast that sometimes very knowledgeable persons are found to have been left behind. In such an era of flux, you will agree with me, Pakistan cannot exist for long as a stagnant or retrogressive society. It is not a water-tight compartment. It must also proportionately undergo radical social, and economic change, much as the landed aristocracy and other reactionary elements may try to maintain status-quo. I wish, hope and pray that you do play the great role of a leader of a real and radical change in the society and thus become an immortal hero in history. I beg you not to let this opportunity pass.

Unfortunately during the last few months' many big landlords and other undesirable elements have infiltrated into our party which took birth and grew up as a party of poor people under your leadership. They seem to believe that as JA Rahim and other so-called socialists or his kind have fled, the field is now wide open for them. In many areas they have already captured the party apparatus. Thus they have managed to seize the political instrument with a view of controlling the state apparatus ultimately. Most of the dedicated and sincere party workers have consequently gone into seclusion. Since my exit from the Government, I have heard quite a few grumbling that the Peoples Party is fast degenerating into another Convention League.

The same is true of the economy of Pakistan which hangs by slender threads of foreign assistance. Changes in levels of food supplies can put the country in the grip of partial famine conditions Adverse manipulation of foreign exchange assistance, malicious or otherwise, can affect not only imports vital to national economic life and defence; but also to development effort and employment levels. In the face of this precarious existence, the uncertain economic and political environment in the world poses a life, and death issue for Pakistan. Not to realize it and not to wake up to it is to invite a catastrophe that the nation cannot afford. Any calculation, scheme or plan based on existing aid relationship can be totally upset by events abroad, a local war, a guerrilla raid, a successful assassination attempt on a king or a President a depression in capitalist economics or any adventuristic move by any big power in any part of the globe A situation adverse for Pakistan may develop in not too distant future because all the explosive ingredients that can cause it are dangerously assembled. Caused by

external events, the upheaval may be unavoidable, indeed, inevitable, but what is not unavoidable and what is not inevitable is the break-up of Pakistan. Any adverse development in Pakistan due to Pakistan. It has to be channelized to strengthen Pakistan.

The economic situation in Pakistan should give us cause for the greatest concern. The basis of its crisis is that production effort has become uneconomic in both industrial and agriculture fields. But for an unceasing manipulation of prices of inputs and outputs through state intervention the whole economy would come to a stand-still.

The economic crisis and the measures adopted to manage it are gravely upsetting the income levels of various classes. In an apparent abundance of money the gap between the relative position of the poor and the rich is becoming wider. Sections of middle-middle and lower-middle classes are being squeezed out of their already precarious existence. The mixed economy which is falling apart at seams appears to be doomed.

All this sounds like a very bad situation and it is so. But, I believe, we can turn this bad situation into a good situation. You are aware that this has always been my view. With me it is a matter of faith. In my humble opinion history has given you another golden opportunity. In many respects you are in a situation similar to that of 1967. There is the same imperative need to mobilize and organize poor people for a further social and economic change. A truly revolutionary situation is fast emerging and bogus and phony Leftist ideas are losing their misleading credibility.

The situation is not alarming because Pakistan has the potential of standing on her own legs from the point of view of its economy. The enemies of the people are weak, inefficient, demoralized and disorganized. A well conceived and executed action even on small but comprehensive scale will be sufficient to sweep them away. What is badly needed is a clear cut political orientation and an unambiguous national objective.

The struggle of 1967-71 showed that given correct leadership and a correct ideological stance the people of Pakistan are capable of rising to a high pitch of political awareness. The success formula of Islam, Democracy, Socialism and All power to the people must remain the corner stone of any future plan of people's organization and mobilization. Should this be forgotten or have the appearance of having been forgotten, success is bound to turn into a failure.

History records numerous examples of betrayal of party programmes or of their distortion beyond recognition without discontinuing lip service to their slogans. It is therefore necessary constantly and continuously to keep on defining and elaborating the original, programme and ideology and its philosophical and practical content.

Islam: The party's Foundation and Policy documents and the Election Manifesto, 1970 clearly and unambiguously speak how the party would strive to put in practice the noble ideals of Muslim Faith. In the teeth of the stiffest possible opposition from the reactionaries, it was possible to convince the over whelming majority of the people of Pakistan during the election campaign of 1970 that a classless society based on scientific principles of socialism was not contrary to the ideals of Islam. We successfully opposed reactionaries and their allies. We did not allow the mullah to confuse issues or frighten the party from its revolutionary anti-reactionary political path. It is impossible to confuse a people when real social issues are clearly stated. It is our duty to save Islam from the practices and methods of those for whom Islam is an advertising programme, and a shield for their reactionary anti-people politics and a device to preserve the status-quo.

Democracy: The experience of the last two years of parliamentary democracy in Pakistan is a sad one. The social conduct of many a member of the National and Provincial assemblies, in gaining wealth, power and privilege for themselves and indulging in all sorts of crimes from corruption to rape, is not hidden from the poor people of Pakistan who had voted for them. They have hardly made any pro-people contribution to the proceedings of the assemblies. In order to make them vote for the programmes and legislations sponsored by the Government bribing on large scale at the expense of the people and the state was found necessary. They have pressurized the Government successfully into increasing their emoluments and allowances and issuing them permits and licenses on a large scale. They have done their maximum to strengthen the oppressive feudal order in Pakistan; an order they had pledged to eradicate during the election campaign and when they had become members of the party.

Our special brand of Pakistan parliamentary democracy has in reality meant (as it can only mean without a social revolution) a democracy produced and managed by vested interests opposed to the interests of the people and opposed to the spirit of the programme of the party. Every single vested interest known to this society has benefited much more than the benefit that has accrued to the overwhelming majority of the poor people who had voted for these legislators. As the name of democracy is brought into disrepute, the seeds of fascist alternatives germinate in popular mind. The issue of democracy and the problem of its operation has to be faced squarely and honestly. Truthfully, we have to explain the whole question of democracy to our people, explain its shortcomings and come up with an alternative. Only then the attacks of the extreme right and misguided left can be repulsed.

Socialism: The present form, substance and basis of the economy have manifestly failed. The notions of 'Mixed-economy', 'Welfare-state', and 'Basic reforms' have, in practice, meant nothing more than a losing battle against managing one crisis after another. The sooner we are able to turn over this most unsatisfactory page, the better it

will be. We must not stop a moment longer at this transitory stage. It may turn out to be a transition not for a socialist order but for a take-over by reactionary forces.

The objective conditions of the society dictate that removal of certain social forces and the release and development of certain other social forces the historical opposite of the former, because it is only the power of a people which can build socialism and the duty of the Pakistan People's Party clearly and truly is to identify the hurdles in the path of the people, prepare them for and to lead them into the struggle required for removing hurdles and then march forward according to a planned programme towards their future.

The awakening and organization of the pro-people forces can only take place on the basis of a genuine and radical platform. It is the duty and responsibility of the party to provide this platform. Not only has the party to provide a platform but the party's government has to undertake certain genuine measures. It is essential to win back the confidence and active support Of those honest, selfless and dedicated workers of the party who stand alienated today. They may be in minority but they are a very important minority. Furthermore, a drive has to be launched to attract new members who are really capable of bearing the party standard. It has to be realized that reactionaries and anti-reactionaries cannot be expected to be joining the party at one and the same time. If the party wants progressive or potentially progressive elements to swell its ranks, then doors have to be closed to reactionaries of all, shades.....

It is essential for the party to make a thorough study and identify those elements of the society which today serve, at the highest levels of distributive, productive and government organizations, the anti-people and anti-revolutionary cause. Is there not a lesson in the fact that the only proposals, the only options that are made in the highest councils of management; government and legislatures are anti-revolutionary and anti-people proposals and options? They are aimed at nothing but maintaining the unmaintainable status-quo.

The power, competence, capability and intelligence of an ordinary big-business man in Karachi or a feudal in Muzzaffargarh is extremely limited. Where then is the thinking, planning, and operational apparatus of the reactionaries? What are its lines of communication? What are its institutional components? All these questions require study and answers. Those elements have to be identified before they can be destroyed.

On the basis of a genuine political line, the work of reorganizing the party, preparing the required cadre and of political mobilization of the people can be taken in hand to put the country on the road to prosperity and progress. If the party has to be brought back to life on a higher and effective plan, the old basis of organization will have to be abandoned. The political potential of the old basis has been fully exhausted and it can now, only lead to further deterioration into the well known abyss into which other

parties have fallen. In order to reorganize the party on a sound basis, it is absolutely necessary to define and explain our objective, that is, we stand to make Pakistan a truly independent, Islamic and socialist nation. To achieve this objective we must have a self-reliant economy which can be brought about only by full emancipation of workers and poor peasants. The struggle to achieve the objective, in turn, involves reorganization of the party, creation of cadres and replacement and destruction of the core of reactionary institutions, apparatus and personnel in the social, economic and political life of the nation. That is the crux of the matter.

APPENDIX III

Excerpts from the analysis of the 'grave political situation' presented by the author to the Prime Minister Zulfikar Ali Bhutto on 28 March 1977

The nine opposition parties of Pakistan had refused to accept the results of the general elections held on 7 March 1977. They had successfully boycotted the elections to the provincial assemblies. They had also rejected the framework of the electoral and judicial machinery on the basis of the allegation, believed to be correct by a fairly large section of the population, that the elections were rigged. The opposition parties appeared to be convinced that their political aims and economic objectives could not be realized by occupying the opposition benches in the national and provincial assemblies. They would rather adopt the methodology of street politics than bargain on the negotiating table with the government.

The principal economic and social forces at the back of the opposition parties were those of the industrial and trading community of Pakistan. The mill-owners, traders, small manufacturers, middlemen, contractors, transporters and suppliers, under the leadership of the notorious twenty-two families, were on the warpath even though they lacked political maturity and the organizational network for agitational politics. To wage their struggle they had secured the services of obscurantist mullahs and some reactionary elements of the middle class as their political agents. In their apparent desperation, they had gone to the length of forging an unnatural alliance with that section of feudal lords of the Frontier Province who had successfully whipped up local chauvinism against the federal government....

The fateful struggle, launched by the industrial and trading community of Pakistan and its allies, was principally aimed at seizing political power from the hands of the feudal aristocracy of the Punjab and Sindh and their collaborators in the Frontier and Baluchistan. During the last sixty-three months of their rule, the feudally dominated governments of Pakistan and its provinces had earned the infinite and abiding hatred and ill will of the industrial and trading community through measures of nationalization and massive intervention in free market operations of goods, services and labor, for their failure to stem corruption and *goondaism* and their inability to offer security of life, property and honor to the urban population. For the first time in the history of Pakistan the contradiction between the big industrialist and the feudal aristocracy was taking political shape in the form of the rejection of the constitutional provisions pertaining to the electoral process.

The international situation, dominated more than ever before by the global rivalries of the big powers, made the grave national situation look grave. The world as a whole was passing through a period of general instability and change. Events outside Pakistan can

profoundly affect the economic and political developments within. The situation in the Middle-East would continue to simmer and might reach a point of another explosion in a year or two. Considered in conjunction with her domestic situation, the instability inherent in India's future puts a big question mark, on her relations with Pakistan and Bangladesh.

The political situation before the announcement of the general elections was characterized by the following general assuagement of the land-owning classes; general hostility of the urban proprietorial classes; general dissatisfaction of the middle and upper level of the bureaucracy; substantial reduction in the power of the twenty-two families and perceptible increase in the power of the bureaucrat managers; enormous prosperity among the feudals and enhancement of their political ambitions; concomitant to the rise of feudal power, the unprecedented emergence of the forces of obscurantism, separatism and reaction and upsurge of opportunism.

The result of the polling on March 7 indicated that the cities in general voted against the government. Seats were lost in Karachi, Hyderabad, Peshawar, Quetta, Multan, Lyallpur and Gujranwala. The seats in Lahore were retained with difficulty after a vigorous campaign conducted on progressive lines. Still a large section of the population in the city was unconvinced that the government's victory was genuine and the elections in the constituencies of ministers were not rigged. The extent of opposition in small towns, latent as well as apparent, may be gauged from the ability of the opposition to initiate agitation in a large number of towns of the outlying districts.

The opposition by the government employees meant that the lower echelons of the government machinery, discontented and almost rebellious from the overbearing, arbitrary and insulting attitude of ministers and officers had also voted against the government.

The poor people in general, and the residents of the *katchi abadis* in particular, small shopkeepers and vendors voted for the government except in the Frontier and Karachi where deep seated issues other than economic played the principal role.

The peasantry voted for the government but certainly not to the extent government expected of it. This lack of support reflected the resentment of the peasant against the feudal and the law enforcing machinery serving the feudal interests. It also reflected the disillusionment caused by the half-hearted and unimplemented land reforms. Had the land reforms been radical and genuine, the poor peasantry would have stood solidly in support of the government.

If the votes of women, members of minority communities and the very poor people of *katchi-abadis* were subtracted from the votes polled in favor of the government, it would

be seen that the opposition parties carried with them the majority of the remainder of the urban population 'a majority that has resources and is vocal.

Apart from the areas of economic policy which vitally affected the vested interests of a relatively small section of the population and did not vitally affect the lower middle, classes, the major support the opposition had been able to muster in all classes of the population is on the following counts: Insecurity of life and property in the cities and highways through *goondaism* patronized by the feudal clique of landowners, ministers, bureaucracy and big racketeers; rampant corruption at all levels including that of the federal and provincial ministers; operation of the judicial machinery in favor of the financially powerful and unscrupulous elements and inordinate delay in justice; mismanagement of the governmental enterprises and of the machinery regulating commerce, industry, transportation and communications; complete dissatisfaction of the parents from the educational system; the hatred and contempt surging in the middle class against the less educated, insensitive, medievalist and petty minded ministers who were generally devoid of any sense of merit, justice and love of the people; offensively luxurious living style of ministers, capitalists, landlords, traders and high executives of trade and industry; brutal and discriminatory harassment of tax payers by the income tax department and general harassment by the property, the electricity and water rate collectors; mismanagement of the municipal services and unjust allocation of its resources in favour of the most affluent sections of the cities and poor level of electricity, conservancy and water supply services in towns; atrocious and inefficient urban transportation system; rising house-rents and oppressive and brutal treatment of housing tenants by landlords in big cities; general non-recognition of merit of the professionally qualified youth; general atmosphere of sycophancy, influence peddling, misuse of office, position and the like; bureaucratic delays and red-tape.

The apparent threat keenly felt by the lower middle classes to the superstructure of its traditional values and zealously articulated and fanned by the mullah was in effect shared by all the reactionary elements of the Pakistani society, the feudals and the custodians of the tribal order included, not comprehending that the threat of the erosion of the superstructure of the traditional values stems from the imperialist influences as well as from the rising capitalist order within the country. The feudal aristocracy and its lackeys in the official information media took upon themselves to out-mullah the mullah. The government administered extremely massive doses of conservatism, obscurantism, traditionalism and truly barbaric notions of truth and reality. The tempo of the reactionary propaganda was significantly increased after the debacle of U.S. imperialism in Vietnam. The current atmosphere of irrationalism, confusion of real issues and loss of objective reality from sight is the natural outcome of the free reins held by the reactionary and obscurantist forces in the cultural, political and ideological fields. No government in the history of Pakistan had missed such a marvelous opportunity as this government did to propagate modern and scientific ideas in order to unleash the spiritual and intellectual powers of the oppressed people for ushering in

an era of progress and enlightenment Little wonder that during the last two years the credibility of the government among almost all the classes of urban population had been lost to an astonishing degree.

Looked at in the light of the lessons of the great social conflicts recorded in the history of the world, one was lead to believe that the nature of the current hostility between the industrial and trading classes of Pakistan on the one hand and the feudal class on the other is such that no lasting 'reconciliation is possible between the two contenders. Their hostility was bound to increase and their struggle bound to escalate. Each was destined to work for the annihilation of the other. The lesson of history was that in this life and death struggle the feudal was doomed. Unless the political and social domination of feudalism was got rid of first, it is not possible to remove the grievances which emanated from its very own political and social power. Not one example could be cited in the history of the modern world where a feudally dominated government had been able to withstand a counter-revolution engineered by that section of the industrial and financial community that is economically and politically tied to imperialism.

The basic issue involved in the national crisis was of 'beating back 'the counter-revolution launched by the big capitalist and his allies. The task could not be performed by the feudal. It could not also be left entirely to the lower-middle class—a class largely incapable of putting a nation on road to strength and progress. Hence the, fundamental imperative was that while power was snatched from the hands of the historically doomed oppressors and exploiters it was passed on to a united front of the productive classes and the enlightened and progressive elements of all classes. Only the genuine productive classes and their genuine friends were capable of coming through victorious and saving Pakistan. The guiding principles of such a united front should be:

The ideology of Pakistani nationalism should be promoted and all progressive measures and ideas must be based on genuine patriotism and love for the motherland.

For the ultimate defence of the country, local defence committees composed of poor peasants, workers and other patriotic elements of all, classes should be setup under the supervision of the national armed forces. A programme for the training of, the people's militia should be launched on a national scale.

The foreign policy of Pakistan should be designed primarily to defend the independence and sovereignty of the country against regional expansionism and imperialist domination and hegemony.

Feudalism must be destroyed and the poor peasantry fully emancipated. In non-agricultural areas, the pre-feudal political and economic base of unjust and exploitative systems must be destroyed and the poor and oppressed of those areas emancipated.

They must be afforded economic, educational and technological assistance to develop themselves and helped to preserve their distinct racial and cultural heritages.

For the destruction of feudalism, the following basic measures should be taken: elimination of batai (and its counterparts in the Frontier and Baluchistan) being exacted by the big absentee landlords; protection and encouragement of genuine self-cultivators that is persons who permanently live on the land and personally cultivate and manage it on full-time basis, in an area of land fixed on a family basis. The interests of the middle businessmen and middle and small industrialist should be protected. Store owners, shopkeepers and owners of small industrial units must be fully assisted and should never be harassed in any way. They should be encouraged and the capitalist of the twenty-two family class and the big manager, should be eliminated.

The right to possess unlimited riches and to earn unlimited income must be restricted.

Genuine political, and social power should be transferred in cities and rural areas to workers and peasants respectively and their genuine allies.

Women of Pakistan must be fully emancipated from the shackles of the feudal social system They must enjoy equal political social and economic rights.

The colonial system of oppressing the working classes lower-middle and middle classes, through concentrating the executive, judicial and tax collecting and fund apportioning powers in a small circle at the top must give way to a people's 'democracy of progressive elements of all classes.

All civil and criminal powers except those relating to national security should rest with a newly created judicial machinery.

The powers of planning, executing and managing services and projects relating to food health, distribution of essential commodities education housing local transport etc., must fully rest with democratically elected local committee of the poor people and their allies of all classes.

All religious communities and sects must be given full freedom to practice their beliefs without injuring the religious sentiments of any community or sect.