Pakistan

ISLAMIC SUMMIT
1974
PAKISTAN

Pakistan

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Founder of Pakistan—Quaid-i-Azam Mahomed Ali Jinnah (1876-1948)

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INTRODUCTION

PAKISTAN appeared on the world map as a sovereign state on 14 August, 1947. It was the culmination of the Muslim freedom movement under the inspiring leadership of Quaid-i-Azam Mahomed Ali Jinnah. It was also envisioned as the beginning of a new and exalted era in creative statecraft to forge a new order of progressive modern society anchored in the eternal principles of Islam. It had been wrested from unwilling hands by the consummate logic of its founding father and the united will of his people against the combined opposition of the indomitable Indian National Congress and British authority as represented by the Viceroy in India. Together they saw to it that the fledgling state was handicapped in all possible ways and every conceivable obstacle was put in its way to jeopardise its very existence. Pakistan thus began its independent existence in singularly inauspicious circumstances, and it was only the determination of the people under the inspiration and guidance of the

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Quaid-i-Azam that enabled the country to survive its first tempestuous years. When he died on 11 September, 1948, the nation lost both a font of inspiration, a source of central direction and a modulator of conflicting views and approaches to vital national questions.

The mantle of leadership fell on his trusted lieutenant, Quaid-i-Millat Liaquat Ali Khan, who did his best against overwhelming odds; but his assassination three years later (October 1951) opened the floodgates for a scramble for power. A mounting confusion of mind and purpose gripped the country. The intrigues of irresponsible politicians, provincial rivalries and ideological confusions enabled a bureaucratic oligarchy to take firmer roots and assume uncontrolled power. They had no serious commitment to democracy, no understanding of, or belief in politics, as a means of social and economic change. The Muslim League disintegrated into rival factions and there was no political party with its roots in the people which was capable of reflecting the national will and giving it a constructive direction. The sense of national purpose frittered away and its place was taken by political apathy. After a series of caretaker coalitions at the Centre, precariously based on shifting alliances and factional manoeuvring, the prevailing economic and political chaos led to the military take-over of 1958.

The two decades since the assassination of Liaquat Ali Khan and the appearance of the first popularly elected democratic government in the wake of a national catastrophe in 1971 were years of drift in which the bureaucracy increasingly strengthened its grip over the affairs of the State. Corruption spread its tentacles to a point where it almost became a way of life; and the people became increasingly alienated from politics. The story of a massive people's movement which ultimately swept Mr. Zulfikar Ali Bhutto to power

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on the basis of the great electoral victory won by his Pakistan People's Party is an epic of Pakistan's history. The toppling of a military regime well entrenched for over a decade was an important landmark in his struggle against the dictatorship.

A Decisive Moment

On 20 December, 1971, Pakistan stood dismembered through armed Indian intervention. It was the worst of time for Pakistan. The nation presented a picture of dismal despair and despondency. This was the decisive moment when the Pakistan People's Party Chairman, Mr. Zulfikar Ali Bhutto, took upon himself to steer the battered ship of Pakistan. He declared "we have to pick up the pieces, very small pieces."

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Prime Minister of Pakistan— Zulfikar Ali Bhutto

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A PROFILE

PRIME Minister Zulfikar Ali Bhutto who is the host at the Islamic Summit Conference has been in active politics in Pakistan since 1954. In October 1958, he became Pakistan's Commerce Minister at the age of 30—the youngest ever Federal Minister in his country's history.

His deep interest in politics and in international affairs dates back from his student days. His father, Shah Nawaz Bhutto, was a prominent leader of the South Asian subcontinent and played a key role in the separation of Sind from Bombay Presidency—a development which later made possible the establishment of Pakistan whose founder, Quaid-i-Azam Mahomed Ali Jinnah, was a friend of the Bhutto family and an idol of Zulfikar Ali Bhutto the student, served his apprenticeship in politics in Bombay by taking part in the Pakistan movement for a seperate Muslim homeland in the subcontinent.

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After finishing his high school in Bombay, Zulfikar Ali Bhutto went to the United States where he enrolled in the University of Southern California in Los Angeles in 1947 and later in 1949, transferred to the University of California in Berkeley. An activist student, he soon began to use the college forums to discuss international issues. One of his earliest addresses was on *The Islamic Heritage*; in it he said in April 1948 to a Los Angeles audience, "I only want to tell you of the Islam that was a burning light yesterday, the ember that it is today and the celestial flame of tomorrow, for that is how I envisage the future of Islam."

This vision of Islam has guided Zulfikar Ali Bhutto both in the formulation of his domestic and foreign policies; giving his Pakistan People's Party, with its Manifesto based on the Islamic principles of social justice, an overwhelming electoral victory in 1970-71, the Pakistan Government a cardinal principle in the conduct of its foreign policy, and to Pakistan the honour of being the host to the Islamic Summit Conference.

From Berkeley, Zulfikar Ali Bhutto graduated in 1950 in Political Science with Honours. He studied Jurisprudence under the famous jurist Professor Hans Kelsen. He then went to Christ Church College at Oxford University where in 1952 he got his M.A. Honours in Jurisprudence. A year later he was called to the Bar at Lincoln's Inn, and was then appointed Lecturer in International Law at the University of Southampton. On his return to Pakistan in 1954, he taught Constitutional Law at the Sind Muslim Law College in Karachi and also practised as a barrister at the West Pakistan High Court in Karachi (1954-58). Despite his successful debut as a lawyer and professor he was not able to devote much time to law because of his political activities in the interior of Sind.

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In 1958 Zulfikar Ali Bhutto was appointed as Minister in the Government of President Ayub Khan. He won elections to the National Assembly of Pakistan from Larkana in 1962 under the Basic Democracies system, and served in successive cabinets till 1966 when he resigned as Foreign Minister following policy differences with Ayub Khan. During his eight years as Minister, Zulfikar Ali Bhutto held many portfolios, such as Commerce; Fuel, Power and Natural Resources; Kashmir Affairs; National Reconstruction and Information; Tourism; Minority Affairs and, finally, from 1963, of Foreign Affairs.

Even before his appointment as Commerce Minister in 1958, Zulfikar Ali Bhutto had made his mark in foreign affairs as his contributions at international conferences showed. In 1957 he had represented Pakistan at the United Nations General Assembly. Next year he led the Pakistan delegation to the United Nations Conference in Geneva on the Law of the Sea. Even as a Cabinet Minister, before he took over the portfolio of Foreign Affairs, he had adopted policies which had a profound effect on Pakistan's relations with other countries; as Minister for Fuel, Power and Natural Resources, he led Pakistan's delegation to Moscow to negotiate an Oil Agreement with the Soviet Union in 1960, this being Pakistan's first agreement with the Soviet Union for economic collaboration. Mr. Bhutto led the Pakistan delegation in 1962-63 for six rounds of talks with India on the Jammu and Kashmir dispute and was Chairman of the Pakistan delegation to the United Nations General Assembly in 1959 and 1960. After he became Foreign Minister in 1963, he again led the Pakistan delegation to the UN General Assembly in 1963, 1964 and 1965, and to several crucial meetings of the Security Council.

Some of the significant achievements of Mr. Zulfikar Ali Bhutto during his tenure as Foreign Minister were his

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signing in Peking in 1963, the boundary agreement between Pakistan and the People's Republic of China, and the conclusion in the following year of a boundary agreement with Burma. Later, in April 1964, Zulfikar Ali Bhutto led the Pakistan delegation to the Foreign Ministers' meeting for the Second Afro-Asian Conference at Jakarta. Two months later, he played an important role in the fruition of the agreement at Istanbul for Regional Co-operation for Development (R.C.D.) between Iran, Turkey and Pakistan. In July 1965, he attended the Afro-Asian Foreign Ministers' Conference in Algeria, and also represented Pakistan at the Summit Conference in Cairo between Pakistan, United Arab Republic, Indonesia and the People's Republic of China.

In 1966, after the Tashkent Conference, Mr. Zulfikar Ali Bhutto resigned from the Ayub Government. On December 1, 1967, Mr. Zulfikar Ali Bhutto formed the Pakistan People's Party with the following motto:

1. Islam is our Faith
2. Democracy is our Polity
3. Socialism is our Economy
4. All Power to the People

Believing that the regime was out of step with the masses on all national issues—social, economic and political, Mr. Bhutto led the movement of the people against the regime of Ayub Khan in 1968. In an attempt to stop his movement, the regime imprisoned Mr. Bhutto in November 1968.

Elections were held in December 1970 on the basis of adult franchise. The counting of ballots showed that Mr. Bhutto's party had broken through the tribal voting pattern; awakened the people and made them understand how socio-economic reforms would revolutionise their lives; and swept the polls in West Pakistan, winning 82 of the 138 general seats for West Pakistan in the National Assembly and 144 of the 300 general seats in the Provincial Assemblies of the

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Punjab, Sind, NWFP and Baluchistan. Zulfikar Ali Bhutto was elected from the Lahore, Multan, Larkana, Badin and Thatta constituencies.

Zulfikar Ali Bhutto assumed the reins of government as President at the age of 44 on 20 December 1971 when Yahya Khan vacated office in the face of mounting public anger which followed the country's dismemberment as a result of India's armed involvement in Pakistan's internal affairs. Mr. Bhutto took over as Chief Martial Law Administrator but set to work immediately to call the National Assembly into session as the first step to give the country an interim constitution to replace Martial Law. When the National Assembly met in April 1972, he was elected the President. With the adoption of an interim constitution, he lifted Martial Law and was given a unanimous vote of confidence as the head of state and chief executive of Pakistan.

In the post-war conference in Simla, six months later, Zulfikar Ali Bhutto won back at the negotiating table virtually all that the 1971 war had cost West Pakistan, including 5,000 square miles of territory, without compromising his country's position on Kashmir.

Although the Pakistan People's Party had the support of more than two-thirds of the National Assembly and could have got the approval of this constitution-making body to its proposals for the permanent constitution it refrained from doing so. Instead, it sought a consensus on the constitution and for this purpose held negotiations with all the other political parties and groups represented in the National Assembly. Thus the Constitution was passed unanimously. Under it Zulfikar Ali Bhutto was elected Prime Minister on 12 August 1973 and assumed this office two days later.

The cause of the people of Palestine has always been close to Zulfikar Ali Bhutto. At a press conference in

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Teheran on October 18, 1973, he said:

> "From the beginning of the Palestinian conflict in 1948, we have expressed our solidarity with the Arab position. We have taken a constant and historical position on this conflict in conformity with the universally recognised international principles."

At the outbreak of the Arab-Israel war in October 1973 he again emphatically supported the Arab cause. At a meeting of the Chiefs of Staff of the Pakistan Army, Navy and Air Force on October 11, he said:

> "We would do whatever we can within our resources to be of assistance to the just cause of the Arab people, which we uphold dearly and consider to be a part of our own struggle. Pakistan has always supported the Arab cause because it is a just cause and we have uncompromisingly upheld our position in support of the just Arab cause. There was a conflict at the time when Israel was created; there was another war in 1958 and then in 1967. This is the fourth war that has raged in the Middle East. When the conflict arose, I immediately summoned all the Arab envoys in Pakistan and I made it quite clear to them that Pakistan, as an Islamic State, as an ideological state, will always uphold the principles of justice and equity uncompromisingly, unswervingly and unwaveringly; and that we would do whatever we can within our limited capacity to be of assistance in bringing about justice."

Zulfikar Ali Bhutto is fond of art and literature. When time permits he succumbs to a passion for reading books on history and current events. He has written many books, among them: The Myth of Independence; The Law of the Cease-Fire; The Political Situation in Pakistan; The Great Tragedy; Pakistan and the Alliances; Peace Keeping by the UN and Politics of the People.

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FOREIGN POLICY

"We want to have a foreign policy which is positive and constructive."
—Prime Minister Bhutto

THE events of 1971 underscored the need for recasting Pakistan's foreign policy along the cardinal principle of good relations with all countries on a bilateral basis. Simultaneously with initiating a review of the country's external relations, President Bhutto embarked on what he was to describe as a "journey of renaissance."

Odyssey of Goodwill

In January 1972, he paid an unscheduled visit to neighbouring Afghanistan. Later in the month, he undertook a 10,000 mile journey to eight Asian and African countries—Iran, Turkey, Morocco, Tunisia, Algeria, Libya, the Arab Republic of Egypt and Syria. In May, the President travelled to 12 other countries, becoming the first Pakistani head of state to visit the heartland of Africa. This second tour took him to the capitals of Kuwait, the Union of Arab Emirates,

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Iraq, Lebanon, Jordan, Saudi Arabia, Somalia, Ethiopia, Sudan, Nigeria, Guinea and Mauritania. In addition, he revisited Turkey and Iran with whom Pakistan has had long fraternal ties. In February 1972, the President paid a state visit to China. In March last year, he visited Moscow. He also sent special envoys to many countries which he was unable to visit personally.

Meanwhile, Pakistan received ranking visitors representing the five great powers—the United States, the United Kingdom, France, the U.S.S.R. and China—as well as from Africa, Europe, Asia and the Middle East.

Victory for Peace

To eliminate the consequences of 1971 war and to seek an honourable peace with India, President Bhutto, soon after taking over the reins of Government, began to emphasise the need for opening a dialogue between Islamabad and New Delhi. It was in this spirit that he travelled to Simla in the summer of 1972 for a summit meeting with the Indian Prime Minister.

The accord reached at Simla on July 3, 1973, expressed the resolve of both governments to "put an end to the conflict and confrontation that had hitherto marred their relations" and asserted their determination that "the principles and purposes of the Charter of the United Nations shall govern the relations between the two countries," President Bhutto called the Simla Agreement a victory neither for India nor for Pakistan but for peace.

Uneasy Peace: Return of POWs

Although Pakistan was able to recover more than 5,000 sq. miles of its western territory from India as a positive

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result of the Simla Agreement, yet New Delhi continued to hold more than 93,000 Pakistani prisoners of war. Pakistan's appeal to the world conscience and the favourable response it evoked culminated in official level talks which led to the Delhi Agreement on August 28, 1973. As a result of this Agreement, the Pakistani POWs have started returning home.

Kashmir

The Simla Agreement admits the existence of the dispute over Kashmir by providing that the line of control in Jammu and Kashmir "shall be respected by both sides without prejudice to the recognised position of either side" and by requiring that the representatives of two governments should meet before the next summit meeting to discuss "a final settlement of Jammu and Kashmir." During his recent tour of Azad Kashmir, Prime Minister Bhutto has made it abundantly clear that the final settlement of this dispute will have to be acceptable to the people of Kashmir.

Relations with Dacca

The Prime Minister once observed "we do indeed accept the reality of the aspiration of our brethren in Bangladesh. We wish them well." The People's Government has made a number of goodwill gestures towards Bangladesh. The Prime Minister has made it clear that he was taking the initiative because he "wanted to help start a new era in the subcontinent and wanted to accommodate Mr. Mujibur Rahman's point of view." The National Assembly has empowered the Prime Minister to recognise Bangladesh at an appropriate time, and it is hoped that normal relations between Pakistan and the former Eastern Wing of the country will be restored in the near future.

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With reference to Bangladesh's participation in the Islamic Summit Conference, Prime Minister Bhutto has declared that there could never be any question of making any distinction between "our brethren of East Pakistan and Muslims of other Islamic countries."

Relations with the Big Powers

Pakistan seeks to restore and maintain friendly relations with all the big powers. This policy is based on the principle of bilateralism. By maintaining friendly relations with all the great powers on the basis of principles and not expediency, Pakistan hopes to avoid involvement in disputes and struggles between them. One aspect of this new policy is to refrain from participating in multilateral pacts directed by one bloc of powers against another; for this reason, Pakistan has withdrawn from SEATO. Bilateralism, with the greater flexibility it implies, is a characteristic feature of Pakistan's foreign relations. In a climate of confrontation between two great powers, such a policy is undoubtedly subjected to severe tests. But in the climate of negotiations and conciliation inaugurated in 1972, this is the only policy which responds to the demands of the present historical phase of international affairs. Pakistan welcomes the new trends, not only on the grounds of principles but also because it seeks and receives no benefit from conflict between any two great powers. Accordingly, Prime Minister Bhutto has visited the People's Republic of China, Soviet Union and the United States of America during the past two years.

Friendship with China has been a cardinal factor in Pakistan's foreign policy. Mutually advantageous efforts at all levels are being constantly made to deepen this friendship.

Pakistan-Soviet relations are undergoing a process of positive revaluation since Mr. Zulfikar Ali Bhutto visited

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Moscow in March 1972 (as President of Pakistan). It is hoped that the Soviet Union will continue to support the cause of peace in the subcontinent.

During the third week of September last year, Prime Minister Bhutto visited the United States of America and also addressed the UN General Assembly. The US President Richard Nixon, while welcoming the Prime Minister formally, observed, that "the independence and integrity of Pakistan is a cornerstone of US foreign policy."

The US Secretary of State, Henry Kissinger came to Islamabad in November to discuss the Middle East situation with Prime Minister Bhutto. After the talks in Islamabad Dr. Kissinger observed that the two countries had agreed to undertake "in their own way" major efforts in the direction of a lasting and just peace in the Middle East.

The Muslim World

Prime Minister Bhutto's Government has been fostering close relations with countries of the Muslim world, which stretches from Al-Maghreb to Indonesia.

The co-operation between Pakistan, Iran and Turkey has been given an impetus with the personal diplomacy of Mr. Zulfikar Ali Bhutto in Teheran and Ankara.

Prime Minister Bhutto's Government was among the first to recognise General Daud's Government and offered it the hand of friendship. The Prime Minister during the recent foreign policy debate in the National Assembly observed: "Inspite of the fact that Afghanistan lays claims to more than half of Pakistan, we do not want to spoil our relations with Afghanistan."

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Muslim Identity

In an address to the National Parliament on 21st December, 1973 the Prime Minister referred to the latest Arab-Israel war and made a lucid summation of the strength and tenacity of Pakistan's commitment to the cause of Muslim solidarity. He said: "Pakistan has always played its part for the Arabs in the Middle Eastern conflict. Pakistan has always stood by its Arab friends in the conflict with Israel. But I would say that in this conflict we have done more than would have been possible for a state, given the threats that existed to Pakistan. We are proud of having rendered services to a just cause, to the cause of our Arab brethern. I hope there is not another conflict. I hope there is not another war. But if there is another conflict, our position will be the same, and we will do more, if necessary, in support of the just cause of the Arab people, notwithstanding what might be the attitude of great and small powers put together. This is our faith, this is our commitment, and we shall honour this commitment. This is the feeling of the people of Pakistan."

History and geography both make Pakistan an integral part of the Muslim world. Situated at the head of the Arabian sea, Pakistan flanks the oil producing Muslim countries and is, therefore, of strategic importance to many countries of the Middle East. Imperishable affinities of culture, religion and historical experience bind Pakistan to other Muslim nations and underline their community of interest. Pakistan has strongly supported the just cause of the Arab world, which in turn stood by Islamabad in Pakistan's hour of trial in 1971. Their subsequent support has not only been a source of strength to Pakistan but also demonstrated to the world at large the solidarity of the Muslim Millat.

This solidarity was once again evinced by the instant enthusiasm and vigour with which Pakistanis rose as one

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man in support of their Arab brethern in the struggle against Zionist aggression. The lightning speed with which Prime Minister moved in the matter and pledged and gave full and complete support to the Arab cause was a characteristic response demonstrating that the new Pakistan was more than ever committed to the ideal of Muslim unity.

Relations with Muslim Countries

Pakistan's relations with the Muslim countries have always had an extra diplomatic dimension. Some salient features of this cordiality are detailed below:

Pakistan enjoys friendly relations with Indonesia. Economic and Cultural Co-operation has been reinforced by the exchange of visits by high level emissaries between the two countries.

Malaysia, like Indonesia, is a Muslim country with which Pakistan seeks to develop still closer relations. Malaysia and Pakistan have an agreement on technical assistance. On 6th July, 1973 the two countries also signed an air service agreement. Pakistani doctors serve in Malaysia, while training facilities to Malaysian nationals are provided in Pakistan.

With Kuwait and other Arab States of the area, Pakistan has always had fraternal relations. Pakistan had pleaded the cause of unity in this region and has spontaneously welcomed the emergence of the United Arab Emirates. In December last year, the Prime Minister visited Bahrain, Qatar, Abu Dhabi and Dubai. Earlier, he toured Kuwait and Oman. These visits further cemented Pakistan's relations with the neighbouring Arab States and opened a new chapter of friendship and understanding. Abu Dhabi is investing in a PIDC, Fertilizer Factory project and an Oil Refinery in Pakistan. This is yet another example of the growing economic co-operation with the States of this area.

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The people of Pakistan share deep historical, cultural and ethnic links with the people of Iran. The personal friendship between the leaders of the two countries is exemplary and we may look forward to further promotion of understanding and co-operation.

Pakistan has supported the right of Turkey to intervene in the event of violation of the rights of Turkish Cypriots. The relations between Muslims of the subcontinent and Turkey date back to the Khilafat Movement. Pakistan enjoys excellent relations with Turkey. It is this commonalty of tradition that has made possible the Regional Co-operation for Development between Pakistan, Iran and Turkey.

The people of Pakistan have deep spiritual links with the people of Saudi Arabia. The relations between Pakistan and Saudi Arabia have developed in all fields during the past 25 years. Close co-operation exists between the two countries particularly in the fields of technology, defence and health.

Jordan is one of Pakistan's best friends in the Middle East. King Hussein has paid a number of visits to Pakistan. These visits have been returned by Pakistani leaders including Prime Minister Bhutto.

Pakistan's relations with Syria have all along been cordial. The people of Syria know that Pakistan stood by them during their struggle against Zionism. The relations between the two countries were further strengthened by Prime Minister Bhutto's visit to Syria and his meeting with President Assad.

Similarly, Pakistan has always enjoyed the best of relations with Lebanon. These relations were further strengthened by Prime Minister Bhutto's visit to Beirut in 1972.

Pakistan attaches great importance to its relations with Egypt. It is a matter of satisfaction that relations between

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Cairo and Islamabad have steadily progressed as a result of personal contacts between President Sadat and Prime Minister Bhutto.

Pakistan is deeply indebted to Libya for its unconditional support during the 1971 crisis. President Qadhafi has been an unflinching spokesman of Pakistan's integrity. The two countries look forward to bright future of brotherly co-operation.

Pakistan's role in the freedom movement of Al-Maghreb countries namely Morocco, Algeria and Tunisia is too well-known to need repetition. In 1959, Prime Minister Bhutto, as leader of Pakistan's delegation to the U.N. General Assembly, strongly advocated the cause of Algeria. This support has provided solid basis for growing co-operation between Pakistan and the Al-Maghreb countries.

New Perspectives

As a demonstration of the new orientation of its foreign policy, Pakistan has recently recognised the Democratic Republic of Vietnam, the Democratic Republic of Korea and the Government of Prince Sihanouk of Cambodia.

Europe

Prime Minister Bhutto's Government is endeavouring to introduce more positive elements in its relations with Europe. But as a forward-looking Government, it rejects any legacy of the past which has outlived its utility. Consequently Pakistan left the Commonwealth—an old colonial association whose utility has further diminished with the British entry into the European Common Market. Nevertheless, Pakistan maintains close bilateral relations with the United Kingdom on matters of mutual interests. Links with France and the Federal Republic of Germany are also strong. Simultaneously, Pakistan is forging new relations

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with East European countries. This has been made clear by the recognition of the German Democratic Republic and the signing of solemn joint declaration with Romania in January 1973, at the conclusion of President Nicolae Ceausescu's visit to Pakistan.

Third World and Development

In her struggle for economic development, Pakistan shares common problems and aspirations with countries of the Third World. In order to give weight to her arguments on economic strategy, Pakistan is trying to maintain close relations with the developing countries to whom ever-increasing technical assistance is being given. Equally, Prime Minister Bhutto's Government has succeeded in restoring economic assistance from abroad which is vital for the economic progress of the country.

Third World Aspirations

Although an Asian nation, Pakistan's vision is not parochial. It has unswervingly supported the African struggle for emancipation from colonial rule and domination. "We shall play our part," as the Prime Minister has said, "in promoting the solidarity of the peoples of the underdeveloped world with whom we share the same problems. At the same time, it will be our endeavour to develop positively our relations with North America and Europe. Pakistan's political aspirations, belief in equality and the rights of the under-privileged will be expressed in its foreign policy. A new Pakistan has risen from the ashes of the old—new not only in form but in inspiration and purpose." "Our new vision," to quote Prime Minister Bhutto once again, "will be reflected in a foreign policy which, corresponding to a recognition of Pakistan's geopolitical position, will ensure that henceforth Pakistan will play a constructive and meaningful role in the world affairs."

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ECONOMIC POTENTIAL

THE economy of Pakistan has made a remarkable recovery since the assumption of power by an elected government in 1971. Though this has been an eventful period characterized by repeated crises, producing short-term dips in the econonomic graph, the general movement has been upward on a course of healthy revival. Price escalation which kicked successive upward curves during the year 1972-73 has been exerting considerable strain on the economy, and the inflationary pressures generated by a wide variety of factors, tended to be aggravated by imperfect market speculation etc. But the significance of the economic recovery has been the fact that a secure foundation has been laid for a resilient economy whose egalitarian thrust should provide for orderly welfare-oriented growth.

The recovery of the economy is reflected in a number of indicators. Basically, it is reflected in the process of

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growth in production. Agricultural production has started rising again, after a period of stagnation, and the trend is likely to be maintained despite serious damage to standing Kharif crops due to floods in the Punjab and Sind. Industrial production is rising faster than growth in agricultural output, and the pace of recovery appears to be accelerating. Pakistan's foreign trade has recorded a sharp favourable turn and the balance of payments gap has narrowed down considerably giving much greater economic manoeuvrability than was available earlier. Investment demand, though not buoyant in large scale industry, is being well sustained in areas where small investors' decisions are involved.

Investment activity is gradually reviving in housing, commercial construction, agriculture (tube-wells, tractors, implements etc.) road transport and small-scale industry. The public sector has acquired greater capability for efficient implementation and management of large projects. It is also gaining confidence in its capacity to serve directly as an instrument of progress. A number of important public sector development projects have reached a stage where their physical implementation could begin shortly changing the complexion of the development programme which has so far comprised mainly of old on-going projects.

There are still significant problems in the economy which have to be tackled. Firstly, the investment level remains inadequate. Substantial short-term progress has been achieved in increasing production through a more efficient use of existing capacity in agriculture and industry. However, long-term growth prospects must depend upon a considerable acceleration in the level of investment in the economy for which preparations have been made, but which would physically take place in the coming years. Secondly, the problem of inflation in the economy has not yet been fully overcome, though a powerful anti-inflationary programme

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has been evolved which has already brought the price situation partially under control. The recent floods in the months of August and September added to the difficulties and may delay the process of normalization of the price situation for some time.

Despite the continuation of certain problems, there has been rapid economic recovery, which represents not simply the revival of a shattered economy on the old foundations but the creation of a new basis for economic organization. Reconstruction of the economy and reformulation of its basic parameters has proceeded side by side.

Economic Reforms

The need for economic reforms had long been recognized. Concentration of economic power and mal-distribution of the fruits of economic growth were recognized as fundamental problems requiring urgent attention. The breakdown of the economy, following the events of 1971 was to a considerable extent a consequence of the defects in the basic system which were recognized but not corrected in time.

The process of economic reforms began within a few days after the assumption of office by the new government. The Economic Reforms Order, 1972, issued on 2 January, 1972, transferred the effective control and management of 31 industrial enterprises in 10 basic categories to the public sector. For a certain period, the Government managed these industries under special powers without acquiring ownership. During 1972 and the first half of 1973, the Government organized its administrative set-up for the efficient management of taken-over industries. For the enterprises which remained in the private sector, the Companies (Managing Agency and Election of Directors) Orders, 1972,

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specified a framework which would avoid domination of units by narrowly based personal and family-group interests. The antiquated managing agency system which had served as a key element in bringing about concentration of ownership in industry was abolished. Proportional representation on the Board of Management was introduced to allow minority share-holders a share in the overall management and control of the industrial units.

Land Reforms

Land reforms were introduced in March 1972, and were aimed at initiating long-delayed change in agrarian relationship.

Ceiling for Ownership

The ceiling for individual land ownership was reduced from 500 acres of irrigated land to 150 acres. The ceiling is higher for non-irrigated land (300 acres). However, the relevant ceiling is really for irrigated land, since bulk of the land in West Pakistan is irrigated and since irrigated land is much more valuable and productive. In terms of the common denominator of produce index unit, the ceiling was reduced from 36,000 to 14,000 units. The surplus land was acquired by the Government without compensation and was transferred to landless peasants free of charge.

Reforms of Fundamental Significance

The industrial reforms and land reforms were of fundamental significance as they changed the basic assumptions of the economy regarding ownership of means of production. The public sector acquired a permanent stake in industrial enterprise and the principle of public management and ownership of industries was accepted.

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Social Reforms

In addition, far-reaching reforms were carried out in labour relations and education and health policies. These reforms approached the problem from the other end. While industrial and agricultural reforms were directed towards prescribing limits of personal and group control of means of production, the social reforms aimed at strengthening the bargaining position of the worker vis-a-vis the employer, and ensured a minimum remuneration for him. Education and health facilities would improve his efficiency and increase his chances of making progress, by removing the handicaps of ill-health and ignorance imposed by poverty.

Financial Reforms

Finally, in the financial field, the nationalization of life insurance business has been recently followed by the nationalization of banks and shipping firms. This is calculated to produce basic changes in the character of the banking system and to ensure a more equitable distribution of credit facilities. By removing the levers of financial power from the hands of a few, the available savings in the economy can be used for augmenting the resources of small entrepreneurs, petty businessmen, individual house-holders and the average farmer so that a much wider class of progressive participants in economic activity can develop.

Economic Recovery

Towards the middle of 1972, in a period of less than six months, most of the essential reforms had already been carried out. Having thus set the framework, the Government devoted its full attention to the task of reviving the tempo of economic activity.

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In May 1972, it was decided to replace the cumbersome and out-moded system of multiple exchange rates based on the bonus voucher scheme by a uniform exchange rate. The different exchange rates for various transactions ranging from Rs. 4.76 per dollar to Rs. 9.50 per dollar were abolished. A new parity of the rupee was fixed for all import and export transactions at Rs. 11 per dollar. This was accompanied by a number of supplementary measures, including a revision of the import tariff, imposition of export duties and the enhancement of Bank Rate from 5% to 6%. This provided the basic framework for a vigorous effort to improve the balance of payments and for initiating export oriented growth in the economy.

The size of the development expenditure for public sector was fixed at Rs. 4,150 million in the first budget presented by the new government in June 1972, compared to Rs. 3,000 million spent on development by the Government during 1970-71 and Rs. 2,000 million in 1971-72 in West Pakistan.

Priorities

Priorities were reassessed. Much larger expenditure was planned on removing power shortage, improving transport facilities and on new socio-economic policies. Various new programmes were initiated and directed particularly towards improving the conditions in rural areas and the less fortunate urban areas. These included Integrated Rural Development Programme, People's Works Programme, Agrovilles, and an Urban Housing Programme.

In agriculture, considerable emphasis was placed on evolving an incentive price package for farm produce. The case of each commodity was carefully studied and support prices were declared at the time of sowing of the crop. Care

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was exercised to devise a policy which would strike a balance between the requirements of consumers and the producers.

In the industrial field, the main policy instrument was the liberalization of import of raw materials. Industry had been working previously below full capacity mainly because of restricted availability of raw material. The devaluation made it possible, both as a result of price adjustment and larger earnings of foreign exchange, to liberalize the import of raw materials. During 1972-73, licences were issued amounting to Rs. 4,797.60 million for the import of raw materials.

Actual imports of raw materials amounted to Rs. 3,414.80 million compared to Rs. 1,218.10 million in the preceding year.

Funds were raised mainly by collecting more from existing sources of revenue. Additional taxation was imposed amounting to Rs. 1,033.70 million in the Budget for 1972-73. Total revenue, however, increased during 1972-73 to Rs. 8,509.50 million compared to Rs. 7,832.50 million from whole of Pakistan (including East Pakistan) in 1970-71. New taxation measures included the abolition of tax holiday, which had benefited a few heavy investors, and enhancement of tax rates on high income brackets.

Devaluation and larger budgetary allocations for development were the initial steps in starting the process of revival in the economy. Specific policies for agriculture and industry supplemented this effort.

The response of the economy was quite encouraging. During fiscal year 1972-73, value added in agriculture increased by 3.1% compared to 2.8% in 1971-72 and (—) 1.9% in 1970-71. Industrial production increased by 10.7% in

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sharp contrast to a decline of 5.6% in the preceding year. Construction activity, as reflected in the use of cement, within the country expanded by 13%.

The increase in the production of goods and services in various sectors led to an overall growth rate in GNP which was initially estimated at 6.5%. Subsequent availability of data indicates that the increase in GNP may exceed the earlier estimate. It is likely to be close to 7%.

Production is continuing to increase at an expanding pace. During the fiscal year 1973-74 the original target was for a growth rate of 8% with 6% increase in agriculture and 14% in large-scale industry. As a result of flood damage, it is now expected that the growth rate may be roughly 6%.

Exports are growing at a much faster pace. West Pakistan's exports amounted to $419.8 million during 1970-71. There was an increase of 40.3% to $590 million during 1971-72. This was to a large extent, due to the diversion of exports which were previously being sent to East Pakistan. Bulk of the diversion process had been accomplished by June 1972. It was, therefore, remarkable that during 1972-73 exports increased again by 38.3%, to $816 million. The growth momentum of exports appears to have been sustained during 1973-74. Exports during the four-month period of July-October 1973, amounted to $246.84 million. The initial target was $900 million for the year. This has later been revised upward to $1,100 million.

The anti-inflationary programme adopted by the Government aimed at containing the inflationary pressures by eschewing further inflationary financing in the public sector, restructuring of interest rates to mobilize domestic savings, and adjusting the prices of farm products to encourage the agriculture sector to increase output. Within this overall

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approach, some relief was given to low-paid employees of the public and private sector by readjusting incomes and prices, but without any significant addition to the overall monetary demand in the economy.

Employment Strategy

The magnitude of the present unemployment is, to a considerable extent, the consequence of the capital intensive mode of development in the past. To overcome the shortcomings of past planning, it has been decided to treat employment as the primary goal of economic development and an essential criterion in assessing the viability of projects and programmes. Aside from the formulation of a long-term employment strategy, the Government has decided to launch programmes to increase work opportunities for the educated unemployed by making fuller use of the existing facilities and organization, both in the private and public sectors. An important link in the chain of the employment policy was the launching of an ambitious National Development Volunteer Programme. This programme aims at providing job opportunities initially to scientists, engineers, and technicians.

The proposed Annual Development Programme (ADP) for 1973-74 represents a continuation of the strategy of the 1972-73 plan, with a significant increase in its financial diamensions. The size and composition of this programme have been determined keeping in view the following objectives:

a) to accelerate the development effort of the country by stepping up the investment level, by more effective utilization of existing capacity and by stimulating exports;

b) to redistribute consumption in favour of the poor through suitable changes in the pattern of produc-

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tion and through higher expenditure on social investment, particularly education, health, drinking water, housing, communications and electricity;

c) to enlarge opportunities for productive employment; the general policies for expanding employment opportunities to be supplemented and coordinated with specific programmes to draw the educated employed into the stream of gainful economic activity;

d) to intensify efforts for the development of economically backward areas of the country;

e) to devise special programme for rural development and for improving living conditions in urban areas;

f) to maintain an appropriate balance between wages, prices and incomes and ensure adequate supplies of essential consumer goods at reasonably stable prices.

The net size of the Annual Development Programme, covering the public sector only, has been fixed at Rs. 5,575 million, including a provision of Rs. 732.3 million for Indus Basin work and Tarbela Dam.

This would be about 30 per cent higher than the estimated actual expenditure of Rs. 4,300 million during 1972-73.

The ADP 1973-74 is to be financed from domestic resources amounting to Rs. 2,270 million, including deficit financing of Rs. 1,252 million and from external resources amounting to Rs. 3,305 million. Project aid is expected to

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be utilized to the extent of Rs. 949 million. Commodity aid, including food aid, is expected to yield Rs. 2,355 million.

ADP Composition	*Rupees in million*
Federal Government:	3,503.8
a) Departments	1,431.1
b) Indus Basin	732.4
c) WAPDA	959.7
d) PIDC	172.0
e) PWR	208.6

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Chief Justice of Pakistan, Mr. Hamoodur Rahman, administers oath of office of the President to Mr. Fazal Elahi Chaudhry on 14 August, 1973.

President Fazal Elahi Chaudhry administers oath of office of the Prime Minister of Pakistan to Mr. Zulfikar Ali Bhutto on 14 August, 1973.

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CONSTITUTION

PAKISTAN'S new Constitution unanimously adopted on April 10, 1973, and promulgated on August 14, 1973, proclaims a federal Islamic democratic republic. The passage of the Constitution with a broad national consensus was widely hailed at home and abroad as a momentous event in the political history of Pakistan.

This Constitution, which is the first to have been drawn up by the directly elected representatives of the people, envisages a federal parliamentary system with a President as Constitutional Head and a Prime Minister as Chief Executive, elected by the National Assembly from amongst its members. The President has to act on and in accordance with the advice of the Prime Minister and such advice is binding on the President.

The Executive is answerable to the Legislature which

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represents the will of the people. The Executive and the Legislature are accountable to the sovereign people who shall express their will through the elections held on the basis of universal adult suffrage. The Judiciary is independent of the Executive and has the full power to restrain any excesses of the Executive in violation of the Constitution.

The Fundamental Rights have been spelt out in detail in the Constitution. The only rider that has been incorporated in the Constitution is the preventive detention of persons suspected of acting against the security of the state, but subject to the agreement of a Review Board after one month and thereafter at three monthly intervals. The safeguard continues even in times of emergency, when the Federal Government has power to take over any of the functions of a Provincial Government. A remedy of the nature of habeas corpus is available at all times.

The Fundamental Rights have been made justiciable and the individual's right to own property, but not limitless property, has also been included. The state has now the unfettered right to put limits on wealth, to legislate for the welfare of the people and bring about economic and social justice.

The Constitution has re-established the supremacy of civilian authority over the armed forces, removing the temptation to seek, as Mr. Zulfikar Ali Bhutto himself put it, "a simple solution."

The principal goal before the people of Pakistan, which is a developing society, was to create conditions for a transition towards a qualitatively superior socio-economic culture. The Constitution in its preamble in Article 39 tends to promote socio-economic well-being of the people. Article 40

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spells out that the state shall endeavour to secure the well-being of the people by raising their standard of living, by preventing the concentration of wealth and means of production and distribution in the hands of a few to the detriment of the general interest and by ensuring equitable adjustment of rights between employers and employees and landlords and tenants.

The Constitution establishes an Islamic Council whose functions are to make recommendations to enable and encourage Muslims to order their lives in accordance with the principles and concepts of Islam, to advise whether a proposed law is repugnant to the injunctions of Islam, to recommend ways of bringing laws into conformity with them, and to compile for the guidance of the Legislatures such injunctions as can be given legal effect. Other Islamic provisions in the Constitution show that a sincere attempt has been made to establish a kind of Islamic democracy envisaged by the Founder of the Nation and to ensure that the affairs of the state are conducted in accordance with the essentials of Islam. An important feature of the Constitution is its bold declaration that Islam is the state religion of Pakistan.

The Islamic character of the Constitution is further strengthened by the solemn declaration that the state will adopt concrete measures to propagate and establish the Islamic way of life. Article 31 provides that steps shall be taken to enable the Muslims of Pakistan individually and collectively to order their lives in accordance with the fundamental principles whereby they may be enabled to understand the meaning of life according to the Holy Quran and Sunna. This Article further provides that it will be the responsibility of the state to make the teaching of the Holy Quran and Islamiat compulsory, to promote unity and observance of the Islamic moral standards, to secure the proper organization of Zakat, Auqaf and mosques, to encourage and facilitate the learning

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of the Arabic language and to ensure the correctness of the printed text of the Quran.

The most important aspect of the Constitution relates to the solution of the problem of Centre-Provinces relations. It is indeed for the first time that a satisfactory solution has been found to the autonomy issue. By leaving the residuary powers with the Provincial legislatures, the Constitution has taken a step further in establishing the true federal principle and thus making the Provinces as autonomous as possible consistent, however, with the unity of the country as a whole. Under the Constitution there are two Governments working side by side; and the limits of operation of the Federal Government being defined by the Constitution, the Provincial Governments are entirely independent of the control of the Federal Government. They are co-ordinated but independent organs of sovereign power, the Provincial Governments being especially the masters in spheres of their jurisdiction.

The Constitution also makes into a principle of policy and a categorical imperative what has been a constant aspect of the history and tradition of Pakistan's foreign relations. Article 43 under the Principles of Policy says: "The State shall endeavour to preserve and strengthen the fraternal relations among Muslim countries based on Islamic unity, support the common interests of the people of Asia, Africa and Latin America, promote international peace and security, foster goodwill and friendly relations among all nations and encourage the settlement of international disputes by peaceful means." It thus gives a sharper focus of meaning and a new emphasis to Pakistan's indentification with the struggle and aspirations of the Third World for the reclamation of political freedom, economic opportunity and human dignity. It deepens Pakistan's commitment to the pursuit of world peace and to the consistency of the basic principles of an international order.

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