

# ***A Critical Appraisal of the Economic Reforms under Zulfikar Ali Bhutto: An Assessment***

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## **Abstract**

*Zulfikar Ali Bhutto came to power as a result of the first national General Elections held in Pakistan. He had to play his part of leadership in exceptionally trying and tumultuous time in the history of the country, when half of Pakistan had seceded. Pakistan was economically and militarily humiliated and morale of the nation was at its lowest ebb. During a short election campaign that Bhutto carried out under the platform of the Pakistan Peoples Party (PPP), he had promised to lessen the regional and class disparities, which were created during the Ayub regime. For the accomplishment of this task, he launched a series of economic reforms. Academic assessment of these economic reforms has been differing and since then there has been a continued debate whether economic reforms under Bhutto was a sagacious decision or it caused damage to the country's economy. These reforms and ensuing debate is the subject of this article.*

## **Introduction**

The aggravated political situation of the late sixties adversely affected the economy of Pakistan: it was since early 1969 that the growth of per capita output registered negative trend. The challenge confronting Bhutto was not only to revive the weak economy but also to redress the

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distributional issues: judicial distribution of resources had been the constant theme in Bhutto's speeches. Until the late 1960s, import-substitution<sup>1</sup> industrialization had led to the growth of consumer goods industries. Omar Noman, a political economist, is of the opinion that "Pakistan's economic evolution had reached a stage where policy makers had committed themselves to greater state intervention even prior to the PPP's ascension to power" and that "substantial progress had been made in negotiations with foreign powers regarding collaboration, in setting up large capital goods producing units, such as steel mill."<sup>2</sup> According to Noman, the intention of the Ayub Government was "to expand the public sector into capital goods production, with the private sector being encouraged to establish downstream industries".<sup>3</sup> However, any trace of official record is not available to testify the aforementioned contention. The PPP government, nonetheless, nationalized the existing private sector enterprises and brought it into the fold of public ownership immediately after seizing reins of the Government.

Before the assessment of the consequences of economic reforms under Bhutto, one thing must be clear that his administration inherited a difficult economic scenario and urgent action was needed to address three gray areas. First, with the cessation of East Pakistan, exports of manufactured goods from Pakistan had to go to new markets for it was inconceivable that Pakistan's relations with Bangladesh would normalize so quickly as to permit trade between the two countries. Second, Bhutto had to address the widespread perception, created by himself and Mehboob-ul-Haq, that the Ayub period was responsible for injudicious distribution of the country's resources. Third, the government faced shortfall of resources as a result of cessation of foreign aid by

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1 A policy to set up local industry to produce the goods and services locally that were being imported earlier.

2 Omar Noman, *The Political Economy of Pakistan* (London: KPI Limited, 1988), p.74.

3 *Ibid.*

most of Pakistan's principal donors as a punitive measure following the army action in East Pakistan and its appendage financial and morale bankruptcy the country was faced with.

Through his ability to articulate the public sentiments for economic and social reforms, Bhutto stirred people's imagination and succeeded in getting mass appeal. He described the economic strategy under Ayub as "a monstrous economic system of loot and plunder which the regime branded as a free enterprise".<sup>4</sup> The programme of economic and political reforms gathered support from a wide constituency – the peasantry, the factory workers, the urban lower middle class, the proletariat and landlords from Sindh. Landlords were a substantial component of the founding members of Bhutto's party. Since Bhutto was always ready to play to gallery: he seized upon every opportunity to speak to maximum number of people and turn them into his followers.

As far as nationalization of industries was concerned, it can be divided into two phases. The first phase started soon after the PPP came into power and the motivation behind it was distributional concerns – to bring under state control the financial and physical capital controlled by a tiny corporate elite. However, in 1974, influence and authority of the left wing within the party significantly decreased: they had either been marginalized or purged.<sup>5</sup> The second phase began in 1974 and the motives and effects of the secondary phase of nationalizations differed from the initial phase. While the first phase was the result of a well thought out strategy motivated by ideological forces, the subsequent phase was the outcome of *ad hoc* responses to various

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4 Quoted in Hassan Askari Rizvi, *PPP – The First Phase, 1969 – 71* (Lahore: Progressive Publications, 1972), p.7.

5 Shahid Javed Burki, *Pakistan under Bhutto 1971-1977* (London: The Macmillan Press, 1988), p.142. What Bhutto did to one of his closest colleagues, J. A. Rahim, was an eye opening incident and an example for those who had got stomach to challenge Bhutto in any of his choices or priorities. J. A. Rahim was an ideologue of PPP since he had written and compiled foundation documents of the party. But Bhutto got him beaten by FSF due only to Mr. Rahim's pointing out that why Mr. Bhutto turned up so late in the meeting. Short temperedness characterized Mr. Bhutto's attitude.

situations.<sup>6</sup> During 1974-76, the style of economic management Bhutto adopted reduced the role of Planning Commission as well as its capacity to offer advice to the political decision-makers.<sup>7</sup> Corruption grew exponentially and access to state corridors became a primary avenue of accumulating a private fortune. In the way, groups and individuals in command of state institutions used public intervention in the "economy as a means for extending their wealth and power."<sup>8</sup>

The first phase of nationalization began in January 1972, when the government took over thirty-one industrial units falling under ten categories of basic industries. This measure was not as extensive as it appeared to be because these units were confined to capital and intermediate goods producing sector. According to Noman, this sector was "only 20% of value added of the large-scale manufacturing sector".<sup>9</sup> As most of the privately owned industrial units were in the consumer goods sectors, they remained unaffected by the nationalization. Soon after the first phase take-over of basic industries, the State Bank announced a newly restructured credit policy — the main beneficiaries of which were small landlords, rich peasants and the smaller industrial capitalists. The credit policy mitigated fears of the private sector and the stock market and industrial confidence recovered sharply. State intervention under Bhutto was, in fact, not aimed at appropriating socialist ownership of all the means of production: the aim was to create a mixed economy with the state concentrating on heavy industry and curbing excessive inequalities. Thus, such a policy could not be a threat to the structure of private enterprise *per se*. The success of such a strategy depends on the clear demarcation of roles to be played by the private sector and the public sector; otherwise caution and confusion hamper the growth

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6 Shah Rukh Rafi Khan ed., *50 Years of Pakistan's Economy* (Karachi: Oxford University Press, 1999), p.69.

7 Burki, *Op.Cit.*, p.178.

8 Noman, *Op.Cit.*, p.75.

9 *Ibid.*, p.76.

in economy. Indeed, the first year of Bhutto rule saw a healthy economic recovery after the trauma of 1971; particularly so because a massive devaluation of the rupee, in May 1972, had facilitated growth in exports. In Akbar Zaidi's opinion, the devaluation of rupee by 120 per cent, brought significant dividends in terms of export growth – in one year (1972-73) despite the loss of East Pakistan's exportable produce, West Pakistan doubled its foreign exchange earnings".<sup>10</sup> According to Ishrat Husain, it was Bhutto government's "key decision".<sup>11</sup> The 1972 devaluation decision was hotly debated within the government. The then Finance Minister, Mubashir Hasan initially resisted the large reduction in value of rupee on the grounds that it would have an adverse impact on the price level. He was finally convinced when it was argued that the devaluation would sharply raise the private sector external debt obligations in rupee terms and would help bring the industrialist class even more under the government's influence.<sup>12</sup> The exchange rate was not well received by the public initially because of its evident inflationary consequences, which they initially envisaged. In 1973, when the dollar was devalued, Pakistan decided not to follow suit and increased the value of its currency to Rs. 9.90 per US dollar.<sup>13</sup> However, the 1973 OPEC (Oil Producing and Exporting Countries) price increases played havoc with Pakistan's import bill and the balance of payments deteriorated.<sup>14</sup> This was a severe problem for the government because the state treasury did not hold much reserve.

The relatively harmonious relationship between the public and private sector was given a blow by a series of

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10 S. Akbar Zaidi, *Issues in Pakistan's Economy* (Karachi: Oxford University Press, 1999), p.6.

11 Ishrat Husain, *Pakistan: The Economy of an Elitist State* (Karachi: Oxford University Press, 1999), p.23.

12 Mubashir Hasan revealed during an interview with the writer in Islamabad, April 16, 2004.

13 Parvez Hasan, *Pakistan's Economy at the Cross Roads* (Karachi: Oxford University Press, 1998), p.203.

14 Zaidi, *Op. Cit.*, p.6.

nationalizations of industrial units which began in 1973 and culminated in the take-over of rice husking mills in 1976: these nationalizations were the *ad hoc* responses towards various circumstances. In August 1973, floods of intensive magnitude swept across the extent of the country, the first natural calamity of this nature to have inundated the country. The immediate result was in the shape of skyrocketing price hikes in consumer goods. For instance, the price of cooking oil increased threefold.<sup>15</sup> As if it was not enough, cotton crop continued to be affected by pests and floods.<sup>16</sup> The government's back out from the promise that it would not nationalize small industrial units, caused panic and consequently private investment fell considerably. Moreover, this measure encroached upon the public confidence. Bhutto government's arbitrary and unexpected move in July 1976, to nationalize the flour mills, cotton ginning and rice husking mills was the most unpopular measure for which the PPP had to bear serious political costs. The small industrialists, traders and shopkeepers were outraged by these measures which threatened their livelihood. These were the people who played active part as opposition movement in paralyzing economic activity during national strikes: thus ensuring the efficacy of protests and eventual downfall of the PPP government.

However, the government did achieve the objective of clipping the wings of industrial-financial families. As "connections count for every thing in Pakistan"<sup>17</sup>, some families were lucky to get official patronage and did relatively well out of nationalization, e.g. Hyesons who gave generous financial support to the PPP.<sup>18</sup> Though the reforms cannot be accused of excessive severity — because the compensation for acquired units was generous — they did curb the advantages of industrial-financial monopolies.

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15 *Dawn*, 14 August, 1973.

16 Zaidi, *Op. Cit.*, p.6.

17 Ian Talbot, *Pakistan: A Modern History* (Lahore: Vanguard Books, 1999), p.15.

18 Noman, *Op. Cit.*, p.77.

However, as the data given below enunciates, the government successfully managed to increase the share of public sector as compared to the private sector in the country's economy.

**Public and Private Sector Industrial Investment  
(Millions of Rupees)**

Year	Private Sector Investment	Public Sector Investment	Total Investment	Private Sector Investment as % of Total Investment	Public Sector Investment as % of Total Investment
1971-72	1,235	99	1,334	92.6	7.4
1972-73	1,018	111	1,129	90.2	9.8
1973-74	1,023	391	1,414	72.3	27.7
1974-75	1,437	1,065	2,502	57.4	42.6
1975-76	1,818	3,182	5,000	36.4	63.6
1976-77	1,795	4,315	6,110	29.4	70.6

Source: *Pakistan Economic Survey, 1976-77* (Islamabad: Government of Pakistan, Finance Division, 1977), p.43.

The nationalization measures under the PPP, particularly in the second phase, were neither efficient in the corporatism nor were these part of a serious commitment to socialism—the pronounced part of party's ideology. The managers of state enterprises used incorporation of enterprises, not in terms of fulfillment of socialist's ideology, but as an instrument through which they could pursue power and prestige. Each nationalization move was accompanied by socialist rhetoric but, in most of the cases, the result was mismanagement. This mismanagement intensified the governance crisis and weakening of the economic activity.

**Growth Rate (%age) of Private, Public and  
Total Investment**

Year	Private Investment	Public Investment	Total Investment
1971-72	.....	.....	.....
1972-73	-17.6	12.1	-15.4
1973-74	0.5	252.3	25.2
1974-75	40.5	172.4	76.9
1975-76	26.5	198.8	99.8

1976-77	-1.3	35.6	22.2
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Source: *Pakistan Economic Survey, 1976-77* (Islamabad: Government of Pakistan, Finance Division, 1977), p.43.

While assessing the efficiency of public sector enterprises under the PPP, it is worth bearing in mind that the nationalized units brought with them accumulated losses of Rs.254 million.<sup>19</sup> Efficiency of these enterprises was further skewed by the subsequent constraints. Noman is of the opinion that initially the performance of public sector enterprises was not altogether disheartening and some of these performed well. The cement industry performed well, as did the automotive, petroleum and fertilizer industries. The aggregate performance was adversely affected by some chronic cases. New public enterprises were started with political objectives. Some of them were established on geographically unsuitable places, for example, Bannu Sugar Mills. Inefficient location for absence of a sufficiently well developed local infrastructure made the plant uncompetitive.

Unfortunately, jobs in the public sector were also used as a reward mechanism to bring more political dividends to PPP. Jobs in the public sector enterprises were distributed accordingly. As a result, over-manning and inefficient management brought the financial performance of these units to a grinding halt. In 1972-73, for example, enterprises under the Board of Industrial Management employed 40,817 people. The number of employed people rose by 58% in 1976-77, whereas production did not increase correspondingly.<sup>20</sup> In fact, Bhutto's fiery speeches and election campaigns had raised expectations of common people regarding the creation of employment opportunities. This objective of government could not be reconciled given the emphasis on capital-intensive projects. In the capital-labour ratio, the bias in favour of the former further

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<sup>19</sup> *Ibid.*, p.80.

<sup>20</sup> *Ibid.*

aggravated poor employment generation by the industrial sector. In 1976, the total employment of the ten public sector corporations — being managed by the Board of Industrial Management — amounted to 61,731.<sup>21</sup> The figure is insignificant when gauged in relation to the annual increase in the country's labour force of approximately 600,000.<sup>22</sup> On the one hand, due to employment pressures, government was forced to keep uneconomic units functioning; as was the case of Valika Chemical Plant kept in operation despite its extremely poor economic and technical position. On the other hand, employment pressure for not to dismiss surplus workers was also there. For example, the Lahore Engineering and Foundry Units were carrying 1500 extra workers but government could not carry out downsizing for political reasons.<sup>23</sup>

In addition to the burden imposed by the public sector enterprises, the growth in non-development expenditure, especially defense, was substantial. In 1971, Pakistan had been dismembered through Indian military intervention. To prevent recurrence of such an event in the future, Pakistan sought to develop a military deterrence. Thus, Bhutto launched the most ambitious and costly project of developing nuclear bomb through covert transfer of technology from some European source and Pakistani scientists. Resultantly, bulk of resources had to be channelized to this project. Economically, this was not a viable project for a country like Pakistan yet the government had to carry out it due to threat perception *vis-à-vis* India.

Although the government itself had stated that “the period during which a major programme of import substitution is being undertaken would require considerable

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21 Govt. of Pakistan, *Pakistan Economic Survey* (Islamabad: Ministry of Finance, 1978), pp. 20-21.

22 Syed Nawab Haider Naqvi and Khwaja Sarmad, *Pakistan's Economy through the Seventies* (Islamabad: Pakistan Institute of Development Economics, 1984), p.46.

23 *Ibid.*

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external discipline in economic management”<sup>24</sup>, it did not follow its self-drawn contours. The government seemed to display “an attitude of waste”<sup>25</sup> in its economic spending when it embarked upon large projects that Burki describes as “grand solutions”.<sup>26</sup> When Mubashir Hasan left the Cabinet — he himself resigned without any duress or undue pressure from anywhere — the responsibility had to be assumed by the Prime Minister Bhutto.<sup>27</sup> During 1975 and 1976, Bhutto made six “meet the people” trips to Baluchistan during which he sanctioned more than 300 health, education, water supply and housing projects. Because the projects were outside the sector programme of the province, a new category — ‘Prime Minister’s Directives’ (PMDs) — was included in the development plan. To monitor PMDs, a unit was created in the Prime Minister’s Secretariat. Thus the Secretariat came to Civil Planning Commission on its economic planning role. As a result, Planning Commission weakened and friction arose between the Planning Commission and Prime Minister’s Secretariat.

The ‘grand solution’ projects of the government included the Karachi Steel Mills, The Indus Highway, The Nuclear Power Development Program, The Lowari Pass Tunnel, the Z.A. Bhutto Sports and Culture Institute and Complex. These were the projects due to which the sectors that needed development resources and that could have helped the country out of a number of its economic difficulties did not receive the attention they deserved. The aforesaid projects were so expensive that the government was unable to make judicious resource allocations. For example, although the Pakistan Steel Mills Corporation was set up before the PPP assumed office, and although Bhutto at Pipri near Karachi laid the foundations for an integrated Steel Mill in December

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24 Govt. of Pakistan, *Pakistan Economic Survey 1975-76* (Islamabad: Ministry of Finance, 1976), p.xi.

25 Viqar Ahmad, Rashid Amjad, *The Management of Pakistan's Economy, 1947-82* (Karachi: Oxford University Press, 1984), p.97.

26 Burki, *Op. Cit.*, p.148.

27 When asked about the reason of his resignation, Mubashir Hasan told the writer that it was “somewhere from his conscience” that he decided to leave.

1973, it was not until July 1975 that the plans were finalized for a mill with a 1 million ton capacity. At that time the government obtained credit for over \$525 million from Soviet Russia for the purchase of machinery and technology for construction of the mill.<sup>28</sup>

Akbar Zaidi describes Bhutto period as “Bad Luck Years” in the sense that his government laid the foundations for future growth and development from which his successor benefited.<sup>29</sup> Basic industries were set up and a base for a capital goods industry was established which resulted in subsequent growth. The Middle East boom that Bhutto initiated, an historical irony in Pakistan, helped keep Zia in power for some years. Pakistan was one of the first non-Arab Asian countries to actively engage in the large scale export of labour to the Middle East as the oil revenues stimulated heavy capital investment in that region.

Emigration from Pakistan on a small scale due to the pressures of poverty dates back to the creation of the new state in 1947. Of these early emigrants, the majority of unskilled and semi-skilled labour went to the U.K., while doctors and other professionals normally moved to other parts of Europe and North America. However, during 1969-1971, Pakistan went through a grave political and economic crisis that sped up the exodus of workers to the Middle East. Following the dismemberment of East Pakistan, the United States imposed embargo. Against the backdrop of such a scenario, Bhutto turned to the oil-rich Muslim countries to salvage its tautened economy. Bhutto specially emphasized Pakistan’s relationship with Muslim countries; thus Pakistan entered a new era of economic ties with the oil-rich Gulf States and Libya. The export of labour to these states, along with other commodities began to escalate. The annual number of Pakistanis employed abroad through the Bureau of Emigration and registered employment agencies increased from “2262 in 1970 to 16328 in 1974”. In the year 1981, the number rose to “1.6 million documented Pakistanis

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28 Burki, *Op. cit.* , p.146.

29 Zaidi, *Op. cit.* , p.6.

employed abroad, mostly in the Middle East".<sup>30</sup> While, of the US \$ 2.7 billion received by Pakistan in 1983-84 as remittances from its workers abroad, \$ 2.3 billion or 85.7 percent came from the Middle East.<sup>31</sup> This massive export of labour power from Pakistan was accompanied at the same time, by a substantial expansion of economic and technical cooperation with the Arab Gulf states.<sup>32</sup>

Land reforms under Bhutto were carried out in three phases. The first phase began in March 1972; individual land ceilings were reduced to 300 acres of un-irrigated land and 150 acres of irrigated land. *Bedakhli* (eviction) of tenants was declared illegal. Water rent and agricultural tax were to be paid by the landlord, not the tenant; payment for seed was also to be paid by the landlord. The ceilings merely imposed a limit on the individual ownership of land; that too was encroachable. Feudalism — a social system in which the feudal exercises social, economic and political control over the tenants — continued to exist. Though the ceiling limit was a progressive one but Bhutto clearly showed his class interest by not eliminating feudalism, and this way he deviated from a declared goal. Bhutto denounced the reforms of Ayub naming them 'subterfuge and façade'.<sup>33</sup> However, he declared his own reforms as to restore the dignity, self-respect and honour of the rural masses of Pakistan. Bhutto sought modernization of the agrarian structure, a goal that was also sought by Ayub regime; the difference was that in agrarian relations, Bhutto aimed to 'lay foundations of honour and mutual benefit between the land owner and the tenant'. The main obstacles to any effective reform effort were the feudal and the revenue bureaucracy. Although Bhutto's reforms affected a much larger number of

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30 Hassan Gardezi, *The Political Economy of International Labour Migration: A Case Study of Pakistani Workers in Gulf States* (Lahore: Gautam Publishers, 1995), p.26.

31 *Ibid.*, p.27.

32 *Ibid.*

33 Zulfikar Ali Bhutto, *President of Pakistan: Speeches and Statements, 20 December 1971, March 1972* (Karachi: Department of Films and Publications, Government of Pakistan, 1972), p.98.

landlords (92048 compared to only 763 under Ayub's reforms) and his ceiling was substantially lower than Ayub's, it was clear that Bhutto was constrained by the presence of feudal in his own party.<sup>34</sup> In this sense, Bhutto's own party inhibited reforms. In fact, since the 1970 election victory of the PPP, the feudal, inside and outside the party had already begun the partitioning, distribution and division of the land among family members and in the name of trusted tenants.

The revenue department bureaucracy was a severe impediment to the effective implementation of land reforms. Although there was an apex agency – Federal Land Reform Commission – to supervise the bureaucracy and control all types of corruption, but had limited control and effect. The revenue bureaucracy is the most notorious department, which is known for its power and corruption in the rural structure of Pakistan. So at the village level, the *Patwari* was more an instrument of landlord than the State.

In November 1975, Bhutto announced a reform of tenure laws — second phase of his agriculture sector reforms. Under this measure, the land tax was abolished for those peasants with holdings under 25 acres and was progressively increased for those with greater holdings. According to Saeed Shafqat, 7.2 million middle medium-sized farmers and peasants in the country were to benefit from this measure (the breakdown of the beneficiaries, according to province was: Punjab 5 million; Sindh 0.7 million; Khyber Pakhtunkhwa (then NWFP), 1.7 million; Baluchistan 0.3 million).<sup>35</sup> Through this measure, Bhutto was able to demonstrate that he was committed to improving the conditions of small and medium-sized farmers and tenants. He was considerably successful in retaining their goodwill and support.

The third phase of land reform was — designed with an eye on the approaching elections — announced in December

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34 Saeed Shafqat, *Civil Military Relations in Pakistan* (Lahore: Pak Book Corporation, 1999), p.150.

35 *Ibid.*, p.152.

1976, as "National Charter for Peasants".<sup>36</sup> According to the Charter, the government was to distribute all the cultivable land the state possessed with not less than subsistence holdings. According to official estimate — at the time of announcement of Charter — about 2 million acres of land was to be distributed among 100,000 peasant families. Following the Charter in January 1977, Bhutto announced the second land ceiling — the ceiling was reduced to 200 acres for un-irrigated land and 100 acres for irrigated land. This move was clearly to swing the election pendulum on the PPP's side. The feudal as well as political opponents of Bhutto were flabbergasted by the sudden move of reducing ceiling at such a soft time.

In the political sphere the Land Reforms Programme served two functions for the PPP. First, it is not surprising that land reforms were most effective in the Khyber Pakhtunkhwa. The number of peasants receiving land in the Khyber Pakhtunkhwa amounted approximately to 33 percent of the total number of landless tenants in the province<sup>37</sup> and thus almost "12 percent of the total farm area in the Khyber Pakhtunkhwa was redistributed".<sup>38</sup> This was not a negligible achievement and its positive distributional effects went a long way towards expanding the growth of PPP's support in the province. Nevertheless, implementation of land reforms in the Khyber Pakhtunkhwa was part of tactical politics in the struggle of the Bhutto regime against the National Awami Party (NAP). Using land reforms to gain political support may be a legitimate effort but to employ it crudely to punish political opponents, including NAP leaders from Baluchistan (Ghous Bakhsh Bizenjo, Atta Ullah Mengal and Khair Bakhsh Marri) distorted the fundamental *raison detre* of the land tenure reforms. The second political function of land reforms was to reward loyalty to the PPP among landowners. Within only three years of assuming power, Bhutto had purged the party of its left wing leaders and had

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36 *The Pakistan Times*, 19 December 1976.

37 Noman, *Op. cit.*, p.84.

38 *Ibid.*

begun to cultivate traditional rural elite of the Punjab. The landowners and the scale of land resumed was mitigated.

Academic assessments of Bhutto's agrarian reforms vary to a large extent in their interpretation about the efficacy and effectiveness of the reforms. According to Burki, the primary beneficiaries of Bhutto's land reforms were not the more dynamic middle class farmers but the large landlords.<sup>39</sup> In his opinion, the mechanization policies also favoured the landlords and displaced the tenants, as was the case in the Ayub period. In Sayeed's assessment, although Bhutto's primary motive was to subordinate every class in the rural structure, his political rhetoric — of which he was master — and policies, still had two positive effects. First, though much below than what they had expected, the peasants, tenants and landless labour "could find some satisfaction in the new benefits that were made available in the form of residential plots and the exemption of land revenue". Second, "Bhutto's great contribution was that he had aroused both a new hope and political consciousness among these classes that given certain decisive policies on the part of the government, their lot could improve".<sup>40</sup> Gardezi is of the same opinion that although Bhutto's land reforms were a betrayal of the tenant and peasant class, his political rhetoric did raise the level of political consciousness among the rural hoi-polloi.<sup>41</sup>

According to Naseem, the land reforms under Bhutto lacked political will and "reforms which are not backed by the political will to undertake vigorous measures for their implementation do more harm than good to the tenants".<sup>42</sup> Saeed Shafqat opines that "Bhutto's greatest contribution was that he succeeded in elevating the level of political consciousness of the rural masses". However, he made little

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39 Burki, *Op. cit.*, p.158.

40 Khalid Bin Sayeed, *Politics in Pakistan: The Nature and Direction of Change*, pp. 93-94.

41 Hassan Gardezi & Jamil Rashid *Pakistan, The Roots of Dictatorship: The Political Economy of a Praetorian State* (New Delhi: Oxford University Press, 1983), p.129.

42 S.M. Naseem, *Underdevelopment, Poverty and Inequality in Pakistan* (Lahore: Vanguard Publications, 1981), p.199.

or no effort to organize this political consciousness by encouraging peasant associations or by integrating the rural peasantry into the PPP fold in any systematic manner".<sup>43</sup> According to Syed's analysis, "Bhutto was able to keep most landlords acquiescent at the same time that millions of tenants and small peasants regarded him as their benefactor".<sup>44</sup> Moreover, "Bhutto may indeed have despised feudalism and wanted to abolish it, but it would not be fanciful to suggest that he hoped to abolish it as much by inducing landlords to become successful entrepreneurs as by awakening the peasant to resist assaults on his dignity as a human person and his rights under the law".<sup>45</sup> According to Wiqar Ali Shah, the "main idea behind the land reforms was to nationalize the landholding in order to increase agricultural productivity" but "keeping in view the presence of a large number of landlords in the PPP, these reforms were not seriously implemented" and "instead of providing a boost to the agricultural production, these reforms rather aggravated the already tense situation between landlords and peasants".<sup>46</sup>

Another major area of economic reforms in which Bhutto had stakes was the social sector that had been most neglected during the Ayub regime. The government, however, paid greater attention to this sector which comprised mainly of health and education. In the Third Five Year Plan, for instance, health and education sectors received 3.8 percent and 4.7 percent respectively of the total government development outlay.<sup>47</sup> Universalizing the elementary school was promised and privately managed schools and colleges were nationalized which had been hitherto the strong preserves of the elite. In health sector a number of new medical

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43 Shafqat, *Op. Cit.*, pp. 156-157.

44 Anwar H. Syed, *The Discourse and Politics of Zulfikar Ali Bhutto* (London: The Macmillan Press, 1992), pp. 132-133.

45 *Ibid.*

46 See Sayed Wiqar Ali Shah, "Pakistan People's Party: The Twin Legacies of Socialism and Dynastic Rule" in Subrata Mitra, Mike Shakat, Clemens Spies eds., *Political Parties in South Asia* (London, 2004), p.162.

47 Shahid Javed Burki, "Politics of Economic Decision-making during Bhutto Period", *Asian Survey*, Vol. 14, No. 12 (California: University of California Press, Dec., 1974), p.1138.

colleges were established in cities like Larkana, Quetta, Faisalabad, and Rawalpindi — fulfilling a longstanding demand of the urban middle classes for health and medical training facilities. Bhutto and his party represented a number of social, economic and political interests in the society. While formulating policies the government certainly had to accommodate each of these interests. The landlords of Sindh, the middle farmers of Punjab, the share croppers of Khyber Pakhtunkhwa had all benefited from the reforms but some heterogeneous groups such as college and university students and middle class urban consumers saw themselves not adequately represented. Despite Bhutto administration's strenuous efforts to satisfy demands of all segments of its constituency, the reforms could not produce contented economic society. Mubashir Hasan opines that "the principal lesson we learnt during the tenure of our government can be stated in one sentence. It is that the preparation of plans and their implementation is more akin to waging war rather than smoothly carrying out a mission for which a political government wins a people oriented mandate for the electorate".<sup>48</sup> Whatever the magnitude of intimidations had been, the Peoples Party would have to acknowledge its own share of mistakes it did while in office. So it was not unexpected that by the time of Party's preparation for second elections, the issue of the income distribution and general peoples' — especially middle class small entrepreneurs' economic stakes came to the surface. There were still questions that the regime they had brought into power did damage their economic interests. Thus it can be safely deduced from the foregoing debate that mismanagement in the implementation of economic reforms was one of the contributing factors in the demise of the Bhutto regime.

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48 See Mubashir Hasan, "The Nationalization Policy of 70's" in *Pakistan's Economy in the 80's: Structure and Prospects* (Karachi: Press Institute of Pakistan, 1988), p.255.