

QUESTION

Give a detailed overview of Zulfikar Ali Bhutto's Economic policies. Analyze the pros and cons.

ANSWER

A stable economy is the base upon which the country's political might and global standing stand still. It gives the country a strong voice not only in the region but also on the international forums.

However, the country with weak economy fall prey to the foreign donors and dancing to their tunes. Pakistan's economy is no exception to this. In 1971, when Zulfikar Ali Bhutto came into power the Pakistan's economy was suffering from the concentration of wealth. His policies were inclined more toward socialism. He introduced various reforms in agrarian sector,

labour reforms, education sector, health care sector and nationalization policies. His policies brought fruitful results but also followed by certain challenges like discouraging private enterprises, lack of business incentives, the currency devaluation derailed the country's economic progress.

An Overview of Bhutto's Economic Policies

The late 1960's are considered the worst economic period of country. The country was suffering from concentration of wealth. At that time country's economic environment was not favorable for new policies. Bhutto came up with a new set of policies that were inclined more toward socialism. His slogan "Roti, Kapra or Makaan" (food, cloth and shelter) illustrated his belief on eradicating the inequalities and giving poor people their

rights. His policies illustrated his belief on confronting social problems and eradicating unequal distribution of wealth. Moreover, his policies only benefited elite and industrialist class.

Economic Policies:

Following are the economic policies introduced by Zulfikar Ali Bhutto to boost the economic growth of the country.

1- AGRARIAN REFORMS:-

- Limited the landholdings (irrigated and unirrigated land)

The PPP regime introduced agrarian reforms on March 1, 1972. These reforms were designed to fulfil promise of fixing low ceilings. The landholdings were limited to 150 acres of irrigated land in 1972 (first phase) and 100 acres

In the second phase (1977). The landholdings were limited to 300 acres of unirrigated land in first phase and 200 acres in second phase (1977).

- Redistribution of unclaimed land to farmers

Another step taken by the government of that time was redistribution of unclaimed land to farmers and cultivators. However, the land closed to defence lines was seized by the government. This initiative helped the government to enable the farmers to cultivate crops and improve their livelihood. This helped to increase productivity and food security. This was done to stabilize the rural economy.

- Provision of land to government officials and gradual reduction in ownership limit

The government also announced the allocation of 100 acres

of land to high-ranking government officials. The lands given to farmers and cultivators were transferred to their names and they had a legitimate right to transfer that land to others. Furthermore, the owners that had land less than 12 acres were exempted from paying any taxes.

2. LABOUR REFORMS

• Introduction of minimum wages and bonuses for labourers

As the slogan of Zulfikar Ali Bhutto was "Roti, Kapra aur Makan" was inclined more toward socialism and removing poor class disparity. He made efforts to minimize the gap between labour class. He introduced the system of monthly salaries and bonuses for the labourers. This helped labourers gain financial stability and a

Series of security.

- Social security measures for workers

Zulfiqar Ali Bhutto devised a system of social security for labourers during his tenure. The initiative included the establishment of "Employees Old Age Benefit Institution (EOBI)" in 1976, which aimed to provide pensions to retired or disabled workers. He also expanded workplace safety devising labour laws.

- Provision of residential quarters and education facilities to their children

Another crucial step was the provision of residential quarters to labourers. This helped labourers to improve their standard of living. Housing colonies were built and quarters were

allocated to labourers. Furthermore the industrialist and factory owners were made compulsory to bear the educational expense of at least one child of every employee who worked under their domain.

3. EDUCATION AND HEALTH SECTOR REFORMS

Establishment of medical colleges and hospitals

Bibi Bhutto believed in empowering the health sector in the country and for this reason he established medical colleges and equipped dispensaries and hospitals with latest equipments. Bhutto's government acknowledged the need to protect the people against communicable diseases. The PPP government promised to bring medical treatments within easy reach of a poor man.

Nationalization of Schools and colleges

Another significant policy taken by the Bhutto's government was nationalizing educational institutions like schools and colleges. A grant commissioner to provide monetary aid to universities was also formed during his tenure. The commissioner's duty was to issue necessary funds to universities and higher education institutions required for the development in all relevant fields.

Creation of National Book Foundation

The establishment of NBF aimed to promote reading and ensure affordable access to books all across the country. This foundation also developed a culture of literacy by distributing textbooks, educational resources and literature at an affordable rate. This also aimed to assure uniformity

in the curriculum of the national educational institutions

4. NATIONALIZATION POLICY

- Nationalization of Key Industries
like Banks, insurance and steel mills

One of the most crucial step taken by Zulfikar Ali Bhutto was nationalization of key industries like banks, insurance and heavy industries - Industries like steel mills were nationalized and placed under government control. Banks and insurance companies that have playing on private level were also nationalized under the auspices of Bhutto's nationalization venture of the time. The initiative was taken to decrease dependence on foreign imports. Nationalized industries were expected to provide employment and contribute to economic growth.

ESTABLISHMENT OF STATE LIFE INSURANCE CORPORATION

State life insurance corporation was established to improve the economy of the country. This aimed to provide greater state control over finance and ensure that insurance services were given to all citizens regardless of the social divide. This helped industries and general masses for better risk management. While it received great criticism, it was an effort aimed at improving the efficiency of state-run insurance companies.

Focus on reducing financial monopolies and creating a mixed economy

Zulfiqar Ali Bhutto introduced policies aimed at reducing financial monopolies and introducing mixed economy by promoting state-owned enterprises. While he focused on nationalizing the key sectors, he

also recognized the role of the private sector. He also introduced the Economic Reform order of 1972 to limit ownership stakes in multiple companies, developing competition.

Pros and Cons of Zulfikar Ali Bhutto's Economic Policies

Pros of Bhutto's Policies

Following are the benefits of Bhutto's economic policies:

- Promotion of Social Welfare by focusing on Health and Education

As Bhutto believed in socialism, he worked tirelessly to promote social welfare by focusing on health and education. Initially, the health sector had no proper system but with the development of rural health centres and district hospitals, Bhutto

provided marginalized communities with easy access to healthcare facilities. Moreover, initiatives like NBF helped make education accessible and affordable. Moreover, establishment of schools and colleges helped reduce illiteracy.

◦ Improved access to services for all social classes

One of the most important benefit of Bhutto's economic policies was improving access to services for all social classes especially through labour reforms. His government provided monthly salary system to labourers, established housing schemes, ensured workplace safety by formulating laws. Moreover, establishing EOBT helped in providing pensions for labourers and offered feasible and working living standards.

• Reduction of income disparity

Bhutto's economic reforms like the redistribution of land to address rural wealth inequality, were beneficial in reducing the income disparity. These reforms helped limit land ownership and redistribute surplus land to marginalised farmers with the goal of decentralizing wealth. They also helped uplift small farmers and promote self-sufficiency in underdeveloped areas.

CONS OF ECONOMIC POLICIES

Following are cons of economic policies introduced by Zulfikar Ali Bhutto-

• Discouragement of private enterprise leading to economic stagnation

when Bhutto advocated socialist policies aimed at reducing

economic inequalities. It led to the discouragement of private enterprise and economic stagnation - Nationalization of all key industries created a dominant control of the state in the economy that stifled competition, ultimately leading to the downfall.

o Inefficiency in nationalized sectors and lack of incentives for business

An increased focus on nationalization policies of industrial sectors resulted in the decline of private businesses - Lack of incentives for businesses resulted in severe losses for private business owners, hampering innovation and competition in the market. In addition, the heavy regulations and control imposed on nationalized sectors discourage private companies from investing and expanding - This led to stagnant economic growth in

Bhutto's tenure-

Currency devaluation affecting prices and exports

While the nationalization policies of Bhutto aimed to form a close relationship between industrialist and financial capitalists. This only resulted in currency devaluation by 86.6% in terms of gold. This further led to removal of subsidies by the industrial sector during that time due to the extra valuation of foreign exchange rate. This ultimately led to a decline in foreign exports.

CONCLUSION

Zulfiqar Ali Bhutto introduced socialist inspired economic policies at a time of economic crisis. Though they failed to resolve major economic challenges, his reforms such as land, education, healthcare and labor helped reduce income

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disparities, improved access for all social classes and addressed rural inequalities. With a more practical approach these reforms could have delivered greater benefits to Pakistan.

