

Q6 Critically evaluate the impact of Bhutto's nationalization policy on the economy of Pakistan.

## 1. Introduction

One of the biggest steps taken by Bhutto during his tenure was nationalization. This had impacted Pakistan's economy positively and negatively. Nationalization reduced unemployment, several new industries were established, production was increased for a short period. While, it & soon after, it reduces investor's confidence and burdened government due to which Pakistan's economy is still paying price to it.

## 2. Positive Aspects of Bhutto's Nationalization Policy on the Economy of Pakistan.

DATE: \_\_\_/\_\_\_/\_\_\_

## A. Nationalization enhanced Agricultural output

Bhutto started to reduce ownership of agricultural lands. A benchmark was created for single person to also own the field so that landlord influence over land is reduced and poor people also get chance to settle a land.

//

"More than 127 Landowners devolve their lands to the farmers during Bhutto's privatization policy."

Institute of Agriculture Research

## B. Nationalization: A mean to eliminate unemployment

Thousands and million of people skilled and unskilled were hired in the business industries and in government institutions. That reduce unemployment from the economy even a poor person was hired a guard in the under nationalization process.

//

"3700+ human capital was employed in the National Bank of Pakistan during Bhutto's government."

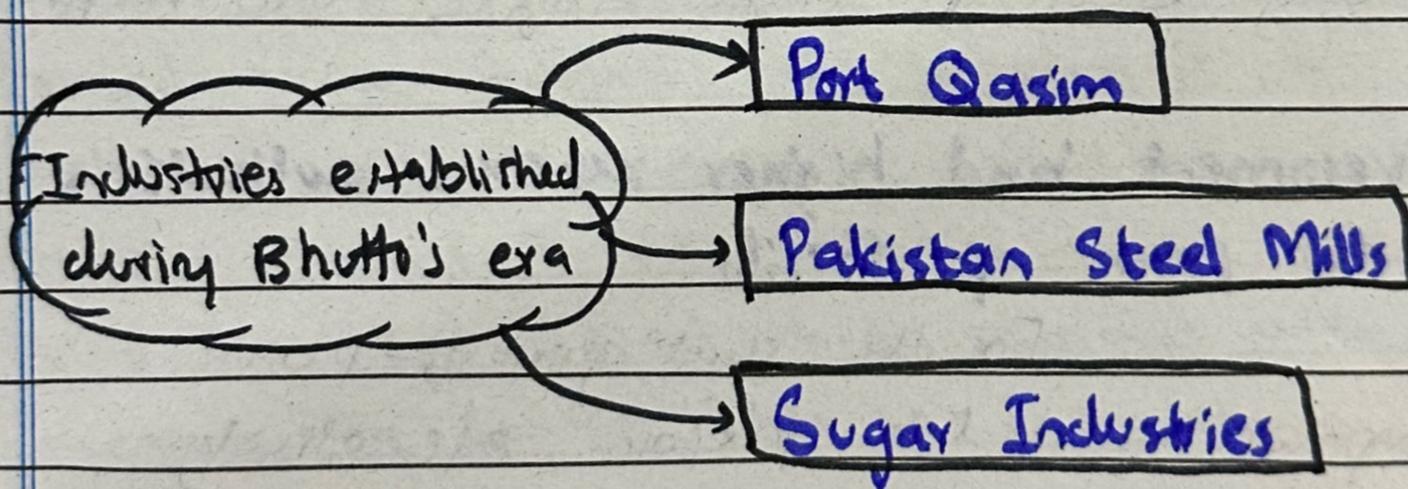
Dawn

## C. Bhutto's Policy: An Era of Industrialization

Bhutto's government started to disperse provide funds to the international firm to set up the industries in the economy of Pakistan. As finance was provided by government, state did not realize whether the project or industry is viable option or not. This was seen after industries were opened.

"1.75 billion dollars were financed for opening of new businesses in the Bhutto's era."

Ayesha Jalal



#### D. Availability of Basic Commodities

Nationalized business did not consider ~~the~~ profit as a motive.

Instead welfare was their main target.

Companies started to manufacture goods in bulk that did not only reduce cost of production per unit but it ensured that underprivileged people could afford the goods.

"  
Drastic human development was  
witnessed thus standard of living  
improved."

Governing the Ungovernable: Ishaq  
Husain

### E. Bhutto's Nationalization: Tenure of Poverty Reduction

Bhutto's policy specially targeted  
the people of underdeveloped region to  
provide basic necessities, and food and  
employment opportunities so that ~~people~~  
people could participate in economy and by  
this way economic ~~engine~~ engine could start.

### F. Government had higher revenue collection in the form of Profits

For the short period, public  
companies started to perform effectively  
that increase organizational return. As  
those companies were owned by government.  
Thus, those return would fall under the  
government revenue. And then, government  
had more money to spend on infrastructure  
and further development process.

Institution that generated Hefty returns

- ✓ Pakistan steel Mills
- ✓ Pakistan International Airlines
- ✓ Pakistan Postal Services
- ✓ National Bank of Pakistan
- ✓ Railways and public Transportation

### 3. Negative Aspects of Bhutto's Nationalization Policy on the Economy of Pakistan

#### A. Nationalization Policy: Unrest created by Private entrepreneurs

Soon after the announcement of Nationalization, private institutions raised voice against the government of taking over their companies. However, government ensured to pay consideration. But investors considered that amount was meagre. ~~to be~~ This led to chaos, protests and unrest in the economy.

#### B. Rise Concerns of resource and supplies mismanagement

After the Bhutto's government, organizations became ineffective. Resources were used for other purpose rather than manufacturing of goods. Supplies were delivered late in the economy that increased

delivery days. ~~Thereas~~ As a result, supply decreased and then increased the prices of basic goods.

### C. Culture of Ghost Employees

Ineffective laws and regulations lead to the culture of ghost employees. Where an ~~pp~~ records employees were exist but physically ~~the~~ ~~emply~~ employees were never there. The salary amount were used by the senior officers of the nationalized institutions thus ~~rise~~ to corruption.

"More than 720 ghost crew employees were found during the audit inspection in the Pakistan International Airlines after Bhutto's administration."  
The Guardian

### D. Loss-making Enterprise and a burden on government federal budget

When Bhutto's administration came to an end, government institutions like Pakistan port, and Pakistan steel mill started to incur losses. That instead of providing support to

government, organizations become government's liability. Owing to this even today, Pakistan is struggling from these lost ruling entities.

### E. Aftermath of Privatization Nationalization almost dropped economic growth

Nationalized institution became ineffective, inefficiencies ~~rise~~ rose and unproductivity level dropped, corruption were ~~at~~ at highest level, no proper records of ~~transacted~~ transaction, worsen economic condition. Export drastically fell and <sup>so the</sup> consumption in the economy. That led to poverty again.

After the ouster of Bhutto's administration, economic growth fell to 0.7% from 4.1%."

Pakistan Institution of Development Economics

### F. Investors showed uninterest in Privatization Process

Private ~~invest~~ investors did not bother or showed their interest in purchase of companies. Because they had fear of losing of organization by other reader. Thus, overkill the investors

DATE: \_\_\_/\_\_\_/\_\_\_

confidence in purchase of the p companies.

#### 4. Conclusion

The nationalization process by Bhutto's was the unbaked approached.

~~taken~~ If Bhutto had more time, he could have successfully obtained his goal of nationalization. Owing to short duration, Bhutto ~~created~~ was able to achieve short term goal but put the economy of Pakistan on the greatest stake due to which Pakistan is still encountering.