THE ROAD TO DEVELOPMENT IN PAKISTAN *

By Dr Kalim Siddiqui

> In poor countries "the best (and, perhaps, the only) form of social security is a rapid extension of productive employment opportunities to all through the creation of sufficient capital by some." This view is expressed by Dr Mahbubul Haq, Chief Economist in the Pakistan Planning Commission, in his book "The Strategy of Economic Planning: A Case Study of Pakistan".

This type of thinking is characteristic of the philosophy of economic developmnnt now being followed in Pakistan. It represents an uncritical acceptance of Western economic experience. It needs to be closely analysed to identify its central concepts and their assumptions. For instance, 'creation' of sufficient capital "by some", according to Marx (also a Western thinker), is a fallacy. The capitalist does not create capital, he accumulates it. Creation is by "all" who are in productive employment. The capitalist, according to Marx, 'withholds' part of the labourers' share of production from them and calls it 'his' capital. This is what Marx called "capitalist exploitation" and this is what the capitalist West calls "State tyranny" under Communism.

There is, however, no escape from making a choice; for savings there must be, whatever its form, institutional arrangement, or motivation. To the capitalist, the best motivation is that of private profit; to the Communist the best motivation is the negative concept of depriving the capitalist. The institutional framework that the capitalist prefers is not 'very different' from the one preferred by the Communist; both insist on a crucial role for the State.

In a capitalist framework, the State's role is to maintain law and order in such a way that "private profit" can operate with immunity. In a Communist framework, the State's role is to itself perform the functions of the capitalist. Because the Communist State does it in the name of the proletariat, it can be more ruthless and it can impose greater deprivations on the workers than can the capitalist classes and the capitalist State. In this way the Communist State accumulates greater proportion of current production for future consumption, i.e. the rate of creation of 'surplus value' is greater under Communism than is the case under capitalism. It can be argued then, that there is less exploitation under capitalism than under Communism. But capitalist exploitation in England and France, for instance, lasted roughly 200 years before the fruits of capitalist production reached the

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poorest classes to eliminate poverty. The more ruthless State exploitation in the Soviet Union, on the other hand, has brought similar benefits to the poorest within 50 years.

There can be little doubt as to the road to economic development Pakistan is following today. If the choice had been consciously and rationally made, it could make sense. For then steps would be taken to avoid arriving at a place where one does not wish to end up. The capitalist road, in Marxist historiography, leads invariably to Communism - feudalism giving way to capitalism, and capitalism, in its turn, to Communism. The ultimate in Marxist progression, i.e. the withering away of the State, may or may not be reached.

In the meantime, those who are caught in the current of history ought to take precautions. This is necessary despite the underpinning of Islam that our society enjoys. We cannot regard our verbal commitment to Islam as an insurance policy against the consequences of our capitalist behaviour. This is because the seeds from which our present social and economic order is taking place were 'sown' by a secular foreign power, i.e. Great Britain. It was the British Permanent Settlement of 1793 which shaped the feudal society that brought us to Independence.

The capitalist class in Pakistan today is largely (with some exceptions) derived from those who initially commanded surplus value from land. Witness, for instance, the preponderance of landlords among Muslim League leaders. These were the men who prevented successive Pakistani governments from undertaking meaningful land reforms. Ayub Khan, in his book "Friends Not Masters" tells us that since Independence "the landlords subverted all attempts at a more rational distribution of land through the influence they exercised over the political parties". In this feudal background, the English had created, as Macaulay put it in 1835, "a class of persons, Indian in blood and colour, but English in taste, in opinions, in morals, and in intellect".

Feudalism and English education of a small minority are just two of the scores of foreign seeds from which our present dominant economic and social order has grown. These indigenous English gentlemen, feudal landlords and capitalists have also been 'pious" people saying their 'Namaz', fasting in Ramadan, performing the 'Haj' and a few of them even paying 'Zakat'. They thus remained within the pale of Islam and also managed to do without a social conscience; just like their spiritual fathers, the English and French aristocracy. If these feudal landlords and capitalists could remain Muslims after acquiring an alien secular economic creed, why not extend the same privilege to the Muslim proletariat?

The argument 'is not' that feudalism, capitalism and Communism are all Islamic, but that all three are creeds equally and wholly alien to Islam. A Muslim society which opens its doors to one, opens its doors to all three. This fundamental, and in its way simple, truth has to be recognised before a meaningful discussion can begin on the substantive question of an Islamic alternative. It is absurd to pursue secular exploitative feudalism and capitalism and hope to arrive at "Islamic Socialism". Those of our leaders who talk in these terms, fail to grasp the lessons of history. It is doubtful whether they even understand secular socialism, let alone one that is "Islamic".

The so-called leaders of Islamic thought are equally guilty of double standards. They warn the country against Socialism and Communism, but they fail to point out the obvious fact that feudalism and capitalism are also dangerous creeds. The acid of secular materialism in all its forms erodes religious values. Capitalism will dissolve Islamic values just as surely as it has dissolved Christian values in the West.

Anyone who doubts this ought to take a closer look at Pakistani society today. One does not have to be an articulate sociologist to detect the rot that has set in. Take, for instance, the phenomenon commonly known as "bribery". It had existed under the Moghals and under the British. But in those days social attitudes towards bribery remained healthy. Both the receiver and the giver of bribe tried to keep the transaction a secret, not only from the police but also from their friends and family. Now, on the other hand, bribe-giving at least has acquired respectability. Householders talk openly of how they bribed valuation officers to have their property tax cut by nearly half; travellers tell of the extra toaster they brought for the customs officer; housewives talk of the "extra" they get on the ration card for non-existent family members; some PIA employees, I was told, even use cutlery and crockery pilferred from the airline for entertaining guests and regard their acquisition a status symbol.

What has changed is that corruption has acquired the status of a social norm. A young civil engineer told me that he would not join the civil service because there he would have to be corrupt to survive. It is immaterial whether this is a fact; what is material is that a certain Government department has such a public image. A senior Pakistani civil servant whom I met in Europe recently told me, unashamedly and with a degree of pride, that he always 'managed' to make one European trip a year, at public expense, and treated it as an annual holiday.

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A young Chartered Accountant, newly returned from England, is going back to London because every job he has been offered in Pakistan involved covering up tax dodges and other "unofficial transactions" by the prospective employers. A minor businessman told me that he paid out at a minimum of Rs.10,000 a year to government employees to have his various papers, including tax return, accepted or otherwise favourably dealt with in Government offices. I even met a student who said he had paid Rs.200 to a minor clerk in the offices of the examining board to have five marks added to his total, which gave the student a higher "division".

All these people, and many besides, are engaged in that capitalist activity of maximising private profit in cash and in kind. This dominant doctrine of our society has imperceptibly socialised people into thinking that they are doing what everyone else is doing and therefore they are doing no wrong. Such is the strength of the acid of secular materialism against which traditional values stand no chance of survival.

Thus our development strategy is in direct contradiction with our oft-repeated national purpose of creating an "Islamic State". It is like a dreamer getting into a London underground train thinking he is going to the moon. There is, of course, a vast literature by some very learned people on the 'principles' of an Islamic economic order. Such literature has so far made no impact on our behaviour at individual, institutional and national levels. Our behaviour at all levels is in fact indistinguishable from the behaviour patterns that exist in most other underdeveloped countries of the world today, Muslim or non-Muslim. It is obvious to any discerning observer that we are hell-bent on the road to disaster.

We had a glimpse of the shape of things to come during the popular uprising in Pakistan in the winter of 1968-69. People of both the Wings rose against authority and the dominant groups not because Islam was in a danger, not because Ayub had failed to establish an Islamic State, not even because Ayub was a dictator. They rose because they identified Ayub and his regime with the increasing gap between the rich and the poor, they thought Ayub responsible for the harshnesses of our social and economic order. For the first time people in both the Wings of the country acted in concert, not merely because they were all Pakistani and Muslims, but also because they were all poor and suffering from an oppressive economic, social and political order. They did not have to come out on strike or to resort to the "gherao" to bring down Ayub. They simply wanted to maximise their private profit, i.e. secure better wages through joint action. This phenomenon is likely to repeat itself.

On the last occasion, the politicians were able to make a scapegoat of Ayub who had allowed himself to be cast in that role. By sacrificing Ayub, the dominant groups saved themselves and their fortunes. The imposition of Martial Law and the fear of civil war has brought temporary calm. On the next occasion when the public mood changes and the people take to the streets again, come out on strike, and resort to "gherao", it may not be as easy to find a scapegoat or to divert people's attention by raising such issues as regional demands for autonomy in East Pakistan and the break-up of One Unit in West Pakistan. The political party that grasps this fundamental fact will be ready with an equitable and just economic programme and will be able to take over the effective leadership of the masses. The group or party which emerges in this historical role will shape the destiny of our country for a generation or more.

Any group, Islamic, capitalist or Communist - which aspires to fill this role in our history must answer the question of surplus value (or capital or saving) to the satisfaction of the great mass of the poor generally, and, in particular, to the satisfaction of the agricultural peasant and the urban industrial labourer.

These people - the bulk of our population - are unlikely to emulate the patience and relative moderation of their English counterparts over 200 years. They want social justice much sooner; sooner than our present framework for capital accumulation and economic growth will deliver the goods. The time factor in the problem of surplus value and social justice is also of crucial importance.

There exists, of course, a basic contradiction in the concepts of surplus value and social justice. The concept of "justice" carries with it a notion of "equality" in the distribution of wealth. But this need not necessarily be the case. Social justice can also mean "equality" in the distribution of sacrifices, i.e. the sacrifice of current consumption for future production. This can only be achieved by socialising the ownership of surplus value. A society that socialises surplus value need not necessarily be "Socialist" or "Communist"; it can also be "capitalist" or "Islamic".

So far, it is true, the movement for socialising surplus value has progressed farthest in Socialist and Communist countries, but the trend in capital countries is also increasingly in this direction. In Britain today, nearly 45 per cent of the old invested surplus value is owned or controlled by the State, and similar percentage of new surplus value is being creamed off by the State. The only difference between the capitalist and Communist countries is that the latter had to socialise surplus value at the start of industrialisation and the former reached

the same stage more gradually. Consequently, a much larger proportion of invested surplus value is socialised in Communist countries than is the case in capitalist countries. There is some evidence that Communist countries in Eastern Europe and Soviet Russia are beginning to desocialise some of their capital. The speed of this process of desocialisation of surplus value was one of the major points of dispute between the Soviet Union and the Dubcek Government of Czechoslovakia which led to the invasion of the latter by the former.

Ultimately both Communist and capitalist countries may end up with roughly similar proportions of socialised capital when the gap in their stages of economic development is closed. This gap has been narrowed in the last 50 years through Communist countries growing faster than the growth in capitalist countries. The Communist countries are committed to eliminating this gap altogether and ultimately overtaking the capitalists. The capitalist States, in order to stay ahead in the race, are adopting some of the Communist techniques of economic management including the socialisation of capital and a much greater degree of State control over the economy.

Socialisation of surplus value or capital, therefore, is not an exclusively Communist phenomenon. It is undertaken in answer to a need, i.e. the need to speed up the process of industrialisation and growth and the need for social justice in the equitable distribution of 'sacrifices' (not rewards) in the early stages in the hope of equally equitable distribution of rewards in the long term.

One other feature that has been common to both capitalist and Communist systems needs to be made explicit. Under both these systems, surplus value was exacted from the peasant and the industrial worker. In the capitalist countries the exaction of surplus value is undertaken by a ruthless class of capitalists in pursuit of private profit; in Communist countries the exaction of surplus value is undertaken by a ruthless dictatorship. In polemical language, one is called "capitalist exploitation" and the other "State Tyranny". The fact is that under both systems surplus value has to be exacted because the peasant and the industrial worker have no taste for making sacrifices either for the capitalist or for the tyrannical State. What is missing from both systems is that motivation which makes voluntary sacrifice possible, desirable and even attractive. Such motivation cannot be created in either of the Western alternatives - capitalism or Communism; such motivation can only be created by Islam.

The question of motivation of the participants in economic development is inextricably linked with the concept of interest (usury). The capitalist system is structured on the assumption that it is the interest-bearing capacity of loanable funds which makes people save. These savings, when channelled into the hands of a few entrepreneurs, result in investment leading to production, exchange and distribution. This creates new incomes leading to new savings and still more investment.

This capitalist assumption has been forcefully and repeatedly repudiated by many Muslim writers and thinkers. They have shown that an interest-free industrial economy is not only possible, but also that such an economy will achieve a higher level of employment, production, incomes and investment. But in their enthusiam to repudiate the concept of interest as fundamental to growth, most Muslim thinkers and writers have fallen in the trap of suggesting that if interest were eliminated from our capitalist economy, we would then have an Islamic system. This is as if interest was the only variable distinguishing Islam from capitalism.

A good example of this type of thinking is a small pamphlet by Shaikh Mahmud Ahmad in which he says "This (abolition of interest) is all that we need to put our house in order". Having thus found a simple way of converting capitalism into Islam, the author adds: "And this we can achieve without sacrificing an iota of personal liberty of any individuals". Thus, according to this school of thought, interest and loss of personal liberty and religion are the only two un-Islamic features of capitalism and Communism, respectively. One may well as just how Islamic is the intellectual tradition of arriving at Islam by choosing either capitalism or Communism as the point of reference?

This type of thinking also leads to other contradictions. For instance, in the formulation where capitalism minus interest is equal to Islam, it is implied that capitalism guarantees personal liberty. If this were so then Pakistanis should have enjoyed unlimited personal liberty in the last 22 years. The fact, however, is that capitalism in Pakistan, as elsewhere, has thrived at the expense of personal liberty. This is not an exclusively Pakistani experience. The social and economic history of Europe shows that capitalism in its early stages needed as much repression and deprivation of the masses as did Communism in this century. Once the walls of capitalism, like the walls of a prison, had been erected and made secure, the inmates were told they had full personal liberty. When Communism becomes equally secure, it too is likely to set its people "free". Repression and exploitation of the great majority are common to both systems and neither bears any resemblance to Islam.

On the other hand, it qould be equally wrong to postulate that an Islamic order can be brought about painlessly or without hardship. Even if it were possible greatly to increase investment and production and to secure a more equitable distribution of personal incomes through the introduction of a zero-rate of interest (as is argued by Ahmad), it is unlikely that this would also lead to higher savings. In a poor country where perhaps as many as 80 per cent of the people are living at or below subsistence level, a more equitable distribution of incomes would result in smaller savings. This is because the propensity to save is very low or nil even in the lower-middle classes. The bulk of the saving is done by a small class of well-to-do people and some institutional savers such as insurance companies, banks and provident fund schemes. The higher the concentration of wealth, the greater the rate of capital formation is one of the justifications advanced by the capitalist system for gross inequalities in incomes in the early years of industrialisation.

A similar result was achieved by Lenin and Stalin in the Soviet Union through requisitioning land and collectivisation. Mao Tse-Tung's China is the first Communist State to realise the importance of motivation. It was only after the Chinese leaders had failed fully to mobilise the people through State requisitioning and collectivisation in the "Great Leap Forward" experiment, that Mao decided to tackle motivation. He then launched the campaign to permanently activate motivation among his people. Hence the Cultural Revolution and the wide distribution of the little red books containing the 'Thoughts of Mao' and the frequent recitation of the latter by the masses throughout China.

It is necessary at this point to distinguish between motivation and education. It is often argued that an Islamic order can arise only after all Muslims have been educated in such a way that they understand Islam and the Islamic way of life. Had this been so it would have been impossible for the Muslim nation in British India to rise as one man and demand and secure the State of Pakistan. The Muslim League succeeded where others had failed because the League was able to alter the motivation of the Muslim nation. The loss of that motivation among the leaders after 1947 and the State's need for rapid economic development has led to the development of unfettered capitalism in Pakistan.

It is sometimes argued that economic development is unnecessary for Islamic development. The argument goes that a poor society can also be Islamic, that we should concentrate on the quality of life rather than on equality. This view is expressed by M. Akram Khan in an article in "The Criterion", Lahore of July-August 1969. He writes: "So in Islam the criterion for development is how much society is nearer Sharia. The nearer it is the more developed will it be. Material development here is of no significance."

In Islam the poor and the rich have an equal chance to be pious. Individual poverty is no bar to piety and salvation on the Day of Judgment. If Islam teaches contentment to the poor, the message of contentment (Qana'at) in Islam is equally, perhaps more, applicable to the rich. For the rich contentment in Islam means that they should not follow riches blindly, that the rich should be content with having as much as is necessary to meet their personal needs and leave the rest for the poor.

The concept of contentment in Islam also means that the rich should not try to get richer at the expense of the poor. For the poor contentment means that they should not try to rob the rich through a proletarian revolution. Indeed, such so-called revolutionary zeal is unlikely to take root in a society where the rich do not practice greed and exploitation. An Islamic State would ensure that the rich do not in fact practice greed, that the poor do not covet, and have no reason to covet, the rich, and that disparities in incomes and wealth do not reach such proportions as are found in our society today.

But if a State allows a rich minority to practice greed, acquisitiveness, and exploitative use of economic power then the same State cannot in justice deny the poor the same facility. This way lies the road to proletarian revolution and Communism. Islam means submission to the Will of God. Once man has submitted to the Will of God, he may then seek the "bounty of God".

"And when the prayer
Is finished, then may ye
Disperse through the land,
And seek the Bounty of God"

(Al-Quran, Sura LXII: 10)

This passage is extremely significant. Here man is enjoined first to purify his motivation through prayer and then to seek the "bounty of God". But the proprietary rights of the "bounty" remain with God. The man who finds it is its custodian and must expand it to seek the pleasure of God. It follows, therefore, and the labourers are in partnership in the business of seeking the bounty of God. What they produce jointly must be shared between them through an equitable and just method of distribution. What they collectively save, i.e. surplus value or capital, belongs to them all equally and may be used by them either in co-operative venture or in a State enterprise.

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The role of the Islamic State is to:

(a) Ensure that the Islamic society and its members, collectively and individually, are correctly motivated;

(b) ensure that no individual or group follows the path of greed, acquisitiveness and exploitation;

(c) provide institutional, legal and organisational framework within which men may seek the "bounty of God";

(d) ensure the equitable distribution and consumption of what is produced; and

(e) exercise, on behalf of God, proprietary rights over surplus value or capital and manage and direct further investment.

In this way in an Islamic State there will be no need for either capitalist exploitation or State Tyranny for the accumulation of surplus value. The elimination of greed, acquisitiveness and exploitation on the one hand and the introduction of equitable distribution on the other will eliminate social tensions and internal conflicts of the type that is all too prevalent in Pakistan today.

One other aspect of the problem of surplus value is extremely important. Surplus value that gives not only economic development but also ensures national independence in international relations must be internally created. In poor countries where the bulk of the Gross National Product (GNP) is derived from agriculture and where the bulk of the population lives and works on land, internal creation of surplus value means a great and sudden rise in agricultural productivity.

Agriculture in such countries must provide (a) all the food requirements of rural and urban populations; (b) all or most of the industrial raw materials; (c) increasingly more manpower to work in industry, and (d) exportable surplus to pay for the import of essential raw materials that are not found in the country, capital goods, and the State's other foreign exchange requirements.

Such increase in agricultural production cannot be achieved within the framework of what is essentially a feudal system. A radical change in the institutional structure within which agricultural production takes place is an essential prerequisite to internally generated surplus value.

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What has happened in most ex-colonial undeveloped countries since independence, and in particular in Pakistan, is that the landed gentry holding political power has prevented any far-reaching agrarian reforms. Such vested interests that also controlled the Government machine have tried to keep their privileges. They have also pursued industrial development of a kind in which they would also become industrial magnates. But of course they needed surplus value. This problem they have met by soliciting, and when offered accepting, foreign aid and loans from the Great Powers. Such elite groups controlling their State Governments did not flinch from accepting political subservience to a foreign Power in exchange for aid. It is this economic factor and failure of political leaders to act in national rather than in their sectional interest that makes the independence of under-developed countries a myth.

China, because it is creating its own surplus value internally, has been able to defy both the United States and the Soviet Union simultaneously. Political independence is a function of economic independence. One does not make sense without the other. Through foreign aid we are allowing our former foreign masters and their agents to go on watering the seeds of feudalism and capitalism that they planted in the soil of our social, economic and political life. As a result we are developing on lines that are alien to our own values but very close to the values of the capitalist West.

We need to break out of this capitalist-Western strait-jacket. The break is in fact bound to come one day. What remains to be seen is whether, while doing so, we create a new Islamic economic model of economic development or whether we are led into the Communist-capitalist methods of force and coercion. The choice is ours. Islam of course has given us all the principles we need. These are well known and there exists a vast body of literature which articulates these principles of Islam. But there is a great dearth of concrete economic policies based on these principles. The principles of Islam need to be turned into concrete policies to suit our given situation.

The phrase "a new Islamic economic model of economic development" has been carefully chosen. We must recognise that economic development through industrialisation is a new phenomenon less than 200 years old. The only roads to industrialisation so far traversed are those of capitalism and Communism. And because we are products of Western education and influence we tend to think that capitalism, less usury, equals Islam. Starting from this premise, one school of thought proceeds to sanctify, in the name of Islam, private property which is acquired through greed, acquisitive-ness and exploitation.

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In truth that private property cannot be sacred in Islam which is acquired through the operation of the capitalist mechanism, based on interest, of the rich getting richer and the poor getting poorer. An equitable distribution of the "bounty of God" is a pre-requisite before private property becomes sacred and only then can a thief have his hands chopped off. How can the land given to the landlords by the British in return for loyal service be sacred? How can the property of modern banks and their rich clients, giving and taking interest, be sacred?

It is not being argued here that we should forthwith declare all private property "unholy". That would lead to anarchy which is a greater evil in Islam. What is being argued here is that we need a long-term Islamic Development Plan (IDP). The Holy Prophet took 23 years to create the model Islamic State that he bequeathed to mankind. History remembers that State by the name of Khilafat-e-Rashida. The Holy Quran was revealed to the Prophet over the same period. It is obvious that Islam's gradualism is not conservative or a hidden bias for the status quo. Islamic gradualism is change oriented. The Prophet's life is a testimony to determined Islamic gradualism that brooks no nonsense on the way to the cherished goal of an Islamic State.

Perhaps what we need is a 25-Year Islamic Development Plan which should be drafted as a programme of action for a future Government of Pakistan. Before such a Government comes to power, the plan can be used as a manifesto on offer to the people of Pakistan. The plan must begin with a concrete base year, say 1975, on the assumption that by that date the Fourth Five-Year Plan of the current series will have achieved its meagre targets.

The IDP will be as articulate in its economic analysis and projections as the current Plans and perhaps more so. The IDP, however, will not be only an economic development plan drawn up almost exclusively by economists. The IDP will be a Plan for the complete restructuring of our social, economic and political life over 25 years. The IDP will be value-oriented and will identify the institutions that must be abolished and the values that must be eradicated and in what order. In their place, the IDP will define the new institutions that will be created and how, and the new values that must be inculcated and how.

The IDP will amost certainly have to include an education programme so that at the end of Plan Period over 25 years there grows up a new generation of Islamic technocrats fit to run the new order that the Plan would create. The IDP will have to answer, fearlessly, such fundamental questionsas those relating to the ownership of land and the other means of production. The IDP will have to include draft company laws that will ensure maximum participation as well as maximum production and,

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of course, most equitable distribution. The IDP will have to define the source of private property, its status and the objects of fiscal and monetary policies applicable to such property. The IDP will have to set levels of consumptional savings, and investment as productions of GNP at the beginning, during and at the end of the Plan Period with the objective of making available a predetermined minimum standard of living for all by the year 2000. On the way to the target, the IDP will explicity state the sacrifices that will be demanded and just how the burden of such sacrifices will be shared.

Thus motivated and armed with a 25-Year Islamic Development Plan, the Muslim nation in Pakistan can, within a quarter of a century, dwarf into insignificance the achievements of capitalism and Communism that at present appear so formidable. On the way we can set an example for the rest of the Muslim countries and perhaps also for mankind as a whole.

This is the challenge that awaits our response.