

The First Five Year Plan

Size, Objectives and Limitations

by

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(I)

The First Five Year Plan is a strategic blue-print of what should be accomplished in the next few years to make a start. It is necessary that political parties should commit themselves to the Plan without delay after making such modifications as may be necessary. Each day's delay involves a grievous loss to the nation in terms of the misery and suffering of the people. People engaged in personal squabbles and pursuing their petty selfish games of power are worse than a Nero fiddling while Rome was burning. What is burning today and burning furiously is a more precious to us than Rome was to the Romans.

The Plan needs to be examined with reference to its chief elements which consist of its size, objectives, priorities, and programme contents. Among these elements I assign supreme importance to the size and objectives of the Plan. Its size is the measure of the effort which the nation is expected to put forth while the objectives determine the priorities, structure, allocations and the programme contents of the Plan. Our development effort must be so regulated as to achieve clearly defined objectives. The unco-ordinated, unbalanced and disjointed effort hitherto applied has brought us face with serious problems which are undermining the foundations of our economy. This must cease.

We have proposed a total investment programme of Rs. 1160 crores; 800 crores in the public sector and 360 crores in the private sector.¹

Some of the critics have described the size to be modest, which is a completely mistaken view. The view held in the official circles at the Centre is that the size is based on optimistic assumptions. A similar view has recently been expressed in some foreign papers also. The Planning Board believes that if the Central and Provincial Governments as well as the people dedicate themselves to development and take the steps needed to initiate and accelerate progress a very large part of the programme can be fulfilled. 'Dedication' of the

(1) Note:— Extracted from the Annual address delivered on 5th Nov. 1956 at the conference of West Pakistan Economists.

nation to development is an essential condition without which planned development ceases to have much validity or meaning. The Plan assumes that such dedication would be realized. This assumption flowed from the appointment of the Planning Board. We must keep our aims high for high achievements are inconceivable in the framework of low, uninspiring aims.

It is necessary to keep in mind the doubts that have been expressed by competent observers about the size of the Plan, particularly when proposals are made to expand the programme on the basis of needs. Most of the criticism that has appeared seeks to invite attention to the failure of the Plan to provide for some need or other. Such criticism, as economists know, is irrelevant and based on ignorance. Our needs are large and limitless and our resources, which determine the size of the Plan, can only meet a part of them. This explains the need of a Plan based on priorities embodying a strategy calculated to produce maximum results with available resources.

(II)

The objectives of the Plan, have been described in the Plan in the following terms:—

- (a) To raise the national income and the standard of living of the people;
- (b) To improve the balance of payments of the country by increasing exports and by production of substitutes for imports;
- (c) To increase the opportunities for useful employment in the country;
- (d) To make steady progress in providing social services; housing, education, health and social welfare; and
- (e) To increase rapidly the rate of development, especially in East Pakistan and other relatively less developed areas.

Another important objective which has governed the priorities and allocations of the Plan though it has not been specifically included in the statement of objectives is the achievement of a secure food supply for our growing population. This is an objective of first importance and explains why the Plan accords highest priority to agricultural development. I propose to make brief observations on these objectives.

The need of achieving a rapid improvement in national income and the standards of living must be the cardinal objective of all plans though with varying emphasis. In the present conditions of our country, however, it has a special significance which needs to be appreciated. Due to the precarious state of our economy the emphasis must clearly and unequivocally be on economic develop-

ment. All countries, democratic or authoritarian, have concentrated in the early stages of development on economic programmes. Social services, that is, education, health, housing, etc., are important and some of the main ultimate objectives of national policy. We shall however meet with frustration and defeat if we put social services before economic development. Agricultural, industrial, power, water and other development must receive higher priority for many years. This is the lesson which the experience of other countries teaches us and we can ignore it at our peril. The economy is bearing a heavy burden of defence commitments and if social services are heedlessly expanded in the misconceived desire to win the good will of electorates we must prepare ourselves to face bankruptcy. Even the electorate wants food and clothing before anything else. Indifference to agriculture has brought the economy to its present condition and we cannot subject it any further to the stresses of unbalanced development without the certainty of a crash. Let the political parties face the fact that education, health, housing and social welfare cannot be expanded too much without creating confusion and chaos, if not a complete breakdown. Our people will understand and face the realities of the situation if these are explained to them. Instead they are fed by politicians on hopes and promises of state welfarism in the immediate future which cannot be realized and for which resources just do not exist.

Our second important objective is to bring about a substantial improvement in the foreign exchange position of the country in order that we should be able to support a sizeable development programme year without dependence on foreign sources. This is essential to gain some measure of economic independence and to extricate the country from its present state of helplessness. This objective determines the pattern of agricultural and industrial programme. We must be self-sufficient in food to prevent large demands for imports to feed starving populations. We must increase the production of cotton. The industrial programme should emphasize the more efficient employment of existing productive equipment. New undertakings should satisfy rigid tests in terms of contributions to national income and foreign exchange earnings or saving. Among competitive claims we must select those which promise maximum results in terms of foreign exchange. As an invariable rule no undertaking should be permitted unless it can be established that its operation will result in a net contribution to our foreign exchange account, it also follows that an undertaking which demands large amounts of foreign exchange during the Plan period must wait even though ultimately it may render sizeable contribution.

The next objective is the creation of opportunities of useful employment. This needs no elaboration. Employment must be viewed not in isolation but as a part and consequence of investment. As I have explained before our emphasis for many years to come must be on economic development and the

production of goods. We have not reached a stage where we can adopt programmes wholly oriented towards employment which would lead to uneconomic investments and undertakings involving a relatively wasteful employment of our limited resources. We expect that if the Plan is fully implemented it would provide job opportunities equal to the addition to the labour force in the Plan period. It is worth mentioning that the ambitious Second Five Year Plan of India expects to produce a similar result. The backlog of unemployment and under-employment will remain to be faced in subsequent periods. We must bear in mind that unemployment is one of the basic characteristics of under-employment. The solution of this problem will mean that we have overcome a large part of our development problem. This is far too much to be attainable in a short period. Those who expect unemployment to be removed to any appreciable extent during one or two plan periods are looking for miracles and will do well to study the experience of other countries. Unemployment can increase due to growing population and the increasing entry of woman into the labour market. It is an explosive situation and no easy solution is foreseen. We must continue to do the utmost we can and seize all possibilities that present themselves of approaching this problem with the hope of favourable results. The technique of planned parent-hood is yet in the stage of research and experiment and no results of any significance can be expected in the short term. The controversy that is often raised about capital intensive versus labour intensive undertakings cannot be settled until more accurate information is gathered by carefully planned projects of study and research about the results, direct and indirect, of the various types of investments.

The next objective is to make a steady progress in providing social services: education, health, housing and social welfare. As I have explained we cannot afford an ambitious and spectacular programme in these fields without the certain danger of breakdown of our economy. In education we should give priority to programmes which are complementary to the programmes of economic development. In health we should emphasize preventive measures which help to bring about extensive improvements at a relatively small cost. In housing and social welfare we have to begin almost from scratch and our endeavour must be to lay sound foundations.

The last but an extremely important objective is to accelerate the development of areas where the levels of living are low even according to the generally low standards of the country. East Pakistan suffered from neglect and exploitation for two centuries. A large amount of work has been done since partition, but with its increasing population pressing upon a relatively small land area and neglected resources it is still considerably behind some of the relatively better developed areas of West Pakistan. Equality in the levels of living is an ideal to which a federally organized country must dedicate itself in the interest of

national solidarity and social cohesion. I am sure the people of West Pakistan sympathize with their brethren of East Pakistan in their desire for a more rapid pace of development and will extend whatever support they can in its fulfilment.

West Pakistan also has its backward regions of which tribal areas are the most outstanding. In many other parts also the levels of living of large segments of the population are very low. The more backward an area the more difficult it is to stimulate its progress. We have first to break the crust of stagnation, make a beginning with the provision of basic services and awaken the people to the need and possibility of progress. Surveys, investigations, training and preparation of schemes have to precede the provision of basic services on which future progress can be built. The unification of West Pakistan has opened up the possibilities of accelerated progress by creating conditions needed for making the knowledge and experience of more advanced areas available to neglected areas. We must make the most of this favourable situation and not lose its potentialities by administrative slackness, inefficiency and apathy. The Plan has provided a reserve of Rs. 10 crores for financing the schemes which we hope will be prepared for such areas. Here again the emphasis must be on the improvement of productive capacity which is the foundation of social development.

(III)

I have dwelt on the chief objectives of the Five Year Plan because they govern the priorities, the balance and the structure of the Plan. These elements of the Plan must be thought out with utmost care in order to make the maximum use of national resources. To think as some people do that the country can do every thing in every sphere at the same time is fraught with serious dangers. The Planning Board has to contend with the astonishing view in many quarters that we can have large and spectacular programmes simultaneously in agriculture, water and power development, industry, heavy, light and small, education, roads, housing social welfare, health etc. This attitude is attributable to ignorance and can lead to unbalanced development with most serious consequences to the country. Progress will be rapid where relatively good organizations are available even though further progress is not essential for the balanced growth of the economy. In other fields where organizations and techniques have to be developed, improved and tried as in agriculture, land use, reclamation, small industries, co-operation and the like the needed effort will be lacking as has been the case in the past. This danger can be avoided only if the structure of the Plan is carefully framed and all authorities responsible for implementing the Plan are compelled to respect it. Departmental separatism, sectional and personal 'predilections, mistaken loyalties of a regional nature and other fissiparous tendencies are fatal to planned development and must be curbed. This explains why economic growth has been rapid in countries with

strong and well organized political parties which ensure a continuity of policy, unified direction and disciplined effort in the programme of development.

It is envisaged that if the Plan is adequately fulfilled in West Pakistan the expenditure on development in 1959-60 will be more than double the rate in 1955. In several fields the expansion is proposed to be as rapid as administrative feasibility will permit. The Village AID programme, agricultural development, small scale industrial development, technical and professional education—these are fields in which the feasible rate of expansion is the only limit. In several other fields — including large scale industry, power, irrigation, reclamation, etc., the programme is large enough to stretch available resources of managerial and technical skills very far. In several fields, notably housing and settlements, social welfare, industrial development by private enterprise, new approaches are needed, requiring new organizations to be established. Only in the field of transportation could it be argued that the programme proposed in the draft Plan could be substantially enlarged if the country's resources were large enough to permit. In short the draft Plan presents a highly challenging programme requiring great energy and sustained effort to accomplish.

I feel I should draw your attention to some of the impediments which planning and development have to face in our country. Normally the economists concern themselves with technical economic questions but in an under-developed country where political affiliations are fluid and social and economic needs are yet to be reflected in the programmes of political parties, the impediments are not so much of an economic character as they are political, administrative and social. In recent years, the economists have been showing a growing awareness of the importance of these factors for economic growth. On this occasion I propose to call your attention to some of them.

I am sure the economists will agree that there is an urgent need of developing planning organizations both in the Centre and provinces, staffed with administrators, economists and technicians to deal with planning problems and to assist in the fulfilment of Plans. The experience of other countries is emphatic on this point, but there is a surprising reluctance to face this problem, particularly in the provinces. Political parties in East Pakistan have often talked of an organization of their own to prepare a new plan, but in spite of our best efforts no action is yet in sight for starting even nucleus of a technical planning organization. I must however say that East Pakistan is at least ahead of West Pakistan in this matter, both in its thinking as well as action.

(IV)

The methods and techniques of public administration are some of the most serious obstacles to progress in our country. I cannot deal with this subjects at

any length today but I would draw your attention to some matters which are of basic importance. They are:—

First — It is the confirmed view both at the Centre and in the provinces that policy formation should be kept separate from execution of policies and programmes, policy formation being the function of secretariat while execution is the responsibility of technicians who occupy lower positions.

Second, that the technician whether he is an engineer, economist or scientist should not participate in the formation of policy. His role is to execute the policies and programmes laid down for him.

Third, that Secretaries to Government should be regarded as staff officers to Ministers and might therefore be junior officers whose duty is to obtain orders of the Ministers and communicate them to the Heads of Departments who are responsible for execution of policies and programmes. This theory is the basis of administrative organization in West Pakistan.

In my view the philosophy on which these principles are based is misconceived and is making a large contribution to delays and obstructions in the transaction of public business. I will briefly enumerate some of the arguments to show that each of those principles, which seem to be acquiring the status of divine commands greatly to the detriment of the country needs to be discarded if programmes of development have to make rapid progress.

Let us first take the principle of separating policy formation from execution assigning the former to secretariat consisting of general administrators and promoted clerks and the latter to heads of technical departments. This principle is unsound in theory and unworkable in practice. It is observed neither in Pakistan nor in any other country. The Minister is responsible to the legislature and the country both for policy and execution, and this responsibility must be discharged at the official level by the Secretary who is next to him in the administrative organization. In the U.K. the Ministers are called Secretaries and the Heads of official organization who are known permanent Under Secretaries are always the most senior members of the service. A somewhat similar position prevails in other countries. This is the only logical position to ensure unity of command which is essential for smooth and efficient conduct of business. Under British rule Secretaries to Government at the Centre were senior officers and were expressly held responsible for the efficient and smooth conduct of business in their respective departments which included both policy and execution. With extended powers and large programmes the Provincial Government today occupy the same position as the Central Government.

This principle of divorcing policy from execution is unworkable in practice because as we know the Secretariat continues to take close interest — albeit undue interest — in execution. One of the implications of adopting this policy is to exclude the technician from policy formation which in my view is disastrous for the country. Policies are then formed in the dark frequently based on non-technical and uninformed judgments.

Even under British rule the technicians were admitted into the Secretariat though reluctantly. The cases of Railways, Central Board of Revenue, Irrigation Departments, the Ministries of Finance and Commerce are cases in point. During the war faced with the problem of obtaining supplies on an unprecedented scale the Government of India brought the Secretariat, technical and Finance officers together and created integrated organizations which produced excellent results. Now that the country has embarked on large scale programmes of a technical character one should have expected progress to be accelerated in this direction. In actual fact there is clear evidence of a retrograde movement which is confronting the administrative machinery with serious obstructions. This is particularly so in West Pakistan where the progress of development is threatened from administrative theories which are wholly irrelevant to our requirements. It is necessary that Secretaries to Government being next to Ministers should be in full command of their respective departments and be responsible, under the direction of their Ministers, both for policy and execution. The technical heads of departments should be introduced into the Secretariat so that their knowledge and experience should be available for policy formation as they are responsible for execution of programmes. This would make for speed, convenience, economy and soundness, as against the present system, which is slow, inconvenient, expensive and productive of judgements based on insufficient technical knowledge and inadequate appreciation of facts. I regard this as the most urgent problem of West Pakistan.

Another factor which will impede the fulfilment of the Plan is the tendency which seems to be fairly general, to refuse to face facts. This tendency appears in many forms, and is undermining the moral stamina of the educated classes, who are socially, politically, administratively and economically in command of the country. The effort often is to make a show regardless of results. Things are made to appear attractive even if they are actually ugly. Some people in responsible positions are developing dual personalities. They make statements when talking informally but make totally contrary statements with equal vehemence when writing or speaking formally. Reports are prepared on the progress of programmes in such a way as to hide shortcomings and to highlight imaginary performances. The inevitable accompanying tendency is to avoid all effort to remove the shortcomings.

A very apt illustration is provided by the administrative organization of West Pakistan. There is hardly any one high or low excluding perhaps some officers in the Secretariat, who do not comment on the extremely slow pace of business after the unification. But when discussing formally most of them defend the present system with the result that new ideas are not put forward and there is no move for reviewing the theories, premises and systems on which the present organization was based.

The development of dual personalities, the tendency to hide ugly facts and the unwillingness to face and overcome obvious difficulties and shortcomings constitute in their totality a moral problem of deep import and I respectfully invite the attention of our Ulama, psychologists, social philosophers and other thinkers to its dangerous implications.

I have mentioned some questions of public administration because I believe they are going to be the most important factors in the preparation and fulfilment of the Plans. Several leading economists have dealt with them in some of their well known works. There are no institutes or departments of Public Administration in the Universities of West Pakistan except that the Karachi University is making a small beginning. There is an urgent need for starting studies in public administration and I invite the economists to give the lead. It is regrettable that our press overlooks these problems. In view of their importance they deserve to be publicly debated as they are in other countries.

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