

Chapter 2

EMERGENCE OF BANGLADESH AND ITS ECONOMY AT THE BEGINNING

1. Introduction

The disintegration of Pakistan and the birth of a new sovereign state, Bangladesh, was one of the traumatic events of 1971 in the history of the political world. The birth of Bangladesh was 'unique' in the sense that it emerged out of a successful national liberation movement waged against 'internal colonialism'¹.

In 1947, the British left India, and Pakistan was created as an independent state following the 'Indian Independent Act, 1947' passed in the British Parliament. The new nation Pakistan was composed of two wings, West Pakistan, then centered round Karachi, and East Pakistan (now Bangladesh) centered round Dhaka. Since 1947, East Pakistan had passed her 25 years with the union of Pakistan. But within this 25 years there was no new radical change in the economic life of the mass of the inhabitants of East Pakistan. In the words of Just Fallano and J.R. Parkinson, "Their way of life is still much as it was a century or even two ago"².

The Bengali economists termed this period as a 'time of economic exploitation, in fact, a second colonial era' after British. The economic growth that had taken place in Pakistan, actually benefitted West Pakistan at the cost of East Pakistan which became gradually poorer in the process of development. In other words, West Pakistan marched two steps forward while East Pakistan marched two steps backward during the 25 years of Pakistani

colonial rule.

This chapter is so designed as to enable one to know the nature of the evolution of the civil-military bureaucracy in the power structure of Pakistan (Section 2), the extent of economic exploitation of East Pakistan by West Pakistan and the transfer of resources from East Pakistan to West Pakistan by various direct and indirect methods (Section 3), which following the provincial autonomy movement ultimately led to the disintegration of Pakistan and the emergence of the new state of Bangladesh (Section 4). This picture of economic exploitation, along with the war-time damages will enable one to understand the actual economic condition of Bangladesh just after the liberation movement was over (Section 5).

2. Emergence of Civil-Military Bureaucratic Elite and Bengali Participation in the State Power of Pakistan

a) Emergence of Civil-Military Bureaucracy

The new nation of Pakistan, as viewed by the political thinkers, was not ruled by the political leaders but by the civil-military bureaucracy from the very beginning. The bureaucratic elite in Pakistan had been 'in effective command of the State Power' right from the beginning. They functioned with a 'parliamentary facade of politicians', in the early 1950s, but in 1958 they 'openly seized power' following a military coup, which they had been exercising in practice since 1947³.

The fact that the bureaucratic elite played a dominant role in the power structure of Pakistan as well as in the policy-making agencies, was due partly to historical and partly to social dynamics.

History tells us that the bureaucracy was the chief instrument of control and domination in British India. Its control over the government and its monopoly power of decision-making was a prominent feature of the British colonial rule⁴. After partition, Pakistan as a post-colonial state 'just inherited an over-developed state apparatus and its institutionalised practices'⁵, and the bureaucratic elite in Pakistan inherited the 'attitude' and 'orientations' of their predecessors⁶. According to Aungus Maddison, "The political and administrative system that was instituted in Pakistan was very much similar to that which functioned in Colonial India — 'a highly centralised and unitary system conducted by the bureaucrats' — Pakistan unlike India, copied the British Colonial apparatus and not the 'White Hall Democracy' "⁷.

The fact that the bureaucratic elite began to dominate the State Power, was due partly to the 'oligarchic' nature of the political leaders who came to power in Pakistan after partition. They had very little people's support in the society. The historical reason was that many of the leading politicians in Muslim League (Party in power in Pakistan after partition) had just migrated from India, particularly from the North-Western part of India. As a result, they virtually lost their earlier political constituencies and were reluctant to face any general election from new constituencies for fear of losing power⁸. Practically, the political leaders could not base their authority on 'popular will' within a democratic framework.

But soon the opposition grew up against the oligarchic rule of the central leaders from the different regional leaders. This

made them more furious and to counter opposition or 'in their bid to stay in power', the political elites framed an 'working alliance'⁹ with the civil bureaucrats — an alliance which dominated in the later years, specially after 1954 till the disintegration of Pakistan¹⁰.

Thus the slow pace of political development in the early years of Pakistan created opportunities for the civil arena. The more ambitious and cunning of them took advantage of the situation and came to occupy high policy-making positions. They wanted at best, as Mian Iftakharuddin put it in the Constituent Assembly as an 'administratively controlled democracy' as against a 'democratically controlled administration'¹¹.

The military officers like the civil bureaucratic elites also became more powerful soon after partition. The necessity of a strong defence force arose because of continued hostility with India over Kashmir and a subsequent war with India. Besides, in many internal affairs, the Army played a critical role during the 1950s, facing which the civil government failed. The Army was called several times to tackle some extraordinary situations such as the 'Lahore Riots' of 1953, the 'Industrial Riots' in East Pakistan of 1954 and the large-scale smuggling in East Pakistan during 1957-58. And through their participation in day to day administration, the Army gradually 'sensitized' into national politics. The officers themselves thought that they were very essential for the 'existence of Pakistan' and it was felt that 'only the Army saved Pakistan from being wiped off the map of the world'¹².

And finally, following this path the Pakistan Army, taking the advantage of political instability of the country during the mid- and ~~the~~ late fifties¹³, took over state power under the leadership of General Ayub Khan (the then Commander-in-Chief) on the 8th October, 1958. Thus within a decade after partition, the fate of the people of Pakistan was chained with the framework of a civil-military bureaucratic rule, which continued upto the last days of united Pakistan. The character of this rule has been aptly summarised by K.B. Sayeed as, 'a partnership between the Army and the civil service'¹⁴.

b) Bengali (East Pakistani) Participation in the Civil-Military Bureaucratic Elite Groups

In the power structure of the Central Government as well as in other key posts of Pakistan, there were an imbalance in respect of regional representation between East and West Pakistan. Politically, it is useful to recall that the main leadership of the Muslim League at the time of partition was in the hands of the non-Bengalis. And in the first decade following independence, Bengali participation in the national politics was limited¹⁵. The civil-military bureaucrats who were the ultimate policy-makers in Pakistan, were mostly the West Pakistanis, especially the Punjabis. Consequently, Bengali participation in the governmental higher posts was meagre¹⁶. A study by Ralph Braibanti, however, viewed that the poor representation of East Pakistan in the central elite service of Pakistan was the result more of historical forces than the machination of any particular regional clique¹⁷.

Historically, before partition Bengali Muslims were generally poor peasants, ruled by the Hindu Zamindars, who never tried to change the way of their life. Naturally, the Bengali Muslims in East Bengal remained backward both economically and educationally. But the Muslims of North-Western India, on the other hand, were comparatively more developed, who mostly migrated to West Pakistan. And especially the Punjabis had a long tradition of bureaucratic participation in British India¹⁸. Thus at the time of partition, only two of the 95 Muslim ICS-IPS (Indian Civil Service - Indian Police Service) officers who opted for Pakistan, were from East Pakistan¹⁹. About half of them came from other parts of India and fully one-third came from the former Punjab. As a result, the high officials in East Pakistan in the Districts, Divisions, Sub-Divisions and the Secretariat were almost all either from the former Punjab or from the other parts of India who culturally and linguistically were more akin to West Pakistan.

Thus Table 1 shows that the representation in the civil service of Pakistan from East Pakistan was very low both in absolute and percentage terms. But it should be noted here that to increase Bengali representation in the higher Civil Service of Pakistan (CSP), post-independence recruitment policy was geared through an introduction of quota system²⁰. As a result, a considerable increase of East Pakistani representation in the CSP during the late 1950s and the whole of the 1960s, as shown in Table 1 had been recorded. But nonetheless, the initial lag resulted in a continuing gap between the participation of the two wings.

Table 1
East-West Representation in the CSP (1948-1968)

Year	No. of CSP Officers	East Pakistan		West Pakistan	
		No.	% of total	No.	% of total
1948	18	2	11.1	16	88.9
1949	20	9	45.0	11	55.0
1950	11	4	36.4	7	63.6
1951	17	5	29.4	12	70.6
1952	13	3	23.0	10	77.0
1953	25	7	28.0	18	72.0
1954	17	5	29.4	12	70.6
1955	21	11	52.4	10	47.6
1956	20	7	35.0	13	65.0
1957	24	10	41.7	14	58.3
1958	25	12	48.0	13	52.0
1959	30	10	33.3	20	66.7
1960	28	11	39.2	17	60.8
1961	27	12	44.5	15	55.5
1962	28	13	46.5	15	53.5
1963	31	13	41.9	18	58.1
1964	33	14	42.2	17	57.8
1955	30	15	50.0	15	50.0
1966	30	14	46.7	16	53.3
1967	20	13	65.0	7	35.0
1968	20	11	55.0	9	45.0

Note: Army Officers who joined the civil service are not in this list and all of 14 Army Officers were from West Pakistan.

Source : Compiled from Establishment Division, Civil List of the Class I Officers Serving Under The GOP, 1948 to 1969: Gradation List of CSP, GOP.

One of the most common complaints of the Bengali civil servants was that whatever Bengali representation existed in the central secretariat was in the lower echelons or the Bengalis were posted in the departments which did not influence the 'vital areas of national policy'. The bulk of the Bengali representation in the Central Secretariat was mainly at the Section Officer or Deputy Secretary level as shown in Table 2.

Table 2

Secretaries and Other Key Posts in the Central Secretariat of Pakistan (1956)

Sl. N.	Rank	Number	East Pakistan	West Pakistan
1.	Secretary	19	Nil	19
2.	Joint Secretary	41	3	38
3.	Deputy Secretary	133	10	123
4.	Under Secretary	548	38	510
Total		741	51	690

Source : Constituent Assembly of Pakistan, Debates,
January 1, 1956, Vol. 1, No. 52, pp. 1843-44.

But the most striking fact was that the East wing had to wait for about 15 years for a post of Secretary in the Central Secretariat. Thus in 1964, there were only two Secretaries from East Pakistan at the Centre (one in the National Assembly Secretariat, the other as the acting Secretary in the Planning Department). And there were only 5 Joint Secretaries from East Pakistan (two in Law, one in National Assembly, one in Food and one in Health)²¹. In 1966, there were 4 Secretaries from East Pakistan

at the Centre (Education, Law, National Assembly and one as acting Secretary in the Planning Department) and 7 Joint Secretaries (Finance, Food, Law, the National Assembly, Health, Natural Resources and Chief Controller of Import and Export who was given the status of a Central Joint Secretary)²².

But here again, the East Pakistanis were never posted in the key posts like Secretary of Establishment, Finance, Home Affairs, Defence, Economic Affairs and Commerce and Industries. Likewise, the post of Deputy Chairman of the Planning Commission with the status of a central minister as one of the key-decision makers, specially during the Ayub regime was never occupied by an East Pakistani²³.

It was believed that there were three types of central policy-making institutions in Pakistan, specially in the Ayub regime. These were:-

- 1) Commissions of Enquiry,
- ii) The Central Secretariat, and
- iii) The Public Corporations.

Like the Central Secretariat, as we have noted earlier, so far, Bengali participation in Enquiry Commissions and Public Corporations was minimal. Thus out of 280 members of the thirty three (33) major commissions of enquiry, there were only 75 from East Pakistan²⁴. Similarly, among the members of the boards of directors of the 13 (thirteen) central corporations, there were 87 from West Pakistan as opposed to 17 from East Pakistan²⁵. The fact that makes the matter worst, was that of the 13 Public Corporation Presidents in 1966, there was only one from East Pakistan²⁶. Thus the complaints

of the Bengalis that they were not posted in higher posts appeared to be justified.

Even among the Class I Officers of various divisions in the Central Secretariat as shown in Table 3, the Bengali participation was very low over the years 1963-1966. And this gap between the East-West representation continued upto the last days of the Pakistan period in some divisions, though a considerable increase of Bengali participation (Appendix A) is recorded in some other divisions during the late sixties.

Table 3

East-west Representation Among Class I Officers in Divisions of the Central Secretariat of Pakistan

Division	1963		1964		1966	
	East	West	East	West	East	West
Cabinet	3	23	4	20	5	21
Establishment	8	28	9	27	10	27
Planning	13	44	17	46	19	61
Economic Affairs	6	39	9	40	11	36
Defence	1	38	6	35	4	38
Industry	4	22	7	19	8	14
Home	4	32	3	30	3	26
Education	5	25	6	22	6	21
Health	3	16	5	10	8	16
Foreign Affairs	13	83	14	94	18	50
Finance	21	91	20	106	27	107
Finance (Military)	-	-	1	37	3	34
Agriculture	6	50	4	37	5	35
Commerce	12	40	11	42	22	34

Source: Civil List of Class I Officers Serving Under the GOP Establishment Division, GOP, 1st January, 1963, 1964, 1966.

The story does not end here. The situation further worsened by the fact that in 1960, even in the Secretariat of East Pakistan, the Chief-Secretary and the Secretaries of Planning and Development, Food and Agriculture, Works and Housing had been from West Pakistan.²⁷ And despite the adoption of a policy of posting East Pakistani civil servants in East Pakistan in 1961, the Chief-Secretary and the Secretary of Agriculture were from West Pakistan in 1967-68²⁸.

During the Ayub regime, however, some measures were taken to increase the East Pakistani representation. For example, the post of the Chief Controller of Imports and Exports was held by East Pakistanis since 1963 and the posts of Deputy Secretary of Cabinet and Establishment Division were invariably held by East Pakistanis after 1962. The head of Industrial Development Bank of Pakistan (IDBP) and State Bank of Pakistan were also from East Pakistan. But nonetheless, there was a common belief among the Bengali civil servants as well as other 'intelligentsias' that these posts were granted to those who were 'acceptable' to the power dominated by the West Pakistanis. And those who failed to serve the 'Authorities' interests were 'squeezed out' or transferred to 'penal' posts²⁹. Thus the remaining chosen were satired as 'official show boys' having no effective power.

In the case of Army, the Bengalis had in fact, no representation among the decision making top-ranking military officers. All the top-ranking officers came from West Pakistan. Table 4 shows that upto 1956, there were no General, Lieutenant-General, Brigadiers

and Colonels from East Pakistan, except only one Major-General, 2 Lieutenant-Colonels and 10 Majors.

Table 4

East-West Representation in the Army Officers of
Pakistan (1956)

Rank	East Pakistan	West Pakistan
General	0 (Nil)	1 (One)
Lieutenant-General	0 (Nil)	3 (Three)
Major-General	1 (One)	20 (Twenty)
Brigadier	0 (Nil)	35 (Thirty five)
Colonel	0 (Nil)	50 (Fifty)
Lieutenant-Colonel	2 (Two)	198 (One hundred ninety eight)
Major	10 (Ten)	590 (Five hundred ninety)

Source : Constituent Assembly of Pakistan Debates,
January 17, 1956.

A statistical estimate as in Table 5, shows that upto January 1955, out of 908 Army Officers, there were only 14 from East Pakistan. And out of 600 Navy Officers and 700 Air Force Officers, there were only 7 and 60 Officers respectively from East Pakistan.

Table 5
Military Elite in Pakistan (1955)

Service	East Pakistan	West Pakistan	Total
Army	14	894	908
Navy	7	593	600
Air Force	60	640	700

Source : Raunoq Jahan, Pakistan : Failure in National Integration, Oxford University Press, Bangladesh, 1973, Table 11.9, p. 25.

The low representation of East Pakistani Bengalis in the Armed forces of Pakistan was partly due to historical reasons during the first few years after partition and mostly due to the regional cliques. The Pakistan Army from the beginning after the partition, followed the British policy of recruiting army personnel from the so-called 'Martial Races' of West Pakistan, specially from four districts of the Northern Punjab — Rawalpindi, Compbellpur, Jhelum and Gujrat, and two districts of the North-West Frontier Province — Peshwar and Kohat³⁰. This policy of recruitment had the effect of almost completely excluding the Bengalis from the Army. Thus even after 18 years of partition in 1963-64, East Pakistan's representation on the whole did not exceed on an average 10 to 15 percent of the total officers and other ranks as shown in Table 6. And the above imbalance remained more or less invariable upto the last days of Pakistan.

Table 6
East Pakistan's Representation in the Armed
Forces of Pakistan (1964)

Service (Ranks)	East Pakistan's Representation (Percent of Total)
A. The Army	
1) Officers	5.0
2) Junior Commissioned Ranks	7.4
3) Other Ranks	7.4
B. The Air Force	
1) Officers	16.0
2) Warrant Officers	17.0
3) Other Ranks	30.0
C. The Navy	
1) Officers	10.0
2) Branch Officers	5.0
3) Chief Petty Officers	10.4
4) Petty Officers	17.3
5) Leading Seamen and below	28.8

Source : Hassan Askari Rizvi, The Military and Politics in Pakistan, Progressive Publishers, Lahore, 1974, p. 177.

It is, therefore, clear from the above analysis that a very large majority of the civil-military bureaucratic elite, who were dominant in policy making and policy implementation, were recruited from West Pakistan. Naturally, they (west Pakistanis) exercised a great influence both at the policy making and policy implementing levels in favour of West Pakistan. Here lies the root of economic exploitation of East Pakistan by West Pakistan. For, there were

sound reasons, examined below, as to believe that the Pakistani civil servants were often influenced by regional considerations in decision making³¹.

3. Exploitations of East Pakistan by West Pakistan: Economic Disparities Between East and West Pakistan

The nature and extent of economic exploitation as well as economic disparity between the two wings of Pakistan are, however, complex and debatable³². But there is little doubt that the economy of East Pakistan was relatively stagnant compared to that of West Pakistan during the whole period of united Pakistan specially during the first decade of the period. All the available data indicate that the initial economic gap which existed between the two wings in 1947-48 increased substantially over the years.

Historically, inspite of many other differences, at the time of partition, the two wings of Pakistan were economically more or less similar, with a slightly higher per capita income in West Pakistan. Both the wings were industrially underdeveloped and had been the producers of agricultural raw goods like jute (East wing) and cotton (West wing). Again, the two wings were industrially more or less of the same size at the time of partition³³.

But the 25 years of Pakistani colonial rule, based on transfer of resources from East wing to West wing widened the initial small gap that existed between the two wings very rapidly. Thus Table 7 shows that Gross Regional Product (GRP) of East Pakistan increased from Rs. 12,360 million in 1949-50 to Rs. 14,945 million in 1959-60 and Rs. 23,119 million in 1969-70. But the GRP of West Pakistan, on the other hand, increased from 12,106 million in

1949-50 to Rs. 16,494 million in 1959-60 and to Rs. 31,157 million in 1969-70. The average annual growth rate in East Pakistan was 2.0 percent and 5.4 percent in the first and the second decade respectively. Compared to this, the annual growth rate in West Pakistan was 3.6 percent and 7.8 percent in the first and the second decade respectively.

Table 7

Gross Regional Product of East and West
Pakistan (at 1959-60 Constant Factor Cost)

(Rs in million)

Region	1949-50	1959-60	1969-70	Growth Rate (in per cent)	
				1st decade	2nd decade
East Pakistan	12,360	14,945	23,119	2.0	5.4
West Pakistan	12,106	16,494	31,157	3.6	7.8

Source : i) The Third Five-Year Plan, 1965-70, Planning Commission, GOP, p. 11.

ii) Reports of the Advisory Panel of Economists for the Fourth Five-Year Plan, 1970-75, Planning Commission, GOP, Islamabad, July, 1970, Vol. 134.

The level of interregional disparity in per capita GRP went on increasing since independence. Table 8 shows that in 1949-50 the level of disparity was 19%; in 1959-60 it rose to 32% and in 1969-70 to 61%. This level of disparity indicates a highly differential rate of development in the two wings. The level of disparity may, however, be higher if we consider two other things. First, the estimate of output of value added in some sectors was on the high side for East Pakistan and on the low side for West Pakistan³⁴. Secondly, the purchasing power of rupee was lower in East Pakistan

than in West Pakistan. Thus the cost of living was 5% to 7% higher on an average in East Pakistan from 1950-60 to 1966-69 than in West Pakistan (Appendix B) and the real wages in both urban and rural areas were much lower in the East³⁵, indicating a high level of disparity in terms of real income.

Table 8

Rate of Interregional Per Capita Disparity
in GRP of East and West Pakistan
(At 1959-60 Prices)

Year	Per Capita GRP of East Pakistan	Per Capita GRP of West Pakistan	East-West Disparity Ratio
1949-50	Rs. 287	Rs. 345	100:119
1959-60	Rs. 269	Rs. 355	100:132
1969-70	Rs. 314	Rs. 504	100:161

Source : Reports of the Advisory Panel of Economists for the Fourth Five-Year Plan, 1970-75, Planning Commission, GOP, Islamabad, July, 1970, p. 136.

More significantly enough, the East wing continued to lag behind in structural development. The contribution of industry to the GRP was growing more and more in West Pakistan than in East Pakistan. Thus in East Pakistan, industrial contribution rose from 7% to 10% during 1951-52 to 1959-60 and in West Pakistan it rose from 8% to 15% at the same time³⁶, reflecting a shift in direction of structural change in the economy of the two wings.

It is, however, basically difficult to ascertain precisely all the factors responsible for the growing economic disparity between East and West Pakistan since partition. There were several complex economic and non-economic factors that widened economic disparity between the two wings. But there is little doubt that the whole period of united Pakistan was based on the transfer of resources from East Pakistan to West Pakistan through a combination of direct and indirect methods. Before going to details two crucial factors should be borne in mind. First, the capital of Pakistan was located in West Pakistan; first in Karachi and then expensively re-located in Islamabad. Second, a bulk of entrepreneurs migrated from the North-Western part of India to West Pakistan and settled there permanently, who played the principal role not only in West Pakistan's industrial development, but also captured almost all the key business houses of East Pakistan, favoured by the civil bureaucrats, originated from West Pakistan, noted earlier³⁷. Thus the migration of entrepreneurs and the location of the capital city became enormously advantageous to West Pakistan in view of the wide control over the economy of the country³⁸.

Directly, resources were diverted from East Pakistan to West Pakistan as evident from the revenue and development budgets (Table 9). Thus from 1950 to 1970 only Rs. 45030 million were spent in East Pakistan compared to Rs. 11 3340 million in West Pakistan on revenue and development account. Table 9 shows that East Pakistan's percentage share of total development expenditure varied from 20% to 36% from 1950 to 1970 and the remaining larger share of development expenditure went to West Pakistan.

Table 9

Revenue and Development Expenditure in East and West Pakistan from 1950 to 1970

(Rs. in million)

Period	Revenue Expenditure	Development Expenditure	Outside Plan Expenditure	Total (1+2+3)	Development Expenditure as percentage of All Pak. total Development Expenditure
	1	2	3	4	5
E. Pakistan					
1950-51 to 1954-55	1710	1000	-	2710	20
1955-56 to 1959-60	2540	2700	-	5240	26
1960-61 to 1964-65	4340	9250	450	14040	32
1965-66 to 1969-70	6480	16560	-	23040	36
Total (1950-70)	15070	29510	450	45030	28
W. Pakistan					
1950-51 to 1954-55	7290	4000	-	11290	80
1955-56 to 1959-60	8980	7570	-	16550	74
1960-61 to 1964-65	12840	18400	2110	33550	68
1965-66 to 1969-70	22230	261000	3600	51950	64
Total (1950-70)	51340	56070	5710	113340	72
All Pakistan (1950-70)	66410	85580	6160	158370	100

Note: Percentages are in round figures.

Source: Reports of the Advisory Panel of Economists for the Fourth Five Year Plan, 1970-75, Planning Commission, GOP, July, 1970, p. 25.

The private sector allocation in East Pakistan also lagged far behind compared to West Pakistan, and the rate of allocative disparity was more in the private sector than in the public sector. Thus Table 10 shows that the allocation of resources in the private sector was almost three times higher in West Pakistan than in East Pakistan during the Second and Third Plan periods. Moreover, the multi-million dollar expenditure for the 'Indus Basin Project' in

Table 10

Development Allocation in the Public and Private Sectors in East and West Pakistan (1959-70)

Sector	(Rs in million)			
	Second Plan (1960-65)		Third Plan (1965-70)	
	East	West	East	West
Public Sector	6,700	10,800	11,300	13,700
Private Sector	3,000	10,700	5,500	16,000
Total	9,700	21,500	16,800	29,700
Percentage of Total	31	69	36	64

Source : An Outline of the Fourth Five-Year Plan, 1970-75,
Planning Commission, GOP, p. 26.

West Pakistan was not included in the Third Five-Year Plan³⁹. Again, the development expenditure for the relocation of the capital city from Karachi to Islamabad, which benefitted only West Pakistan, was also not included in the Third Five-Year Plan. Besides, the budget expenditure mostly benefitted West Pakistan since the major portion of the budget (more than 70 percent) went to defence and administration, centered in West Pakistan. Thus East Pakistan's share was

much lower than West Pakistan's share taking the above points into consideration.

A similar discriminating policy was applied in the case of distribution of foreign aid and loans. From 1947-48 to 1959-60 Rs. 939 million out of a total foreign development aid of Rs. 5421 million and Rs. 1290 million out of a total U.S. commodity aid of Rs. 4090 million were allocated for East Pakistan. These accounted for, as shown in Table 11, East Pakistan's share of only 17% and 30% respectively, indicating larger percentages that were allocated to West Pakistan.

Even in case of Central Government's sanctions of investment, loans and grants-in-aid to the two provinces, there were marked discrepancies. Table 12 shows that between 1947-48 and 1960-61, total investment and loans sanctioned for East Pakistan was Rs. 1720 million and Rs. 1840 million respectively compared to Rs. 4300 million and Rs. 2240 million respectively for West Pakistan. And at the same period grants-in-aid sanctioned for East Pakistan was Rs. 760 million compared to Rs. 1010 million for West Pakistan. In all cases, per capita sanction to East Pakistan was very much low compared to West Pakistan. And from 1960 disparity of the Central Government's grants-in-aid allocation increased further (Appendix C).

But the most striking fact in this regard was that the committed amount of project assistance was not disbursed fully by the executive authorities to East Pakistan. Table 13 shows that between 1960-61 and 1965-66 \$ 239 million was disbursed out of a total commitment of \$ 486 million in East Pakistan, compared to \$ 299 million out of a total of \$ 458 million committed for West

Table 11

Foreign Aid and Loans Distributed in East and West Pakistan from 1947-60

(Rs in million)

Category	East	West	Centre	Total
Foreign Development Aid	938.8 (17)	3352.2 (62)	1130.0 (21)	5421.1
U.S. Commodity Aid	1290.0 (30)	2620.0 (64)	180.0 (6)	4090.0

Source : Economic Disparities Between East and West Pakistan, Planning Department, Government of East Pakistan, Dhaka, 1961, p. 21.

Note : Round Figures in parenthesis indicate percentage of total.

Table 12

Central Government's Sanction of Investment, Loans and Grants-in-aid to the Two Provinces (1947-48 to 1960-61)

(Rs. in million)

Head	East		West	
	Total	Per Capita Rs.	Total	Per Capita Rs.
Investment	1720	38	4300	117
Loans	1840	40	2240	61
Grants-in-aid	760	15	1010	28

Source : Economic Disparities Between East and West Pakistan, Planning Department, Government of East Pakistan, Dhaka, 1961, p. 18.

Pakistan. Table 13 also shows that the disbursed amount was even more than the committed amount during 1960-62 in case of West Pakistan.

Table 13

Commitments and Disbursement of Project Assistance
by Executive Authorities in Pakistan

(In million dollars)

Year	Commitment		Disbursement	
	East	West	East	West
1960-61	23	38	20	40
1961-62	30	23	21	45
1962-63	84	90	36	50
1963-64	150	116	48	47
1964-65	90	76	51	51
1965-66	109	115	63	63
Total	486	458	239	299

Source : The Mid-Plan Review of the Third Five-Year Plan, 1965-70, Planning Commission, GOP, p. 37.

The bureaucratic elites, thus, by their allocative bias in favour of West Pakistan, made all possible efforts to develop a wider system of socio-economic structure in West Pakistan, through federal expenditure and distributing scarce resources like foreign exchange, foreign aid, etc. This allocative bias was, however, defended by the Central Government on the economic ground that there were more demands in the Western Wing from the absorption capacity point of view⁴⁰.

The highly imbalanced growth is also found in case of development of socio-economic overheads between East and West Pakistan. During the period 1947-48 to 1957-58, students' enrolment in primary schools increased by almost 300% in West Pakistan but in East Pakistan it increased by about 50% only. By 1965-66, again, primary schools' enrolment increased by 209% in East Pakistan, but then it was 507% in West Pakistan. In cases of secondary schools, colleges and university enrolment, a similar imbalanced growth was found. The same is also true in cases of route mileage of railways, road mileage and radio licences issued, etc.⁴¹.

The road mileage in West Pakistan was about nine times more than that in East Pakistan in 1966-67; the route mileage in railways was three times greater in West Pakistan (5,335 miles) than that in East Pakistan (1,713 miles). The number of motor vehicles was about five times greater in West Pakistan (259395) than that in East Pakistan (56,285) and the number of radio licences issued in West Pakistan, was more than double the number issued in East Pakistan⁴². All the statistical information cited above thus, reflects the fact that the socio-economic system of West Pakistan developed more quickly than that in East Pakistan after partition by an undue overbiased allocation of federal resources in favour of West Pakistan.

These developed socio-economic infrastructure basically geared up the growth of private sector in West Pakistan by reducing the cost of production and improving the scope of profitability for further investment. Thus, private investment in East Pakistan that took place during 1963-64 to 1967-68 was only 22% of the total as compared to 78% in West Pakistan (Table 14).

Table 14

Private Investment in East and West Pakistan
from 1963-64 to 1967-68

Year	East	West	(Rs. in million)	
			Percentage of Total East	Percentage of Total West
1963-64	547	2091	21	79
1964-65	817	2614	24	76
1965-66	681	2397	22	78
1966-67	819	2918	22	78
1967-68	1038	3647	22	78
Total	3902	13,667	22	78

Source : The Mid-Plan Review of the Third Five-Year Plan, 1965-70, Planning Commission, GOP, p. 39.

No doubt, West Pakistan had a good starting point with a larger stock of capital and relatively developed socio-economic overheads in the form of power, transportation and communication facilities, relatively rich natural resources and a comparatively low density of population. East Pakistan, on the other hand, had a low starting point with low level of infrastructure, lack of entrepreneurs, poor transport and communication facilities, highly dense population, etc. Logically, the rate of economic growth was found to be somewhat faster in West Pakistan than in East Pakistan.

But the main complaint against the Pakistani regime was that no effective efforts were made after partition for a 'balanced growth' of the two regions. Though a substantial effort on the part of the Central Government was demanded by East Pakistan to improve its socio-economic conditions, it was never realised. On

the contrary, the policy-makers of the Central Government acted in such a way that the initial imbalance between the two wings of Pakistan intensified further during the whole period of united Pakistan⁴³.

It is found that between 1950-51 and 1957-58, the import licences that were issued to importers of East Pakistan valued only 35% of the total on an average. And between 1957-58 and 1964-65, East Pakistan constituted only 31% of the total actual imports⁴⁴. There were so many barriers in respect of industrial sanctions and thus, sanctions for industrial schemes were not passed in due time and many of the applied projects were rejected by the bureaucrats. A study reveals that from 1960-61 to 1966-67 only 260 cases of industrial sanctions were given by the Central Investment Promotion and Co-ordination Committee (CIPCC) in East Pakistan as compared to 682 in West Pakistan⁴⁵. Thus for East Pakistan, it was only 27.6% of the total sanction.

In case of distribution of loans, the Central Government credit-giving agencies also showed a similar strategy of disparity to the private investors of East Pakistan. From 1960-61 to 1966-67, the Industrial Development Bank of Pakistan (IDBP) distributed Rs. 676 million as loans for East Pakistan, compared to Rs. 771 million for West Pakistan (Appendix D).

From 1960-61 to 1965-66, Pakistan Industrial Credit and Investment Corporation (PICIC) distributed Rs. 198.93 million and Rs. 697.21 million as loans to East and West Pakistan respectively, which constituted East Pakistan's share of 22% of the total (Appendix E). And by 1968-69, 32.6% of the PICIC loans went to East

Pakistan⁴⁶. A similar disparity was shown in case of distribution of National Investment Trust (NIT) loans by regions. During 1962-67, NIT investment amount to Rs. 27.93 million and Rs. 46.45 million for East and West Pakistan respectively⁴⁷.

Apart from these biased allocations, the Central Government, particularly in the first decade, took the policy of industrialisation through the private sector by extracting surplus from agriculture and then re-channelling it to the private industrial sector. This policy gravitated further the imbalance and differential growth in the two regions. For, East Pakistan with a larger share of export (Table 15) from agricultural products, specially 'Jute' and 'Tea', than West Pakistan was affected severely by this policy. In fact, the transfer of surplus from agriculture to industry meant a transfer of surplus of the agriculture of East Pakistan to the industries of West Pakistan, as the maximum import licence holders, noted earlier, were West Pakistanis.

Table 15

Export Earnings of East and West Pakistan
from 1960-61 to 1966-67

Year	East	West	(Rs. in million)
			Share of East Pakistan In Total (In percent)
1960-61	1259	540	70
1961-62	1301	543	70
1962-63	1249	398	55
1963-64	1224	1070	54
1964-65	1268	1140	53
1965-66	1514	1204	55
1966-67	1660	1325	56

Source: The Mid-Plan Review of the Third Five-Year Plan, 1965-70,
Planning Commission, GOP, p. 31.

But the most effective direct method of transfer of resources from East Pakistan to West Pakistan worked through the balance of payments. A greater amount of East Pakistan's foreign exchange earnings was diverted to West Pakistan through a surplus in international trade and a deficit in inter-regional trade. East Pakistan had always a surplus in foreign balance (Appendix F), except in 1962-63 and 1963-64, but a continuous deficit in inter-wing balance (regional trade), indicating a net transfer of resources from East Pakistan to West Pakistan. West Pakistan, on the other hand, had an overall deficit in foreign balance which was financed partly by East Pakistan's export earnings and partly by foreign aid, where East Pakistan had also equal share.

An estimate showed that such transfer may have amounted to Rs. 210 million per year from 1950 to 1955 and Rs. 100 million per year from 1956 to 1960⁴⁸. The extent of deprivation is, however, difficult to measure with any precision. A 'Panel of Economists', however, estimated a net transfer of resources amounting to Rs. 31,120 million at the rate of Rs. 1556 million per year from 1947-48 to 1968-69⁴⁹. In other words, the economic growth that had taken place in West Pakistan was at the cost of East Pakistan.

The economic exploitation by the extraction of surplus from East Pakistan done directly through the development budget and other biased policies of the GOP and through the expropriation of foreign exchange earnings and internal resource inflow to West Pakistan was also accompanied by other indirect methods of exploitation. Indirectly it was achieved by acquiring control over the modern capitalistic

sector of the East Pakistan's economy, through domination and control of private industry as well as trade and finance by non-Bengali businessmen as a privileged group.

Historically, at the time and before partition the economy of East Pakistan (former East Bengal under British rule) had been dominated not by the Bengali Muslims but by the British merchantile capitalists together with the Hindu and Marwari businessmen. Naturally, after partition when the Hindu and the Marwari businessmen migrated to India, the vacuum was filled up by the non-Bengali Muslim migrant entrepreneurs⁵⁰. The displacement of the Hindu and the Marwari businessmen was almost completed during the Indo-pak War in 1965, when the Government of Pakistan passed an Ordinance namely "Enemy Property Ordinance"⁵¹. Besides, the West Pakistani capitalists were also footing into the economy of East Pakistan at the very beginning. The land of East Pakistan was considered by them as a market for its exportable surplus and a source of raw-materials to feed their industries in West Pakistan⁵².

The Central Government's policies were also in favour of the non-Bengali entrepreneurs that initiated them to come forward in the business field of East Pakistan. Thus, it was estimated that 29% of the loans advanced by IDBP and 37% of the loans advanced by PICIC against East Pakistan upto 1971, went to the non-Bengali entrepreneurs who were a very small minority in East Pakistan⁵³. Following the Central Government's biased policy, the non-Bengali businessmen, however, gradually captured almost all the key business houses of banking, insurance, trade, inland water transport, foreign trade and construction⁵⁴. A study showed that 45.1% of total assets

of privately controlled firms in East Pakistan was controlled by some 43 families where there was only one Bengali conglomerate, placed as 29th in the list graded by size of wealth⁵⁵. Another study showed that 14 non-Bengali companies from the aforesaid 43 families controlled 75.6% of all insurance assets held by Pakistani companies who owned 90% of total insurance business in East Pakistan⁵⁶. And the non-Bengali-owned banks accounted for 70% of the total deposit on the eve of banking nationalisation in East Pakistan which was mainly used to finance their manufacturing and trading operations⁵⁷.

It is interesting to note here that most of the headquarters of the non-Bengali firms were located in West Pakistan. Naturally, the profits earned by these firms were diverted to West Pakistan, indicating a net transfer of resources from East Pakistan to West Pakistan. The business houses — for example, Adamjees, Bawanis and Amins — used their profits from investment in East Pakistan to expand investment in West Pakistan⁵⁸.

The transfer of resources from East Pakistan to West Pakistan and economic exploitation of East Pakistan by West Pakistan was mainly possible because of the integrated nature of the two wings. The Central Government, as we have seen earlier, had the overall economic control in the field of policy-making and implementation and there were virtually 'no room for independent action' by the East Pakistan Government. Along with the biased allocation of resources against East Pakistan, trade between East and West Pakistan was regarded as internal trade without any fiscal restraints⁵⁹.

Moreover, the use of common currency and a freedom of movement of money from one wing to another, enabled the West Pakistani businessmen to divert their profits from East Pakistan that could be reinvested in West Pakistan. All these were defended by the Central Government in the name of 'one-economy' and on the so-called "economic grounds" that there were greater demands in the western wing. And regional balance was never regarded as an "economic objective" by the Central Government of Pakistan.

4. Movement Against Exploitation : Autonomy Movement and Road to Bangladesh

It was quite natural for the Bengalis, politically the most sensitized people of the sub-continent, to be dissatisfied with the 'one-economy' policy to the Central Government, based on colonial exploitation. The lack of adequate representation in the central services and Army personnel created a feeling of discontent in East Pakistan from the very beginning. In the words of Begum Shaista Ikramulla, "A feeling is growing among the East Pakistanis that Eastern Pakistan is being neglected and treated merely as a 'colony' of West Pakistan"⁶⁰.

This discontent was further heightened by the declaration of 'Urdu' alone as the state language of Pakistan, and took an all-embracing shape after the firing on the students demonstrating in favour of Bengali in Dhaka on 21st February, 1952. This language controversy together with the issue of economic exploitation geared up the strong regional feeling, that took the shape of a strong regional autonomy movement in East Pakistan.

The demand for full provincial autonomy was put forth as early as 1950, which intensified after 1954, with the dismissal of the United Front ministry by the imposition of Governor's rule in East Pakistan⁶¹. Though economic imbalance between East and West Pakistan dates from 1947, it was not, however, a full-down controversy until 1955. By the mid-50s economic disparity became the focal point of controversy between 'the Centre and East Pakistan', when the East Pakistan Awami League (the largest opposition party in the then East Pakistan) published a pamphlet called "Why Autonomy" showing the economic reasons for provincial autonomy. By this time a sophisticated economic analysis by the Bengali economists focussing the economic disparity between the East and West wings, was also published. In 1956, the Bengali economists formulated an alternative strategy of economic development, mostly popularised as the 'two-economy thesis' against the one-economy policy of the Central Government⁶².

The two-economy theory gained momentous support from the various strata of the Bengali society like businessmen, industrialists, urban workers and salaried middle class group, rural peasants, students and even from the Bengali bureaucrats and Army Officers⁶³. And this ultimately strengthened the hands of the autonomists. Having material support from the two-economy theory, the autonomy movement took the full shape, particularly after the Indo-Pak War in 1965 and mostly after the announcement of 'Six Points Programme' in 1966 by Shiek Mozibur Rahman (the then leader of East Pakistan Awami League) as a 'Charter of Survival' for East Pakistan⁶⁴.

Finally, the path of autonomy movement, people's uprising in 1969, National Assembly Election in 1970 and at last, the crisis of 1971 led to the final disintegration of Pakistan⁶⁵. And Bangladesh emerged as an independent state in December 16, 1971, after having witnessed a nine-month old tragic and bloody liberation war⁶⁶.

5. Bangladesh Economy at the Beginning

Falland and Parkinson expressed the post-liberation economic situation in Bangladesh thus:

"In 1972, for the second time in twenty-five years, the people of East Bengal (Bangladesh) were faced with the necessity of adjusting their economy to a new economic order"⁶⁷.

During the 25 years of Pakistani rule, as we have seen, no attempt was made to develop the socio-economic infrastructure of this land. The partition of India in 1947, left East Bengal with a structure of communications system unsuited for economic development and there was no remarkable structural change of the land during the Pakistani period.

And finally, a nine-month old war of liberation in 1971, destroyed almost all that were achieved upto 1970. A survey of the United Nations Relief Operation showed that the material damage caused by the war in 1971 amounted to \$ 1200 million⁶⁸. Loss of agricultural output amounted to some \$ 300 million, damage of housing to \$ 200 million, and transport facilities to \$ 130 million.⁶⁹ Along with these, damage of agricultural potentials, loss of animals

and fishing equipments, damage to the postal services and telecommunications, damage to sea ports and industries, etc. — all these had bad effects on the economy of the newly born country.

The destruction of the economy during the liberation war was made in three stages. In the first stage of the liberation war, heavy gun-power was used by the Pakistani army, which meant massive civilian casualties and loss of property.

In the second stage of the liberation war, the Mukti Bahini (Freedom Fighters) took the tactic of guerilla warfare. As a part of the guerilla war policy, communication lines and transport systems were destroyed in order to disturb the Pakistani army's supply lines in the occupied area. Rail roads were for the most part made out of order, river and road transport were disrupted. Attempts were also made to disrupt the economy by sabotaging jute and tea exports.

Finally, in the third phase, when the Pakistani Army came to know that they had to surrender, they took the 'scorched-earth policy' of destroying the rest of the economy⁷⁰.

Throwing light on the economic position of that period, Mr. Tazuddin Ahmed, the First Finance Minister of Bangladesh in his budget speech pointed out that the new government inherited a paralysed and bankrupt economy after a nine-month old war of liberation, high ways and railways were completely disconnected; sea ports and airports were out of order; industries were partially, and in many cases completely destroyed⁷¹. Besides, production in the industrial sectors could not be started due to the scarcity of raw materials and machineries. Separation from Pakistan also needed

new markets to be found for exports⁷².

In addition to these, new sources of supply of industrial raw materials and machineries had to be found and the management gap caused by the flight of non-Bengalis, had to be filled up. The government had to rearrange its different organs, agencies and bodies. Besides, just after liberation, shortage of essential commodities, insufficient food supply and severe unemployment created a very difficult situation. Above all, millions of destitute refugees coming back from India, disabled freedom fighters, orphans and widows needed immediate relief and rehabilitation⁷³.

Even without the war damage of 1971, Bangladesh would have been an intolerably poor and over-populated land with negligible natural resources and literacy rate as low as 20%. The per capita annual income was only Tk. 450 in 1969-70⁷⁴. And in 1974, only one country in the world (Rwanda) was recorded to have smaller per capita income than Bangladesh⁷⁵. In the first year of independence (1972-73) the GDP of Bangladesh was well below that of 1969-70 as may be seen in Table 16.

Table 16

GDP and Its Components of Bangladesh at 1972-73 Prices

(Tk. in million)

Sl. No.	Sector	1969-70*	1972-73
1.	Agriculture, Livestock, Forestry and Fishery	28830	24070
2.	Manufacturing	5200	3580
3.	Construction	1840	1710
4.	Power and Gas	150	150
5.	Housing	2360	2360
6.	Trade, Transport and Other Services	11650	11070
Total		50030	42940

* The last normal year before the war of liberation.

Source : The First Five-Year Plan, 1973-78, Planning Commission, GOP, Chapter 1, p. 15, Table 11-2.

In 1972-73, production in both agriculture and industry failed to reach the level achieved in 1969-70. Rice production and industrial output in 1972-73 was about 15% and 30% lower than that of 1969-70 respectively⁷⁶. In addition, there were shortfalls in exports and imports, a sharp increase in money supply causing rise in the price level and an alarming increase in the cost of living index. The cost of living index was about 50% higher in 1972-73 than that of 1969-70. From the base of 100 in 1969-70 the cost of living index of an industrial worker rose to 200.31 at the end of 1972⁷⁷. At that critical stage, naturally, revenue collection of the government lagged behind and it failed to cover even the current expenditure

of the government⁷⁸. In practice, Bangladesh was to survive on international sympathy and she was looked upon by many as an "international basket case"⁷⁹.

Though the struggle against Pakistani-exploitation and the war of liberation raised high expectations of rapid economic growth among the people, the prevailing poverty was overwhelming and the scarcity of resources was acute. Clearly the government was in great dilemma. It needed much resources for development but found virtually no pockets for extracting any surplus internally. The situation can best be understood from the observation of the Planning Commission:

"Bangladesh inherited a poor, undiversified economy, characterised by an underdeveloped infra-structure, stagnant agriculture, and a rapidly growing population. She had suffered from years of colonial exploitation and missed opportunities, with debilitating effects on initiatives and enterprise. Superimposed on all these were the war of liberation, which caused serious damage to physical infra-structure, dislocation in managerial and organisational apparatus and disruption in established external trading relationship"⁸⁰.

However, the GOB started its budgeting from 1972-73 guided by the principle of self-reliant growth with an aim in mobilizing more resources internally through various fiscal measures which we shall discuss in the following chapters.

NOTES AND REFERENCES

1. The term 'internal colonialism' is used to refer to the process of domination and exploitation of one ethnic group by another or one region/wing by another within a country. See Raunoq Jahan, Bangladesh Politics : Problems and Issues, UPL, Dhaka, 1980, p. 75.
2. J. Falland and J.R. Parkinson, Bangladesh : The Test Caste of Development, C. Hurst and Company, London, 1976, p. 6.
3. For details see Aungus Maddison, Class Structure and Economic Growth : India and Pakistan since Mughals, George Allen and Unwin Ltd., London, 1971, p. 136. Also see Hamza Alavi, "The State in Post Colonial Societies : Pakistan and Bangladesh", in K. Gough and H.P. Sharma, eds., Imperialism and Revolution in South Asia, Monthly Review Press, New York, 1973, p. 152.
4. See Emazuddin Ahmed, Bureaucratic Elites in Segmented Economic Growth : Bangladesh and Pakistan, UPL, Dhaka, 1980.
5. See Hamza Alavi (1973) p. 147.
6. See Emazuddin Ahmed (1980), p. 32.
7. Aungus Maddison (1971), p. 74.
8. For details see Muneer Ahmed, Legislature in Pakistan, University of Punjab, Lahore, 1960, p. 14.
9. Henry Frank Goodnow, The Civil Service of Pakistan: Bureaucracy in a New Nation, Yale University Press, New Haven, 1964.
10. The alliance was not so much an institutional one, but a personal one among a few top civil servants, military personnel and political leaders who were participants in key-decision making bodies.
11. Constituent Assembly of Pakistan Debates, September 8, 1956, Vol. 1, p. 637.
12. Fazal Muqueem Khan, The Story of the Pakistan Army, Oxford University Press, Karachi, 1963, p. 117.

13. During 1953-55 and 1957-58 the prestige of the civil government reached its lowest ebb. The political instability of Pakistan can best be understood by the fact that there were 7 Prime Ministers within 8 years (1951-58). See Emajuddin Ahmed (1980), p. 39 (Foot note 38).
14. K.B. Sayeed, Pakistan : The Formative Phase, Pakistan Publishing House, Karachi, 1960, p. 402.
15. See for details Raunoq Jahan, Pakistan : Failure in National Integration, Oxford University Press, Dhaka, 1973.
16. Wayne A. Wilcox, "Problems and Process of National Integration in Pakistan", The Journal of Pakistan Students, March-April, 1967, p. 12.
17. See for details Ralph Braibanti, "Public Bureaucracy and Judiciary in Pakistan", Bureaucracy and Political Development, Edited by Joseph La Palombara, Princeton University Press, Princeton, 1963.
18. Wayne A. Wilcox (1967), p. 12.
19. Muzafar Ahmed Chowdhury, The Civil Service in Pakistan, National Institute of Public Administration, Dhaka, 1963, p. 78.
 But of the two officers one was U.P. non-Bengali Muslim who settled in East Pakistan, thus remaining only one was Bengali Muslim Officer. See Ralph Braibanti, Research on Bureaucracy of Pakistan, Duke University Press, 1966, Durham, N.C., p. 49.
20. According to the quota system only 20% were selected purely on merit and 40% had to be chosen from East and West Pakistan respectively.
21. Civil List of Class I Officers Serving Under the GOP, 1st January, 1964, Establishment Division, GOP.
22. Ibid, 1966.

23. It is interesting to note that in the days of Civil War in 1971, one East Pakistani was appointed as the Chairman of the Planning Commission. But it was then meaningless to the Bengalis.
24. Ralph Braibanti (1966), Table 10.
25. Ibid, Table 5.
26. Civil List of Class I Officers, 1966, Establishment Division, GOP.
27. Civil List of Class I Officers, 1960, Establishment Division, GOP.
28. Raunoq Jahan (1973), p. 101.
29. It might be a coincidence that three CSP Officers who were believed to be paid more attention to the East Pakistanis' interests were falsely accused in the historic 'Agartala Conspiracy Case'. See The Pakistan Observer, Dhaka, February 2 to 6, 1969.
30. K.B. Sayeed, "The role of the Military in Pakistan", in Jacques Van Doorn, ed., Armed Forces and Society: Sociological Essays, Mouton and Co., The Hague, 1968, p. 276.
31. Muneer Ahmed, The Civil Servants in Pakistan, Oxford University Press, Karachi, 1964, pp. 112-13.
32. The question of economic disparity between East and West Pakistan was however, a matter of controversy among Pakistani Economists. See for details Md. Anisur Rahman, East and West Pakistan: A Problem in the Political Economy of Regional Planning, Centre for International Affairs, Harvard University, 1968 and Mahbubul-Haque, The strategy of Economic Planning: A Case Study of Pakistan, Oxford University Press, Lahore, 1963, among others.
33. G.F. Papanek, "Industrial Production and Investment in Pakistan", Pakistan Development Review, Vol. IV, Autumn, 1964, p. 48. Also see Rehman Sobhan, "The Problems of Regional Imbalance in the Economic Development of Pakistan", Asian Survey, Vol. II, July, 1962, pp. 31-7.

34. Keith Griffith and A.R. Khan, "Introduction", in Griffith and Khan's eds., Growth and Inequality in Pakistan, Macmillan, London, 1972, p. 3.
35. A.R. Khan, "What Was Been Happening to Real Wages in Pakistan?", The Pakistan Development Review, Vol. VII, 1967, pp. 317-47 and S.R. Bose, "Trend of Real Income of the Rural Poor in East Pakistan, 1949-66", The Pakistan Development Review, Vol. VIII, 1968, pp. 452-88.
36. See for details Mahbubul Hoque (1968).
37. See for details G.F. Papanek, Pakistan's Development: Social Goals and Private Incentives, Harvard University Press, Cambridge, 1967.
38. Md. Anisur Rahman (1968), p. 16.
39. It was argued that the 'Indus Basin Scheme', total outlays of which amounted to Rs. 2900 million was a replacement work and hence should not be included in the development plan. But in actual, it was a development outlay, since it had income and employment generating effects. See Emajuddin Ahmed (1980), p. 121.
40. Mahbubul Hoque (1963), p. 113.
41. Twenty Years of Pakistan in Statistics, 1947-67, Central Statistical Office, Ministry of Economic Affairs, GOP, pp. 149-90. Also see Statistical Year Book of Pakistan, 1971, Central Statistical Office, Ministry of Economic Affairs, GOP, pp. 180-81.
42. Ibid.
43. M. Akhlakur Rahman, The Private Sector of East Pakistan : An Analysis of Lagged Development, United Bank Ltd., Karachi, 1970.
44. Philip S. Thomas, "Import Licencing and Import Liberalisation in Pakistan", Pakistan Development Review, Vol. VI, Winter 1966, p. 534.
45. Draft Report on Dearth of Private Enterprise in East Pakistan (mimeo), GOP, 1968, p. 12.

46. 12th Annual Report for the Year Ended, December 31, 1969, PICIC, Karachi, 1969.
47. Draft Report on Dearth of Private Enterprise in East Pakistan (mimeo), GOP, 1968.
48. Mahbub-ul-Hoque (1963), p. 100.
49. Report of the Advisory Panel of Economists for the Fourth Five-Year Plan, 1970-75, Planning Commission, GOP, Islamabad, July, 1970, Vol. I, pp. 84-6.
50. Akhlaqur Rahman, Partition, Integration, Economic Growth and International Trade: A Study of Inter-Wing Trade in Pakistan, 1948-1959, Institute of Development Economics, Karachi, 1963. Also see Hanna Papanek, "Entrepreneurs in East Pakistan", South Asian Series Research Paper, No. 16, Asian Studies Centre, Michigan State University, 1969.
51. The "Enemy Property Ordinance" promulgated by the GOP in 1965 at the time of Indo-Pak war, expropriated all properties belonging to the Indian nationals in Pakistan. In East Pakistan where the bulk of these properties were located, valued at over Rs. 1000 million. A specific statistics given by Hanna Papanek (1969) showed that in 1965, 52 large industries and 250 Hindu commercial enterprises were taken over.
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53. Ibid, p. 57.
54. For the dominant role of non-Bengalis in the Bangladesh economy see Hanna Papanek (1969).
55. See for details White, Lawrence J., Industrial Concentration and Economic Power in Pakistan, Princeton University Press, Princeton, 1974.
56. Rehman Sobhan and M. Ahmed (1980), p. 59.
57. Ibid., p. 60.

58. These Western Indian business groups, well marked in the business world of the sub-continent, had done much of their business before partition (1947) in Burma and Calcutta. But after partition, they migrated and initially invested their capital in the jute industry located in East Pakistan. But they never thought themselves as East Pakistanis. For details see G.F. Papanek, "The Location of Economic Policy decisions in Pakistan", Public Policy, Harvard, 1959.
59. Just Falland and J.R. Parkinson (1976), p. 6.
60. Constituent Assembly of Pakistan Debates, Official Reports, February 24, 1948, Vol. II, No. 1, p. 7.
61. Raunoq Jahan (1973), p. 30.
62. For detailed analysis of the two-economy thesis, see A. Sadeque, The Economic Emergence of Pakistan, Part I. East Bengal Govt. Press, Dhaka, 1954; Part II. The Planning Department, Dhaka, 1956.
63. Raunoq Jahan (1973), pp. 88-89.
64. For detailed in Six Points, see Shiek Mozibur Rahman, Six Points Formula : Our Right to Live, EPAL, Dhaka, 1966.
65. For details see Raunoq Jahan (1973), pp. 186-204.
66. The war of independence against Pakistan was declared by Shiek Muzibur Rahman in March 26, 1971, after 'Dhaka massacar' by Pakistani Army at mid-night of 25th March, 1971. The day 26th March is now celebrated as the 'Independence Day' of Bangladesh and 16th December as the 'Victory Day'.
67. J. Falland and J.R. Parkinson (1976), p. 9.
68. A Survey of Damages and Repairs, United Nations Relief Operation, 1972, Dhaka, Bangladesh.
69. Ibid.
70. J.C. Debnath and M. Liaquat Ali Khan, "The First Budget of Bangladesh : A Bold Step in Reconstruction and Rehabilitation", a paper presented at the First Asian Conference of the International Institute for Development Studies in Calcutta, January, 1992.

71. The Budget Speech, 1972-73, 30th June, 1972; Ministry of Finance, GOB, p. 1.
72. Bulk of the tea was imported by West Pakistan from East Pakistan.
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APPENDIX A

East-West Representation in Class I Officers in
Some Divisions (1968-1969)

Division	1968		1969	
	East No.	West No.	East No.	West No.
Econ. Affairs	16 (36)	28 (64)	20 (44)	29 (56)
Commerce	19 (38)	33 (62)	20 (33)	41 (67)
Finance	10 (29)	27 (71)	12 (30)	30 (70)
Agriculture	4 (13)	26 (87)	6 (17)	28 (83)
Industries	9 (28)	23 (72)	10 (32)	21 (68)
Cabinet	3 (13)	21 (87)	4 (16)	22 (84)
Establishment	12 (32)	25 (68)	11 (30)	25 (70)
Planning	21 (30)	51 (70)	28 (29)	67 (71)
Labour and Social Welfare	4 (28)	10 (72)	5 (33)	10 (67)
Information and Broadcasting	5 (25)	15 (75)	6 (26)	17 (74)
Defence	4 (10)	35 (90)	5 (13)	31 (87)

Note : Percentages in round figures are within brackets.

Source: Civil List of Class I Officers Serving Under^{UK} GOP,
Establishment Division, 1968 & 1969.

Appendix B
 Regional Differences in Cost of Living of
 East and West Pakistan, 1959-67
 (1959-60 = 100)

Year	East Pakistan	West Pakistan
1959-60	100.0	100.0
1960-61	102.8	104.8
1961-62	106.8	104.7
1962-63	106.2	102.9
1963-64	102.6	106.4
1964-65	111.3	113.6
1965-66	122.3	112.0
1966-67	141.4	124.5

Source : Twenty Years of Pakistan in Statistics, 1947-67,
 Central Statistical Office, Ministry of Economic
 Affairs, GOP, p. 198.

Appendix CCentral Government's Grants-in-aid to the Two
Provinces, 1960-68 (Budget Estimates)

(Rs. in million)

Year	East Pakistant	West Pakistan
1959-60	3.4	31.2
1960-61	4.1	23.7
1961-62	1.0	241.2
1962-63	21.5	222.3
1963-64	42.6	219.2
1964-65	51.6	222.8
1965-66	36.1	192.9
1966-67	44.5	161.3
1967-68	3.7	148.4

Source : Twenty Years of Pakistan in Statistics, 1947-67,
Central Statistical Office, Ministry of Economic
Affairs, GOP, pp. 287-95.

Appendix D

**Distribution of IDBP Loans in Million Rupees
by Regions, 1961-67**

Year	East	West
1961-62	87 (52)	81 (48)
1962-63	110 (62)	69 (38)
1963-64	195 (57)	149 (43)
1964-65	86 (36)	150 (64)
1965-66	47 (34)	149 (74)
1966-67	151 (47)	173 (53)
Total	676 (47)	771 (53)

Note : Percentages in round figures are within brackets

Source: The Mid-Plan Review of the Third Five-Year Plan, 1965-70,
Planning Commission, GOP, p. 41.

Appendix EDistribution of PICIC Loans in Million Rupees
by Regions, 1961-66

Year	East	West
1961-62	29.01 (23.32)	95.39 (76.68)
1962-63	47.02 (31.35)	102.99 (68.65)
1963-64	9.06 (6.43)	131.87 (93.57)
1964-65	38.21 (14.44)	227.06 (85.56)
1965-66	75.63 (35.09)	139.90 (64.91)
Total	198.93 (22.20)	697.21 (77.80)

Note : Percentages are within brackets.

Source : The Mid-Plan Review of the Third Five-Year Plan, 1965-70,
Planning Commission, GOP, p. .

Appendix F

Trade Balance for East and West Pakistan, 1948-1967.

(Rs. in million)

Year	Foreign Balance		Inter Wing Internal Balance (West-East)	Overall Balance	
	East	West		East	West
1948-49	146.8	-648.3	120.5	26.3	-527.8
1949-50	244.1	-347.0	185.1	59.0	-161.9
1950-51	758.2	+175.4	208.5	749.7	+383.9
1951-52	323.1	-552.0	187.7	135.4	-364.3
1952-53	276.1	-144.9	69.2	206.9	-80.7
1953-54	351.9	-183.3	235.0	116.9	+51.7
1954-55	411.4	-291.6	106.8	304.6	-184.8
1955-56	680.6	-222.1	95.5	585.1	-126.6
1956-57	90.9	-817.8	197.7	-106.8	-520.1
1957-58	252.5	-880.7	432.9	-180.4	-447.8
1958-59	327.2	-580.2	397.1	-69.9	-183.1
1959-60	424.3	-1042.6	201.0	223.3	-841.6
1960-61	244.8	-1633.0	455.4	-210.6	-1177.6
1961-62	427.8	-1693.0	450.9	-23.1	-1242.5
1962-63	230.6	-1802.0	484.4	-253.8	-1317.6
1963-64	-224.4	-1906.6	384.0	-608.4	-1522.6
1964-65	-433.7	-2526.3	337.4	-771.1	-2188.7
1965-66	186.1	-1676.7
1966-67	100.4	-1267.6

Source : M. Anisur Rahman, East and West Pakistan : A Problem in the Political Economy of Regional Planning, Centre for International Affairs, Harvard University, 1968, p. 12.