

On being powerless in power

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Mr President, members of the Bangladesh Economic Association, distinguished guests, ladies and gentlemen.

I am not competent to speak on the technical aspects of planning. Those rightly belong to the domain of economists. My interests lie more in the political objectives of economic plans, their feasibility, their successes and failures. In the circumstances, I shall try to relate some of our government's experiences of plans and planners and of the forces acting upon them.

The principal lesson we learnt during the tenure of our government can be stated in one sentence. It is that preparation of plans and their implementation is more akin to waging a war rather than smoothly carrying out a mission for which a political government wins a people-oriented mandate from the electorate. It is an unending series of battles fought simultaneously on many fronts and at many levels. The principal contenders are the following:

1. *The people:* The overwhelming majority of the people of Pakistan are ill-fed, ill-clothed, ill-educated, poor and backward. The proclaimed objective of almost all economic plans is to raise the economic, social and cultural level of the people. It is the people who vote, or are expected to vote, to bring governments into power and it is in their name that governments are formed and run.

2. *The leadership:* Generally speaking, the economic, political, social, ideological and cultural interests of the leadership of the political party in power determines the character of the government. In a country like Pakistan,

these interests, depending upon the period, may tilt towards the interests of big land-owners, industrial or trading classes, or the custodians of the civil and the military apparatus of the state.

3. *The managers:* This group may consist of three or more sub-groups.

(a) At the apex of the administrative and intellectual organisation of the national planning commission are the planners. Highly educated, often at institutions of higher learning in the West, the planners are academic in their approach and generally out of touch with the problems of the people. They have little field experience, if any. Occasionally, members of this group have either served with, or have yearnings to serve with, international organisations such as the World Bank.

(b) The second sub-group may be designated as the implementers. In the former colonies of Britain, the implementers are generally members of the civil and the armed services. Among them are administrators, engineers, educationists, doctors and specialists in agriculture and other applied sciences.

(c) Industrial entrepreneurs, capitalists, agriculturists, real estate developers, big transporters, etc., constitute yet another sub-group which operates semi-independently and at a level subservient to that of the sub-groups (a) and (b).

4. *The developed countries:* To be included in this group are the industrial and financial houses of the developed countries and their governmental agencies, as well as the international agencies dominated by them, such as the World Bank, the Asian Development Bank, the international

Finance Corporation, the International Monetary Fund, etc., etc. The US Agency for International Development and similar agencies created by the governments of other developed countries are also to be included in this group.

The clash of economic, political, social, cultural and ideological interests among the 'contenders' is of a fundamental nature. Take, for example, the interests of the developed countries. They want the markets of the undeveloped countries for their produce, products, low level technology, capital, communication networks, etc., at terms as highly profitable as possible. They want to grab the fruits of the labour and wealth of undeveloped countries at as little cost as possible. On the other hand, they want to sell what they wish to export at as high a price as possible. In other words, the interests of the developed countries are best served only when they can make as much profit out of the poor countries as possible. They do not wish that the primary exports of the poor countries should become dearer, or for these countries to become able to produce locally the goods they depend upon the developed countries to supply. As things stand today, our poverty, is their riches.

The apparent interest of the 'managers', as these exist in the former colonies of Britain, are to enhance their own wealth, influence and political power. Since their legitimacy as rulers, indispensability as a necessary adjunct to the process of production, and their loyalty to the institution of the nation state have never been established beyond

dispute, the managers are prone to connive and collude against the people either with the leadership or with developed countries or both to serve their own group interest. Simultaneously, they are also prone to intrigue and conspire both against the people and against the leadership. However, a small number of individuals among them may attempt to act in the national interest along genuine nationalist lines. But the members of this small group have little chance of keeping their jobs over a long period of time.

The foremost interest of the leadership is, of course, to remain in power. At times, such interest proves to be a highly corrupting factor by itself; in other words, the leadership can be swayed away from its electoral commitment to the people and move closer to the interests of the other contenders. A government dominated by big landlords would want to raise the level of the prices of agricultural produce, would like agricultural inputs to be subsidised by the state and would like a greater share of bank credit for big landlords. Naturally, this leadership is opposed to land reforms or taxes on agricultural income.

Pakistan's brief history is rich with the experience of several possible combinations among the contenders. The leadership dominated by landlords and managers joined hands with the developed countries and we saw what happened during a part of the pre-plan and the first five-year plan periods (1953-60). The managers joined hands with the developed countries and the history of the years of the second and the third five-year plans (1960-70) is also before us. It is about a few years in the early 1970's that I wish to talk in more detail. Very little comes out in public of the fierce battles which unceasingly rage behind the scenes among the contenders — to be more precise, among the contenders minus the people.

We came into power under most unenviable circumstances and ran into major problems from day one. Most of our problems arose out of our political stance, our election rhetoric and lack of proper political organisation. We had a

programme to nationalise major financial and industrial undertakings; we were against the bilateral and multinational security agreements of Pakistan; we wanted to improve our ties with the Soviet Union without damaging our relations with China; in our election campaign we had been very vocal against the United States; we wanted to curb the power of the bureaucracy; and we were known as socialists. The result was that the developed countries as well as the managers were totally hostile to us. We had also alienated the big landlords and big business. It was in such an environment that we entered Islamabad.

As a result, the legitimate government of a sovereign nation, the first ever elected on the basis of universal adult franchise in Pakistan, had to act as an 'outsider' in an environment that was hostile, to put it mildly. The nationalisation of major industrial units had to be called, in the first instance, 'taking over management' and the task had to be accomplished in the dead of night along the lines of a clandestine operation. When it came to nationalisation of the banks, no file was ever made of that operation. Not one person from the establishment, including the governor of the State Bank of Pakistan, was made privy to the implementation of the secret project. To avoid hostile international reaction against a state in such a weak position as Pakistan was in January 1972, foreign-owned firms such as Attock Oil, Esso Fertilisers and ICI undertakings had to be exempted from nationalisation. The compensation to be paid for nationalisation of the American Life insurance company had to be negotiated secretly in advance of the act of nationalisation. In addition to the economic, many more examples of this nature can be cited in political, social and administrative fields, in which the government considered it necessary to act as if it was a faction in opposition to the real custodians of power — the bureaucracy and its international allies. Time and again, we were obliged to adopt extra-ordinary courses of action to implement our policies.

Soon after we assumed office, Robert McNamara, President of

the World Bank, paid us a visit. His mission was that (1) we accept liability for all the debts Pakistan has incurred to date, irrespective of the geographical area for which they were meant, and (2) we devalue our currency. In our discussion I put to him that if the Bank was of the opinion that we had inherited a government or an administration, it was mistaken. We were sitting, I said on the 'ruins and shambles' of a country and a government. McNamara was in agreement. He was also asked to look back on the course of Pakistan's economic development. For almost two decades, Pakistan had depended upon the World Bank and the International Monetary Fund (IMF) for guidance. The advice of the two institutions was accepted in totality. No questions were ever raised. Pakistan's plans were prepared and economic policies were determined by foreign experts. Pakistan even went to the extent of preparing and implementing individual projects almost exclusively to foreign consultants, contractors and suppliers, and their output was put by the bank and other agencies to the highest possible scrutiny — namely, that of the borrower by a lender. I told McNamara, 'You described Pakistan as a model developing country.' Pakistan had accepted the Bank and the IMF and their foreign experts as its physicians and, as a good patient, took all the medicine they had prescribed. And now the patient lay dead before them. Were they prepared to accept any kind of responsibility for the tragedy? McNamara seemed moved, but did not answer.

The Reality

When we assumed power, there existed a fourth five-year plan to cover the period from 1970 to 1975. This plan, prepared by the previous regime, had been rightly criticised throughout the country, as it then existed. The kind of economic development it had aimed at would have served to exacerbate injustices among people and regions. It did not even attempt to do anything about what our party had termed the 'internal colonial structure' of Pakistan's economy. It was scrapped summarily by our government.

Ideas about starting afresh on preparing a formal five-year plan for economic development remained constantly in our minds, but for a variety of political, economic and administrative reasons we dared not embark upon them.

1. the constitution of the country had yet to be framed. The jurisdiction of the federation and the provinces had yet to be delineated, as also the powers of raising revenues.

2. Nationalisation of basic industries, banks, insurance, shipping and oil had to be carried out first, which took us more than two years.

3. Then we were hit by the spiral of rising oil prices and the severe worldwide recession of the 1970s. To add to our economic difficulties, we were hit by droughts as well as floods.

4. There were so many 'on-going' projects-and many more were to be added by us, like the steel mill, the power projects, heavy engineering and electrical complexes -that there was hardly any room for manoeuvre left.

By the time our government succeeded in giving the country a constitution with the unanimous approval of the Constituent Assembly, and by the time we had implemented the programme of nationalisation as envisaged in our election manifesto, it was 1974. Thoughts about the next elections began to occupy our minds and an international economic crisis began to take the world in its grip with extremely harmful consequences for us. Furthermore, we were disappointed with the ability and competence of our Planning Commission. The personnel in the Planning Commission was almost totally unacquainted with the conditions in the field. Unfortunately for Pakistan, its capital city has been so designed that foreign visitors are better able to adjust themselves in Islamabad than Pakistanis. For the citizens of Pakistan, visiting the capital to put forth a point of view is a nightmare. More painful, in practical terms, is the fact that the news of the country never seems to reach it. The majority of our *Sahib Bahadurs* of the Planning Commission live in the exclusive paper world of the secretariat. Not much could be done about them by us when we formed the

government. They were probably the best available in our country in those days. In order to acquaint them with the problems of development in the real world of Pakistan, I took a trainful from city to city and they were able to see, probably for the first time, how agriculture, industry, commerce, etc., operated in the country. They had a chance to meet and talk to working people, businessmen, administration officers, professionals and others.

Our experience with the developed countries and the international lending agencies educated us in yet another dimension. We had to pledge early devaluation of the Pakistani rupee. Only then were we able to resume normal financial and commercial intercourse with the western world. Prior to that, that is when we came into power, the financial houses of the West were not honouring our letters of credit or cheques. All our payments had to be made in cash. In fact, we were under constant threat of the seizure of our national assets in the western countries. Such was the truth, in the economic sphere, about the much touted 'tilt' towards Pakistan. Our depleting stocks of wheat and edible oil had crossed the danger mark. We had to find money to purchase food, and ships to deliver the food to Karachi. Even if all had gone expeditiously, we knew it would be too late to avoid grave shortages at the ration depots, and, as a consequence, urban unrest. Once we gave the pledge (I refer to the devaluation only), ships on the high seas loaded with grain were diverted to Karachi. We heaved a sigh of relief.

We were also to discover that the developed countries exercised great influence over the planning and implementation of development projects. We found that the practice of employing foreign consultants and contractors, sponsored by or acceptable to the developed countries or their lending agencies, to carry out feasibility studies, prepare plans and designs, supply goods and services and to supervise the execution of projects is a stupendous drain on, and a blatant plunder of, the wealth of Third World countries. Quite unjustifiably, we are made to pay through the nose-five, ten, twen-

ty times the real price-for goods supplied and services rendered. With the help of just one officer, an engineer by profession, I was able to save hundreds of millions of dollars from being looted away. But it was always a grim fight. The files bearing orders which adversely affected foreign interests tended to become untraceable. The high echelons of our administration and the top executives of corporations with foreign participation generally tended to side with foreign interests. Mr Bhutto's Minister of Finance Planning and Development soon became a very unpopular man indeed, and for good reason. Permit me to mention a few instances.

In 1971, Pakistani irrigation engineers pointed out that the design of the large Tarbela dam, under construction at that time, and costing \$600m (1971 prices) was defective, as it did not provide adequate capacity to release water for irrigation purposes in a particular period of the year. The foreign consultants responsible for the design vigorously rejected the Pakistani criticism. Rightly, as events were later to prove, the consultants were overruled and we ordered the construction of an additional tunnel in the dam. However, when the consultant and the contractor, big foreign firms both, came to know that I intended to assign the work of designing and constructing the additional tunnel to Pakistani firms a big storm broke out. The 'managers' and some forces from the elite joined hands with foreign interests to oppose my proposal. I barely managed to assign the design work to Pakistani engineers. Formidable problems arose when the time of awarding the contract arrived, as the managers continued to favour the foreign firm.

Two years later, as the dam was being commissioned, disaster struck. The tunnels designed and built by the foreigners, along with massive concrete works, were severely damaged, costing us hundreds of millions of additional dollars. But that was not all. Not a word appeared in the press about any lack of diligence shown by the foreigners in design or construction or both. The bureaucracy had connived with foreign interests. I had left the government by then,

and found myself totally helpless in getting the responsibility fixed where it belonged. The dam developed other troubles, and we have ended up by spending over \$1,300m, against the original estimate of \$600m.

Then there was the project to build a new pipeline from a gas field in Sind to Karachi over a distance of about 200km. I expressed my preference that the pipeline should be built by Pakistani engineers, for I did not believe it was so highly technical a job that Pakistanis could not do it. The 'managers' balked, saying that no Pakistani firm was capable of doing the job. Using the lever of the government's ownership of a part of the gas company, I hinted of my plan to change the management, the part-ownership of a multinational firm notwithstanding. The company relented, and in due course there was a request for approving foreign exchange expenditure of about \$40m to cover the cost of the pipe to be imported. I was staggered. Within minutes I got the length of the pipe multiplied by the weight of steel per unit length and the price of steel per unit weight. The answer was between \$6m and \$7m. Adding a certain percentage as the cost of fabrication, we concluded that the pipeline should not cost over \$9m to \$10m, against the \$40m being demanded of the government. Why? In their explanation, the company said that the government was in a hurry; the pipe was nowhere available on the shelf, hence the high quotation. But when would they actually need the pipe-in a week, a month, six months? Six months was their answer. So why did they not ask for a quotation for the supply to be made six months from now? They promised to do if forthwith. They did, and the price came down by between \$6m and \$10m, I do not remember the exact figure. But it was still much too high.

At the time the last discussion about the cost of the pipeline took place, an American gentleman was sitting in my office and he showed utter indignation and amazement at what he had heard. He was not a businessman, he said, but he had friends and if only he could talk to them over the telex, he could be helpful, he

would try. He did and the price came down to about \$23m to \$25m. But his gambit did not last long. Unfortunately for him, the telex operator was a sympathiser of the Pakistan People's Party and he supplied my resourceful private secretary with the transcript of the American's conversation with his 'friends'. The transcript revealed that within a period of three days all the four manufacturers of oil and gas pipelines in the world had agreed among themselves on how to share the extra profits any one of them would make out of the Pakistani deal. And they vowed not to quote below an agreed figure. As I pondered over the course to be adopted, an executive of our state enterprise called on me in some other connection. Upon learning that he was on his way to Japan, I requested him to say the right things to the Japanese steel manufacturers. He did and the price came down - to \$19m, if I remember correctly. Ultimately, we bought the pipe for between \$12m and \$13m as against \$40m. In country after country, government after government, the Third World is robbed every working day of the year. Almost every project that came to the executive committee of the National Economic Council for approval had either an unnecessary or an inflated tag of foreign exchange expenditure attached to it. In every meeting we would save scores of millions of dollars for the country.

There is a provision in the 1973

Constitution of Pakistan that the amount of compensation paid by the state in lieu of any land acquired by it for housing projects could not be challenged in a court of law. Having being so permitted by the constitution, the Punjab government passed a law, in the same year, assuming powers to acquire land at less than Rs.5 per square metre for developing residential areas. In the same law, the government also assumed the authority to declare a committee or any other body as an 'official development agency' for the purpose of developing or owning a particular housing colony. This was a wonderful law which had cleared the major hurdle in the way of tackling the housing problem-that of availability of land. As a result, the slum-dwellers of Lahore were able to organise themselves through an institution they called the People's Planning Project. Nearly 120 *katchi abadis* proceeded, in accordance with the law, to rebuild or develop in Lahore one slum colony after another into proper habitations for human beings. They were even able to build brand new; architecturally innovative neighbourhoods at a price a majority of the poor people were willing and able to afford. But the honeymoon between the organisation of the slum-dwellers of Lahore and the leadership of the Pakistan People's Party lasted hardly a year. The feudal interests in the party and the urban landowners joined forces. The work of turning the slums into reasonably well developed living

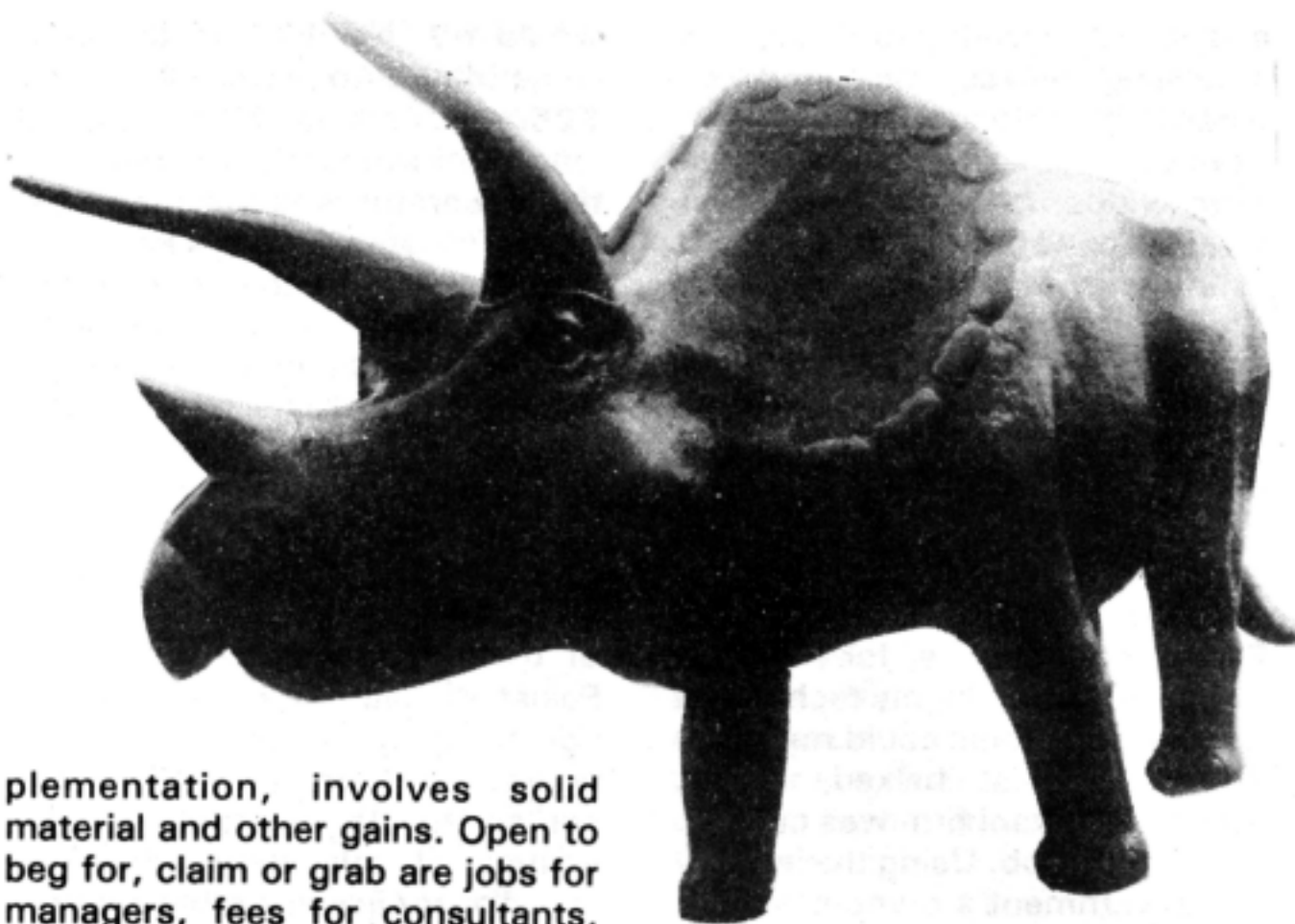


Pakistani workers constructing Islamabad, now Pakistani's permanent capital.

areas was halted in 1975. Today, there is a bill before the Punjab Assembly to repeal this particular law.

Following the Tarbela dam disaster in 1974 which I alluded to earlier, the consultants and contractors, their bankers and insurers, along with the international lending agencies, all from the developed countries, got together with the managers and some ministers of the government and no investigation was held to fix the responsibility for the disaster. During 1974 and 1975, serious attempts by nationalist-minded Pakistani engineers and their organisations to point unambiguously to where the blame lay were blatantly ignored. In 1976, any public discussion of the technical issues in the engineering and design of the construction of the Tarbela dam was prohibited. In the case of the purchase of pipeline, the managers did their best to connive and collude with suppliers from the developed countries against the best national interests. In both these cases, powerful foreign interests were involved. In both cases, they were helped by the managers. In the Tarbela case, some ministers also colluded. However, in the case of efforts to provide better housing facilities to the slum-dwellers of Lahore the leadership pitted itself against the interests of the people. Foreign interests were not involved. With the change of the chief minister, the character of the leadership of the Punjab Province had changed. After all, it was the government of the same political party that had started the project for redevelopment of the slum areas in 1973.

A five-year plan for the economic development of a nation may consist of hundreds of projects costing thousands of millions of dollars. Development requires that the concept of every project has to be elaborated into a working proposition. The project has to be planned and designed in detail. The project cost has to be worked out and arrangements have to be made for funds for its implementation. The project has to be executed on the ground and, finally, it has to benefit one or more sections of the population in one or more geographical location. Every stage, from the elaboration of the concept to that of deriving



plementation, involves solid material and other gains. Open to beg for, claim or grab are jobs for managers, fees for consultants, payments to contractors and suppliers, royalties for owners of processes and patents, profits for providers of loans and credits, goodwill and often material benefits for the leadership.

It is only natural that, for every project, a clash of interests should give rise to fierce battles for patronage, money and power among the contenders. All aspects of a project can be a matter of economic, political and, occasionally, strategic interest to the contenders.

Apart from being a generator of projects, a plan of economic development of a Third World country is an object of deep interest among the contenders for its political content. In what manner will the balance of economic, social and political power among the various classes and regions change in the country, as the plan is implemented? In what manner will the plan influence the pattern of financial and commercial intercourse with foreign countries after its implementation? In what manner will the implementation of the plan affect the contention among the superpowers in the country and the region? These questions go to the heart of the problems of development in general, and the planning and implementation of five-year plans in particular. These can turn out to be questions of high economic and political stakes. That is why interest in plans of economic development is so deep, not only within the nation but among its foreign patrons.

Would global dinosaurs take the Third World with them to extinction?

Allow me to illustrate my point by describing what the developed countries did not like in the policies pursued by Mr Zulfikar Ali Bhutto's government. I quote from the Report and Recommendations made by A.W. Clausen, President of the World Bank, to his Executive Directors on 11 May 1982:

8. "A series of major political disruptions took place from 1969 leading up to the separation of Bangladesh at the end of 1971. The new government which came to power in Pakistan in 1971 reversed many of the policies of the 1960s. Most large industries, domestic banks and life insurance companies were nationalised, with adverse effects on private investment and confidence. Difficulty was experienced in absorbing these nationalised enterprises into the public sector, leading to a general decline in industrial sector productivity. At the same time the government embarked on massive, long gestation public investments in industry (notably the Pakistan Steel Mill) and by 1977 public sector investment accounted for three quarters of the total industrial investment. The system of five-year plans was discontinued. From the mid-1970s, public investments were allocated through annual development plans which did not provide a framework for programming the future phasing of development expenditures.

9. In several respects, govern-

ment policies in the early part of the 1970's were biased towards the improvement of welfare for urban wage earners. Substantial wage increases took place as well as over-staffing of the newly acquired public sector enterprises, while consumer interests were protected by a combination of price controls and subsidies. The agricultural sector bore some of the burden of these policies...

10. In addition, to large-scale investments in the public sector industry and the associated needs for infrastructure, there were continuing large outlays on the major Indus Basin irrigation projects which had been commenced in the 1960s. However, these investments were not accompanied by adequate efforts to utilise the irrigation water provided by these projects...The government became committed to a policy of increasing subsidisation of agricultural inputs as the principal means of promoting agricultural productivity.

11. During the mid-1970's ... there was extensive reliance on significantly increased external borrowing, largely from OPEC sources, as well as excessive domestic borrowing, in order to maintain the pace of public investment. The relaxation of fiscal discipline led to an upsurge in domestic inflation and a depletion of foreign exchange reserves."

The foregoing is indicative of what the developed countries and their lending agencies did not like in the policies adopted by our government. They wanted the government they were negotiating with at that moment to change those policies. What they wanted to be changed was the substance of the so-called 'structural adjustment'. It was quite irrelevant for the developed countries and their lending agencies that the policies they wanted to be reversed represented the mandate given by the electorate to the Pakistan People's Party in the general elections of 1970 and 1977. The parliament of Pakistan, elected on the basis of adult franchise, had approved the measures our government had taken, the very same measures which Clausen and his patrons wanted repealed by a martial law government.

I shall not narrate the measures adopted by the developed countries to bring about political changes in Pakistan, partly in order to clear the way for the reversal of the policies of the government of the Pakistan Peoples Party. Let me confine myself to the realm of the economy, especially its planning aspect. Our Prime Minister, Zulfikar Ali Bhutto, was executed on 4 April 1979. Two days later, we read in the papers that the United States had cut off all economic aid to Pakistan. The World Bank and the IMF did not lag far behind and an economic squeeze was put on General Zia ul Haq's government. I am told that the Pakistanis did offer resistance but their political position was much too weak. One team after another from Washington visited Islamabad, and by the autumn of 1980 the IMF and the World Bank had broken through the Pakistani resistance. Finding itself in dire economic straits, Pakistan agreed to avail itself of an Extended Fund Facility of US \$1,500m in lieu of agreement to change its economic policies.

In the report cited above Clausen further disclosed:

"Over the past 18-24 months, there has been an intensive and fruitful dialogue between GOP (Government of Pakistan) officials and Bank as well as IMF staff on necessary reform measures to support access to the IMF's Extended Fund Facility and the proposed first phase of a program of structural adjustment lending. Bank staff participated in drawing up the sectorial policy measures of the EFF program; the SAL (Structural Adjustment Loan) program is designed to reinforce and build on those initiatives."

Now structural adjustment is a euphemism for basic changes of national economic policy. Change your policy about ownership of means of production and distribution, prices, savings, investment, industry, agriculture, energy and the priorities of your plan and you have carried out 'structural adjustments'. The agreement to the Extended Fund Facility signed with the IMF in 1980 and the Structural Adjustment Loan signed with the World Bank in 1982, together with some other loan agreements, sealed the fate of the direction of Pakistan's economy

well into the 1990's. These are highly instructive documents for students of national economy and national economic planning. The Structural Loan Agreement binds the government of Pakistan in the following sector and policy issues and I quote from Clausen's report cited earlier:

Macro-economic management and resource mobilisation

1. Economic growth
2. Domestic resource mobilisation
3. Monetary/credit policies
4. Balance of payment/exchange rate policies
5. Revised planning framework
6. Plan priorities
7. Planning procedures

Agriculture and water sector

8. Reorientation of public expenditure
9. Agricultural pricing policies
10. Diversification of agriculture

Energy sector

11. Petroleum exploration
12. Development of domestic oil and gas fields and producer pricing policies
13. Oil and gas consumer pricing policies
14. Role of public sector oil and gas development (Oil and Gas Development Corporation of Pakistan)
15. Long-term energy planning

Industrial policies

16. Public/private sector balance
17. Public sector efficiency
18. Export promotion
19. Import liberalisation
20. Restructuring of industrial incentives

In much greater detail than the list, the agreement specifies the objectives, lists the 'Recent actions and performance' and details 'Further steps to be taken'.

The specifications of the Structural Reform Program cover six pages in extra fine print. Actions are specified in detail, such as: fertiliser subsidy to be reduced from 9.2 per cent of total expenditure in the year 1980/81 to 2.9 per cent in 1983/84. The sector share of public industry to decline from 15.6 per cent to 4.9 per cent of total expenditure. Expenditure in the agriculture and water sector to be increased from 19.1 per cent in 1980/81 to 24.2 per cent in 1983/84. Water charges

to be increased to cover an increasing proportion of operation and maintenance expenditure in accordance with an agreed schedule. Fertiliser subsidies to be eliminated by mid-1985. All pesticide subsidies to be eliminated by the end of 1983. An agreed programme of import liberalisation to be completed by the end of the present Extended Fund Facility Program.

Mr President, the measures outlined in the Bank's report are so exhaustive that every facet of planning and controlling the economic life of Pakistan has been completely covered in the agreements I have referred to above. No flexibility is allowed to the nation state. The fate of the people is sealed to suit the interests of the overlords, not merely in terms of policies, priorities and objectives but also in terms of the day-to-day operations of the planning and implementing organisations. Clausen, in the same report, goes on to say:

"A highly regarded and experienced economist has already been appointed to the previously vacant post of Deputy Chairman of the Planning Commission... More high-level staff are expected to be appointed shortly and various forms of technical assistance are being sought. In addition, GOP has taken steps to safeguard planned priorities by requiring the active involvement of the Planning Commission at all stages of the project selection process. The project selection and approval process was reviewed by the Bank."

The developed countries are keen to place their men in the key posts of development planning, monitoring and implementing

machinery. They want to bind the target nation not only in the strait-jacket of the plans they like to dictate, but also in the supervision and control of, the day-to-day work of their planning and implementation. The political counterpart of this conspiracy against small nations is that, in order to achieve their economic objectives, they have to prefer weak and highly centralised governments. Blinded by an unbounded sense of economic greed and, in some cases, by geopolitical considerations, they do not care about the consequences of their policies in the target nations, which are often comprised of more than one nationality or ethnic group, at differing stages of socio-economic, cultural and political development. As a result, class and regional disparities grow unchecked, breed all kinds of antagonism which, with the passage of time, become unresolvable, bringing misery, death and disaster for countless millions.

The dominance-dependance relationship of Third World countries with big powers poses extremely complex and difficult problems in the realm of preparing and implementing plans of economic development. No country having such a relationship can ever be in a position to serve genuine national interests, in whatever way the term national interests may be defined. Thus, one of the most important prerequisites for planned national economic development lies in the sphere of the foreign policy of the nation, and it is that the country should be genuinely non-aligned in the struggle between the superpowers. However, that may not suffice in some cases. For small countries can have big neighbours who may attempt to dominate their economic life. In most cases, the possibility

of such dominance can be countered by developing friendly economic and political relations with other nations. Relations among nations in any part of the world are never merely bilateral. Nations can have friends or groupings which come to each other's economic and political help in times of need. Unfortunately, all this is more easily said than done.

When a superpower or a big neighbour acquires a position of dominance that is detrimental to the national economic interests of a small or poor nation, it does so through the help and in partnership with leadership in the dominated country. Thus, the prerequisite for genuine and planned national economic development is that the developing country must not have a leadership that is so weak within its own country that it requires help from abroad to remain in power.

Assume, for a moment, that we have a developing nation which is genuinely non-aligned and which is blessed with a leadership that is not dependent on outside help to remain in power. Will that ensure national economic development in its true sense? The answer is in the negative because the economic interests of the leadership may not be identical with the economic interests of the people. In all its efforts to prepare and implement plans of economic development for the people, the leadership is sure to reserve such a big proportion of developmental effort for itself that the development of the people will remain quite wanting.

The general proposition I have come to believe is that only a people can, and will, develop itself.

