REHMAN SOBHAN:

BANGLADESH
economic background & prospects

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10p

A MESSAGE FROM

MR. TAJUDDIN AHMED

PRIME MINISTER OF BANGLADESH

TO THE PEOPLES OF THE WORLD & WEST PAKISTAN

Pakistan is now dead and buried under a mountain of corpses. By resorting to pre-planned genocide Yahya must have known that he was himself digging Pakistan's grave. The subsequent massacres perpetrated on his orders by his licensed killers on the people were not designed to preserve the unity of a nation. They were acts of racial hatred and sadism devoid of even the elements of humanity. Professional Soldiers, on orders, violated their code of military honour and were seen as beasts of prey who indulged in an orgy of murder, rape, loot, arson and destruction unequalled in the annals of civilisation.... It is, therefore, in the interest of politics as much as humanity for the big powers to put their full pressure on Yahya to cage his killers and bring them back to West Pakistan. We will be eternally grateful to the people of the USSR and India and the freedom loving people of all the countries for their full support they have already given us in this struggle. We would welcome similar support from the People's Republic of China, USA, France and Great Britain and others. Each in their own way should exercise considerable leverage on West Pakistan; and were they to exercise this influence, Yahya could not sustain his war of aggression against Bangladesh for a single day longer.

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Before God we tried to preserve this nation of Pakistan in spite of the oppression, neglect and servitude inflicted on us by your rulers these 23 years. But your leaders could neither tolerate the idea of sharing power with us nor would they let go of us sufficiently to let us control

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introduction

I commend this booklet for the consideration of all who are concerned about the situation in East Bengal. And which of us cannot be concerned ?

From a humanitarian view, it has been the greatest calamity in suffering since the bomb fell on Hiroshima. From a political view, it has been the most ruthless denial of democracy since Hitler.

It is a cause of shame that the richer of the nations of the world did not act earlier and do more to meet the human suffering.

It is a cause of shame that the democratic nations did nothing to vindicate the freedom of which they boast.

We cannot say what the future will bring in more suffering and more repression; yet one can say with confidence that Bangladesh will be born.

Fenner Brockway

7 July 1971 *Lord Fenner Brockway*

BANGLADESH
economic background & prospects

1. RESOURCES: The State of Bengal will be a country with a population of 73 million and an area of 55,000 square miles. It is an area with one of the highest density of population in the world - about 1,300 per square mile - which is also one of the poorest in the world. The per capita income is around $63.00. The economy's mainstay is agriculture which employs 80% of the labour and provides 55% of the GNP.

2. DOMINATION BY THE WEST WING: During the past 23 years of its union with West Pakistan it has suffered throughout as the weaker partner in the game of power. In the early days when politicians remained nominally in control of the affairs of the country, the almost totally non-Bengali Civil Service structure neglected the needs of Bengal resulting in not only economic stagnation but also reduction in per capita income during the mid-fifties. In the subsequent period when the defense services usurped power, elimination of Bengal from power politics of Pakistan was total. The parochial orientation of the civil service and self-interest of the totally non-Bengali defense forces provided for a squeeze of an intolerable magnitude on Bengal. An area which historically was denied social and economic infrastructure which could attract investment was forced to donate assistance for the welfare of a better-equipped West Pakistan.

3. BANGLA DESH'S CAPTIVE MARKET: A study of Tables IV and V will show that Bengal has been a good market for West Pakistani products which received protection of the highest order. Primary commodities have been exported to Bengal from West Pakistan at double the international price while manufactured goods at three times the international price have swamped the Bengal market. From Bengal, however, most of the imports of West Pakistan have been commodities available at international or near-international price (except paper and newsprint). Over the 23 years West Pakistan had a favourable balance of Rs8,000 million in its trade with Bengal. Converted to the real value of rupees this represents a balance of about Rs.4,000 million. During the same period Bengal earned almost 55% of Pakistan's total export earnings. Of the total imports of Pakistan (exclusive of defense imports) Bengal received less than 30%. In fact, her own trade

balance with the world has been surplus by Rs.5,500 million or 20% of her export earnings.

4. THE WEST WING MONOPOLISES AID: During the same period Pakistan received foreign economic assistance of $7.6 billion out of which about $1.5 million was in grant terms. The picture that the trade balance tables represents clearly shows that Bengal did not receive any part of that flow of assistance from the outside world. The entire outstanding loan of $4.5 billion is a liability of West Pakistan. By actual location of projects and utilisation of commodity aid, however, Bengal has a debt burden of about 1.2 billion dollars. What it really means is that while her own earnings have been utilised by West Pakistan, Bengal utilised a small part of foreign assistance. It is, indeed, a tragedy that a poor populous region in the middle of the twentieth century became a net donor of aid to a wealthier region. Table IX brings out the pathos of the situation more clearly. Of the total expenditure incurred in Pakistan during the last twenty years only 28.5% has been in Bengal which had 56% of the population of the country and in the early days contributed about 52% of the GNP.

All these facts point out the most unfair economic deprivation of a backward region by her political partner in such a blatant fashion that puts to shame the worst colonialists of the eighteenth century. Bengal's political partnership with West Pakistan was on an ideological basis - in protest and self defense against the exploitation by the religious majority of British India. No one ever thought that this would turn into an economic exploitation by a more developed West Pakistan. Her struggle is an attempt at survival and a protest against exploitation.

5. BANGLA DESH'S BALANCE OF PAYMENTS: Bengal's balance of payment position will improve with its break-off of relations with Pakistan. While the total earnings of the country are applied to meet the defense needs, debt repayment and the heavy import bill of lopsided industrialisation of Pakistan, the poor cousin's demands are always given secondary importance. Bengal's import bill has constantly been kept depressed even though she has always earned the bulk of Pakistan's earnings. It is true also that while her earnings have remained almost at the same level over a decade, various props like investment incentives, rebate on excise duty and entitlement of earnings of bonus vouchers have been indiscriminately used to boost up West Pakistan's export earnings. A separate foreign exchange account immediately reduces the scarcity value of foreign exchange in Bengal. Bengal's export earnings were Rs.1,663 million from the world and at international price of about Rs.700 million from West Pakistan. Among her exports to West Pakistan, she has only to find a market for paper. For other products, there is no problem in finding alternative markets. Her imports in 1969-70 from the world came to

Rs.1,813 million and from West Pakistan at international prices Rs.1,100 million. With this import liability may be added the liability of servicing debt at Rs.300 million per annum. The overall picture that emerges is not too bad for a developing nation and for that matter for one of the poorest nations of the world. With a dose of exchange reforms Bengal's exports of jute, tea, hides and skins and fish (previously she used to export fresh fish worth Rs.300 million to India only) can secure her enough earnings to provide for her debt-servicing cost and maintenance imports. The question of financing development, however, is a different issue calling for a fuller analysis of planning the development of Bengal in the context of its independent existence.

6. WEST PAKISTAN'S PAYMENTS CRISIS: Unfortunately, the story in respect of balance of payment problem is not the same for West Pakistan. Spoon-fed by foreign assistance and exploiting the earnings of Bengal, she has consistently lived beyond her means, and is vulnerable to any pressure which threatens her external subsidies. Her own earnings of Rs.1,600 million from the world and about Rs.1,100 million (in international price) from East Pakistan is totally inadequate in relation to her import bill of Rs.3,285 million from the world and Rs.700 million (in international prices) from Bengal plus defense imports of Rs.600 million and debt servicing liability of Rs.700 million. Again except for raw cotton worth Rs.280 million, alternative markets for her exports to Bengal are very difficult to find. It will be particularly difficult to substitute her market for textiles in Bengal since the world market is highly competitive and Pakistan can only compete through heavy subsidies. Marketing of rice, wheat and edible oil seeds with West Pakistan's productive efficiency is almost impossible. For the same reason marketing of cigarettes, cement, drugs and machinery is not very easy. The exceptional reliance on foreign assistance may prove difficult in as much as claims for international assistance will be on much weaker grounds.

7. INJUSTICE IN THE DEVELOPMENT FIELD: Turning to the problem of planning and financing development activities of Bengal, it will be interesting to analyse the story of the most recent years for which accounts are readily available. What happened in 1968-69 in the context of Pakistan's development effort, will be very instructive in speculating about future prospects and strategies. In 1968-69 Pakistan mounted a development program of Rs.9,340 million, Rs.5,100 million in the public sector and Rs.4,240 million in the private sector. Bengal's share in the massive program has been a paltry Rs.3,130 million, only Rs.954 million in the private sector and Rs.2,176 million in the public sector. For the Development Program, for the private sector the various financing institutions which were located in West Pakistan and dominated by West Pakistani bureaucracy offered institu-

tional credit of Rs.250 million only. In the public sector the central development program directly accounted for about Rs.225 million while the provincial program was for Rs.1,951 million. This program was financed by Rs.293 million of provincial revenue surplus, Rs.516 million of external assistance in foreign exchange and central rupee assistance of Rs.1,144 million. West Pakistan's program, on the contrary, has had the lions share. Its total program was Rs. 6,213 million. Rs.3,286 million in the private sector and Rs.2,927 in the Public Sector. This was made up with Rs.1,426 million of central development program (including Indus Basin Works of Rs.921 million and Rs.1,501 million of provincial development program. The provincial program in the case of West Pakistan was financed by Rs.412 million of its revenue surplus, Rs.403 million of external assistance in foreign exchange and Rs.686 million of central rupee assistance. For the 'dynamic' private sector of West Pakistan, the institutional credit provided by central financing institutions amounted to about Rs.500 million. Thus central resources flowed to Bengal at about half the rate of its flow to West Pakistan.

8. FINANCING DEVELOPMENT - THE INSTRUMENTS OF EXPLOITATION: It will be of interest at this point to understand the concepts of provincial revenue surplus and central rupee assistance to the provinces. There has been a revenue sharing system in Pakistan under which the provinces receive revenue assignments from central taxes. The West-wing based decision makers of Pakistan always denied Bengal its proper share in revenue assignment and specially up to 1962 when the matter became subject of national debate. Much against the intent of the majority recommendation of the 1962 Finance Commission, a system of revenue sharing was established which gave only nominal weight to population strength of the provinces. Then in 1968-69 while Bengal received Rs.571 million, West Pakistan received Rs.567 million in revenue assignment from the centre. The logic of revenue assignment is augmentation of provincial revenues from the more elastic sources of government revenue,particularly to enable the provinces to meet the maintenance expenditure on completed development projects. All the elastic sources of government revenue in Pakistan such as income and corporate tax, customs duties, sales tax, wealth tax, excise duties, etc., are central heads of revenue while the provincial sources are the inelastic ones such as land revenue, stamp duties, amusement tax, etc. Without revenue assignment, the provinces had no chance of securing any revenue surpluses. Central rupee assistance comes out of the rupee resources that the centre is able to generate and then save after meeting central revenue expenditure and central development expenditure. In 1968-69 central rupee assistance to the provinces was in the order of Rs.2,728 million but the net receipt of the provinces was Rs.1,630 million. Bengal had to pay debt charges on central assistance (which is mainly in terms of loan) and external debt to the tune of Rs.488 million. While West Pakistan had to pay

Rs.410 million. Here also the payment from Bengal is disproportionately high because all central rupee assistance given prior to 1962 (which went primarily to West Pakistan as development investment, whilst Bengal was totally neglected during that period) was written down. Thus even though central assistance to West Pakistan to date has been more than double that to Bengal and only one-third of external loans has been utilized in Bengal, Bengal has been paying a higher debt service charge than West Pakistan. Again, central development expenditure on which provinces pay no debt charges is utilised mostly in West Pakistan (about 56% in 1968 -69).

9. Let us now examine as to how funds for central rupee assistance accrue. In 1968-69, public sector development funds of Rs.5,103 million consisted of revenue surpluses of the central government, Bengal and West Pakistan to the extent of Rs.1,448 million, Rs.293 million and Rs.412 million respectively, deficit financing of Rs.540 million, counterpart rupee funds generated by food aid of Rs.400 million, external assistance in foreign exchange of about Rs.1,060 million and external assistance in rupees generated by commodity aid and technical assistance as well as rupee coverage in project aid of about Rs.950 million. Central rupee resources thus were a total of Rs.3,338 million, out of which Rs.1,830 million went to the provinces as net assistance. As far as Bengal is concerned this net assistance really meant inflow of goods worth about Rs.600 million (Rs.300 million worth of food items and Rs.300 million worth of commodity aid) and almost the entire amount of national deficit financing. For West Pakistan, however, the amount of net assistance represented less than the inflow of goods from the outside world, Rs.100 million worth of food items and Rs.650 million worth of commodity aid.

10. Thus the development program of Bengal in 1968-69 was financed as follows:-

provincial revenue surplus	Rs.514 m
foreign assistance in goods generating rupees for public sector	Rs.604 m
foreign assistance in foreign exchange	Rs.514 m
deficit financing of the centre	Rs.540 m
institutional credit for private sector	Rs.250 m (inclusive of foreign exchange obtained from abroad by such institutions)
private saving Rs.704	Rs.704
	2,905

Central Program	225 (inclusive of external assistance in foreign exchange of about Rs.20 m)
	Rs.3,130 million

11. In Tables II and III an attempt has been made to estimate the levels of revenue earnings and revenue expenditure of Bengal, if there was no central government in 1968-69. It will be observed that revenue earnings of Bengal in that year amounted to a little more than 10% of GDP. While in West Pakistan revenue earnings equalled about 18% of their GDP. Bengal is an under-administered area and hence the national revenue expenditure in 1968-69 would have left her a surplus of Rs.641 million as against a surplus of Rs.378 million in West Pakistan. What is obvious, however, from this analysis is that Bengal will not be worse off in the absence of a central government if she does not have military ambitions.

Her development program for 1968-69 was financed by the revenue surplus of both the province and the centre only to the extent of Rs.498 million. If she gets her own share of foreign assistance (one on the basis of her population, level of economic existence and administrative ability available in the country) her revenue earnings can rise, not to speak of the increase in foreign exchange content as well as rupee generation by external assistance. Some economic reforms designed to secure better allocation of resources can also be instrumental in securing higher revenue for the government.

12 PROSPECTS FOR DEVELOPMENT IN AN INDEPENDENT BANGLA DESH: Bengal's most important problem is population control and increase in food production. She has fertile soil, some 22 million acres of cultivable area. But her agricultural practices are outmoded and the capacity of her small farmers to apply modern inputs is restricted. On top of everything she is vulnerable to annual floods and cyclones which do damage her crops. She relies primarily on one crop of rice grown during monsoon seasons. Out of her annual production of 11.5 million tons almost 7 million is aman crop (monsoon crop), 1.5 million is boro crop (winter crop), and 3 million is the aus crop (early monsoon crop). The per acre yield of rice in Bengal is one of the lowest in the world, about half a ton per acre (winter crop yield is a little better). Almost 10 million acres of paddy land are affected by floods which reduce crop yields by an average of 25% annually. The deficit of foodgrains currently is about 2 million tons requiring annual imports worth $100 million in addition to food aid received under FAC, WFP and PL480 Title II. The low yield per acre and primary dependence on one annual crop, however, leave

room for optimism. With better institutional arrangements for securing supplies of inputs and social responsibility instead of individual responsibility for better agriculture practices, the war on the food front is not impossible to tackle. But population control is much more difficult and requires a more concerted action and total commitment. While density of population is an evil, it also facilitates provision of services, specially clinical services, at a lesser cost in as much as greater coverage can be provided by limited physical facility.

13. Bengal's emphasis should be on agriculture - foodgrains production, jute growing, oilseeds production, tea plantation, horticulture and pissiculture. Gains in these areas will give her import savings as well as export earnings. Gains in these areas have also to find her new jobs for her large labour force. Finding employment for her people is one of the most serious problems for the economy of Bengal. She has presently a labour force of 25 million of which almost a total of 7 million are unemployed. It is agricultural development which will have to provide most job opportunities. Industrial growth should be limited to agro-based industries, (like jute, food processing, fish processing) balancing of cotton textile industry and petrochemical industries. The opportunities of employment in industrial development will, therefore, be limited. At present a large number of Bengalis work as semi-skilled workers in the UK, there is also a good number of Bengalis working as experts abroad, e.g. engineers, doctors and teachers. These adventurous sons of Bengal have not only found jobs for themselves abroad, but are also contributing to the development of the country by remitting scarce foreign exchange to the tune of about $15/20 million a year. It may be considered whether training of personnel for the purpose of exporting skills should be done on an organised scale.

14. Bengal is an area with hardly any mineral endowment. The only find of the last 23 years is large deposits of natural gas which are being utilised only nominally. Finds of coal and lime-stone entail problems of exploration and exploitation. With better trade relations with India, however, availability of coal, limestone and stones become a matter of secondary importance. Utilization, however, of gas deposits is essential for Bengal particularly in the development of a petrochemical industry. Bengal, perforce, has to be the land of plastics. Plastics for construction work, plastics as substitutes of wood and steel, glass and aluminium have to provide for the welfare of Bengal. Other than agro-based industries, Bengal's industrial future lies essentially in the petrochemical industry.

15. DEVELOPMENT STRATEGY FOR BANGLA DESH: Development strategy of Bengal should lie primarily in simultaneous population planning and improvement of agriculture through massive provision of inputs by the public sector. The second priority should be on develop-

ment of human resources especially rapid improvement in literacy rates and health level of the population. The third priority should be on development of agro-oriented industries viz. production of inputs for agriculture processing of agricultural products and production of textile goods. The emphasis would be on technology that suits small and medium scale industries and relies on labour intensive methods. Of equal importance should be development of a petrochemical industry. Investment in economic overheads should be with a view to facilitate procurement and distribution of agriculture inputs and marketing and processing of agricultural products and to promote industrialisation in selected fields. Last but not the least should be the effort to impart training in specialised skills for the purpose of promotion of export of labour and expertise.

16. HOPE FOR THE FUTURE: It cannot be denied that the economic problems of Bengal are stupendous and their solution challenges the imagination. Her problems are not going to be solved once she stops paying booty to West Pakistan. But certainly her freedom from current bondage will put her problems in proper focus. Her economic planning is also likely to be in better perspective once she does not have to duplicate projects already accepted in West Pakistan in the hope of convincing the West Pakistani bureaucracy that they be accepted for Bengal also. Her priorities are likely to be in better shape and her strategy will aim at the best allocation of resources. West Pakistan is used to squeezing Bengal's resources for her own benefit, she is also used to utilization of the lion's share of foreign assistance which Pakistan as one country is able to attract. An independent Bengal at least does not have to give aid to West Pakistan, nor contribute to maintaining a wasteful war machinery, nor smart under the grievance of non-receipt of her own share of foreign assistance. The future of Bengal is indeed a large question mark but it is more so in the context of her current relationship with Pakistan. Maintenance at some decent level of the mass of humanity that inhabit the small land of Bengal is a challenge to human kind, but this is a challenge which is only made more complicated by leaving Bengal to be plundered by West Pakistan.

17. The International community has become aware of Bengal's problems only recently. The World Bank last year prepared a Three Year Action Program for development of water resources and agriculture of Bengal. A firm commitment to this program which is subject to annual review is the least that the international community can do. In fact, this program needs further augmentation as time is of the very essence in the solution of Bengal's economic problems. Bengal now needs similar action programs for population control, development of human resources and provision of employment opportunities. Her industrialisation program needs a fresh scrutiny to enable her to desist from less advantageous investments and getting the best allocation of resources available

to the economy.

18. Independence may not promise the millennium for BANGLA DESH whose people will remain desperately poor, and faced with heroic problems in the aftermath of the war waged by West Pakistan which has deliberately pursued a scorched-earth policy. But freedom will liberate the energies of 75 million people held captive for 23 years. The knowledge that BANGLA DESH'S resources will be used for their own welfare, and that decisions will be made by their own people will stimulate an entire people to massive action. If this elemental force is recognised, aided and channelised to reconstruction and development, and freed from the burden of subsidising West Pakistan, we can look with hope towards the future of an independent BANGLA DESH.

Table I

GROSS DOMESTIC PRODUCT 1969-70

(at constant factor cost of 1959-60 in million rupees)

	Bengal	West Pakistan
Agriculture	12,344	12,249
Mining	10	148
Manufacturing	1,993	4,547
Construction	1,354	1,374
Transportation	1,300	2,295
Trade	2,508	4,197
Services	1,133	2,388
Public Administration & Defense	503	2,807
Dwellings	1,172	1,124
Banking & Insurance	66	764
Total	22,383	31,883
Population	72.6	65.4
Per Capita Income	308	498

Sources: Economic Survey of East Pakistan 1969-70 Planning Department, East Pakistan Dacca 1970 pp. 102 & 103

Note: Contribution of Banking and Insurance was estimated at 0.3% of GDP by Transportation Survey of East Pakistan 1961 - Department of U.S. Army Corps of Engineers Vol. II p 19 Pakistan's. This puts the share of Bengal in the contribution to GNP by this sector to a little less than 10%.

Table II

REVENUE RECEIPTS 1968-69

(In million rupees)

Current Provincial Sources	(a) Bengal	(b) West Pakistan
Land Revenue & Agricultural Tax	150	91
Stamps	76	69
Civil Administration	36	22
Debt Charges	325	287
Miscellaneous	184	512
Total	771	981
Irrigation	-	230
Railway	-	24
Total		1,235
(c) Current Central Sources		
Customs	675	1,020
Central Excise	473	1,600
Income & Corporate Tax	210	640
Sales Tax	202	472
Other Tax	18	162
Other Income T & T Civil Aviation etc.	142	570
Total	1,720	4,464
Grand Total	2,491	5,699

Note: Current central revenue is estimated to be collected at the following rates from Bengal. Customs duties 40%, Central Excise rates 23%, Sales Tax 30% and Income & Corporate Tax 21%. It is presumed that only 10% of other taxes is collected from Bengal and 20% of other income originates there. In as much as Income & Corporate Tax by many companies operating in Bengal is paid in Karachi now, it is estimated that 25% of total income tax dues originate in Bengal. Debt charges received by the Centre from provinces have been disregarded as also central grants and assignments to provinces. The share of Bengal has been computed on the basis of Reply to an Assembly Question furnished about end - 1968 by the Ministry of Finance: This Reply gave the following shares for three years:

	1965-66	1966-67	1967-68
Customs	34.9%	36.5%	38.8%
Central Excise	20.1%	20.4%	22.3%
Income & Corporate Tax	20.1%	20.5%	20.5%
Sales Tax	26%	25.5%	29.8%

Sources : Pakistan Economic Survey 1969-70, Ministry of Finance Islamabad, 1970.

(a) p. 52 of Statistical Section (b) p.56 of Statistical Section (c) p.4 of Statistical Section & p. 151

Table III

REVENUE EXPENDITURE 1968-69

(In million rupees)

Provincial		Bengal (i)	West Pakistan (ii)
Revenue & Irrigation		90	83
General Administration		50	73
Police		95	130
Health		68	78
Education		185	330
Civil Works		44	80
Development Charged to Revenue		492	482
Others		176	375
Total		1,200	1,631
Central	All Pakistan (iii)		
Civil Adm.	587	108	479
Defense	2,450	245	2,205
Debt Service	770	250	520
Development	289	225	264
Miscellaneous	244	22	222
	4,340	650	3,690
Grand Total		1,850	5,321

Source: "Pakistan Economic Survey 1969-70" - Ministry of Finance, Islamabad. (i) p. 53 of Statistical Section (ii) p.57 of the same (iii) p.45 of the same.

Note: Debt charges payment by the provinces to the Center has been neglected. Apportionment of all Pakistan expenditure has been made on the following premises (a) solution of central administration will mean augmentation of existing provincial administration plus addition of new responsibilities in the area of trade, external assistance, television and broadcasting and foreign relations which is estimated to cost 20% of current central expenditure on general administration (b) on defense less than 10% of current expenditure is spent in Bengal and/or on Bengali component of the Defense Services. The avowed policy of Bengal will be not to have a standing Army. (c) Of the outstanding debt burden of 54.4 billion of Pakistan, Bengal has utilized less than one-third even though she is not a net receiver of any foreign loan.

Table IV

EXPORTS AND IMPORTS OF BENGAL
(In million rupees)

	Exports		Imports	
	To the World	To West Pakistan	From the World	From West Pakistan
1947-48	272	-	40	-
1948-49	1,328	19	282	140
1949-50	683	50	385	235
1950-51	1,211	62	453	272
1951-52	1,087	NA	763	NA
1952-53	642	149	366	218
1953-54	645	151	294	387
1954-55	732	198	320	305
1955-56	1,041	238	361	334
1956-57	909	244	818	532
1957-58	988	269	735	701
1958-59	881	289	554	686
1959-60	1,080	362	655	569
1960-61	1,259	363	1,014	826
1961-62	1,300	402	873	855
1962-63	1,249	471	1,019	957
1963-64	1,224	511	1,449	895
1964-65	1,268	544	1,702	875
1965-66	1,514	655	1,328	1,209
1966-67	1,579	739	1,567	1,325
1967-68	1,484	785	1,327	1,233
1968-69	1,540	871	1,850	1,385
1969-70	1,663	966	1,813	1,800
	25,559	8,238	20,067	15,739

Sources: Exports to the world: Monthly Foreign Trade Statistics June 1970 CSO Karachi pp. 5,594 Exports to West Pakistan) "Pakistan Statistics Yearbook 1968, CSO Karachi p.289 Imports from West Pakistan) "Economic Survey of E. Pakistan 1969-70 GOEP Dacca p.22) "Twenty Years of Pakistan, Pakistan Publication Karachi p.298. Imports from the World: Monthly Foreign Trade Statistics June 1970, CSO Karachi p.703. Note: For 1951-52 the trade balance in labour of West Pakistan in interning trade was Rs.188 million.

Table V

EXPORTS AND IMPORTS OF WEST PAKISTAN

	Exports		Imports	
	To the World	To Bengal	From the World	From Bengal
1947-48	444	-	318	-
1948-49	542	140	1,177	19
1949-50	535	235	912	50
1950-51	1,342	272	1,167	62
1951-52	922	NA	1,474	NA
1952-53	867	218	1,017	149
1953-54	641	387	824	151
1954-55	491	305	783	198
1955-56	742	334	964	238
1956-57	698	532	1,516	244
1957-58	434	701	1,314	269
1958-59	444	686	1,025	289
1959-60	763	569	1,806	362
1960-61	540	826	2,173	363
1961-62	542	855	2,236	402
1962-63	998	957	2,801	471
1963-64	1,075	895	2,981	511
1964-65	1,140	875	3,672	544
1965-66	1,204	1,209	2,880	655
1966-67	1,338	1,325	3,625	739
1967-68	1,864	1,233	3,327	785
1968-69	1,763	1,385	3,046	871
1969-70	1,608	1,800	3,285	966
	21,137	15,739	44,323	8,238

Sources: (a) Exports to the World) "Monthly Foreign Trade Statistics June 1970 (b) Imports from the World) CSO Karachi pp. 5, 594, 703 (c) Exports to Bengal) Pakistan Statistical Yearbook 1968 (d) Imports from Bengal) CSO Karachi p. 289, Economic Survey of East Pakistan 1969-70, Cost of East Pakistan Dacca p.22 "Twenty Years of Pakistan" - Pakistan Publication Karachi 1968 p. 298

Note: Imports exclude defense imports

Table VI

EXPORT EARNINGS

1969 - 70

(In million rupees)

	Bengal		West Pakistan	
Total	1,663		1,608	
Major Exports				
Raw Jute	770	Cotton & Cotton Waste		220
Jute Manufacture	755	Cotton Yarn		248
Hides, Skins & Leather	57	Cotton Fabric		273
Fish, Fish products	15	Hides, Skins & Leather		110
Cotton Yarn & Cloth	27	Rice		92
		Fish		60
		Petroleum Product		46
		Woollen Rugs, Carpets		44
		Leather Goods		35
		Raw Wool		32
		Sports Goods		30
		Guar		21
		Jute Fabrics		18
		Synthetic Fabrics		17
		Cement		17
		Medical, Surgical Instruments		15
		Handicrafts		10

Source: Monthly Foreign Trade Statistics of Pakistan, July 1970, CSO Karachi 1970, pp. 60-97.

Table VII

INTER REGIONAL EXPORTS

1968 - 69

(In million rupees)

	From Bengal	From West Pakistan
Total Exports (In overvalued rupees)	870	1385
(In real value of rupees)	600	850

Major Items

From Bengal		From West Pakistan	
Tea	257	Rice	97
Jute Manufactures	123	Wheat	31
Paper	109	Raw Cotton	157
Matches	42	Cotton Yarn	61
Leather	29	Cotton Cloth	217
		Tobacco	123
		Edible Oil Seeds and Oils	115
		Cement	70
		Machinery	64
		Drugs	53

Source: Economic Survey of East Pakistan 1969-70
Planning Department, Dacca 1970, pp. 27-28

Table VIII

IMPORT BILL

(In Million Rupees)

	Bengal	West Pakistan
Total	1,813	3,285
Major Items		
Foodgrains	391	51
Edible Oils	84	77
Pharmaceuticals	32	62
Pol	40	208
Fertilizers	48	282
Pesticides	67	33
Cement	18	0
Iron & Steel	190	354
Machinery & Accessories	478	847
Electrical Goods and Appliances	119	218
Transport Equipment	586	1,267
Plastic Materials	12	35
Paper	10	31
Metals	17	60
Optical, Scientific & Photographic Equipment	17	56
Tallow	19	31
Coal & Coke	27	11
Dyes & Paints	21	66
Rubber	6	57

Note: In addition there is an annual import of defense goods of unspecified value believed to be approximately 600 million rupees. This is entirely the import bill of West Pakistan.

Source: Monthly Foreign Trade Statistics of Pakistan, July 1970, CSO Karachi pp. 715-719.

Table IX

TOTAL EXPENDITURE

BENGAL

Period	Revenue Expenditure	Development Expenditure			Total
		Public Plan	Non Plan	Private	
1950-55	1,710	700	-	300	2,710 (20%)
1955-60	2,540	1,970		730	5,240 (26%)
1960-65	4,340	6,250	450	3,000	14,040 (32%)
1965-70	6,480	11,060	-	5,500	23,040 (36%)
					45,030 (28.5%)

WEST PAKISTAN

Period	Revenue Expenditure	Development Expenditure			Total
		Public Plan	Non Plan	Private	
1950-55	7,200	2,000	-	2,000	11,200 (80%)
1955-60	8,980	4,640	-	2,930	16,550 (74%)
1960-65	12,840	7,700	2,310	10,700	33,550 (68%)
1965-70	22,230	10,100	3,600	16,000	51,930 (64%)
					113,230(71.5%)

Source: Table 2, page 6 - "Report of the Panel of Economists of the fourth Five Year Plan". Planning Commission - Government of Pakistan, Islamabad, 1970.

Table X

Analysis of Development Program 1968-69

Public Sector

Financing		Expenditure	
Revenue Surplus	293 (1)	Centre	1,651 (11)
Bengal	293 (1)	(Indus Basin 928)	
West Pakistan	412 (2)	West Pakistan	1,859 (12)
Centre	1,448 (3)	Less Debt Charge	410 (13)
		Plus	52 (14)
TOTAL	2,153 (4)		
Deficit Financing	540 (5)		1,501
PL480 Counterpart fund	400 (6)	Bengal	2,360 (15)
External Assistance (Project Commodity & Technical Assistance)		Less debt charge	488 (16)
		Plus	79 (17)
Foreign Exchange	1,060 (7)		
			1,951
Rupee Generation	950 (8)		
TOTAL	2,040 (9)		
GRAND TOTAL	5,103 (10)		5,103

Private Sector

Total Investment	4,240 (18)	Bengal	954 (19)
		West Pakistan	3,286 (20)

Sources:
(a) Memorandum for Pakistan Consortium 1969-70 - Planning Commission Islamabad
(b) Memorandum for Pakistan Consortium 1970-71 - Planning Commission for Islamabad
(c) Pakistan Budgets 1969-70 - Ministry of Finance Islamabad
(d) Budget in Brief - 1969-70 Ministry of Finance Islamabad
(e) Economic Survey of East Pakistan 1969-70 - Planning Department Dacca

Notes:
(1) Obtained from Source (e) p. 32
(2) Obtained from Source (c) p. 75
(3) Obtained by deducting (1) + (2) from (4)

Notes: (continued)

(4) Obtained from source (b) P. 61
(5) Obtained from source (b) p. 61
(6) Obtained from source (b) p. 61

(7) Obtained by adding the foreign exchange actually received by Bengal and West Pakistan and estimating the receipt of the Centre as follows:

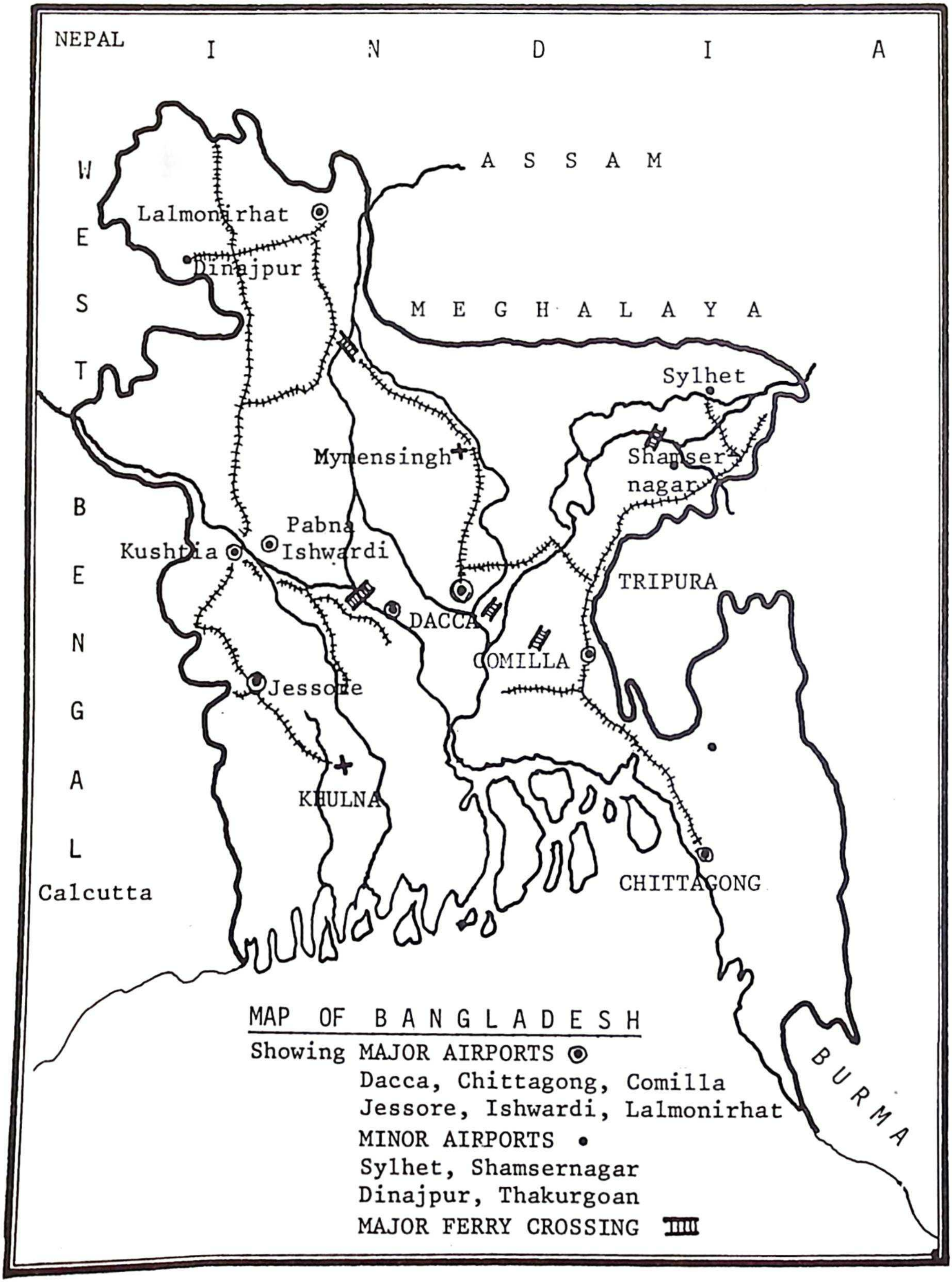
Bengal	Rs.514 million (from source (e) p. 32)
West Pakistan	Rs.403 million (from source (c) p. 75)
Centre	Rs.143 million (estimated)
	Rs.1,060 million

(9) Obtained by deducting (7) from (9)
(10) Obtained from source (b) p. 61
(11) Obtained from source (c) p. 39
(12) Obtained from source (c) p. 75
(13) Obtained from source (d) p. 83
(15) Obtained from source (e) p. 32
(16) Obtained from source (d) p. 75

(14) & (17) Provincial net programs were estimated at Rs.2,360 million for Bengal and Rs.1,859 million for West Pakistan when the estimate for all Pakistan performance was Rs.4,750 million as in source (a) p.10. When the firmer estimate for all Pakistan performance at Rs.5,103 million was made available, its distribution by executing agencies was not shown. The estimate for central government being quite firm at Rs.1,651 million, the differential of Rs.131 million has been arbitrarily apportioned between Bengal and West Pakistan.

(18) Obtained from source (a) p. 48
(19) Obtained from source (e) p. 14
(20) Obtained by subtracting (19) from (18).

THE END


NEPAL
I N D I A
ASSAM
WEST BENGAL
MEGHALAYA
Lalmonirhat
Dinajpur
Sylhet
Shamsernagar
Mymensingh
Pabna
Ishwardi
Kushtia
TRIPURA
DACCA
COMILLA
Jessore
KHULNA
CHITTAGONG
Calcutta
BURMA
MAP OF BANGLADESH
Showing MAJOR AIRPORTS
Dacca, Chittagong, Comilla
Jessore, Ishwardi, Lalmonirhat
MINOR AIRPORTS
Sylhet, Shamsernagar
Dinajpur, Thakurgoan
MAJOR FERRY CROSSING

A few excerpts

Why Bangladesh?

"The independence of East Pakistan is inevitable...
"The West Pakistani Army can delay independence, but terrain and logistics, coupled with the implacable hostility of the East Pakistanis to what has become foreign domination, are on the side of 'Bangladesh'. Apart from the elementary and overwhelming humanitarian interest in an end to further bloodshed, American interest lies with a quick, rather than a slow realization of independence. Most important, tensions in South Asia will be reduced...

"In short, Bangladesh will be a truly independent State, ready and able to maintain normal relations with its neighbours and the powerful nations of both blocs, but a satellite or pawn of no one...

"Control of urban centres at gun-point in a country where 90% of the population lives in rural areas hardly constitute a framework for any effective government, let alone a popular one. The immediate prospect is for ruthless military rule in urban centres, with tenuous control over a countryside which is likely to become increasingly the base for armed guerrilla resistance.

"The base for such a guerrilla movement clearly exists. The overwhelming support for the Awami League's demand for autonomy was clearly shown in the election results of December when 167 out of 169 seats allotted to East Pakistan were won by the League. As reports of military massacres are carried by urban refugees to the rural areas, the democratically expressed sentiment for autonomy is likely to be converted to a militant desire for independence. It is possible that a West Pakistani army of occupation can suppress the Bengali nation for two months, six months or a year, but the American experience in Vietnam illustrates only too painfully the impossibility of holding an entire population captive by force of alien arms alone.

"The emergence of an independent Bangladesh appears to be inevitable in the long run. What remains in question is how much blood will flow before it occurs."

(Position paper entitled "Conflict in East Pakistan: Background and Prospects" by a team of Harvard University Professors, Edward S. Mason, Robert Dorfman and Stephen A. Marglin, April 1, 1971)

"In the short run the army can intimidate the people of the major cities. But it cannot even now control any substantial part of the countryside. In the long run the military position is untenable. In a hostile environment and given the logistical problems, maintaining even the 60,000 West Pakistani troops now in the East, will be difficult...

"The Bengalis have now declared themselves independent and have the will to fight. In the end, they will win; the only question is time, how many deaths, and how much destruction must take place before they achieve their independence."

(Paper entitled "History of Economic and Political domination of East Pakistan" by the Ripon Society of the Harvard University)

"...The outcome is likely to be the final breakup of East and West Pakistan and the painful birth of a new nation named Bangladesh."

(Time, April 5, 1971)

"...The independence movement will be underground or festering in the experience of many more Bengalis."

(The Times, April 17, 1971)

"The resistance movement has still not been quelled in the remote north-eastern areas... The outlook is for a protracted guerrilla campaign by the resistance forces which, observers consider, might last months or even years."

(The Daily Telegraph, April 17, 1971)

"Unexpected pockets of resistance...are still flying the flag of Bangladesh, have emerged in several areas and forced the West Pakistani forces to retreat."

(The Daily Telegraph, April 19, 1971)

"Bangladesh contains more than 70 million people, at least 10,000 for every West Pakistani soldier. This, and the way in which monsoon turns the whole area into one vast swamp, will make it impossible for the Army to control Bangladesh."

(The Daily Telegraph, April 20, 1971)

our own destinies. Today, the people of West Pakistan are silent spectators to the genocide being committed on the people of Bangladesh by the rulers of West Pakistan. By their acts of mass murder in Bangladesh the name of Pakistan will rank with Mongols, the Huns and the Nazis, in the history books. On your conscience you will carry till eternity the curse of our murdered wives, our dishonoured sisters, our slaughtered children. But more destructive to you, you will carry the curse of this army of butchers with you for years to come. By God's grace and our unconquerable spirit every last man of this army of occupation will either be driven out or destroyed by the people of Bangladesh. Out of the ashes a new Bangladesh will rise committed to peace, democracy and social justice resting on secure foundations of creed, language, culture and race and held together by the shared experience of a struggle which must take its place in the epic struggles of our time.

But you will be condemned to live under the bayonets of the Punjabi army. Sindhi, Pathan, Baluch, and even the common man of Punjab will one day have to rise against these killers who must now hold down by military force your just aspirations. Bangladesh was your last hope for democracy in Pakistan. In trying to suppress us you may have for years to come bound yourselves to military dictatorship.

In your own interests as much as for the sake of humanity you must therefore rise in protest against this unjust war being waged by your army on the people of Bangladesh. Americans have protested in their millions against their own government for their intervention in Vietnam. British and French liberal opinion protested against the colonial wars waged by their governments. Now you the people of West Pakistan must voice your horror and oppose by all means at your command this attempt by your army to hold down the people of Bangladesh by force and commit genocide in the name of integration.

"JOI BANGLA"

ABOUT OURSELVES

BANGLADESH NEWSLETTER and the BANGLADESH FREEDOM MOVEMENT OVERSEAS have jointly sponsored this booklet by Mr Rehman Sobhan, Professor of Economics of Dacca University, and Chief Economic Advisor to Sheikh Mujibur Rahman.

This is the first of many such publications we intend to publish from time to time so that non-Bengali supporters to the cause of Bangladesh could be informed of the background of the present crisis and also of the justice of the case for independent Bangladesh.

We hope that our efforts would be appreciated and these publications would get the widest possible circulation not only in this country but throughout Europe and the Americas.

Fareed S Jafri

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