

Coffee Helps, But It's an Uphill Grind

# Swat Economy Eludes Logic

By PETER DESBARATS  
(Third of a Series)

Next to Badshah Sahib and the Wali, the most important man in Swat is Mr. Ataullah, the Chief Secretary. You can find him every morning in his office in Saidu Sharif, across the road from the Wali's palace. He is always impeccably dressed in dark suit and vest, a tall man going grey about the temples, in the service of the State.

Having arrived in Swat from Lahore more than 40 years ago to tutor the young man who is now the Wali, the Chief Secretary knows what makes Swat work. And any afternoon about five, if you care to visit his bungalow and drink his instant coffee, he will try to explain it to you. But it's an uphill grind. Swat operates in a unique Swatian fashion that an outsider can admire but never fully understand.

Swat is a poor state with few natural resources. It has no income taxes, in our sense of the word. It attracts almost no foreign investment. It receives no foreign aid. And it works like a dream. If you don't believe it, you can't prove otherwise. There are also practically no statistics in Swat.

The Gross National Product is an enigma. The literacy rate, a mystery. The birth rate is a matter for recreation, not calculation. Unemployment isn't a worry. It's a respectable profession.

"But you can't run a country like that," I protested.

"My dear fellow," murmured the Chief Secretary sympathetically, "have some more coffee."

## One Gigantic Lottery

So I kept on drinking coffee and asking questions and slowly I realized, to my horror, that there is something even more confusing than the modern economy of Swat: the old economy of Swat. Until 1924, Swatis indulged in what

must have been one of the biggest state lotteries of all time. Every five years, they put all their homes and land into a gigantic "pot" and drew lots for them. Winners received the most fertile properties while losers had to take the dregs and hope for better luck next time.

If this system were in effect in Montreal, it would mean that one year you might draw a Westmount mansion, five years later a cold-water flat in Goose Village and five years after that, a suburban brick box only three hours by train from the heart of Montreal West.

Living under this system, the Swatis were understandably reluctant to do much in the home-and-garden line. There was little point in installing a new mud roof or two-bullock garage to keep up with the Joneses if you might wake up some morning to find yourself living in the Joneses' house. The country only began to prosper when this system was replaced by a form of permanent land tenure.

In most other countries, land means taxes. In Swat, two obstacles confronted the Wali in this field. In the first place, few Swatis had cash. And there were no tax collec-

tors. The first problem was solved by collecting taxes in kind, and the second by opening the tax-collecting business to private enterprise.

Anyone can be a tax collector in Swat, be he merchant, teacher, butcher or candlestick maker. All he has to do is visit one of the country's 32 "tehsils" or districts, estimate the yield of the next harvest of rice, corn, barley or other crop, and make a bid for the right to collect the tax. The highest bid wins the tax contract. The winner then deposits the cash equivalent with the government and starts to collect his tax from the farmers. Any surplus tax is profit for the collector.

The State also accepts taxes in kind and doles out the rice, fruits and vegetables as pay to the 8,000-man Army of Swat and its 2,000-man police force.

The customs system works the same way. Every year the right to collect customs duties is up for grabs and the highest bidder wins the job. Needless to say, he works with an enthusiasm that provokes a great deal of complaint from travellers, particularly uneducated Swatis who can't tell a customs regulation from a classified ad. Tourists are rarely bothered. "Have some more coffee," suggested the Chief Secretary, "and we'll talk about Industrial Development."

There is the Emerald Mine on the outskirts of Mingora. This brings in about \$250,000 every year, in taxes, when the emeralds are sold by auction to jewellers in Pakistan.

There is the Honey Factory in Saidu Sharif operated since 1951 by Mahmudul Hasan Butt, who told me that he was "the first industrialist of Swat." Mr. Butt exports about 300,000 pounds of honey every year to other parts of Pakistan, Singapore, Afghanistan, the United Kingdom and West Germany. He also exports



"Tourist class" atop Swat buses provides tribesmen with thrill-a-minute travel on narrow mountain roads.

dried mushrooms and Swat handicrafts.

"I've had a request from a dealer in Canada," confided Mr. Butt, "for hand-carved wooden souvenirs of Niagara Falls."

There are rayon weaving mills, opened originally because rayon fibre could be bought cheaply in Swat after it was smuggled in from other countries through isolated mountain passes. The Pakistan government has considerably reduced this "incentive to industry" in recent years but the mills are still operating.

## State Revenue A Secret

How much these industries pay to the state is known only to the Wali, the Chief Secretary and Allah. As I mentioned, there is no income tax or corporation tax. But there is a list, drawn up by the state, which suggests annual donations from businessmen. These are small by North American standards — a wealthy grain merchant might

pay the equivalent of \$100 a year — but they do provide some cash revenue for the state.

Then there are the splendid fields of opium poppies blooming in the April sunlight. The State also collects a tax on these, sometimes in kind.

"We don't encourage it, of course," said the Chief Secretary. "More coffee?"

"But what do you do with the opium you collect?" I asked.

"Milk and sugar?" purred the Chief Secretary.

Just then, a servant whispered into the Secretary's ear. We both rushed from the bungalow. Outside, soldiers stationed along the main road sprang to attention as the Wali drove by in an American

car carrying a licence plate with the simple legend "SWAT."

The Chief Secretary called for his own car.

"Conference with the Wali?" I inquired.

"No," said the Chief Secretary, "the cinema."

Tomorrow: Why Aren't There Any Missionaries in Swat?



Mr. Ataullah, Chief Secretary of Swat

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