



Behind the Headlines: Dawoods: Empire and the Terror

Source: *Pakistan Forum*, Vol. 3, No. 3 (Dec., 1972), pp. 13-14+16

Published by: [Middle East Research and Information Project \(MERIP\)](#)

Stable URL: <http://www.jstor.org/stable/2568939>

Accessed: 22/06/2014 02:49

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Middle East Research and Information Project (MERIP) is collaborating with JSTOR to digitize, preserve and extend access to *Pakistan Forum*.

<http://www.jstor.org>

behind the headlines

DAWOODS: EMPIRE AND THE TERROR

Note: The bloody assault in October against the workers of the Dawood Cotton Mills and the Gul Ahmed Textile Mills in Karachi unmasked the real character of the Bhutto regime and forced many of its apologists to dissociate themselves from it. The Government has since launched a propaganda campaign against the workers in order to mislead the public opinion. For a better understanding of the situation the Pakistan Forum brings to its readers background information on the Dawood family and a summary of the struggle of the workers of its cotton mills in Karachi--Eds.

From Bevparis to Number One Monopolists

The Dawoods until recently ranked number one among Pakistan's capitalist families. The leading member of the family is Ahmed Dawood. Other members of the clan are Siddique, Suleman, Dr. Farooque, Yaqoob Suleman, Ali Mohamad, Yusuf and Aziz. The Dawoods belong to the Halai Memon community and hail from Kathiawar in Western India. Before the partition of India the Dawoods were ordinary cotton traders who hit it big during the boom of the World War II. They migrated with their capital to Pakistan where, in the absence of Tatas, Birlas and other entrenched capitalists of India, the business opportunities were very lucrative.

The Dawoods set up their first industry, the Dawood Cotton Mills, in the Landhi area of Karachi in 1952. When this firm was listed on the Karachi Stock Exchange in 1953 its paid-up capital was only Rs. 5 million. But the Dawoods profited enormously from this mill, and not only increased its assets but made inroads into other industries. In 1957 they purchased the publicly owned Burewala Textile Mills in Multan district on extremely favourable terms. When Ayub Khan staged a military coup in 1958 the total paid-up capital of the two Dawood concerns stood at Rs. 22.5 million. Under Ayub Khan's "liberal" economic policy the Dawoods were showered with foreign and domestic loans, industrial permits, tax holidays, and the benefits of "disinvestment" and "industrial peace" policies. The Karnaphuli Paper Mills, which had been initiated at public expense and which had been a success, was "disinvested" in favour of the Dawoods. Ayub also chose Ahmed Dawood to sit in his rubber stamp National Assembly. The degree of confidence between the Ayub Government and the Dawoods was such that when Ayub Khan forcibly took over the Progressive Papers Pap

Ltd. from Mian Iftikharuddin the Dawoods, against their own wishes, were asked to buy the assets. But newspapers, especially with a reputable leftist past, were not the kind of industry Dawoods wanted to bring under their wings. Ahmed Dawood, noticing the declining circulation of the Karachi edition of the Daily Imroze, addressed the journalists in his pidgin Urdu, a speech which is worth quoting in its original language:

Bhai log dekho, apan char chopri parela admi hai. Apan ko vanchay ke karobar ka dhyan nahin. Tum log parela-likhela hai, tum log kya kya likhta hai apan ko nahin maloom. Apan ek baat janta hai: apan ko dar ek mahina dush hajar rupaye ka ghotala hota hai. Tum bajar men apna ijat dekho.

(I am a modestly literate person and I do not know what do you write in your paper. All I know is that we are sustaining a loss of Rs. 10,000 every month. Think about your value in the market.)

The Progressive Papers were then resold to another capitalist family and the Dawoods were greatly relieved.

By the time Ayub Khan's dictatorship was overthrown in 1969 the Dawood empire had controlling stock in seven firms with a total paid-up capital of Rs. 190 million (the total assets in 1966 were worth Rs. 460 million). These firms with their 1969 capitals are as follows:

1. Dawood Cotton Mills (Karachi)	Rs. 40 million
2. Burewala Textile Mills	27 "
3. Karnaphuli Paper Mills (Chandragona)	46 "
4. Central Insurance Co.	2.5 "
5. Lawrencepur Woollen & Cotton Mills	9.4 "
6. Karnaphuli Rayon & Chemicals	45 "
7. Dawood Petroleum (Karachi and Chittagong)	20 "
Total	Rs. 189.9 million

The Dawoods also did not lag behind in reaping the benefits of the so-called Green Revolution. In conjunction with imperialist capital they set up the gigantic Dawood-Hercules Fertilizer Factory. Figures on its assets or paid-up capital are not available at the moment, but the market value of Rs.

13.60 for its ten-rupee share in these "lean" years in indicative of its success.

The civil war of 1971 and the secession of East Pakistan adversely affected the Dawoods whose two largest concerns, the Karnaphuli Paper and the Karnaphuli Rayon, which were located in East Pakistan, were expropriated by the Bangladesh Government. The Chittagong terminal of the Dawood Petroleum (net assets= Rs. 17 million) was also taken over. (It has, however, been reported that the Dawoods, with the advice and help of sympathetic military officers, were able to dismantle and remove some of the machinery from their Bengali plants). The war with India and the separation of East Pakistan hurt the Dawoods in West Pakistan as well. Not only were their oil tanks in Karachi and their fertilizer factory in Sheikhpura bombed by the Indian planes before the introduction of war damages insurance, but the lucrative East Bengali market for their textiles was also lost. In all likelihood the Dawoods' fortunes have dwindled below those of a number of other families, especially the Saigols.

As a part of Mr. Bhutto's nine day wonder of anti-capitalism Ahmed Dawood was put under house arrest on January 1, 1972 and asked to bring his foreign holdings back. On January 24 he was released without yielding an inch to the Government.

The Workers' Struggle at the Dawood Cotton Mills

The Dawoods had dealt with their employees with an iron hand. But by 1958 the workers had organized themselves. In order to press for the acceptance of their demands they staged a two month long strike. The State machinery, however, succeeded in breaking that strike.

With the help of the anti-trade union laws of the Martial Law regime of Ayub Khan the Dawoods proceeded to victimize the militant workers, and organized a pocket union, financed by "union dues" deducted from the workers' wages. This pocket union maintained "peace" for the Dawoods until 1963 when the workers of Karachi renewed their struggle. The workers of Dawood organized their representative union and went on strike. This strike was also suppressed, and a large number of labourers were thrown out of work.

In 1968 when a countrywide movement against the Ayub regime was launched the workers of the Dawood Cotton Mills joined the other workers in their struggle and renewed their demands. As a result of a successful

strike the Management advanced Rs. 30 to each worker for the Eid holiday and promised to negotiate the remaining two demands after the Eid. But after the Eid the Management, while refusing to negotiate, deducted the advanced money all at once from the wages for December 1969. The workers staged protest demonstrations without interrupting work. The Management, accusing the workers of gherao and sabotage, declared an illegal lock-out. In view of the deteriorating situation the local military administrator of the Yahya regime intervened and asked the Dawoods to return the deducted money until an agreement was reached with the workers.

The political struggle of 1968-69 had given the workers new confidence in their unity. The pocket unions installed during and before the Ayub era were being knocked down and representative unions were being accepted as the bargaining agents for the workers. Being aware of this trend and of the workers' notice to the Registrar of trade unions to hold a referendum at the Dawood Cotton Mills, the Dawoods tried to play a new game. They hired the Jamaat-e-Islami to organize an alternate pocket union. On the morning of February 12, 1970--the day of referendum--the original pocket union withdrew in favour of the Jamaat's union in order to facilitate its election. But the workers of Dawood understood these tricks too well. They voted 92% in favour of their legitimate union and gave a crushing defeat to the agents of Dawoods.

The union gave the Management a notice under section 46 of the Industrial Relations Ordinance to negotiate its demands. Upon the Management's failure to negotiate, the union issued a 21-day legal strike notice and tried in the meantime to resolve the dispute by discussion. But the Dawoods knew only one method of settling disputes: intimidation and terror. They spent Rs. 5.5 million in order to break the unity of workers by creating provincial hatred and by unleashing their goondas. But nothing could deter the workers from their goal. The strike deadline passed on March 24. As the last batch of workers was coming out from the factory the police arrested them and interned them within the factory premises. A reign of terror was then unleashed against the workers of Dawood and the residents of the area. The factory served both as a police camp and as a prison. 2,000 workers were arrested, several were tortured, the offices of labour organizations were raided, and several thousand rupees and many valuables were looted by the police. On April 13 the police besieged the Mills, smashed one of its walls and launched an assault against the workers in the area. Three persons were shot dead, dozens were wounded

(Continued on page 16)

All this means immense growth of revolutionary forces not only within the territories of Asian member countries of CENTO, but in the areas surrounding them, which naturally inspire the masses under the domination of the rulers of Islamabad and Tehran. This explains the causes behind the attempts to reanimate the dead horse of CENTO.

After their withdrawal from South East Asia, USA imperialists have no place in Burmah, Bangladesh, India or Ceylon as these countries are committed to peace and non-alignment. While Pakistan and Iran, with more than one thousand kilometers long coast of Baluchistan in their control, are an ideal location from which the Pentagon and CIA strategicians aspire to pressurize non-aligned democracies of Asia and oppose national liberation movements of the peoples of Palestine, Oman, Arabian Gulf countries, Dhofar and the southern part of the Arabian peninsula with the help and active cooperation of their collaborators in Tehran and Islamabad. At the same time the CENTO bases in Pakistan and Iran are useful not only for the aggressive plans for the next world war but are very advantageous for assisting the Zionists. By lending its armed forces (land and air) to serve the reactionary Arab monarchies hostile to the Palestinian liberation movement, Islamabad rulers are indirectly assisting Israel. It is no secret that Pakistani airmen have on several occasions taken part in bombing and strafing sorties against the Palestinian liberation fighters, against the revolutionary forces of Yemen, as well as against the freedom fighters of the Omani area. It is a well-known fact now that the Tehran government is maintaining very close relations with Israel whose mission is stationed in Tehran. Zionists are not only training Iranian armed personnel how to fight democratic forces at home and how best to be useful for operations against peoples in other lands, but also are rendering them many sided technical and other assistance. Iran, for its part, is obliging its Israeli friends by keeping constant confrontation with the Republic of Iraq, maintaining large armed forces on the Iraqi borders and sending saboteurs in Iraq and gulf regions to work against the Arab struggle against imperialism and Zionism.

In the same way Islamabad Generals have been assigned the task of containing India, keeping her in the state of constant confrontation and tension, on the one hand, and taking an active part in the suppression of Arab freedom movements by supplying mercenaries. Even today the armed personnel of Pakistan and Iran are engaged in punitive operations against

Dhofari revolutionaries, to the benefit of imperialism and Zionism. Their airmen are flying bombing sorties against Palestinian liberation fighters and their commando bases on the orders of the treacherous monarch of Jordan.

... At a time when the enemies of our peoples have already united and established a joint front against us, it is imperative that all revolutionary democratic forces in Iran and Pakistan also unite their ranks and intensify their struggle against imperialist stooges in Tehran and Islamabad. LET US LAUNCH A UNITED STRUGGLE. THE VICTORY WILL CERTAINLY BE OURS.

Dawood (Continued from page 14)

and 300 more workers were arrested. The Landhi-Korangi area looked like a police state for months.

The above description can be applied to the Landhi-Korangi area today, with the difference that this time more workers have been killed and the Army is patrolling the area.

This year's assault, which was described in the Pakistan Forum last month, came in the wake of a successful token strike of the 80,000 workers of the Landhi-Korangi area in support of the labourers of the Pakistan Machine Tool Factory who had been illegally locked out by their management. The Dawood Cotton Mills, together with the Gul Ahmed Textile Mills, became the focus of the struggle of the entire working class of Karachi because of its glorious record of struggle and its politically conscious present leadership. The Management of Dawood had already abandoned the factory in order to deny livelihood to their workers. The workers not only continued production but turned the Mills into a fort for the defence of their comrades. The State struck against the workers of the Dawood Cotton Mills and Gul Ahmed Textile Mills under the pretext of "retaking" these mills. But the real reason for the ruling classes' assault was to break the back of the nascent vanguard of the workers which had developed in these mills. The workers had repeatedly offered to negotiate, but they refused to hand over their leaders to the police. Instead, they demanded the release of those who had already been captured by the Government. The production-loving Government chose to attack them but not the owners of the nearly 90 mills in Karachi who have declared lock-outs and rendered 25,000 workers jobless. The capitalists forced East Pakistan to secede, but they want the workers to pay the price. The Government which is accepting the "reality of Bangladesh" concurs with them.