

# Can Bhutto bring unity to Pakistan?

by R. Maitra and L. de Hoyos

On Dec. 1 in Islamabad, acting President Ghulam Ishaq Khan nominated the 35-year-old Mrs. Benazir Bhutto-Zardari as Pakistan's new prime minister. Describing her as one who is "endowed with all the qualities of leadership," President Ishaq Khan said: "She has an enviable love for the country and to serve the people. Over and above this, she is the choice of the nation."

The peaceful conditions in which the elections were held and the lack of social violence in the 14 days of negotiations which preceded Mrs. Bhutto's nomination, testify to the degree to which the Pakistani people want a democratic process reinstated. It also shows the degree to which Pakistan's elites—from Mrs. Bhutto to the military leadership that overthrew and then judicially murdered her father Zulfikar Ali Bhutto in 1977—have jointly acted to ensure a smooth transition of power. In the face of the continuing Soviet menace against Pakistan, and near-daily Soviet air attacks on Pakistani villages from Afghanistan, the rise of social chaos and ethnic and religious violence at this time could easily have created the conditions for Pakistan's disintegration.

In her acceptance speech Dec. 8, Mrs. Bhutto stated: "I would like to salute President Ghulam Ishaq Khan and the armed forces chief for doing whatever they could for restoring democracy after the incident Aug. 17," referring to the death of President Zia in a plane crash. Bhutto said that Pakistan has been torn apart by linguistic, ethnic, and sectarian strife, which she said, she would do everything in her power to end.

## Blames IMF for poverty

She also pointed to the economy as a major point of concern. "Economic policies based on wrong thinking have destroyed our human and natural resources and our country is on the verge of bankruptcy. We are on the brink of catastrophe." She pledged to eliminate hunger, poverty, and illiteracy and to hand over more power to the four provinces to effect the development of their areas. Bhutto's father was an ardent supporter of nuclear energy.

Bhutto indicated that she herself would retain the post of finance minister. Bhutto said she would attempt to delay Pakistan's answer on the conditions put forward by the International Monetary Fund for an \$800 million restructuring facility until June. "Alternatively, as our hands and feet have already been bound [by the IMF], let this be the last legacy

of the last regime."

The economy may be the key issue that Mrs. Bhutto faces. Although Pakistan has shown a 6.6% growth rate, in Gross Domestic Product, during the period of 1983-88, the economy has been devouring itself. Pakistan's internal debt, which was \$2.2 billion in 1977-78, has now jumped to \$15.1 billion—almost a seven-fold rise. External debt, which has to be paid back in hard currencies, has also grown significantly from \$6.3 billion in June 1977 to about \$12.5 billion or more in 1988. Overall debt servicing, which includes repayment of principal and amortization, now stands at \$2.2 billion annually. Overall debt is almost 40% of GDP.

To pay external debt, Pakistan now depends increasingly upon fresh foreign loans, which only build up larger debt to be paid in the not-so-distant future. The country, which has depended heavily on the remittance of foreign exchange by the Pakistani workers in the Persian Gulf and export of commodities, is finding its foreign exchange reserves dwindling fast. Lower oil prices have brought about a recession in the Gulf area, which in effect, has seriously reduced Pakistan's foreign exchange earnings. In 1982-83, remittances of Gulf-based workers reached the high of \$2.8 billion. In 1988-89, it is estimated that the earnings will be as low as \$1.8 billion.

In the area of foreign trade, Pakistan has incurred an imbalance of \$1.4 billion in 1987-88. According to the indicator, the deficit will be no less this year. One problem area is the country's heavy dependence on agricultural products for export. Last year, 75% of exports were related to agricultural commodities with heavy emphasis on cotton and manufactured cotton products. The trade imbalance and shortage of available foreign exchange due to a crippling debt-servicing burden have kept the import of capital goods, an essential ingredient for nation-building, abysmally small. As a result, industry has remained weak and incapable of changing the country's heavy dependence on agriculture.

Another distortion has occurred. Proliferation of drug trafficking, smuggling, and unaccounted-for remittances from the Gulf have created a huge black economy—according to one estimate, involving the circulation of some \$8.5 billion in currency notes. Besides underground activities, this black economy is boosting consumer product and service industries. About 31% of Pakistan's workforce is involved in service industries. The revitalization of the economy will require a major shift in economic strategy, away from the prescriptions of the World Bank, whose representative, Mahbulul Haq, had ruled over the economy for the last five years.

## Foreign policy

Mrs. Bhutto has stated that she will keep Yaqub Khan as Pakistan's foreign minister. This determination ensures a continuity of Pakistan's foreign policy, including its stance against continued Soviet rule over Afghanistan. The retention of Mr. Khan, the Press Trust of India reported from Islamabad, was a condition of support for Mrs. Bhutto from

the United States. Khan is, however, Pakistan's most eminent foreign policy leader.

Despite the fact that her brothers were involved in Soviet-directed terrorism, Mrs. Bhutto has indicated that she has no intention of turning Pakistan into a Soviet puppet or asset. To the contrary, Mrs. Bhutto likely can be relied upon to keep Pakistan out of the orbit of anti-American Islamic fundamentalist states led by Iran.

In addition, it can be hoped that Mrs. Bhutto's coming to power will bring about an improvement in Pakistan's relations with India, which have suffered since the Pakistani military came to power in 1977, and became even worse with India's condoning of the Soviet invasion and occupation of Afghanistan. Indian Prime Minister Rajiv Gandhi sent warm congratulations to Mrs. Bhutto Dec. 8. His letter, which was released to the press, states in part: "You and I are both children of an era which followed the creation of Pakistan. . . . I would wish to work closely with you for removing the irritants which have vitiated relations between our countries. The news of your assumption of office . . . has been warmly greeted and widely welcomed throughout India," Gandhi said.

Gandhi is expected to meet Bhutto later this month when he travels to Islamabad for a summit of South Asian heads of government. Bhutto visited India with her father in 1972 when he signed an accord with then-Prime Minister Indira Gandhi paving the way for the return of more than 90,000 Pakistani soldiers captured during the 1971 war. "The . . . agreement signed by your father and my mother provides the basis for our building together a relationship of mutual trust and friendship. . . . We are confident that together we can make our shared subcontinent safe for us to work out our respective national destinies," Gandhi's letter said.

Mrs. Bhutto's coming to power opens a new window of opportunity for Pakistan. Although she did not win a majority of seats in the Nov. 16 parliamentary elections, the Pakistani People's Party took 92 out of an elected 207 seats, and has gained another 12 seats in the 20 reserved for the appointment of women to parliament.

The PPP's primary rival, the Islamic Democratic Alliance, took approximately 52 seats, and contended that Mrs. Bhutto should not be named prime minister because she had not achieved a majority. However, the way was cleared for Mrs. Bhutto, when Gen. Nawaz Sherif, leader of the IDA, decided to keep his post of governor of Punjab state, rather than continue to seek the country's top office.

Although her party rivals will control Punjab, the largest and wealthiest province and the stronghold of the military, Mrs. Bhutto has emerged from the elections with a clear mandate. If she and the military are able to maintain a consensus based on defense of Pakistan's national sovereignty and the rejuvenation of the economy, Mrs. Bhutto's coming to Islamabad could give besieged Pakistan a new lease on life.

## New Soviet envoys in South Asia

by Ramtanu Maitra

Since late July, Moscow has replaced its envoys in five South Asian nations. While former Deputy Foreign Minister Yuli Vorontsov's arrival in Kabul as the new ambassador to Afghanistan drew the media attention, the posting of other envoys in the region went virtually unnoticed. Though the new appointments to Sri Lanka, Pakistan, Bangladesh, and India could be construed as simply installation of a Gorbachov team in South Asia, in all likelihood there is more to it.

The arrival in Kabul of Yuli Vorontsov, who had long been Moscow's envoy to New Delhi, is a move by the Kremlin to try to "fix" things their way in Afghanistan. Vorontsov's assignment in increasingly unstable Kabul included staving off the ruling party hardliners from ousting President Najibullah and thus enhancing chaos; tightening the screws on Pakistan for its continuing support to the mujahideen rebels; making clear that the Soviet troop withdrawal by Feb. 15, 1989 is not a foregone conclusion; and delivering sophisticated and lethal weapons, which can hurt the Pakistanis, to the Najibullah regime, in violation of the Geneva Accord.

### The Kabul capers

Vorontsov's maneuvers are aimed at creating an atmosphere in which the Afghan mujahideen, out of despair, will agree to a Soviet-formulated broad-based coalition government in Kabul. Vorontsov's job is to see to it that such a government contains the ruling People's Democratic Party of Afghanistan (PDPA) and is recognized internationally prior to the Soviet troop withdrawal from Afghanistan. Once such a government is established, Najibullah can be sacrificed. It is not totally unlikely that Najibullah may even defect to the West, since 10 of his relatives have already chosen to do so. But for now, Vorontsov will shore up Najibullah as part of the "Fortress Kabul" image that he must cause to loom large before the mujahideen.

It would appear that Vorontsov's "tough stance" is paying dividends. The Soviets, helped by Pakistan and Saudi Arabia, will be meeting the Islamic Unity of Afghan Mujahideen (IUAM) leader Burhahuddin Rabbani sometime soon in Riyadh. The subject: ways to install a coalition government in Kabul and expedite the Soviet withdrawal.