

# Pakistan reevaluates its U.S. ties after Pressler Amendment aid cutoff

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Pakistan is experiencing a wave of anti-American sentiment following the Oct. 1 suspension \$576 million in economic and military aid by the U.S. government. Although an American team led by Deputy Assistant Secretary of State for South Asia Teresita Shaffer is scheduled to visit Islamabad to reopen talks, a number of other issues have kept the U.S.-Pakistan alliance off balance all along, and now, under the pressure of shifting strategic geometries, the relationship appears to be headed for substantial change.

The U.S. decision to suspend aid due for this year, under the six-year, \$4.2 billion aid program signed in 1987 by the Reagan administration, became operative when President George Bush failed to comply with congressional demands for Executive certification that Pakistan had not developed any component for nuclear explosive devices. This requirement, embedded in the Pressler Amendment, was the price for U.S. resumption of economic and military assistance to Pakistan in 1981, which had been abruptly terminated in 1977 when Pakistan refused to sign the Nuclear Non-Proliferation Treaty (NPT). Evidence gathered by U.S. intelligence indicating that Pakistan had developed a uranium enrichment capability at the Kahuta nuclear facility heightened concern about Pakistan's alleged attempt to make bombs. Yet, the Soviet invasion of Afghanistan made U.S. revival of the Pakistan alliance imperative. The Pressler Amendment was seen as the solution. With it, international safeguards could be enforced against Pakistan's nuclear program even while the U.S. strategic military tie was upgraded.

The aid cutoff, which came about a little more than three weeks before the Oct. 24 general elections in Pakistan, caused widespread outrage. At the time, the main opposition alliance, the Islamic Jamhoori Ittehad (IJI), which is now in power following a decisive electoral victory over the ruling Pakistan People's Party (PPP) in the general elections, used the issue effectively to accuse the PPP of treason. The tactic gained ground, principally because few of the Pakistani voters understand the complexity of policymaking in Washington. Former Prime Minister Benazir Bhutto and her mother Begum Nusrat Bhutto were accused of organizing U.S. policymakers to use the aid cutoff to leverage the outcome of the elections. The IJI charged that the Bhuttos are backed by Washington, which would lift the aid suspension if the

PPP were "allowed" back in power. We will not bow to such U.S. interference in Pakistan's affairs, said the IJI.

However, soon after the formation of the new government under IJI's leader Mian Nawaz Sharif as prime minister, it became evident that, despite its unhappiness, the Pakistani establishment could not afford to pick a row with Washington now, particularly given its dwindling foreign exchange reserves and growing foreign debt. Shaffer's visit indicates that despite Prime Minister Nawaz Sharif and President Ghulam Ishaq Khan's recent remarks about "standing on our feet" and not being "dependent" on foreign aid, Pakistan will try to comply with U.S. demands in order to keep the aid pipeline open.

## Underlying problems

A satisfactory settlement may help to remove a thorn, but there is little doubt that further strains are in store. The overall relationship between the United States and Pakistan have been bedeviled by a number of underlying issues, most of which are quite independent of the aid problem, and some of which will become more compelling in the days ahead. Broadly speaking, these are: Pakistan's nuclear program, which also engulfs Indo-Pakistan relations; Afghanistan; Kashmir, another issue which involves Indo-Pakistan relations; International Monetary Fund (IMF) policy toward Pakistan; the Persian Gulf crisis.

The U.S.-Pakistan relationship is further complicated by the fact that it spans a long period during which global political alignments have undergone significant change. Moreover, it has been inherently an unequal relationship. For Washington, the relationship was always one of expedience: a dependent clause, if you will, of the U.S.-Soviet military rivalry. Pakistan had little to offer but its strategic location, and this chip is now diminished by new geopolitical dynamics.

In Pakistan, there are differing opinions about the benefits accrued by Islamabad during the almost four-decades-long relationship with Washington. While the mainstream in Pakistan argues that Washington has indeed helped in building a strong and modernized defense and also in achieving a reasonable degree of economic development, others point to the structural weaknesses in economic, strategic, and politi-

cal areas, and complain that these weaknesses are the results of Pakistan's overdependence on the United States.

But no Pakistani likes American interference in the country's internal politics, a subject of much discussion today as it has been periodically. And no Pakistani government has been comfortable in the "client state" straitjacket. Each one—military or otherwise—has sought independent leverage to hold its own against the superpower ally.

Pakistan fell into the U.S. axis in the Cold War buildup of the early 1950s. Mohammad Ali (Begra), who was serving as Pakistan's ambassador to the United States when he was installed as the prime minister replacing Governor General Ghulam Mohammad, spoke of his ambition to implant American political and cultural ideas in Pakistan. In 1953 Pakistan's first commander-in-chief and later President, Gen. Mohammad Ayub Khan, visited Washington on the lookout for a deal whereby Pakistan could—for the right price—serve as the West's "eastern anchor" in an Asian alliance structure. The deal came through in May 1954, thanks mainly to U.S. Secretary of State John Foster Dulles's belief in the dictum: "If you are not with us, you are against us." Pakistan signed a bilateral mutual defense agreement with the U.S. and four months later, without even a formal clearance from the cabinet, Pakistan signed the South East Asian Treaty Organization (SEATO) pact in Bangkok.

### **The 'Islamic bomb'**

Subsequently Pakistan's dependence upon American military supplies became almost total. Following the signing of these two pacts, scores of Pakistani officers received professional training in America and under Americans. During Ayub Khan's military regime, the American presence in Pakistan was overwhelming. American military advisers were not only operating within the General Headquarters but also in defense installations in various parts of the country, and with ministries and departments regarded as sensitive in the context of America's global interests.

The relationship, however, took a turn for the worse during Prime Minister Zulfikar Ali Bhutto's days. Although Bhutto had played a stellar role in bringing the United States and China together, his determination to master nuclear technology, and deals with the French for a reprocessing plant, in particular, worried Washington. Although Zulfikar Ali Bhutto was removed and subsequently hanged by President Mohammad Zia ul-Haq, with backing from the United States, Pakistan continued to pursue its nuclear program. In the subsequent years of President Zia ul-Haq's military rule, Washington was increasingly uneasy about the impact of the Iranian Revolution in the areas and continued reports of Pakistan developing the so-called Islamic Bomb.

It is widely acknowledged that U.S.-Pakistan relations would have reached the nadir if the Soviet Union had not invaded Afghanistan in 1979 and U.S.-Soviet competition for supremacy in the region had not been so blatant. The

September 1980 "trip-report" by Francis Fukuyama, the former RAND Corp. employee who more recently declared that history had ended, is credited with convincing the Reagan administration to label Pakistan a "front-line state" and resume aid. Fukuyama emphasized the security threats to Pakistan, including "a Soviet-sponsored attack by India against Pakistan," and advocated an aid package along the lines of that offered to Egypt or Turkey.

But resumption of aid did not lay the nuclear issue to rest and it has been further complicated by Pakistan's preoccupation with India, which conducted a nuclear test at Pokhran in 1974. India vowed not to pursue nuclear weapons development, but has refused to sign the NPT and instead has painstakingly built up a mastery of nuclear technology indigenously—an achievement Pakistan is in no position to imitate. Pakistan for its part refuses to be drawn into either NPT or a bilateral agreement with the U.S., and instead insists that the U.S., as a strategic ally, should play a role in curbing India's nuclear ambitions and throw its muscle behind creation of a nuclear free South Asia. Islamabad complains that the U.S. has refused to exert pressure on India, thereby accepting India's nuclear superiority in South Asia.

### **Afghanistan and Kashmir: geopolitical pivot points**

Though not of such long standing, Afghanistan is also a source of tension and disagreement between the U.S. and Pakistan. Washington differs with Islamabad significantly, particularly since it has reached an arrangement with Moscow on other major issues. Following the Soviet troop withdrawal from Afghanistan, the issue was relegated to a secondary level by the United States. It was made clear that Washington would not like to antagonize Moscow on this score. Pakistan, on the other hand, remains intent on establishing a pro-Pakistan regime in Kabul to replace the Soviet-backed Najibullah regime, and on sending 5 million Afghan refugees still sitting in Pakistan back home. In this, a faction of the CIA and the Saudis did come to Pakistan's aid, but it is evident that financial backing for the effort is now drying up fast. Reports indicate that the Afghan Mujahideen are both physically and mentally tired, and although reports of their battlefield successes are circulated from time to time, such reports are meant for the donors in order to keep the funds coming.

The issue has caused bitterness within certain factions of the Pakistani Army and political establishment, and highlights the emergence of an alternate national security strategy in Pakistan. Some in the Army, including Chief of the Armed Services Gen. Mirza Aslam Beg, believe that an Islamic bloc consisting of Pakistan, Iran, Turkey, and Afghanistan, and some of the Islamic republics of the Soviet Union, would form a formidable military and economic entity. The presence of such a bloc, bound together by a common faith, will prevent Soviet or Indian incursions into Pakistan or the

region, and reduce the country's dependence on the United States. They envisage that such a bloc would also be able to maintain peace and stability in the volatile Gulf region and keep outsiders at bay. Beg and his co-thinkers complain that the U.S. appeases this concept for its own geopolitical compulsions, including the desire to appease both the Soviet Union and India. At last one political analyst, writing in *The Muslim*, an Islamabad English-language daily, has accused the U.S. of sabotage in Afghanistan. He claimed that when Kabul was ready to fall in April 1989, the Mujahideen were ordered to attack Jalalabad, a trap, which virtually destroyed the Afghan rebel movement and strengthened Najibullah.

Islamabad is also unhappy with the United States for refusing to back its demand that India hold a plebiscite in the Indian-held part of Kashmir as per the U.N. Resolution of 1947. This ancient dispute between India and Pakistan, a legacy of the partition of the subcontinent, was revived over the past several years with the eruption of a separatist insurgency in the Indian state. Recently, the United States officially declared the Kashmir issue an internal issue of India and has urged both countries not to go to war over it. Specifically, to the chagrin of the Pakistani authorities, the U.S. made it clear that the issue should be settled bilaterally between India and Pakistan and rejected in principle Pakistani efforts to internationalize the issue. For its frustrated client, Pakistan, this is yet another indication that Washington is unwilling to antagonize India and further proof that its professed friendship is mere lip service.

### **Economic embarrassment**

Pakistani proponents of the American connection like to point out that the country's per capita income is higher than that in India, but that is not saying much. In fact the state of Pakistan's economy is perhaps the most dramatic reason to question the usefulness of the 40-year-old American connection. Today Pakistan is entrenched in a growing economic crisis, and firmly in the IMF grip. Pakistan has acquired a foreign debt of close to \$19 billion and its debt servicing is now about 28% of exports. Foreign exchange reserves have gone down to \$150 million, and short-term debt liabilities call for immediate payments to the tune of \$250 million. The IMF has held back the last \$248 million tranche of the Structural Adjustment Facility loan for six months now, demanding a fresh set of structural adjustments, which include tax, tariff, and oil and petroleum price hikes and increased railway and electricity rates. The IMF has also demanded drastic austerity measures which are already cutting into Pakistan's scant developmental spending.

The increase in oil and petroleum prices due to the Gulf crisis will put a further \$1-1.5 billion burden on Pakistan's exchequer. This is in addition to Pakistan's annual debt repayment of about \$1.4 billion. The new government has already acceded to the IMF demand for oil and petroleum product price hikes, a move which is sure to bring about

a huge inflation and consequent further devaluation of the Pakistani currency.

The imposition of IMF conditionalities was one of the key reasons why the former ruling party lost so badly in the recent election. By acceding to the IMF demands, the new government has made itself vulnerable to a public outcry. Some Pakistani commentators opine that the U.S. aid cutoff policy was intended to force Pakistan to bite the bullet on IMF conditionalities if it wanted get hold of the \$248 million. It is not unlikely that the IMF will, in turn, tie that last tranche to a "satisfactory" arrangement with the U.S. on the nuclear issue.

### **Shifting strategic sands**

Finally, the Gulf crisis has not worked out as an unmixed blessing for Pakistan and, in fact, there is a growing voice against the large-scale deployment of U.S. troops in the region. Pakistan, which had committed 5,000 troops, has been allowed to send only 2,000 troops so far and these are stationed along the Saudi-Yemeni borders, not protecting the holy shrines of Mecca and Medina as promised by the Saudis earlier. The Saudis, it turns out, do not want Pakistani troops unless they bring their own hardware, which the brass is unwilling to part with. The Saudis are also apparently unwilling to indulge Pakistani political sensibilities, whereby defense of Mecca and Medina is easier to justify than acting as a U.S. gendarme in an intra-Islamic dispute.

Voices against the U.S. deployment of forces in the Gulf, heard from the outset, are now distinctly on the rise. The sharpest complaint is that the United States, goaded by the Zionist-controlled Israel and Zionist-infiltrated House of Saud, is involved in a plan to commit massive slaughter of Muslims. Agha Murtaza Pooya, owner of *The Muslim* and a spokesman for the ruling IJI, recently charged that the U.S. is only trying to save the House of Saud because the House of Saud has guaranteed both the U.S. and Britain that they will never wage war against the Zionists. "Two of the House of Saud that tried to step out of line, Malik Faisal and Malik Khalid, were both eliminated by the United States," Pooya stated in a lengthy and provocative discussion of the background to the Gulf crisis.

While Pooya's allegation is a serious one that goes beyond the scope of U.S.-Pakistan relations per se, his view is significant as a measure of the "breakout" potential of the IJI government. It is in any case obvious that U.S.-Pakistan relations will not get a boost over the Gulf situation. In addition to the extra financial burden that Pakistan will have to bear because of the rise in oil prices, it is evident that as far as the people of the region are concerned the United States has over many years established itself in the primary role of protector of Israel. As one analyst put it: "It is not likely that it [the United States] will succeed in the near future in selling its new image of protector of Islam's holy places to the people of the area."