

# Shadow of people's discontent lengthens over Bhutto government

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Pakistan's Prime Minister Benazir Bhutto is facing growing discontent among almost all sectors of the country's population. Though arguably less traumatic than her first attempt to govern (1989-91), Bhutto's second term has been characterized by its ineffectiveness. What must worry her more, is that the very elite that preferred her government because of her close proximity to Washington, is now stridently criticizing her kowtowing to the economic policies laid down from Washington through the International Monetary Fund (IMF) and World Bank.

The failure of the Bhutto government also centers around its patent inability to control the drug- and gun-rich afghans who rule the roost in the North West Frontier Province, Baluchistan, and Punjab; its inability to bring to book the killer orthodox Sunni organization of Anjuman Sipah-e-Sahaba, whose sole reason for existence is to gun down the Shias; and its inability to resolve the dispute with the Mohajirs of Sindh, which has virtually shut down the city of Karachi, Pakistan's largest commercial center and port. Further, the Bhutto government has been unable to develop a genuine dialogue with India to bring peace in Kashmir, or to convince Washington that Islamabad is neither a promoter of terrorism in the region nor a possessor of nuclear weapons to be used for mass destruction. This string of failures has been the subject of mainstream media commentary in Pakistan for more than a year.

Less well understood, however, is the fact that Prime Minister Bhutto, a genuine defender of democracy and a committed opponent of fundamentalist militancy, was never much in control of the developments stated above. Despite pressure exerted by Washington and others, Islamabad is hardly equipped to deal with the law-and-order problems which have external links and a long history. This fact came into the open in a recent interview in which Egyptian President Hosni Mubarak explained how shocked he was in 1993, when then-Pakistan Prime Minister Mian Nawaz Sharif told him in no uncertain terms that Islamabad had no control over the Afghan mujahideen roaming around in the plains of the North West Frontier Province. The Egyptian President was concerned about the terrorist activities of the afghans against his government in Cairo.

## Fresh challenge from the afghans

As if her existing problems were not enough, Bhutto in recent months has been challenged further by a fellow Pakistani who also went to Oxford. The challenger is a Pathan, Imran Khan, whose exploits as a cricketer in the cricket-crazy Pakistan are legendary. Imran Khan has left his familiar cricket grounds and entered the political arena through an intriguing route. A vain playboy, whose comings and goings in British society were lapped up by the tabloids in the 1980s, Imran Khan is now a self-proclaimed "devout Muslim." He has married a Jewess, Jemima Goldsmith, daughter of Sir James Goldsmith, the Anglo-French multimillionaire. "Jeemee," as he is often referred to in France, Goldsmith is well connected. Married into the Rothschild family, Sir James recently floated the Referendum Party challenging the Tory government of Prime Minister John Major. Sir James has pledged to spend at least \$20 million to bring down the Tories. He is involved in an effort to resuscitate the Entente Cordiale between Britain and France and to revive the old imperial policies.

Meanwhile, in Pakistan, son-in-law Imran Khan is in the process of launching a movement to oust Benazir Bhutto, and all other "infidels," from Islamabad. Imran Khan was brought to the political scene, as a contestant to Bhutto, by former Pakistani Inter-Services Intelligence (ISI) chief Lt. Gen. Hamid Gul, the man who formulated Pakistan's Afghanistan policies in the post-Zia ul-Haq days since 1989. Gul is also a close associate of former Pakistan President Ghulam Ishaq Khan, the mastermind behind Pakistan's not-so-covert nuclear weapons development. Besides General Gul, a man committed to violence and assassinations, and the on-the-ground controller of the afghans, Imran Khan is backed by the "Pasban," a breakaway faction of the orthodox Sunni political grouping Jamaat-e-Islami, known for its religious orthodoxy.

## Challenges from the judiciary

The Bhutto government is also facing a challenge thrown up by the judiciary. Through a ruling issued last March, a panel of four Supreme Court judges diluted the power of the nation's President to appoint judges for each of Pakistan's

four provincial high courts and the Supreme Court. The ruling said that the appointments must be based on judicial recommendations from the provincial and high courts. The court also ordered the government to end the practice of appointing acting, or ad hoc, judges.

Bhutto has expressed her unhappiness with the judgment. She has met President Farooq Leghari a number of times to discuss the ruling, and it is believed that her government is marshalling forces to prevent the court from enforcing the ruling, on the grounds that it amounts to an "amendment of the Constitution." It is widely expected that President Leghari, a senior member of the ruling party and a handpicked candidate of Bhutto, will use his Presidential power to protect the regime in time of any constitutional crisis.

### **Economic failures**

The law-and-order problem in Karachi and elsewhere, the emergence of Imran Khan, and the "unacceptable" ruling issued by the panel of judges would perhaps not add up to a threat to Bhutto, if her government had done enough to improve the economic lot of the vast majority of poor people, generally acknowledged as the Bhutto family constituency.

But Bhutto's abject failure, and even unwillingness, to make concerted efforts to push the economic issues for the sake of the people of Pakistan, has perhaps weakened her government the most.

In March last year, when Bhutto was seeking an agreement for the second year lending of a \$1.37 billion three-year program with the IMF, she told the Reuters news agency that her government was committed to the IMF's economic reform program. Pakistan had secured the loan, approved by the IMF for three years, in early 1994. The loan consists of \$842 million from the enhanced structural adjustment facility (ESAF) and the remaining \$526 million to be financed out of the IMF's extended fund facility (EFF).

In order to meet the stated "commitment," Bhutto has slashed her budget deficit from 8% to 5.5% over the last two years, and she is now planning to bring the deficit down further to 4.6% by the end of the 1995-96 (July-June) fiscal year. Although Pakistan may achieve this target under her leadership, the country has already been punished by the IMF, which called for a stop to the payment of the third tranche of the lending program, because the budget deficit was not brought down to the IMF-prescribed 4%.

The IMF reform program that Bhutto is so assiduously implementing, has in fact worsened Pakistan's industrial production and created larger trade deficits. According to Commerce Minister Ahmed Mukhtar, the government's attempts to reinvigorate industry and allow some concessions to make it competitive with other countries, have been greatly hampered by the IMF conditions. "We are trying to find out ways and means to make our industry more competitive, but are working on a very tight rope, because of the IMF and the World Bank conditions," he told a newsmen recently.

### **Growing foreign and domestic debt**

Meanwhile, the trade gap is growing rapidly, posing a serious challenge to Pakistan's foreign exchange reserves, which have come down to about \$1.0 billion, or about four and half weeks of the country's import requirements. Preliminary estimates indicate that the 1995-96 trade gap may be as high as \$3.0 billion. Observers attribute the increasing trade gap to the Bhutto government's IMF-demanded imposition of lower import tariffs. The increased trade deficit has become a matter of serious concern, because it threatens to push up external debt further. Pakistan already has a large foreign debt and the debt-servicing cost is expected to exceed \$2 billion. In addition to the lower tariff rates, which have increased imports significantly above the budget target, the poor performance of the textile sector—the backbone of Pakistan's exports—has put pressure on earnings. The pressure on the country's currency due to poor economic performance has also caused a drop in home remittances by expatriate Pakistanis.

As a natural fallout of the IMF reform program, Pakistan is experiencing higher inflation and unemployment. The impoverishment caused by these two factors is hurting and alienating the supporters of Bhutto's ruling party.

The reduced revenues, because of industrial stagnation, higher unemployment, and lower import tariffs, have also pushed domestic deficits upward. It is reported that Pakistan's current defense spending, internal debt servicing, and general expenditures associated with maintaining the governmental infrastructure, are consuming the vast bulk of revenues. As a result, developmental spending has been pared down substantially, and is met through borrowing and assistance of foreign donors. Under such circumstances, it is evident that Pakistan's ability to borrow and spend on developmental activities has become dependent on the assessment of the country's economy by the IMF. Meanwhile, the country is slipping toward becoming a net debtor nation.

As a result, Bhutto's government is under pressure as it is preparing next year's budget. The government has to comply with terms laid down by the International Monetary Fund in the standby agreement last December, which imposes strict adherence to a pared-down defense budget.

Although the IMF has not demanded a reduction in defense budget in black and white, Western donors, influenced by the IMF's assessment of what is wrong with Pakistan's economy, are quietly exerting pressure on Islamabad to reduce its defense expenditure.

In April, an article appeared in the Urdu daily *Jang*, which said that the military high command is likely to do its duty when the country looks like it's getting into a chaotic state. The article caused an uproar in Pakistan, since the columnist is known to be close to certain powerful circles, and the motive behind the veiled threat issued to the Bhutto government was the economic chaos caused by the IMF-designed reform program.