

US concerns over political stability in Pakistan

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Concerns in Washington about the stability of the Pakistan government of Prime Minister Nawaz Sharif resulted in an unusual statement by an unnamed US State Department official warning that the US would “strongly oppose” any attempt by “political and military actors” to take power unconstitutionally. The remarks, originally quoted by the Reuters news agency on Tuesday, have since been confirmed by other senior State Department officials.

The Sharif government has been under siege from opposition parties over its economic policies dictated by the International Monetary Fund (IMF), and also over its decision to accept US demands for the withdrawal of Pakistan-backed military forces from the Kargil area on the Indian side of Kashmir in July.

The US statement came shortly after a visit by the Prime Minister's brother Shabaz Sharif to Washington for talks over the release of \$280 million in stalled IMF funding, and the lifting of economic sanctions imposed on Pakistan after its nuclear tests in May last year. The Clinton administration is insisting that Pakistan sign the Comprehensive Test Ban Treaty (CTBT).

Pakistan is expected to sign a new Letter of Intent shortly setting out IMF demands for the government to scrap a large-scale housing project, increase petroleum prices and remove a 15 percent excise duty on imported cotton. The IMF has told the government to scale down its housing plans to a pilot scheme involving 20,000 houses, claiming the project was not “economically feasible”.

The IMF had earlier delayed the loan tranche of \$280 million promised to Pakistan, to force Sharif to accept its conditions. A correspondent for the British-based *Financial Times* reported on September 17 that the delay had “been caused by Pakistan's worsening political atmosphere and the decision by Prime Minister Nawaz Sharif's government to give concessions to small businesses which protested IMF-supported General Sales

Tax (GST).”

In early August, the Pakistani cabinet agreed to IMF demands for the imposition of a 15 percent GST, sparking protests from small traders who feared price rises would affect their businesses. Traders associations, supported by opposition parties, called a general strike against the tax on September 4. Support for the strike was total in Sind province, including country's commercial capital, Karachi, and a total shutdown was reported in Punjabi cities, including the provincial capital Lahore, Sharif's home town. Traders in Baluchistan and the North Western Frontier Province also protested.

Sharif was forced to promise concessions to the small traders, who form a major base of support for his government and the ruling Pakistan Muslim League (PML). IMF officials told the *Dawn*, a Pakistani English-language daily on September 11 they were dissatisfied with the government's response to the strike and had insisted on “firm and unequivocal commitment from highest level of the regime”.

Even with the IMF loan of \$280 million—part of a \$1.6 billion package promised last December—the Sharif government faces an economic crisis. According to provisional foreign trade statistics for July and August, Pakistan had a growing trade deficit of \$369 million with imports rising by 13.7 percent and exports only by 1 percent. The trade deficit, which is 181 percent higher than for the same period last year, is expected to exceed \$1 billion for the current fiscal year.

While the Pakistani government has denied there was any possibility of a military coup, the US statement was no doubt welcomed in the capital of Islamabad. Sharif has ruled out calling early national elections, not due until the year 2002. On Wednesday, the head of the Islamic Jamaat-I-Islami, Qazi Hussain Ahmed denounced Sharif as an “American lackey” for seeking support from Washington.

Two weeks ago, faced with mounting opposition, Sharif

cancelled his scheduled visit to New York to participate in the UN General Assembly this week and stepped up police repression against strikes and protests. Prior to the September 4 strike, the government introduced an amendment to the Anti-Terrorism Act, allowing "illegal strikes, go-slows and lock-outs" to be defined as terrorist acts.

To prevent a protest meeting in Karachi on September 11, the police rounded up thousands of opposition activists and attacked others with sticks and tear gas. The following day, the opposition Muttahida Quami Movement (MQM) called a three-day general strike with the support of other parties. On September 13, the country's 19 opposition parties formed a Grand Democratic Alliance and vowed to campaign for the ousting of Sharif. The coalition, which includes the Pakistan Peoples Party (PPP) of former prime minister Benazir Bhutto, met last weekend to appoint a central council and agree to a vague nine-point "national agenda" to hold the disparate political and religious parties together.

An article in the *Financial Times* on September 14 expressed the fears in ruling circles in Britain and elsewhere over political instability in Pakistan. *Newsline* editor Rehna Hakim was quoted as saying: "There is no move yet by Nawaz Sharif to defuse the worsening political situation. You can't keep on saying that you can rule this country because of your brute majority in parliament."

While speculating on a possible split within the government, the *Financial Times* article also raised concerns about the ability of the opposition parties to contain popular opposition to the IMF economic policies. Benazir Bhutto's government was ousted in 1997 amid charges of corruption, police repression and deteriorating social conditions. As the writer commented, there are "doubts over the opposition's ability to present itself as a credible alternative".



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