

New Pakistan rulers caught in IMF vise

by Susan Maitra and Ramtanu Maitra

Within 10 days after assuming the office of prime minister this month, Mian Nawaz Sharif raised petroleum prices by 41.5% and natural gas prices by 41%. He also announced increased tariffs for both electricity and railways. According to available estimates, these price rises push Pakistan's inflation rate during this fiscal year into the 15-20% rage. Some political analysts have pointed out that there is a distinct possibility that the steep price rises may propel people into the streets, making it the winter of discontent in Pakistan.

Hiking petroleum and natural gas prices and electricity and railway tariffs is the first of five prescriptions recommended by the International Monetary Fund (see *EIR*, Nov. 2, 1990). Weeks before the Oct. 24 general elections, the IMF had laid down these diktats, and it was a foregone conclusion that whoever assumed power in Islamabad would have no choice but to submit. Finance Minister Sartaj Aziz—who was acting finance minister in the caretaker government under President Ghulam Ishaq Khan that took power following the Aug. 6 dismissal of Benazir Bhutto's government—had indicated that the petroleum price would be raised by about 20%, and not the 41% demanded by the IMF. But the new prime minister not only acceded to the Fund, but has given an extra 0.5%, perhaps as a bonus.

U.S. aid in jeopardy

Prime Minister Nawaz Sharif's decision to satisfy the IMF at the cost of his own people will hardly help him to stabilize his government. U.S. lawmakers, meanwhile, have made it clear that the \$500 million-plus annual economic and military aid packages to Pakistan will not be forthcoming with presentation of the necessary certification from President Bush that Pakistan does not possess a nuclear weapon.

Under the terms of the Pressler Amendment to the foreign aid bill, certification of Pakistan's non-nuclear status must be presented to Congress by Oct. 1 each year, or aid will be terminated as of that date.

Needless to say, the aid hiatus has caused a fuss in the new government.

In a letter published in the Nov. 19 issue of the Lahore-based English daily *The Nation*, U.S. Ambassador Robert

Oakley was constrained to explain that the definition of "possession" used both by the United States executive and legislative bodies applies to components of a nuclear device, not only to an assembled device. Ambassador Oakley also pleaded helplessness on George Bush's part: The U.S. Congress did not accept the President's proposal that it approve a delay in applying the Oct. 1 automatic suspension so as to keep the issue out of the Pakistani elections. On Oct. 2, Rep. Stephen Solarz (D-N.Y.) had written Bush that "I had the impression that Pakistan would no longer be eligible for this Pressler Amendment certification. According to press reports over the past few days, it appears that the President has now come to the same conclusion. . . . Under these circumstances it would appear that we have no choice but to terminate all U.S. assistance to Pakistan as required by law."

The aid suspension is hitting hard. Pakistan already faces an acute shortage of foreign exchange. The foreign exchange reserves are at the lowest point in years. The political ramifications for U.S.-Pakistan relations, if aid is shelved, could be significant. Some of the leaders of the ruling Islamic Ittehad Jamhoori (IJ), during the last elections, spoke stridently against overdependence on the United States. The same politicians, now in power, have shown a classic schizophrenic tendency. They lambast the United States for stopping the aid and, at the same time, crow that Pakistan, being a sovereign nation-state, has the right to make nuclear bombs.

Drug traffickers in the National Assembly

Prime Minister Nawaz Sharif's prostration to the IMF is not the only unseemly post-election development. Equally ominous is the presence of two prominent heroin-peddlers from the Federal Administered Tribal Agency (FATA), bordering Afghanistan, in the National Assembly. Both were elected in the last elections as backers of the ruling IJI.

Of the two, the more notorious is Haji Ayub Afridi, chief of the Zakakhel clan. His marbled palace in Landi Kotal near the Khyber Pass is mute testimony to Haji Ayub's success with heroin trafficking to the West. In May of last year, there were rumors that Haji Ayub's palace would be raided, but the government, which has little control of the FATA, backed down when it found thousands of Kalashnikov-toting clan members guarding the chief's fabulous palace. Haji Ayub is reportedly close to Lt. Gen. Fazle Haq (ret.), a close associate of Prime Minister Nawaz Sharif and the strongman in the North West Frontier Province (NWFP). The previous Pakistan People's Party government had slapped drug-trafficking charges against Fazle Haq, but they were dropped suddenly, reportedly following a meeting between Fazle Haq and Ambassador Oakley.

The second drug trafficker now in the National Assembly is Haji Lal Karim, elected from Bajour near the Afghanistan border. The authorities in Bajour claim that a raid last May resulted in the seizure of one ton of opium and the destruction of Haji Lal Karim's house.