

The economic and social dimensions

Finally, the Iranian President addressed the economic and social dimensions of such dialogue, saying that no such communication could succeed, unless clarity were reached on the causes of wars and conflicts, especially the economic causes. "With the terrible gap between the rich and the poor . . . how can we naively call for peace and mutual understanding, and how can we call for dialogue if this inequity persists and if no fundamental steps are taken to help the deprived people of the world? When, on the eve of the third millennium, 30% of the world's population will live in abject poverty, how can we talk of peace and security and forget justice?"

Denouncing the illusion that the West could survive at the expense of the rest of the world, Khatami said, "All the people living in today's world find themselves aboard the same ship. Riding out the storms and reaching the safety of the shore will be either for all the passengers or for none." He concluded with a warning, that if dialogue in the 21st century does not replace the "sword" which was arbiter in the 20th century, then "this sword will reemerge as a two-edged weapon which will spare no one, and it is quite possible that the mighty warmongers will be among its first victims."

Khatami's message was well received in France, by the political elite and the press. For instance, the daily *Le Figaro* on Oct. 27 ran an article by Serge Michel, from Tehran, entitled "The President Philosopher." Michel dismissed the idea, which has appeared in other press accounts, that Khatami is some sort of Islamic Gorbachov, and suggested a different comparison:

"If one has to find a kind of model, one should look in the direction of the ancient Greeks. . . . In 1997, twenty million Iranians chose a philosopher President, who seeks his inspiration with Socrates, Plato, and Aristotle." The article summarizes the highlights of Khatami's activities, from his religious studies at Qom and his meeting with Khomeini in 1961, to his philosophy studies at Isfahan, and his moving to Germany in 1977, where he chaired the Islamic Center of Hamburg, prior to the 1979 revolution. It was in that period that Khatami began to study German philosophy and culture. Later, Khatami wrote a book, in which he presented the idea that Islam should welcome the positive cultural contributions of all civilizations, including the West, while rejecting negative tendencies.

Khatami's mission in France was obviously shaped to the exigencies of improving bilateral relations between Paris and Tehran; however, no one could miss the implications of his speech, for the government in the United States as well. Khatami inaugurated his foreign policy revolution shortly after his election by going on CNN, in a television interview addressing the American people. In that interview, which cost him considerable grief in Iran, he extended the offer to "thinkers" in America, to engage in this dialogue of civilizations. One is still awaiting the response.

Pakistan's Musharraf faces an uphill task

by Ramtanu Maitra

The bloodless coup that brought the sacked Chief of Armed Services Gen. Pervez Musharraf to power in Pakistan on Oct. 12, poses serious challenges to the Pakistani Army. A huge foreign debt, growing poverty, and a weak economy overall have worsened Pakistan's law and order situation. Threats of Islamic fundamentalists moving eastward into Pakistan from Afghanistan worry Pakistan's traditional friends, China and the United States. In addition, the failure of Pakistan's leading politicians over the last decade to deal effectively with both foreign and domestic policy has weakened the national institutions. Under the circumstances, the new ruler of Pakistan will have to move quickly before he, too, fails.

An Army takeover in Pakistan is neither a new phenomenon, nor fully unexpected at any given time. Musharraf's is the fourth Army takeover in the nation's 52-year history, and this one came after two and a half years of inept administration by the Pakistan Muslim League (PML) under the leadership of Prime Minister Nawaz Sharif.

Sharif, who was a protégé of the late martial law administrator, President Mohammad Zia ul-Haq, was always close to the Army. But, his conflict with the Army was brought about following the recent armed clashes with Indian Armed Forces over Kashmir. In April, Pakistani regulars and Afghan mujahideen infiltrated inside the India-held part of Kashmir around Kargil and captured some high ground. Following a massive operation, the Indian Army drove back the infiltrators. Prime Minister Nawaz Sharif blamed the Army for the debacle, drawing the wrath of the military brass.

The response abroad

Musharraf's coup raised eyebrows among policymakers in Washington, and some routine protests were issued. But there are indications that Washington was aware of the developments and had not agreed with Prime Minister Nawaz Sharif's sacking of the Army chief. Within a week or so, Washington began to change its publicly stated views about the coup, and the U.S. State Department has since issued statements which indicate that the United States is willing to give Musharraf time to bring back democracy.

On the other hand, the European Union, particularly Germany and Britain, refused to accept the legitimacy of

the Musharraf regime. While Washington has taken a “wait and watch” policy, the European Union sent a high-profile special emissary, Jukka Valtasaari, to pressure General Musharraf to hold an early election. Valtasaari met with the leaders of both the Pakistan People’s Party (PPP) and the Pakistan Muslim League—the two main political parties—while in Islamabad.

Problems to overcome

Despite Washington’s present hands-off attitude toward Musharraf, it is unlikely that the new Army rulers will have much time at the helm. The reasons why can be summed up as the following:

- General Musharraf, who has issued statements about getting Pakistan’s economy back on the rails again, has come to power essentially because of the former Prime Minister’s decision to sack him. He had earlier given no sign that he, or his backers, were unhappy about the way things were being run in Pakistan.

- General Musharraf has inherited an extremely weak economy. According to data from the first quarter of the 1999-2000 fiscal year issued by the Central Bureau of Revenue, revenue collection was the only positive benchmark so far. During the first three months of the fiscal year, the industrial sector registered a meager 3.5% growth, and despite several incentives offered by the Nawaz Sharif government, exports grew slowly and imports rose sharply, resulting in a trade gap of 479 million rupees.

- According to Dr. Akmal Hussain, a leading economist, speaking at a “Meet the Press” event in Lahore on Nov. 2, the crisis is in the real, physical economy, and not in the financial economy. Hussain pointed out that the percentage of Pakistanis living below the poverty line has grown from 17% in 1977 to 30% in 1999. This factor has periodically led to large-scale self-immolations in protest. Hussain argued that to remove bottlenecks in the economy, new management and institution-building measures will be required.

- While General Musharraf has mentioned his intent to rebuild the institutions of national government, he nonetheless made corruption his first target of attack. In Pakistan, corruption is surely an issue, and every politician addresses it. Both Nawaz Sharif and Benazir Bhutto, two top political leaders in the country, had officially declared war against corrupt practices. As a result, corruption increased multi-fold.

- General Musharraf has promised the Pakistani people that he will work to recover nearly \$4 billion in debts owed to Pakistani banks by 300-plus defaulters. He pointed out that a majority of defaulters have strong political connections.

During a visit to Saudi Arabia following his takeover, General Musharraf told Pakistani correspondents that recovery of money from the defaulters will take time, and that, as a result, due process of elections will be delayed—from as much as six months to three years.

Political machinations

There is little doubt that General Musharraf enjoys the support of some of the political parties, particularly that of the PPP, which was in the opposition during Sharif’s tenure. Sharif had gone after the corrupt practices of the former Prime Minister and head of the PPP, Mrs. Benazir Bhutto Zardari, and had convicted her in court. PPP supporters want General Musharraf to reverse the case. In all likelihood, General Musharraf will not accept this proposal, and, as a result, the PPP will later turn against General Musharraf and demand an early election. The PML, under Nawaz Sharif, will demand early elections also.

More importantly, pressure will come from Washington to hold elections, sooner rather than later. Washington’s leverage is provided by the International Monetary Fund (IMF) and the World Bank. Pakistan recently persuaded international banks to renew \$877 million in loans and the Paris Club of Western donors to roll over \$3.3 billion in credits. Neither deal has been ratified formally, and now could easily be derailed. Also in doubt is the receipt of the third tranche of a \$1.56 billion loan from the IMF.

- The Kashmir issue, which finally brought about the downfall of the Nawaz Sharif government, remains unresolved. The Indian government in New Delhi had gotten the signal from Sharif that the government in Islamabad would be ready to hold talks on the issue. Now, the change of guard in Islamabad has worried New Delhi, and it is expected that India will exert pressure on Pakistan to start talks. Things have already begun to heat up along the Kashmir border. Neither New Delhi nor Washington will allow a replay of the conflict that brought down the Sharif government.

- Despite General Musharraf’s promise to revitalize Pakistan’s economy, he has chosen a Finance Minister, Shaukat Aziz, who is not only a monetarist, but was working as a top official at Citicorp in the United States.

Musharraf’s other choices are similarly uninspiring. Foreign Minister Abdus Sattar, former High Commissioner to India and a virulent anti-India bureaucrat, has now joined the political party of Imran Khan, a star cricket player and son-in-law of the late British billionaire Sir Jimmy Goldsmith.

Attorney General Sharifuddin Pirzada is an old hat who served successive governments, including that of the late General Zia ul-Haq. Pirzada is widely known in Pakistan as the “permanent adviser.”

Musharraf will have to fend off varied political pressures and, at the same time, move ahead with economic development. Pressure from Washington will be aimed not only at bringing about early elections, but at forcing Islamabad to sign the Comprehensive Test Ban Treaty, to curb Islamic fundamentalists, to break off relations with the Taliban rulers in Afghanistan, to hand over terrorist Osama bin Laden and help the West to procure oil and gas resources in Central Asia. If Musharraf complies with these demands, internal political pressures will certainly bring him down.