

How it went wrong for Nawaz Sharif

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By Ahmed Rashid.

Pakistan's problems are mounting and Nawaz Sharif's government appears paralysed, just over three months after he swept to election victory on a tide of optimism, reports guest columnist Ahmed Rashid. Where did it go wrong?

When Mr Sharif became prime minister, public expectations were sky high that he would quickly get to grips with Pakistan's most pressing problems - rampant terrorism, multiple insurgencies, an economy in free fall, the lack of electricity and a debilitating foreign policy.

Instead, Mr Sharif has stumbled badly, incurring widespread public anger as terrorism intensifies, the economy worsens and his government appears unable even to fill dozens of critically needed appointments such as senior bureaucratic positions, public corporation chiefs or ambassadors for key posts such as Washington and London.

Moreover, the hope that dialogue with the army would create a civil-military partnership, putting the army and an elected government on the same page for the first time in Pakistan's history, has so far yielded few results.

After weeks of conferring with politicians, experts and the army, Mr Sharif announced his policy to counter the Pakistani Taliban on 9 September which all the political parties endorsed - but most experts and the army rejected. The government announced that it would open unconditional talks with the Taliban, declaring them stakeholders rather than terrorists and a government-run All Parties Conference blamed the US and Nato for causing terrorism in Pakistan.

The Taliban issued a list of more than 30 demands, including the imposition of Sharia (Islamic law) and the military's withdrawal from the tribal regions. On 15 September Maj Gen Sanaullah Khan Niazi and a colonel were killed in a devastating bomb blast in the far north-west of the country for which the Taliban took responsibility. That day seven soldiers were killed in four separate attacks.

Army chief Gen Pervez Kayani, who had earlier warned Mr Sharif not to adopt a surrender strategy, now publicly warned the government that the army would not allow the Taliban to set conditions for peace. "No-one should have any misgivings that we would let terrorists coerce us into accepting their terms," he said.

Then on Sunday more than 80 people were killed and some 130 wounded in suicide bombings in a church in Peshawar. The attack also left the Sharif initiative in tatters.

On his way to the United Nations to try to impress Western nations with his plan, he had to make radical adjustments as he reached London, saying for the first time that maybe talks with the Taliban were not such a good idea after all.

But where exactly he goes from here is unclear even to his closest aides.

Experts had told him that a comprehensive counter-terrorism strategy could include the tactical option of talks, but must also include the use of force, economic development and other measures.

Now the Taliban are likely to step up their attacks as they see the government as weak, floundering and scared.

The same directionless, slow-moving process has followed Mr Sharif's stillborn promise to start a dialogue with separatist rebels in Balochistan province. He has had better luck in dealing with the ever worsening crisis in Karachi where armed gangs are holding the port city hostage. A crackdown led by paramilitary forces is under way but has still to yield results.

The army and Nawaz Sharif also do not see eye to eye on how fast to improve relations with India. Mr Sharif reached out to India in June, but Delhi has insisted that he should deliver on at least one of three issues - reciprocating with Most Favoured Nation status to enhance trade as India has already done for Pakistan, speed up the trial of seven Lashkar-e-Taiba militants accused of involvement in the 2008 Mumbai massacre and clamp down on Lashkar-e-Taiba and its leader, Hafiz Saeed.

India's condition-based talks did not carry much weight with the Pakistani army, which wants India to restart a full dialogue with Pakistan on contentious issues like Kashmir. The army told Nawaz Sharif he was moving too fast with India and stalled acting on any of the three options.

Moreover, after a 10-year hiatus there has been repeated firing between Indian and Pakistani forces along the Line of Control in Kashmir, killing a dozen soldiers and civilians on both sides this year. Hafiz Saeed, who has remained under tight control by the intelligence agencies, was allowed to lead a large anti-India rally in the capital, Islamabad, in early September. However, after much hesitation Indian Prime Minister Manmohan Singh has agreed to meet Nawaz Sharif at the UN in New York, although Indian Foreign Minister Salman Khurshid has insisted that "we need some satisfaction, we need some deliverables".

The increased militant violence has led to further paralysis of Pakistan's economy. The rupee is declining by about 2.5% a month, inflation is rising and industry shut down by either militancy or power cuts has yet to restart. GDP growth is less than 3% while the fiscal deficit is nearly 9%.

The government has taken a \$6.7bn (£4.2bn) loan from the IMF - most of it will be used to pay back a previous IMF loan - but so far Islamabad has failed to implement the very low level of economic reforms that the IMF has demanded. Failure to do so will further delay the release of funds and prevent investment into the economy.

Restarting investment and the economy requires tough decisions and reforms that Nawaz Sharif has so far showed no signs of making. To do so requires zero tolerance for terrorism, which has to be the goal if Pakistan is to survive and overcome the threats posed by extremists.