

## Pakistan's very unhappy new year

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By Ahmed Rashid

To paraphrase Shakespeare, when crises come to Pakistan they come not as single spies but in battalions.

Among them is a burgeoning economic crisis with massive price increases and severe gas, electricity and fuel shortages, 15% inflation and the stoppage of a vital International Monetary Fund (IMF) loan.

There is unprecedented pressure on Islamabad from the US and Nato to eliminate extremists, with alleged terrorism plots linked to Pakistani militants foiled recently in Denmark and other European countries.

Also, the country's Islamic parties are attempting to mobilise the public to block proposed reforms to controversial blasphemy laws.

Days into the new year, Punjab province's Governor Salman Taseer - who had spoken out against those laws - was shot dead in the Pakistani capital Islamabad.

### Hyper inflation

To top it all, there is yet another national political crisis.

Western leaders have criticised Pakistan's army for failing to move against militants in North Waziristan

The Pakistan People's Party-led (PPP) coalition has lost two partners in the federal government - and now faces losing its majority.

The fallout has raised the possibility of a no-confidence vote against Prime Minister Yousuf Raza Gilani.

Although it is the political crisis that has gripped the nation, the other problems are probably more far-reaching.

A key coalition partner, the Muttahida Quami Movement (MQM), has said it will defect to the opposition benches.

A smaller religious party, the Jamiat-i-Ulema Islam, has already walked out of the coalition.

The defection of the MQM, which has 25 MPs, leaves the government 14 short of an overall majority in the 342-member parliament.

Mr Gilani is now wooing opposition leaders Nawaz Sharif and his brother Shahbaz Sharif, who between them run Punjab province and the Pakistan Muslim League party.

### Paralysis

So far they have said they will not topple Mr Gilani, although smaller parties want the prime minister to go.

Pakistan has been warned it faces repercussions in the event of a big terror attack in the US or Europe

As long as the Sharif brothers stay onside, there is no immediate threat to Mr Gilani.

The opposition is bitterly divided and the prime minister said on Monday that the government would continue

to function with or without the coalition partners.

However, the government is paralysed and cannot legislate.

Huge increases in petrol prices and a chronic shortage of gas and electricity are causing mounting unrest.

Pakistan is heading for hyper inflation after the IMF stopped a payment of \$3.5bn (£2.3bn) of its \$11.3bn loan to Islamabad.

The IMF said the country's economic situation was far worse than previously thought.

It also said Pakistan had done nothing to reduce its budget deficit, which has soared to 6%, despite a 4% target for the current financial year.

That figure is expected to rise to 8% before the year is out.

The IMF is furious that the government has reneged on a promise to introduce a reformed general sales tax and a tax on agricultural income.

Pakistan's rich landlords and politicians pay barely any income tax.

Losing faith

In delaying its payment the IMF has jeopardised billions of dollars of loans from other agencies.

These include the World Bank and the Asian Development Bank, as well as large bilateral support from Japan, the EU and US.

Economic mismanagement has been one of the main reasons why the PPP's coalition parties have lost faith in the government.

There have been four finance ministers in the last three years.

Mr Gilani is now a lame duck prime minister, making it impossible for him to impose new taxes or tough austerity measures.

At the same time the US and Nato are trying to prod Pakistan's reluctant army into taking on militants in tribal areas on the Afghan border.

It is in this region where foreign jihadis are being trained with the help of al-Qaeda and the Pakistani and Afghan Taliban.

In an unprecedented move over the past few months the leaders of Britain, Germany, France and the European Parliament have openly criticised the army's failure to move against militants in North Waziristan.

Last month, five men were arrested in Denmark and Sweden for allegedly planning an attack inspired by Pakistani militants' massacre in the Indian city of Mumbai (Bombay) two years ago.

Of the five men of Arab descent arrested, two had gone to Pakistan for training, according to press reports.

High alert

Germany is on high alert for possible terrorist attacks by its nationals who may also have been trained in Pakistan. At least a dozen alleged German extremists were arrested in December.

Prime Minister Yousuf Raza Gilani seems likely to hold on to his job - for now at least

Also last month, a suicide bomber in the Swedish capital Stockholm killed himself as he tried to explode a

bomb among Christmas shoppers.

The bomber, of Arab origin, was linked to Pakistan-born extremists in Luton, near London.

Senior American and European officials said recently they had warned Islamabad that any major successful terrorist strike in the West that is traced back to the Pakistani tribal bad lands would lead to enormous but unspecified repercussions.

Fear of Western retaliation has not held back Pakistani Islamic parties, which last week staged a one-day nationwide strike in protest at proposed reforms to the blasphemy laws.

The walkout follows the arrest of a Christian woman who has been sentenced to death under the controversial laws.

Mr Gilani may yet survive a few more months, but there is little doubt his government is more hamstrung than ever and cannot pluck Pakistan from its quagmire of problems.

Long-suffering Pakistanis are braced for yet more economic, political and social misery. The outcome is impossible to predict.

***Ahmed Rashid is the author of “Jihad: The Rise of Militant Islam in Central Asia” and “Descent Into Chaos.”***