India and Sri Lanka Towards Freer Trade

The signing of the free trade agreement by India and Sri Lanka takes South Asia one step closer to the goal of a free trade area. **Sukumar Muralidharan** in New Delhi writes

THE free trade pact with India was the centrepiece of Sri Lankan President Chandrika Kumaratunga's visit to New Delhi in the last week of December. Negotiating teams had been at work on the pact since the middle of December, without clinching every detail of it. At one stage, External Affairs Minister Jaswant Singh urged the teams to go that extra mile to uphold the principle of free trade. There was, he said, the serious risk that the principle would otherwise be "defeated by details". The high moral ground had been seized and for the officials who insisted that the devil lay in the details, the signal could not have been more unambiguous. Residual areas of friction were quickly ironed out, in time for the pact to be signed during the Sri Lankan President's visit.

In incremental terms, the agreement takes the South Asian region one step closer to the goal of a free trade area. It is a mission in which India, as the most weighty country in the region, has a special responsibility. Since all other South Asian nations need to secure transit and trade agreements through India to boost their mutual transactions, India's role in promoting the concept and practice of free trade is especially pivotal.

Nepal and Bhutan already have preferential trading arrangements with India. Sri Lanka has now joined the league and Bangladesh is keen to gain admission. That would leave out only Pakistan, which presents a unique set of problems on account of long-festering political animosities, and the Maldives, which is in a geographical sense the most detached of the South Asian nations.

FOR Dr. Lal Jayawardena, economic adviser to the Sri Lankan President and Deputy Chairman of the National Development Council, it was very important in a political sense for Sri Lanka to conclude an agreement with India. Bangladesh was also an aspirant for a like status in relation to India and progress on that front might have distracted attention from the claims of the island nation.

Dr. Jayawardena was one of the principal architects of the free trade agreement, which represents the fruition of a personal quest that began as far back as 1993. In the preface to an exploratory report authored by the United Nations University and the World Institute for Development Economics Research (UNU/WIDER), of which he was Director, he argued that reciprocal trade concessions between India and Sri Lanka would "make a major contribution to the political and economic stability of Sri Lanka regarding which India has a major stake". They would at the same time "support India's economic reform process by providing an export platform in Sri Lanka for joint ventures involving foreign investment (including Indian investors), serving both the joint Indo-Sri Lankan market and the outside world," he said.

Sri Lanka preceded India by almost a decade and a half in embracing the policies of global integration. The results have been equivocal. Experts today concede that the country missed its opportunities to expand trade dramatically in the manner of the newly industrialising economies of East Asia and South-East Asia. The goal of economic policy as formulated in the early years of the decade was to attain comparable levels of trade, investment and growth by the year 2000. Although little progress was made in the course of the decade, the agreement with India represents a breakthrough in Dr. Jayawardena's view.

Complementarity in industrial structures is fundamental to the success of a free trade agreement. The architecture of the agreement with India is that Sri Lanka will seek to earn foreign exchange through exports of traditional merchandise, which would enable it to import larger quantities of machinery and capital goods from India.

Trade between India and Sri Lanka is currently of rather modest dimensions. India exported goods and commodities worth Rs.1,772 crores to Sri Lanka in 1997-98, while in turn importing merchandise of the value of Rs.121 crores from that country. India's exports showed a preponderance of machinery and transport equipment, drugs and pharmaceuticals, metal manufactures, and textiles and garments. The principal imports from Sri Lanka were ores and metal scrap, natural rubber and spices.

The balance of trade being heavily in India's favour, it is expected that the free trade agreement will have the effect of progressively correcting the skew. India has committed itself to granting duty-free access to all Sri Lankan exports, with the exception of a limited number of goods which would be on the negative list. The number of items eligible to duty-free imports upon entry into force of the agreement would be in the region of 1,000. Around 400 items would be placed on the negative list. For the rest, a 50 per cent margin of preference on duties would be granted on all items, with the exception of textiles and garments, which would only be eligible to a 25 per cent margin. Excluding the latter category again, the margin of preference would be raised from 50 to 100 per cent in two stages, within three years of the entry into force of the agreement.

Sri Lanka in turn will grant duty-free access to around 900 items of import from India. Another 600 items would be provided a 50 per cent margin of preference, to be raised in three stages to full duty exemption at the end of the third year. With the exception of a limited negative list, tariffs on all remaining items would be cut by a minimum of 35 per cent within three years and 70 per cent within six years, before graduating to full duty exemption within eight years.

Reflecting the skew in patterns of trade, Sri Lanka has been granted a rather more liberal time frame for graduating to a regime of duty-free imports. Agreement in principle has been reached on limiting the negative list to certain very sensitive commodities where the two countries are in head-to-head competition in global markets. Preliminary calculations indicate that the commodities which will feature on India's negative list would account for less than one per cent of its total import bill in any year.

The agreement features an elaborate section on "rules of origin", to ensure sufficient value addition in both countries before a commodity is eligible to its special benefits. In the case of raw material originating in third countries, the contracting parties to the agreement must ensure 35 per cent domestic value addition to avail of the free trade benefits. If the contracting countries purchase raw material from each other, then 25 per cent domestic value addition is deemed adequate.

Sri Lanka sees a high potential in the export of primary commodities such as tea, coconut oil, cloves and other spices. None of these is likely to enjoy a friction-free entry into the Indian market - some may indeed be put on the negative list. The devil is in the details, although there is understood to be a broad acknowledgement from the Indian side that the negative list will not be so expansive as to preclude all the commodity groups that are of special interest to Sri Lanka.

Aside from the direct benefits of growing bilateral trade, further gains are expected to accrue from third-country investment. Japan was once a major prospective investor in Sri Lanka, although that potential has remained largely unrealised. In the context of the agreement with India, there could be renewed investor interest to take advantage of increased export opportunities. But the slump in the East Asian region and the agonising financial restructuring that is under way in Japan could constitute an adverse circumstance.

The specific industry groups where Sri Lanka seems to sense a high investment potential, as a direct inducement of the Indian market, include natural rubber products, wood panel, metal work, ceramics and consumer durables. In return, India is expected to gain from the export of capital goods to Sri Lanka.

The agreement between the South Asian neighbours moves the trade dialogue from a fragmented, commodity oriented framework to a broader and more expansive platform. But when the reckoning of potential benefits is done, there would still seem to be a need for detailed and specific calculations oriented around particular sectors, in order to optimise the gains to both sides. Each of these sectors would also throw up its own problems, which would need to be ironed out through mutual consultations and continual references to the broader picture of economic consolidation.

By arrangement with the Frontline *magazine of India*

Trade and Friendship

THE signing of the free trade agreement between India and Sri Lanka was the focus of the four-day state visit of President Chandrika Kumaratunga to New Delhi. This is the first agreement of its kind signed by India with any country. Indian officials feel that the accord, which will come into effect from March 1, 1999, will have a "demonstrative" effect.

The Indian Government set great store by the President's visit because after Pokhran-II in May 1998 very few important foreign dignitaries have visited Delhi. External Affairs Minister Jaswant Singh announced a few days before Chandrika Kumaratunga's arrival that economic diplomacy and South Asian economic cooperation would be the priority areas for discussion. At least in the case of Sri Lanka the 'Gujral doctrine' continues under the Bharatiya Janata Party-led Government as India is not insisting on reciprocity. (One of the key elements of the Gujral doctrine is that India "does not ask for reciprocity but gives all that it can in good faith and trust.")

Indian officials said that relations with Sri Lanka were very "relevant", especially as India shared "tremendous commonalities" with that country. They also asserted that there was no attempt to impose anything on India's neighbours. Before President Kumararatunga's arrival, senior officials of the External Affairs Ministry said that there was "total continuity" in Indian policy towards Sri Lanka.

Some political parties in the BJP-led ruling alliance were perceived by Colombo as being supportive of the Liberation Tigers of the Tamil Eelam (LTTE), but the Government went out of its way to emphasise that it was totally committed to the "territorial integrity and sovereignty" of Sri Lanka.

India also made it known that it was happy with the Sri Lankan Government's move towards devolution of power to the provinces; Indian officials felt that this would confer more rights on the Tamil people. Indian officials said after Kumaratunga's visit that the parameters remained unchanged in the context of the continuing ethnic conflict in the island. According to them, the question of India mediating in the conflict does not arise as Sri Lanka itself does not want it.

AFTER her return to Colombo, Kumaratunga told a Sri Lankan television channel that India did not want to interfere in Sri Lanka's internal affairs. India had intervened in Sri Lanka in the late 1980s owing to the ineptitude of the United National Party (UNP) Government of that time, she added. She also said that both the Indian Government and the Tamil Nadu Government had confidence in Sri Lanka's ability to reach a negotiated political settlement with the LTTE to resolve the conflict.

However, the Sri Lankan President recognised, while speaking to a group of mediapersons at Rashtrapati Bhavan on December 28, that the situation in Jaffna "is not improving as fast as we want". She said that this was mainly because of the closure of the land route to Jaffna. The Tigers, she said, were on a killing spree but the situation was under control. Operation "Sure Victory", the current military offensive of the Sri Lankan Army against the LTTE, will continue until the goal of reopening the supply routes to Jaffna is achieved, Kumaratunga said. India, she added, helped Sri Lanka in the rehabilitation and resettlement of people affected by the war.

The President said that many countries and groups had offered to act as "facilitators" to kick-start the talks between Colombo and the LTTE and added that her Government would take a decision on this at the appropriate time. "The LTTE must agree to certain conditions" before talks can begin, she said. Sri Lanka has not sought India's help in "facilitating" talks with the LTTE, Kumaratunga said.

Kumaratunga said that an overwhelming majority of the Sinhala people favoured the implementation of the devolution programme proposed by her Government. According to Kumara-tunga, a few individuals in the Opposition are opposed to this. The Opposition in Sri Lanka, she remarked, opposed everything her Government proposed. "The present Opposition takes its role literally," said Kumaratunga. The Leader of the Opposition, Ranil Wickremasinghe, had assured her of his support for the free trade agreement with India before she left for Delhi. However, since the historic agreement was signed on December 28, the UNP has started accusing the Government of compromising national interests.

The Sri Lankan President said that a way out of the current political impasse was to go in for a referendum on the devolution package. However, there are constitutional hurdles. According to her, the Constitution has made the working of representative democracy difficult. Despite her coalition enjoying a big majority in Parliament, the Government was unable to take important decisions because the UNP "manipulated" the Constitution to suit its own needs, she said. (The Constitution was drafted in the 1970s when the UNP was in power. The Government needs to have a two-thirds majority in Parliament to amend the Constitution to incorporate the devolution package.) Since Kumaratunga came to power, it has been her stated objective to revert to parliamentary democracy.

She said that one of her concrete achievements was "the restoration of good governance" and the laying of the foundation for a vibrant economy. At the same time, she justified the curbs imposed on the media as "we are a country at war". She said that the curbs would continue as sections of the media indulged in "calculated and mischievous" reporting, which had an adverse impact on the morale of the soldiers. However, curbs on the foreign media had been lifted, she added.

The President described the relations with India as "excellent". When asked about her country's stand on India's nuclear tests, she said that Sri Lanka had "expressed its concerns" to New Delhi. "It would have been better if the tests by India and Pakistan had not happened," said Kumaratunga. She added that both countries should desist from further tests as there was a need to dissipate the tensions in the region. "We expressed our opinions honestly," said the President. She stressed that the nuclear tests had not affected bilateral relations.

AN important event for the Sri Lankan President during her visit was the laying of the foundation stone, along with Prime Minister Atal Behari Vajpayee for a Sri Lanka Pilgrims' Rest House, for use by Sri Lankan Buddhist pilgrims who came to India. India is a major tourist destination for Sri Lankans. Sri Lankans constituted the third largest segment of tourists who came to India in 1997. "Such visits and contacts between our peoples greatly help to cement age-old ties and establish new bonds of friendship in the context of SAARC (South Asian Association for Regional Cooperation) and our drive towards closer regional cooperation," said Kumaratunga, adding that India and Sri Lanka enjoyed an abiding friendship based on cultural and religious links.

— John Cherian

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Cold Gets Colder for the Old

Is 'Bridhha bhatta' reaching the elderly in Kathmandu? asks **Suman Pradhan**

VISITORS to the famous Pashupatinath Temple cannot miss the groups of old men and women sitting outside a dilapidated house within Nepal's holiest shrine for alms.

They wait patiently for the devotees thronging the temple to drop a few coins or hand out food or clothes. At least 200, they flocked to the temple after they were forced out of their homes by children who saw them as burdens.

Temples like Pashupatinath were the only sanctuary for old people until the government stepped in three years ago to introduce an old-age allowance scheme called 'Bridhha bhatta' distributed by the village or ward councils in the towns.

Old people over 75 years could claim the monthly 100 rupees, which was also given to widows and the disabled. Though paltry, it was at least a recognition of the need to care for Nepal's senior citizens, says a pensioner in Kathmandu.

But early December the eligibility criteria for beneficiaries was suddenly changed by the government which said the scheme was being misused.

The programme was a drain on resources, a top Finance Ministry official asserts. "The handouts made a dent on state coffers while having little impact on the target group," he says.

That naturally is not a widely shared opinion. Asked what he thought of the government's decision, Krishna Bahadur Thapa, an elderly widower who lives in one tiny room near Kathmandu's busy international airport says, "The money may be little for us in the city, but it's much in the villages. I hope the government will increase the amount soon."

Shanta Bahadur who lives with her son, a farm worker, and his family said the allowance which was brought to her home regularly by the local council member, gave her a sense of worth. "At least it has made me feel I am contributing to the family funds," she says.

It was a communist party government that laid the foundation of Nepal's social security system in 1995. When it started the "Bridhha bhatta" or old-age allowance scheme was exclusively for old people.

"The concept behind it was that the government has an obligation to support all citizens who have no one else to turn to," explains social scientist Dr Chaitanya Mishra, the architect of the rudimentary welfare programme.

Its widespread popularity forced successors of that short-lived communist government to expand the benefit base, including widows over 60 years of age, and disabled people above 16 years.

While 1.4 million dollars was set aside for the programme in 1995, the budget had increased to more than 5 million last year. But officials say, a cash-strapped government was able to provide only 1.9 million dollars.

This year, the government allocated 5.9 million dollars for the pension scheme. Till November '98, the official list of beneficiaries had over 370,000 people.

But that is set to alter since old people no longer have an automatic right to the allowance.

According to the newly-introduced regulations, they have to prove they need the money. No-one who is either middle class or from a rich family can claim the money. Neither can widows. Also those applying for the allowance have to promise they are non-smokers.

Not unexpectedly, soon after the new regulations came into force this month, hundreds of old men and women, at the urging of the communist party, took to the streets in Kathmandu to protest the centrist Nepali Congress-led government's decision.

The demonstrations were led by former prime minister and communist party leader Manmohan Adhikari who introduced the system in 1995.

Many social scientists here have been vocal in their support for the scheme, which they say is essential in a poor country like Nepal, among the world's least developed, with high rates of poverty and illiteracy.

Experts argue that since the country can't afford a real welfare system health, education and unemployment benefits it can at least take care of its greying population.

"This marks the first step in a country's development. Economic development comes only after the social sector develops," he advises.

— IPS/APB Feature

Basu Brings Riches

Seeking investment, Jyoti Basu may be ready for new revolution. **Krittivas Mukherjee** reports from Calcutta

IT is perhaps a sign of the times that even diehard Marxists like West Bengal Chief Minister Jyoti Basu is showing a willingness to listen to modern-day corporate gurus on the need to revolutionise.

Seeking much-needed industrial investment in the state, Basu and his comrades were all ears at the recent one-day forum of investors, 'Destination West Bengal', at the suburban resort of Raichak.

Although the forum pledged only Rs. 20 billion (about $476 million) worth of investment, it provided a ideal opportunity for interaction between the government's top bosses and the investors.

"You can become India's investment powerhouse. You are on the threshold of a business revolution, but your approach has to be revolutionary," Ashwin Adarkar of McKinsey and Company of the U.S. counselled Basu and his colleagues.

In his report on investment prospects in West Bengal, Adarkar told the audience: "You shouldn't feel happy projecting yourself as a good destination, you should be seen as the best. Don't feel happy to beat other Indian states, you should aim to touch Singapore."

Once a leading industrial state, West Bengal faded out of the scene in the 1970s when the violent ultra-Left Naxalite movement stalled all industrial growth and gave the state a negative image. Since then, though violence has given way to political stability with the Marxists coming to power, the state has found investments hard to come by.

Three major impediments — labour militancy, bureaucratic redtape and poor infrastructure — have ensured that investors stayed away from West Bengal despite its geo-political and geo-economic advantages. To further tarnish its image as an investor-friendly state, many of the existing industries closed down in the past decade—mostly owing to labour problems.

The McKinsey report drew stunning paradoxes. Whereas West Bengal ranked 7th in terms of business fundamentals, it received only three per cent of the country's investment, way behind Gujarat (19 per cent) and Maharastra (16.5 per cent). One out of 10 richest consumers in the country is based in the state which also has the fourth largest market of the country. The only thing it does not have is investment.

"Bengal's advantages are overshadowed by its past. It has an image problem. Its business fundamentals are strong, but investors do not rate it high. It must, therefore, embark upon a programme of revolutionary change to rid itself of the legacy of a poor image," said Adarkar.

Making an assessment of the state's advantages and disadvantages, Adarkar pointed out to the state's poor infrastructure as the first problem. "It is all right for us to understand that West Bengal is way behind Punjab and Maharastra. But, it shocks us to find that it even lags behind Orissa and Himachal Pradesh," he observed.

Bengal figures 14th in the list of infrastructurally top states.

But Adarkar drew loud approval from investors when he took to task the 'famed' work ethics of the state backed by militant labour unions. It was clear that the investors wanted to hear more on this particular topic than anything else.

West Bengal, "where labour instinctively adopts an adversarial posture", lost 38 days to strikes in 1995, Adarkar pointed out to the embarrassment of the top Marxists. The report suggested to the government to consider a moratorium on industrial strikes.

The management consultancy company's report sought, though not in as many words, a commitment from the state government on containing labour force.

The state government, for its part, took the opportunity to renew its commitment not to intervene in labour disputes. "The state government will not interveme, except as an honest broker," Chief Minister Basu announced. Home (Interior) Minister Buddhadev Bhattacharya, drawing a big round of applause, went a step further to announce that "irresponsible trade unionism would be controlled".

The report was also unsparing on the bureaucracy. Obliquely referring to the failure of the West Bengal Industrial Development Corporation's (WBIDC) single window scheme to remove red tape, the report said "there are multiple (windows) beyond it." Adarkar said the investor thought that the state government had no clear timetable, lacked accountability and needed to have policies which would endure 5-10 years.

Outlining the advantages of the state, Adarkar said West Bengal's greatest strength was political stability. He noted that the society was also relatively stable with the crime rate one of the lowest in the country. Bengal was partially successful in eradicating rural poverty which had come down from 65 per cent to 41 per cent. Its market, fourth largest in the country, was largely umpenetrated. "So the prospects were huge for the early investor," the report noted.

Besides, the state had 1.4 million graduates, which was the fourth largest pool of graduates, an adequate number of skilled manpower and a wide base of technical education.

But the rich cultural heritage of the state offered the best scope for investors. "The cultural richness of Bengal waits to be transformed into a highly profit making industry. cultural tourism has huge potential in the state. The various climatic zones also make the state an ideal spot for developing tourism industry, the largest industry in the world today," Adarkar said.

"Bengal's punishment," he noted, "has been disproportionate to its crime. To turn things around, it has to think revolutionary and not evolutionary."

The state government also took the opportunity to announce some sops for industry. It announced sales tax deferment while Basu stated that the work on the proposed Calcutta-Haldia road would start soon. The Asian Development Bank had already sanctioned $1 million for the project, he informed.

Commercial production in the Rs 51.70 billion (about $1.22 billion) Haldia petrochemicals was also scheduled to begin in the second half of the current year, while the Mitsubishi Chemical Corporation was expected to start commercial production by 2000, he said.

Altogether 20 new industrial projects involving an estimated investment of Rs 20 billion (about $476 million) were announced during the meet. They included a Rs 4.5 billion (about $107 million) power plant by Larsen and Toubro at Haldia, a Rs 3 billion (about $71 million) steel cold-rolling mill by Bhushan Industries, a Rs 5 billion (about $119 million) dual project by tobacco major ITC, a Rs 1 billion (about $23 million) project of Zee Television and a Rs 2 billion (about $46 million) television and home appliances project by Videocon Industries.

— India Abroad News Service

Sharif's White, Black and Grey Moments

Nineteen ninety-eight was the year of the mushroom and the meltdown. While the euphoria of the first lasted but briefly, the agony of the second stretched out over the best part of the year. If Pakistan had been secured from dangers from outside, doubts about its future from perils within only deepened. **Aziz Siddiqui** explains why

THE political process tended manifestly to divide far more than unify the people. There were setbacks to party relationships, the federal experience, and the functioning consensus of relative silence and accommodation over the question of ideology. And doubts about the economic solvency of the country were never more pervasive and troubling.

Mian Nawaz Sharif's political pastiche was divided into areas of white, black and grey. The white was the source of his principal strength and in a way his political raison d'etre, mainly the Punjab. Black was of course the Bhuttos, the PPP and all that gave them strength or sympathy. It was the grey - the various institutions and forces in the middle which had to be on his side or, at worst, effectively neutralized - that caused him worry or most tested his ambitions during the period.

An early shock to the house he built came from the partner in NWFP, ANP, which asked to cash the first of its IOUs. Braced with an overwhelming vote of the provincial assembly, it called for the province to be given a proper name. Pakhtunkhawa had long been the open choice, to which the prime minister too had already pledged his solemn word. For the prime minister, however, the consideration that went into making a promise had to govern the keeping of it too in this case the need for political support to stay strongly in power. 'Pukhtunkhawa' was thought not to go down well in Punjab and in the Muslim League's pockets of support in NWFP. The upshot was that ANP pulled out of the 9-year-old alliance.

The next problem came in relation to MQM. Muslim League depended on this party far more for ruling in Sindh than it did on ANP for staying in power in NWFP. The League's political presence in Sindh, let alone its ability to form a government there and keep the PPP out, would have been close to zilch but for that party's solid urban strength. Granted this wholly unmerited pre-eminence in the province, the prime minister was ready to give whatever the other asked for in return. Thus, for instance, after his meeting with Altaf Hussain in London in February, the PM's spokesman Chaudhry Nisar Ali came out and announced in absolute terms that a complete identity of views and consensus was found in all the matters raised and discussed. No less.

What all those matters were needed no guesswork: Altaf Hussain had been talking of them all the time. They included withdrawal of all cases registered against him and other MQM leaders and workers; freedom for all his partymen in jail, including release on parole of those who were under trial for serious offences, and speedy conclusion of their cases; compensation to those or the families of those who had suffered under the army operation and afterwards; and end to the so-called no-go areas held by MQM's breakaway faction called the Haqiqis.

The prime minister started delivering on each of these promises. But there apparently came a point where others in the establishment put their foot down. The message was that those with several murder cases against their name could not be freed even on parole, and, secondly, that the Haqiqis had to survive even if they had demonstrated no popular support they could not be allowed to be overwhelmed by the main party.

A sort of cold war then ensued between the coalition partners, and as MQM's own men began increasingly to fall in the periodic terrorist mayhem the relations turned abrasively chilly with each such episode. MQM also around this time decided that its political support should not always be taken for granted. It made strong reservations on the population census, it boycotted the parliamentary vote on the declaration of the state of emergency following the nuclear tests, and, perhaps most annoyingly of all, it refused to back Mian Nawaz Sharif's 15th Constitutional Amendment.

All that, combined perhaps with increased pressure from the establishment, brought the ultimate break. Hakim Said's murder provided the trigger. Several MQM men were implicated in that and other terrorist acts. The provincial government was dismissed and federal rule imposed through the governor. Some of the MQM leaders were locked up. Many of its rankers too were rounded up and many others began to be pursued on allegations of involvement in various acts of terrorism. Military courts were set up for their trial.

The next break came in the third province, Balochistan. Chief Minister Akhter Mengal had been feeling uncomfortable with his relations with the centre, especially at what he saw as being short-changed in the financial award and being further squeezed by objections raised in the release of even the normal budgetary share of the province. The Baloch youth who briefly hijacked a plane to Karachi expressed crudely and in an extreme an illegal way a sense of injustice that was being felt at some other levels too.

The conduct of the nuclear tests on a site in Balochistan without even a word to the government of that province was also seen, if not as a deliberate act of rebuff, at least as a demonstration of insufficient trust in Baloch leadership. Mengal's BNP soon showed its distance from the central government by staying away from the vote on the declaration of a state of emergency.

Soon the Muslim Leaguers in the Balochistan assembly brought a no-confidence motion against their coalition partner, and a political charade followed which ended in Mengal and a rump of his BNP being ousted from power, and the Leaguers, a BNP breakaway group and JUI joining together to form the government.

Another casualty of the Muslim League style of politics in the province was Nawab Akbar Bugti and his JWP. Riled by virtually being sidelined and reduced to being a non-player in the provincial affairs, he volubly cooled off from Nawaz Sharif and later introduced a 16th Constitutional Amendment in the parliament aiming for greater autonomy to the provinces.

Thus by the end of the year Mian Nawaz Sharif had one by one lost almost all the significant political allies he had started with. Related to this phenomenon, and given a further fillip by it, were the doubts he created in the smaller federating units by a series of other acts.

The first of these was his decision to go ahead with the repeatedly-postponed, but admittedly much-needed, population census. His Punjab-centricity had been so pivotal to his rise to political stardom that the nationalist sentiment looked on his renewal of the move with even greater suspicion than it had done the earlier attempts. Specific objections were also, however, raised about certain parts of the questionnaire and the proposed manner of its filling out. They were mostly ignored.

That the exercise was to be carried out under army supervision didn't do much to inspire confidence, partly no doubt because the army itself happened mostly to belong to Punjab. In the event there were announcements of the boycott of the count. In Balochistan, the Pakhtun areas were said to have largely gone unenumerated. The doubters claimed afterwards that the interim results later announced had confirmed all their fears. The MQM for one declared its total rejection of those results.

The declaration of a state of emergency was seen as another challenge to the autonomy of the provinces. The action gave to the federal government powers of intervention in the provinces in respect of administration and law-making, and of suspending the justice-ability of fundamental right. The restraint on fundamental rights was later struck down by the Supreme Court, but the other power remained, and got to be used too in Sindh.

But perhaps nothing provoked the nationalist sentiment in the smaller provinces more than the prime minister's suddenly upping and declaring his decision to go ahead with the construction of the highly controversial Kalabagh Dam. The dam was seen by Punjab as the ultimate source of bounty for it, while it was feared by at least two of the other three provinces as a certain harbinger of devastation. NWFP believed that it would totally inundate parts of its inhabited area, and downstream Sindh thought that by heavily upper-cutting the Indus it would turn some of its fertile lands into veritable deserts.

The announcement brought the oft-divided ranks of the nationalists together as perhaps nothing else could have. There were massive public marches from both sides to the borders with Punjab, and expressions of anxiety and agitation continued until finally the government shed its posture of immovability and the project was in effect shelved. It would await a consensus being reached among all the provinces, it was finally conceded. It was a development of possible significance for the future that the notable nationalistic parties joined together to form what they call the Pakistan Oppressed Nations Movement (PONM).

Another major threat to nationalist sentiment, and much else, came with the prime minister's proposal of a 15th Constitutional Amendment. The original version that he placed before the parliament in August was a virtual outline for establishment of theocratic fascism. It would have given the prime minister powers, first, to enforce what he thought was right and to prohibit what he considered was wrong in Islam and Shariah, irrespective of what the constitution or any judgment of the courts said; secondly, to make future amendments to the constitution with unprecedented ease, by a simple parliamentary majority of those present and voting; and, thirdly, to punish any state official (which obviously included any member of the judiciary or the armed forces) for what he regarded as dereliction of duty in that respect.

These were the kind of provisions that caused some people even within the ruling party to muster courage and for the first time voice reservations about an express prime ministerial wish. A revised draft, since passed by the lower house by the requisite two-thirds majority, dropped the latter two provisions. But even the first one that it retains would give to the prime minister all the powers he needs to do his will. The senate therefore resolved not to accord to the bill when presented the majority it needs. The prime minister responded by going about castigating that body, urging people to force the hands of the senators, and calling on mullahs to run all critics of the bill to earth.

Although the amendment was yet to become law, one part of the damage was already done. It made fundamentalism a central issue of national polity. It gave to bigotry a seal of denunciatory authority. It set about unleashing sanctimoniousness on to the streets and in the neighbourhoods. Groups enforcing their own 'shariah' threatened to gain momentum. With the first instant 'trial' and public execution early in December, the Orakzai tribe blazed the trail of the Taliban-like system of justice that the prime minister had said he yearned for. The clock seemed suddenly to have been put way back.

Mian Nawaz Sharif looked unlikely however to reap any part of the harvest he sowed. The extreme religious right wing was convinced that it was going to be its turn now and soon. Four of the militant religious parties — Jama'at-i-Islami, Harkatul Ansar, Lashkar-i-Tayyaba and Tanzeem Ikhwan-i-Pakistan — were already reported to be secretly negotiating an alliance. They were determined to position themselves to fill the vacuum, as well as first help create it.

The main opposition party, PPP, remained besieged by the references against it, though Saifur Rahman's heavy artillery, both because of its excessive use and his unconcealed malice and vindictiveness, turned any interest it might have inspired into ennui. The attempt to forge a drugs charge was particularly gauche and made the whole exercise seem a bit of a farce. It almost seemed that whatever the decision in the six cases now before the Ehtesab benches, it may not have much of an impact on the political fortunes of the party. With the foreign press also having reported on Nawaz Sharif's unacknowledged properties abroad, there didn't seem much to choose between the two leaders in this respect anyway. The Pakistan Awami Ittehad, the opposition alliance farmed around PPP, did seem to attract crowds in its public rallies. For whatever that was worth, the party wasn't obviously over yet.

Courtesy: January 6, '99 issue of the Dawn *of Pakistan.*