

# **Federal Cabinet of Pakistan: Role in Policy Formulation, 1993-1999**

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## **Abstract**

This paper examines the functioning of the federal cabinet Pakistan from 1993 to 1999. It investigates how the Cabinet was involved in designing economic and foreign policy. It analyzes that the elected governments during the said period were not independent in taking decisions in a lot of foreign policy issues or in designing policy related to foreign concerns of Pakistan. However, like first term of both the Prime Ministers (PMs), the Cabinet enjoyed privilege to formulate policy on economic aspects. The study seeks that the performance of the cabinet varied during regimes of both the PMs. Cabinet tried to revive its status during second regime of Benazir Bhutto but again was not successful as either establishment on foreign policy formulation or PM secretariat on economic policy-formulation remained seat of decision-making. Secondly, coalition partners of the regime also made it difficult to give approval to the plans, not suited to them. Whereas PM Nawaz Sharif was also more interested to take decisions on his own or with the involvement of his inner circle on economic policy formulation in place of giving decision-making power to the Cabinet. The study explores that the elected governments can work in a better way and system of democracy strengthens in case Federal cabinet is given its due status and share in power. Printed primary sources including biographies and autobiographies of PMs and Ministers, published interviews of various ministers, newspapers besides a number of secondary sources have been consulted to build the argument in this study. Analytical and comparative methods have been adopted to reach to the conclusions.

**Keywords:** Federal cabinet, economic policy, foreign policy.

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## **Introduction:**

Cabinet is an important seat of decision-making in parliamentary system of government. In Pakistan, however, it passed through various experiences and its role in decision-making and policy formulation had also observed multiple phases and various systems of government i.e. parliamentary, martial law, presidential, civilian martial law etc. The

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institution of Cabinet had played an important role in decision-making during early years after independence (1947-1954) and even during first Martial law regime (1958-1969) but its participation in decision-making drastically reduced during coalition-governments' period (1955-1958) and during second Martial law era of Yahya Khan (1969-1971). Its performance had remained mixed one during Zulfikar Ali Bhutto's regime i.e. its role was significant in formulation of economic policy and dealing with the provincial affairs but its role was less visible in foreign affairs (1971-1977). It remained mostly as a weak institution during Zia ul Haq's era (1977-1988). The institution of Cabinet could not revive its real status even during parliamentary regime from 1988 to 1993 as the President, establishment and even inner circles of the PMs remained more relevant for decision-making than the full cabinet. The period from 1993 to 1999 observed two elected regimes; first was coalition set up, led by PM Benazir Bhutto from 1993 to 1996 and the second one was single-party cabinet, led by PM Nawaz Sharif from 1997 to 1999. PM Benazir's cabinet was not given reasonable share in decision-making related to economic policy-formulation process as the portfolio of Minister of Finance was directly controlled by PM herself and she relied more on advisers than on the other ministers. Besides, most of the ministers on other economic ministries were either not relevant or expert in the specific fields. Her cabinet, therefore, could not launch a formal economic policy, though, tried to focus on privatization. Whereas, Nawaz Sharif's cabinet approved a comprehensive economic agenda in the very first meeting of the federal cabinet and Sartaj Aziz, the Minister of finance was given responsibility to formulate committees to prepare working papers for various aspects of economic policy-formulation. The working papers were then discussed and schemes were finally approved by the cabinet on various issues, but those could not be implemented in true spirit. However, one major change was observed during later part of PM Nawaz Sharif's regime when federal cabinet's power of decision-making in formulation of economic policy was also curtailed by inner circle of the PM. Afghan policy, Kashmir policy, Nuclear bomb program, and relations with USA and India were such avenues where establishment was taking decision, not the cabinet. Nevertheless, Nawaz Sharif's cabinet was taken on board on atom-bomb explosion issue. It was taken into confidence on Kargil war crisis on very late stage.

### **Formulation of Economic Policy**

This part of the paper compares and contrasts the performance of the cabinets of Benazir Bhutto and Nawaz Sharif to formulate economic policies of their regimes during the period under study. It finds a marked

difference in the approach of the cabinets of both the PMs i.e. Nawaz Sharif started his term with defined objectives and economic program unlike PM Benazir's cabinet which worked without any Minister of Finance and could not come with the solid agenda of economic reforms. However, Nawaz Sharif's approach towards involvement of the cabinet in decision-making observed change and he gradually moved towards inner circle consisting of Punjabi Ministers and other colleagues to decide and formulate economic policies.

Benazir Bhutto's cabinet started work without any Minister of Finance, as '[she] had [her] own ideas about running the Finance Ministry'.<sup>1</sup> Though Makhdoom Shahabuddin was appointed as Minister of State for Finance on 26<sup>th</sup> January 1994, whereas the Cabinet took oath on 19 October 1993. V. A. Jaffery was appointed as financial adviser to the PM.<sup>2</sup> Ministers on other portfolios related to economy were Brig. (Retd) Muhammad Asghar, Industries & Production; Ch. Ahmad Mukhtar, Minister of Commerce etc., who were not relevant or experienced in the field of economy. Centre of decision-making had been shifted from the Cabinet to the PM secretariat and she depended on her Advisers and Special Assistants in place of elected Ministers or the Cabinet, answerable to the National Assembly (NA). This study finds following assessment true to a major extent:

Government has become very compartmentalized under Benazir. The Cabinet does not function as a cabinet. She wants to control and her ministers are light weights. At the same time, the Secretaries run things but are also afraid to tell her any bad news.<sup>3</sup>

Unfortunately, PM and the Cabinet had to accept the International Monetary Fund (IMF) agreement, signed by the interim government of PM Moeen Qureshi.<sup>4</sup>

Cabinet was not involved in appointing heads of important financial institutions including Privatization Commission, State Bank, Public Sector Corporations etc. PM's husband, Asif Ali Zardari enjoyed a powerful position as a member of the National Assembly (NA) and Minister of Investment.<sup>5</sup> He appointed his friends and business associates

<sup>1</sup> Roadad Khan, *Pakistan - A Dream Gone Sour* (Karachi: OUP, 1998), 125.

<sup>2</sup> *Business Recorder*, 29 June 2011.

<sup>3</sup> Robert Laporte, Jr., 'Pakistan in 1995: The Continuing Crises', *Asian Survey*, 36:2 (February 1996), 180.

<sup>4</sup> Parvez Hasan, *Pakistan's Economy at the Crossroads: Past Policies and Present Imperatives* (Karachi: OUP, 1998), 289.

<sup>5</sup> Hamid Yusuf, *Pakistan: A Study of Political Developments 1947-1997* (Lahore: Sang-e-Meel Publications, 1999), 245.

on key economic positions such as heads of public sectors banks and public sector corporations. And, then, with their help and with the support of the PM, he embezzled large amount of resources.<sup>6</sup>

The regime's policy of liberalization and privatization process, even opening of many state-owned assets for auction,<sup>7</sup> could not attract many entrepreneurs due to less trust in the Chairman of the Privatization Commission, Naveed Qamar. He was a member of Sindh Assembly and was from rural background. If the cabinet had been involved in the appointment process in such an important institution, someone from NA or from the Cabinet could be appointed, which could develop trust among entrepreneurs. Privatization, however, continued with slow pace<sup>8</sup> and twenty-eight public sector units were sold from 1993 to 1995 as per report of the Privatization Commission. The entire process of privatization had to observe a lot of questions, allegations of corruption, and violations of the rules.<sup>9</sup> In addition to it, privatization was used for partisan political purposes i.e. to oblige someone, to get political benefits or to enhance personal wealth.<sup>10</sup> Sidelining the institution of the Cabinet proved to be one of the factors of deteriorating economic situation in the country.

The Cabinet was not involved in designing policy towards investment. Although PM Benazir's economic management team encouraged private sector to invest but the credit to that sector had been restricted.<sup>11</sup> Her government also encouraged Foreign Direct Investment and signed a number of Memorandums of Understandings (MoUS) of worth 22 billion dollars in infrastructural projects such as energy, oil exploration, telecommunication, road-construction and development of ports and airfields etc. The government also signed agreements with various companies based in US, Japan, South Korea, and Hong Kong to invest in basic industries in Pakistan. PM claimed that first year of her second term in the government had attracted a massive foreign

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<sup>6</sup> Shahid Javed Burki, *Pakistan: Fifty Years of Nationhood* (Lahore: Vanguard, 1999), 89. For detailed study see chapter 5 from 169 page to 190 on the corruption of this regime. See also Tariq Ali, *The Duel: Pakistan and the Flight Path of American Power* (London: Pocket Books, 2008), 138-39.

<sup>7</sup> Vyacheslav Y. Belokrenitsky and Vladimir N. Moskalenko, *A Political History of Pakistan, 1947-2007* (Karachi: OUP, 2013), 343.

<sup>8</sup> Parvez Hasan, *op.cit.*, 290.

<sup>9</sup> Shafqat, *Civil-Military Relations in Pakistan: From Zulfikar Ali Bhutto to Benazir Bhutto* (New York: Routledge, 1997), 247 and Ishrat Hussain, *Pakistan: The Economy of an Elitist State* (Karachi: OUP, 2013), 39.

<sup>10</sup> Robert Laporte, Jr., *op.cit.*, 181.

<sup>11</sup> *Ibid.*, 186.

investment which could not be attracted during last twenty years.<sup>12</sup> Unfortunately, MoUs could not change the ground realities related to conducive circumstances for investment and practically, only 1.5 billion dollars could be invested till 1996.<sup>13</sup> Besides, worst law and order situation in Karachi lowered major prospects of such investment.<sup>14</sup> Some steps, however, were taken to improve the conditions of labours<sup>15</sup> and government signed an agreement with International Labour Organization (ILO) in Geneva.

Almost no economic target of 1994-95 could be achieved. The years between 1994 and 1996 observed both regular as well as mini-budgets. Neither IMF nor general public was satisfied with the budgetary provisions.<sup>16</sup> A lot of textile and apparel manufacturing plants were closed during this term. Unemployment as well as government borrowing from the banks also increased.<sup>17</sup> The federal cabinet could not introduce any efficient structure or reform in tariff and taxation sector, too. Massive bungling was observed on credit side. In addition to it, high corruption rate, rigidity in debt-servicing, and very high defence expenditure were hallmark of the period.<sup>18</sup> Pakistan's exports also reduced due to drought and pests in 1994.<sup>19</sup> Pakistan faced worst economic and fiscal crisis in the country's history. Pakistan's foreign exchange reserves plunged from \$1.7 billion to \$ 587 million only. Pakistan faced serious economic crisis and was near to be declared defaulter.<sup>20</sup> Opposition, businessmen and public were demonstrating against the government's policies and had closed major cities.<sup>21</sup> Till 1996, the economy went into deep recession.

V.A Jaffrey, financial advisor to PM was 'a well-intentioned, amiable fellow'<sup>22</sup> but avoided to share negative side of the economy with the PM as he could not stand 'when she is in full cry'.<sup>23</sup> Transparency

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<sup>12</sup> Benazir Bhutto, *Reconciliation, Islam, Democracy and the West* (New York: Harper Collin, 2008), 184.

<sup>13</sup> *The Friday Times*, 13 June 1996 and Shafqat, *op.cit.*, 246-47.

<sup>14</sup> Belokrenitsky and Moskalenko, *op.cit.*, 343.

<sup>15</sup> *Ibid.*

<sup>16</sup> Shafqat, *op.cit.*, 248.

<sup>17</sup> Robert Laporte, Jr., *op.cit.*, 186.

<sup>18</sup> *Ibid.*

<sup>19</sup> Belokrenitsky and Moskalenko, *op.cit.*, 343.

<sup>20</sup> Ahmed Rashid, 'Pakistan: on a Knife-Edge of Uncertainty', *The World Today*, 53:1 (Jan 1997), 9.

<sup>21</sup> *Ibid.*, 7-8.

<sup>22</sup> *The Friday Times*, February 2-6, 1995.

<sup>23</sup> Robert Laporte, Jr., *op.cit.*, 185.

International declared Pakistan, in its 1996 annual report as the second most corrupt country in the world.<sup>24</sup> Government had to apply to international creditors for an emergency assistance. On one side, country's foreign debt continuously increased due to more loans and on the other side, World Bank and IMF were reluctant to give more financial support to Pakistan in 1995. It raised a lot of question-marks on the performance and on utilization of already given loans. V.A Jaffery, who was busy in convincing the IMF team for more funding said, 'The IMF basically threw the book at the government for fudging figures, huge [revenue] leakages and mismanagement, it was the most blunt, brutal meeting'.<sup>25</sup> Unfortunately, involvement of the Cabinet on any level was almost invisible.

Roedad Khan has commented that 'the second Benazir government will be remembered for destroying financial institutions, rampant corruption, loot and plunder, widespread lawlessness, political vindictiveness, and, last but not the least, senseless confrontation with the superior judiciary and the President'.<sup>26</sup> One of her close associates, Tariq Ali mentions that the government moved towards autocratic centralism due to PM's style of ruling, whose verdict was considered final.<sup>27</sup> In that situation, federal cabinet was doing nothing in designing economic policy, rather ministers were busy in making money. They did not pay attention on their responsibilities as cabinet Ministers. Secondly, issues of economic policy formulation were generally not brought and discussed in the cabinet meetings, rather such issues were decided in the inner circle of the PM. Further, appointment of Asif Ali Zardari as Minister of Investment generated a lot of doubts on the credibility of her government owing to very corrupt repute of the man.<sup>28</sup> PM said, regarding bad economic conditions in early December, 'These are baseless news which are being consistently published in some newspapers.... This is part of malicious propaganda against the government, and these are motivated news by the opposition'.<sup>29</sup> President Farooq Leghari had given a lot of warnings to the

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<sup>24</sup> Shahid Javed Burki, *op.cit.*, 108.

<sup>25</sup> Ahmed Rashid, 'Rock Bottom Is in View: Corruption, Financial Crunch Shake Pakistan', FEER, 27 June 1996, 66 cited in Robert Laporte, Jr., 'Pakistan in 1996: Starting Over Again', *Asian Survey*, 37:2, A Survey of Asia in 1996: Part II (February 1997), 123.

<sup>26</sup> Roadad Khan, *op.cit.* 162.

<sup>27</sup> Tariq Ali, *op.cit.*, 139 and 173.

<sup>28</sup> Roadad Khan, *op.cit.*

<sup>29</sup> *Dawn*, 1 December 1995.

administration over rising corruption and bad governance but PM as well as her Cabinet did not pay attention to it.<sup>30</sup> Then he availed the option to dismiss the government.

Nawaz Sharif started his term as PM with high hopes for economic development as his cabinet team related to finance ministries was experienced and competent or, at least, relevant. They were Muhammad Ishaq Dar, Minister of Commerce, Industries and Investment, Sartaj Aziz, Minister of Finance, Economic Affairs and Statistics, Mian Abdul Sattar Laleka, Food, Agriculture and Livestock and Dr. Khalid Maqbool Siddiqui, Minister of Industries and Production. PM called a National Convention of business leaders, only a day after formation of the federal Cabinet, to discuss prevailing economic situation and to design policy of the new government. PM reached to some conclusions on recommendations of the Convention and then, the Cabinet formed eleven Committees with one or two experts in each committee to prepare and present proposals. The Committees were assigned the task to present concrete proposals on tax reforms, exports, industrial revival including of sick units, agricultural incentives, recovery of defaulted loans, capital market reforms, human development and poverty reduction.<sup>31</sup> The new regime 'advocated retaining key assets under state's control and stood for planned control over investments and all economic operations'.<sup>32</sup>

The Committees completed their tasks one after the other and then Economic Committee of the Federal Cabinet evaluated the reports and prepared working papers on the reports of the eleven committees. On the next stage, the federal cabinet discussed, amended and passed the policies to be introduced in the country. A lot of steps were taken in the light of the recommendations of the Committees. Such steps included reduction of the amount of personal and corporate income tax as well as of import duties. These policies were introduced in the hope of enhancing business and encouraging investment so tax base could be enhanced.<sup>33</sup> Nawaz regime emphasized on 'supply-side' economic reorganization. It, in place of introducing more taxes, reduced corporate and personal income tax as well as import duties. It hoped that in that way, more investment would be attracted and business would be

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<sup>30</sup> Shahid Javed Burki, *op.cit.*, 171.

<sup>31</sup> Sartaj Aziz, *Between Dreams and Realities: Some Milestones in Pakistan's History* (Karachi: OUP, 2009), 166.

<sup>32</sup> Belokrenitsky and Moskalenko, *op.cit.*, 352.

<sup>33</sup> Anwar H. Syed 'Pakistan in 1997: Nawaz Sharif's Second Chance to Government', *Asian survey* 38:2 (February 1995), 122-23.

stimulated, which would result in enhancing the tax-base. However, no achievement was observed in this regard.<sup>34</sup> Agricultural Incentive Package was announced in April 1997, which majorly included the increase in the prices of major crops and reduction of the prices of many inputs.<sup>35</sup> Policy of privatization continued but with very slow speed. Even from March 1997 to October 1999, Privatization Commission remained inactive under chairmanship of Khawaja Asif, though, in the cabinet meetings, he was pursued many times to continue privatization with good speed.<sup>36</sup>

Ishaq Dar was appointed as Minister of Trade in 1997. He closed the door of discretionary powers of PM, which had previously been used as a bribery by PM, after getting approval from the Cabinet. Those were PM's right of allotting residential plots, discretionary power in textile quota, granting special import-export permit and conferring cash development grants etc. Secondly, right of the President, PM, Army Chief and Governor to buy or import duty-free Mercedes was also ceased.<sup>37</sup> In result of finishing textile quota for politicians, such quotas were sold in auction and Rs. 3.3 billion were earned. The opponents complaint against actions of Ishaq Dar, but PM Nawaz Sharif supported his policies, so corruption was largely checked in textile sector.<sup>38</sup> He worked systematically to improve Pakistan's exports.

The government also tried to attract Pakistanis, living abroad to invest in Pakistan. The Cabinet approved regulations, related to foreign direct investment and streamlined the whole process. It opened a lot of sectors of economy for foreign investment including agriculture, construction and retail business. It brought inflow of \$500 million by 1998.<sup>39</sup> Though this policy attracted criticism, yet it could be made safer with the joint ventures of local and foreign investors.

Cabinet emphasized on stimulating 'production rather than consumption'.<sup>40</sup> It introduced state subsidies which resulted in deficit financing of budgetary expenses. Several populist programs such as free basic-education for all, medical supplies for the poor, progressive labour

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<sup>34</sup> *Ibid.*, 122.

<sup>35</sup> For detailed study of the Committees' working, please see Sartaj Aziz, *op.cit.*, 166-70.

<sup>36</sup> Gohar Ayub Khan, *Glimpses into the Corridors of Power* (Karachi: OUP, 2007), 311-312.

<sup>37</sup> In Interview with Ishaq Dar cited in Kalasra, *Aik Siyasat Kai Kahanian* (Urdu) (Lahore: Dost Publications, 2015), 128.

<sup>38</sup> *Ibid.*, 129.

<sup>39</sup> Ishrat Hussain, *op.cit.*, 40.

<sup>40</sup> Belokrenitsky and Moskalenko, *op.cit.*, 352.

laws and protection of minorities and women were introduced. In spite of all efforts, tax collection fell short of about 20 billion rupees during July and September 1997. Fiscal deficit increased by 5% of the country's GDP and IMF stopped support for Pakistan. Decrease in imports reduced import-deficit but prices increased a lot. Additional funds were required for rationed food for the poor.<sup>41</sup> Economic difficulties of the regime soared in spite of Cabinet's extra involvement and introduction of various policies.

Unfortunately, two events of 1998 and then of 1999 did not permit the economic team of the cabinet to achieve high targets, fixed in the first year of the regime. First was atomic bomb explosion of May 1998 and second was Kargil crisis. Foreign Currency Accounts (FCAs) were frozen in Pakistan in the wake of the nuclear bomb explosion in May 1998, which proved to be a negative strategy of the finance minister. Atom bomb experiment resulted in the fear of economic sanctions which could trigger the collapse of financial system of Pakistan. PM announced to 'temporarily freeze foreign exchange accounts, set limits for withdrawals from the Accounts of corporations, firms and individuals, and imposed restrictions for currency exchange and transfers'.<sup>42</sup> The aftermath of these measures was similar to the consequences of the default on foreign loans, announced by Russia several months later.<sup>43</sup> It badly hurt Nawaz Sharif's credibility and a small number of investors, who had interest to invest, lost their confidence.<sup>44</sup> However, neither Cabinet nor inner circle of PM was taken into confidence on this issue. Ishaq Dar, Minister of Trade, told that Governor State Bank, Yaqub; Secretary Finance, Moeen Afzal; and Deputy Chairman Planning Division, Hafiz Pasha all convinced Nawaz Sharif and Sartaj Aziz to take that decision. He believed that its major responsibility did not rest with himself or Prime Minister.<sup>45</sup>

The background of the freezing of accounts had been shared by Sartaj Aziz. He writes that in the Cabinet meeting of 14 May 1998, besides issue of nuclear testing, it was also decided that economic contingency plan would be prepared by minister of finance in consultation with the relevant ministries; as economic sanctions were expected after nuclear testing. A small team under Sartaj Aziz prepared a

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<sup>41</sup> *Ibid.*

<sup>42</sup> *Ibid.*, 353.

<sup>43</sup> *Ibid.*

<sup>44</sup> Ayesha Jalal, 'Pakistan's Tangle: The Politics of Conflicting Security and Economic Interests', *Government and Opposition*, 34:1 (Winter 1999), 88.

<sup>45</sup> In Interview with Ishaq Dar cited in Kalasra, *op.cit.*, 130.

plan within four days only; notes and the plan was hand-written.<sup>46</sup> Contingency plan could not be discussed in the cabinet meeting as PM could not manage time for such a meeting. He met with Sartaj Aziz in his flight to Karachi, where they discussed the plan. PM was not agreed with the point of freezing of Foreign Currency Accounts (FCAs) of resident and non-resident Pakistanis equally and wanted that all such Accounts of resident Pakistanis be frozen, but Accounts of non-resident Pakistanis should only be temporarily brought under restrictions of the State Bank and some withdrawals should be permitted. PM, however, said that the final decision would be taken later, but the time never arrived and explosion took place only after a week. Sartaj Aziz could come to know about explosion only two hours before the explosion and had to decide for restriction on withdrawal from all Accounts of foreign currency. Law Minister, Khalid Anwar was working on proclamation of emergency at that time, under Article 232 of the Constitution. Both decisions of the state were issued in the same evening.<sup>47</sup>

Sartaj Aziz asserted that it was a mistake, made due to circumstantial reasons. Scheme could not be discussed in the cabinet meeting due to fear of leakage and in that way proper feedback could not be taken. Ishaq Dar had also mentioned that the cabinet was not taken into confidence before taking decision related to FCAs. He also did not know about it.<sup>48</sup> Secondly, PM could not manage appropriate time to discuss it due to his tight schedule and Finance Minister took decision in few hours without final approval of the PM or Cabinet. Sartaj Aziz opined that early choice of compulsory conversion of the FCAs of resident Pakistani and protecting the FCAs of non-resident Pakistanis could be a better option.<sup>49</sup>

Nawaz Sharif did not appreciate Sartaj Aziz's performance on freezing of the Accounts issue and took resignation of Sartaj from Ministry of Finance. Hafiz Pasha was then appointed as Finance adviser to PM in August 1998. He, too, could not handle the situation and dollar's price reached to Rs. 67. Dar was called for a meeting in November 1998 and was appointed as Minister of Finance and Sartaj Aziz was then appointed as Minister of Foreign Affairs. At that time, foreign currency reserves were only Rs. 414 million. That was really a

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<sup>46</sup> Sartaj Aziz, *op.cit.*, 196.

<sup>47</sup> *Ibid.*, 196-97. Roedad Khan appreciated Nawaz's decision of explosion in Roadad Khan, *Pakistan: A Slave State* (California: Sani Panhwar, 2013), 77.

<sup>48</sup> Kalasra in interview with Ishaq Dar in *Aik Siyosat Kai Khanian*, 130.

<sup>49</sup> Sartaj Aziz, *op.cit.*, 199.

difficult time as Pakistan had to pay more than two billion dollars immediately, which he finally managed. Prince Abdullah of Saudi Arabia really appreciated atomic explosion of Pakistan and happily gave oil of two billion dollars as free. His condition was that IMF or World Bank should not be informed of that great benefit. It should be kept as a secret but Hafiz Pasha,<sup>50</sup> Finance Advisor; Moeen Afzal, and Finance secretary leaked the information.<sup>51</sup> Nevertheless, non-involvement of the cabinet on the said issue resulted negatively.

Failed Kargil war was another event, which loosened the grip of the Cabinet on economic situation of the country besides demoralizing the army and the society. The event resulted in the worst economic situation; more loans from IMF, high prices and unemployment, high sales-tax etc. That situation enhanced opposition's reactions, which resulted in rallies/demonstrations etc. Mutual distrust between military high command and civilian government increased after Kargil. Nawaz Sharif tried to appease Musharraf by appointing him as chairman joint chiefs of staff committee, placed his stakes on his nominees, Gen. Ziauddin Butt (ISI Chief) and Lt. Gen. Tariq Pervaz, but to no avail. That mistrust led towards the military take-over in Pakistan and the end of Nawaz Sharif regime.

Comparison of the cabinets of both Nawaz Sharif and Benazir Bhutto is quite contrasting. PM Benazir's cabinet worked without any finance minister and without any set of economic agenda. The cabinet was overruled while taking decisions and introducing policies. Investment further decreased due to corruption of Minister of Investment and the team. However, Nawaz Sharif's Cabinet started work with a proper planning and with the recommendations of various Cabinet Committees. Cabinet was part and parcel of economic policy formulation in early months but gradually Nawaz Sharif started relying on his inner circle; even Cabinet's meeting was not called for various consecutive months in 1998. 'Nawaz Sharif was not any better [than Benazir]. He would take decisions without consulting his cabinet or the National Assembly...'.<sup>52</sup> The cabinet members and coalition partners from other provinces were often ignored during last months of his regime.<sup>53</sup>

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<sup>50</sup> It is quite unfortunate that same Hafeez Pasha was appointed as Secretary General Finance during Musharraf era. He was paid back by IMF in result of his services to IMF i.e. leaking secrets of Pakistan.

<sup>51</sup> In Interview with Ishaq Dar cited in Kalasra, *Aik Siyasat*, 133-34.

<sup>52</sup> Robert Laporte, Jr., 'Pakistan in 1995...', *op.cit.*, 182.

<sup>53</sup> Hasan-Askari Rizvi, 'Pakistan in 1998: The Polity under Pressure', *Asian Survey*, 39:1 (Jan. - Feb., 1999), 178.

Freezing of the FCAs was the worst step, taken by PM and Finance Minister, without involvement or approval from the Cabinet. And that step reversed the rising trend of the economic situation of Pakistan. In spite of the efforts of the governments to uplift the economy, country's economic and financial difficulties increased and Pakistan had to rely on IMF and World Bank's policies.<sup>54</sup> Unfortunately, none of the agreements had been completed as agreed targets could not be achieved.<sup>55</sup> Policy of privatization continued with slow speed during regimes of both the PMs. Both regimes did not care for the 8<sup>th</sup> Five Year Plan, commenced on 1<sup>st</sup> July 1993, and mostly relied on ad hoc measures<sup>56</sup> or short term plans. Absence of collective wisdom of the cabinet was one major factor for the downward trend in the economy.

### Formulation of Foreign Policy

This part of the paper looks into the role of the Cabinet in devising foreign policy of Pakistan. The most important fact of the whole phase was less strategic importance of Pakistan and threat of declaring Pakistan a terrorist state throughout the period due to Pakistan's alleged involvement in Kashmir's war of independence and support to Taliban in Afghanistan.<sup>57</sup> Taliban regime also could not fulfill the targets, fixed by the Pakistan's establishment.<sup>58</sup> It opened its land as safe haven for Pakistani culprits of religiously extremist groups and some anti-State groups like Lashkar-e-Jhangvi (LeJ), who took refuge in Afghanistan. Continuous civil war in Afghanistan had not permitted Pakistan to develop fruitful economic and technological relations with newly independent Central Asian Muslim States. The last crucial aspect of Pakistan's foreign policy was nuclear bomb explosion after which Pakistan had to face economic sanctions. While keeping in view above facts, this study revolves around the argument that the military establishment kept the formulation of foreign policy in its hands and it was not ready to share power with the elected governments and their Cabinets in many regards.

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<sup>54</sup> Shahid Javed Burki and Adnan Naseemullah, *Pakistan's Economy: Domestic Dissent and Foreign Reliance, Pakistan at the Crossroads* Christophe Jeffrelot (ed.) (Columbia: The University Press, 2016), 206.

<sup>55</sup> Ishrat Hussain, *op.cit.*, 357.

<sup>56</sup> Dr. Mohammad Uzair, *Economy of Pakistan: Perspective and Problems* (Karachi: Royal Book Company, 2004), 135.

<sup>57</sup> *Briefing Paper* No 11 for Pakistani Parliamentarians, Pakistan's Foreign Policy; An Overview, PILDAT, April 2004, 21.

<sup>58</sup> *Ibid.*, 22.

Most of the PPP ministers during the period under study belonged to rural constituencies as PPP had lost elections from urban areas.<sup>59</sup> Leghari was appointed as Foreign Minister that time, though he wanted finance ministry. Meanwhile, he was raised as Presidential candidate.<sup>60</sup> Sardar Asif Ahmad Ali Daula was then appointed as Minister of Foreign Affairs. Nevertheless, PM in place of the Cabinet was more visible in pursuing foreign policy goals; already set by the military establishment. Benazir's regime tried to highlight Kashmir issue on international forums and during various international visits of the PM and her team.<sup>61</sup> No major development, however, was observed on this issue. Kashmir resolution could not be included in the agenda of Human Rights Commission and General Assembly of UNO for discussion in March and November 1994 sessions.<sup>62</sup> Sardar Asif Ahmad Ali Daula, with the support and approval of the Cabinet presented issue of burning of Charar Sharief shrine in the Senate and categorically made it clear that Pakistan had capability to deal with India in case of attack from her.<sup>63</sup>

Minister of Interior Affairs, Naseer Ullah Baber along with the PM, in place of the Cabinet, was involved in designing policy related to Afghanistan. Tense situation was prevailing in Afghanistan – Gulbadin Hikmatyar, the PM and ISI's protégé could neither develop cordial relations with the president Burhuddin Rabbani nor could have complete control in Kabul. Naseer Ullah Babar, in disappointment from Afghan Mujahideen and in coordination with ISI office in Kabul, supported to establish a new force i.e. Taliban.<sup>64</sup> The whole episode had been well supported by USA.<sup>65</sup> She mentioned that Taliban got reasonable support

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<sup>59</sup> Andrew R. Wilder, 'Changing Patterns of Punjab Politics in Pakistan: National Assembly Election Results, 1988 and 1993' *Asian survey*, 35:4 (April 1995), 393.

<sup>60</sup> Shuja Nawaz, *Crossed Swords: Pakistan, Its Army, and the Wars Within* (Karachi: OUP, 2009), 484.

<sup>61</sup> Shafiqat, *op.cit.*, 245.

<sup>62</sup> Tahir Amin, 'Pakistan in 1994: The Politics of Confrontation', *Asian Survey*, 35:2, A Survey of Asia in 1994: Part II (February 1995), 145.

<sup>63</sup> Pakistan Institute of International Affairs, 'Pakistan and the World: Chronology: April - June 1995', *Pakistan Horizon*, 48:3 (July 1995), 109.

<sup>64</sup> Rifaat Hussain, 'Pakistan's Relations with Afghanistan: Continuity and Change', *Strategic Studies*, 22:4 (Winter 2002), 54 and Tariq Ali, *The Duel: Pakistan*, *op.cit.*, 136.

<sup>65</sup> Owen Beennett-Jones, *The Bhutto Dynasty: The Struggle for Power in Pakistan* (New Haven: Yale University Press, 2020), 245.

from Pakistan as Pakistan needed a stable and peaceful Afghanistan.<sup>66</sup> PM Benazir mentioned that her government encouraged the Taliban to work with the international community.<sup>67</sup> However, a different account is given by Pakistani historians and political scientists on formation of Taliban. It says that Pakistan only supported an already emerging group of Taliban.<sup>68</sup> The study finds that both the military establishment and the selected members of the Cabinet i.e. PM and Interior Minister, developed consensus to bring a new force i.e. Taliban to replace Mujahedeen in Afghanistan. Later, Benazir claimed herself as mother of Taliban, though she remained reluctant to talk about her role in creating Taliban.<sup>69</sup> Nasirullah Babur called them ‘our boys’.<sup>70</sup> Nevertheless, it seems that Sardar Assef Ahmad Khan, Minister of Foreign Affairs was less active or even not involved to found the new group of Taliban. He was more active on the front of developing relations with the Central Asian States<sup>71</sup> but the circumstances in Afghanistan did not let him to bring a major breakthrough.

Cabinet of Benazir could not develop strategy to improve relations with USA, which were continuously deteriorating. Cabinet discussed the issue of Pressler amendment and Sardar Asif assured the public about release of F-16 and change of Pressler Law.<sup>72</sup> USA even wanted to inspect Pakistan’s nuclear installation, Sardar Asif, while representing federal Cabinet’s decision, said that there was possibility of

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<sup>66</sup> Benazir Bhutto, *Whither Pakistan: Dictatorship or Democracy* Compiled by Dr. Iqbal Narejo, (Lahore: Al-Hamd Publications, 2007), 54.

<sup>67</sup> Benazir Bhutto, *Reconciliation.. op.cit.*, 106.

<sup>68</sup> Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (Now Hanon: Yale University Press, 2000), 22 and Zahid Hussain, *Frontline Pakistan: The Path to Catastrophe and the Killing of Benazir Bhutto* (London: I.B. Tauris, 2008), 28.

<sup>69</sup> Owen Beennett-Jones, *op.cit.*, 195 and Asghar Khan, *We’ve Learnt Nothing from History, Pakistan: Politics and Military Power* (Karachi: OUP, 2005), 197.

<sup>70</sup> Hilary Synnott, *Transforming Pakistan: Ways out of Instability* (Lahore: International Institute for Strategic Studies, 2009), 34.

<sup>71</sup> Pakistan Institute of International Affairs, ‘Pakistan and the World, *op.cit.*, 111-132 For detailed understanding of his point of view please see Sardar Assef Ali Ahmed, ‘Concluding Address’, *Strategic Studies*, 15:2, Special Issue: Eco Looking to the Future (Winter 1992), 67-72.

<sup>72</sup> Pakistan Institute of International Affairs, ‘Pakistan and the World, *op.cit.*, 117.

such action.<sup>73</sup> Opposition leaders reacted sharply on it and while talking in a press conference said, ‘To us the nuclear program is similar to the honor of our mothers and sisters, and we are committed to defending it at all cost’<sup>74</sup> Cabinet had to take its decision back. The situation reached to the point that US came very close to declare Pakistan a terrorist state.<sup>75</sup> Neither major foreign policy successes were observed nor Cabinet’s involvement was visible in foreign policy formulation process.

Nawaz Sharif’s regime was eventful in regard to Cabinet’s involvement or over-ruling of the Cabinet in the field of foreign policy formulation process. The issues of concerns besides usual relations of Pakistan with its neighbors and Super Power, were recognition of Taliban government in Afghanistan, nuclear bomb explosion and Kargil war crisis. Nawaz Sharif appointed Gohar Ayub as Foreign Minister but in the Cabinet reshuffle, Sartaj Aziz was appointed as Minister of foreign affairs in August 1998.<sup>76</sup>

The issue of recognition of Taliban government in Afghanistan, recognized by Pakistan on 25 May 1997,<sup>77</sup> was never brought in the Cabinet meeting for discussion. In a Cabinet meeting later, Syeda Abida Hussain, Minister of Planning and Women Affairs enquired how government had recognized Taliban government without approval of the Cabinet? Gohar Ayub, Foreign Minister said that PM had discussed with him. PM told that Gen. Hamid Gul had called him to do so as it would be in the best interest of the regime. He apologized, too and confirmed that in future, all issues would be approved by the Cabinet before-hand and requested to approve the decision that time.<sup>78</sup> Gohar Ayub Khan, though was given prior information but he was not in agreement with the PM on the method of recognition of Taliban government.<sup>79</sup> However, a unanimous resolution was passed by the National Assembly on the same day in which PM and foreign minister were praised for their action.<sup>80</sup>

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<sup>73</sup> Saba Gul Khattak, ‘Security Discourses and the State in Pakistan’, *Alternatives: Global, Local, Political*, 21:3 (July-Sept. 1996), 348.

<sup>74</sup> *The News*, Islamabad, 20 May 1994.

<sup>75</sup> Robert Laporte, Jr., ‘Pakistan in 1995...’, *op.cit.*, 188.

<sup>76</sup> Sartaj Aziz, *op.cit.*, 203.

<sup>77</sup> M.R. Kazmi, *A Concise History of Pakistan* (Karachi: OUP, 2008), 240.

<sup>78</sup> Syeda Abida Hussain, *Power Failure; the Political Odyssey of a Pakistani Women* (Karachi: OUP, 2015), 538-39. Almost similar account with a bit addition has been given by Gohar Ayub in his book Gohar Ayub Khan, *op.cit.*, 289.

<sup>79</sup> Gohar Ayub Khan, *op.cit.*

<sup>80</sup> Resolution, passed by the National Assembly, National Assembly of Pakistan Debates, Monday, 26 May 1997, 5<sup>th</sup> Session, Vol. V, 1533.

The establishment, especially ISI, was that much involved in the issues related to Afghanistan that even opinion of the Foreign Minister could be ignored or overruled. Gohar Ayub raised one concern of Taliban in a meeting of the Defence Committee of the Cabinet which was simply disregarded by the DG ISI by saying that 'he had not heard any such complaint from the Taliban'.<sup>81</sup> The issue was that after recognizing Taliban government, Pakistan arranged to bring Prof. Burhauddin to Pakistan from Mazar-i-Sharif to Peshawar via Chitral and Wakhan in VIP Falcon without permission of Taliban government, even without their knowledge. He stayed in Peshawar for five days and discussed prospects of establishing broad-based government in Afghanistan. Taliban leaders were also invited for discussion but they disagreed with establishing such a government which would include Burhan's faction or any such element who was responsible for Russia's attack on their country.<sup>82</sup> Gohar Ayub has mentioned while getting news from some private source that Taliban disliked Pakistan's style of dealing with Afghanistan affairs by saying that Pakistanis were 'neither good friends nor good foes and that we were trying to straddle both positions simultaneously'.<sup>83</sup> However, his point of view was not given weight by ISI.

On issue of imposing oil embargo on Afghanistan, Gohar Ayub persuaded UN secretary general Kofi Anan not to do so as it could reduce millions of poor in Afghanistan to a state of desperation in their quest for food and fuel. His suggestion was agreed upon and such embargo was not imposed.<sup>84</sup> In later years, Nawaz Sharif's Cabinet decided to distance itself from Taliban's Kabul to give the image that his government was not in the line with deobandi groups like Sipah i-Sahaba Pakistan (SSP), Lashkar e Jhangvi (LeJ) etc.

Cabinet discussed the issue of nuclear testing on different occasions. In the Cabinet meeting of 14 May 1998, mixed opinion of the Cabinet members came up. Six members took a 'dovish dive' and emphasized that India and everyone knew Pakistan's capability, so that time, US offer of economic assistance should be accepted and that nuclear testing should be done in future. Others emphasized on nuclear testing. Later, they left the final decision on PM.<sup>85</sup> Syeda Abida Hussain

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<sup>81</sup> Meeting of the Defence Committee of the Cabinet cited in Ayub Khan, *Glimpses, op.cit.*, 290-91.

<sup>82</sup> *Ibid.*

<sup>83</sup> *Ibid.*

<sup>84</sup> *Ibid.*, 273.

<sup>85</sup> Sartaj Aziz, *op.cit.*, 192-93.

mentions that PM said in the Cabinet meeting that the army chief said it was up to the Cabinet to take final decision. Most of the Ministers agreed but Abida disagreed on the basis that most of the countries were critical to India a lot and that Pakistan should wait for the right time for testing. Gohar Ayub, Chaudhary Nisar Ali Khan and Mushahid Hussain supported her. PM concluded that Bill Clinton had called him and sent his directors for Asia in their National Security Council with a detailed letter. Further, he was to visit Saudi Arabia and then would call a meeting to decide about testing finally.<sup>86</sup> Gohar Ayub's opinion is different and he mentions that in the first meeting of Defence Committee of the Cabinet (DCC), Ch. Nisar Ali Khan, Sartaj Aziz, Mushahid Hussain and Begum Abida Hussain, all opposed the nuclear testing, however, majority of the members supported two days later. He even mentions that PM Nawaz Sharif was also reluctant.<sup>87</sup> Still another opinion suggests that Nawaz Sharif was not an eager supporter for atom bomb explosion in the Cabinet meeting, but he had to do under pressure from military high command and of some of his ministers.<sup>88</sup>

Shuja Nawaz's account says that PM Nawaz Sharif called meeting of the DCC including Foreign Minister, finance minister, foreign secretary and three service chiefs to discuss the issue. Sharif mentioned that the three Service Chiefs initially did not want Atomic bomb testing but Shuja mentioned that three of them were finally on the same page with PM. How could PM take that decision alone without approval of the three Chiefs. Shuja was Chairman Joint Chiefs of Staff Committee (CJCS) at the time. However, military commanders reminded the PM of post-testing sanctions and budgetary constraints. With that, operation capacity in Kashmir could be hurt. Raja Zafar ul Haq, Minister of Religious Affairs surprisingly attended the meeting giving impression that religious contacts of PM also wanted nuclear testing.<sup>89</sup> A shorter and exclusive DCC meeting held between May 15 and 18, which decided that Pakistan Atomic Energy Commission would lead the tests but on protest of Abdul Qadir Khan, both were given the target to prepare the site.<sup>90</sup> A Cabinet committee was formed to prepare public for the test and for the sanctions which would be imposed after testing. It was further given target to bring all walks of life and the

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<sup>86</sup> Syeda Abida Hussain, *op.cit.*, 563.

<sup>87</sup> *Ibid.*, 495 and Gohar Ayub, *op.cit.*, 297.

<sup>88</sup> Ayesha Jalal, *op.cit.*, 87 and Gohar Ayub, *op.cit.*, 297-99.

<sup>89</sup> Shuja Nawaz, *op.cit.*, 493.

<sup>90</sup> *Ibid.*, 496.

political leadership on the same page with the government.<sup>91</sup> The Cabinet had requested Foreign Minister to deal with media and international response on news of Pakistan's nuclear testing, which he did successfully.<sup>92</sup> However, the issue was not discussed again in the Cabinet meeting and explosion took place on 28 May 1998.

While concluding various accounts of the Ministers, it is analyzed that the Cabinet, which initially was in a state of indecision, gradually came to the conclusion that explosion would save country's respect and defence. All ministers finally came on the same page with due deliberations and continuous discussions.

Kargil war proved to be the most important test of the regime on foreign policy front. The background of the issue was an improvement of Pakistan-India relations. In February 1999, Nawaz Sharif informed Cabinet in a meeting about Indian PM Vajpayee's visit to Pakistan and emphasized on the need for breaking the ice. Cabinet agreed and decided that Pakistan should deviate from the past and should start a new relationship. However, 'we must protest on the Kashmir issue effectively with Indian PM'.<sup>93</sup> The visit proved to be fruitful; Lahore Declaration was signed and both PMs decided to improve trade-links and to sort their issues through dialogue. Meanwhile, Kargil crisis brought the two countries on point zero again.

Cabinet even PM was not aware of the actual situation on ground as the military Chief Pervaz Musharraf had kept all developments secret for many weeks. It was after raising the issue by Indian media on international forums that Cabinet and PM were taken into confidence. However, different accounts have been shared by the Cabinet ministers on awareness of the government on Kargil conflict. Chaudhary Shujaat mentions that in a meeting of the DCC, Brigadier briefed the members on Kargil Crisis including Nawaz Sharif, Sartaj Aziz, Interior Minister Shujaat Hussain etc. As Nawaz Sharif was confused, so Musharraf came in front and started briefing. Nawaz said, 'General you never told me these realities.' Musharraf answered that he had told him in multiple meetings. The ministers kept quiet on the issue. However, rift increased in the meeting and it was suggested by Shujaat that Kargil plan would be presented as a mutually agreed plan between military and political leadership. Nawaz Sharif did not agree on Shujaat's suggestion and was very angry. Later, while leaving meeting, Nawaz Sharif did not greet

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<sup>91</sup> Gohar Ayub, *op.cit.*, 298 and 301.

<sup>92</sup> *Ibid.*, 301-303.

<sup>93</sup> Shuja Nawaz, *op.cit.*, 571.

with Shujaat.<sup>94</sup> The other account mentions that PM was shocked to listen about Kargil operation from Indian PM Vajpai on a telephonic talk. He protested on Pakistan army's attacked on Indian area. It was the period when Nawaz-Vajpai were trying to improve relations.<sup>95</sup> Nawaz Sharif could not reverse the situation then. In Lahore-Governor house meeting, Musharraf told the details for the first time, even Naval and Air Chiefs did not know the details. They, too, were shocked and shared that it could be really dangerous if there was full-scale war between India and Pakistan due to Kargil crisis. Ishaq Dar said neither PM nor Naval and Air Chief knew about the start of War in Kargil. Musharraf did not take permission from the government.<sup>96</sup>

Sartaj Aziz, the then Minister of Foreign Affairs mentions that in the briefing of 12-13 March, arranged by Army Chief on Kashmir, no hint related to Kargil-operation was given. Gen. Musharraf just mentioned that Kashmir struggle had been intensified especially in the area of Kargil. He said that he wanted to provide stinger missile to Mujahadeen. At that, Minister of Kashmir Affairs Lt. Gen. (rtd.) Abdul Majid Malik emphatically said that it would derail negotiation process and would debunk on Pakistan's basic stand that Kashmiris were waging their war on their own and that Pakistan was providing only moral and diplomatic support to them. Sartaj Aziz said that it would stop serious negotiations on Kashmir as promised in Lahore Declaration and would derail Lahore process. Chief-in-Command (C-in-C) said that they know how India could be brought on negotiation table under severe pressure.<sup>97</sup> Briefing of 17 May, when Kargil clash was already highlighted on national and international media, was a surprise for Foreign Minister and Minister of Kashmir Affairs. Both criticized it and it seems Nawaz Sharif was also not aware of the operation.<sup>98</sup> Musharraf mentioned in his book that he had briefed the PM on Kargil war/ operation on his visit to Kel sector in Neelum valley on 5 February 1999.<sup>99</sup> Sartaj mentions that he was with Nawaz at that occasion but such intimation was never given and that Musharraf wrote lies.<sup>100</sup>

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<sup>94</sup> Rauf Kalasra in interview with Shujaat Hussain in Kalasra, *Aik Siyasat*, *op.cit.*, 30.

<sup>95</sup> Rauf Kalasra in interview with Chaudhary Nisar Ahmed in Kalasra, *Aik Siyasat*, *op.cit.*, 61.

<sup>96</sup> In Interview with Ishaq Dar cited in Kalasra, *Aik Siyasat*, *op.cit.*, 136-37.

<sup>97</sup> Sartaj Aziz, *op.cit.*, 253-54.

<sup>98</sup> *Ibid.*, 257-58.

<sup>99</sup> Pervaz Musharraf, *In the Line of Fire: A Memoir* (London: Simon & Schuster, 2006), 201.

<sup>100</sup> Sartaj Aziz, *op.cit.*, 259.

Federal Cabinet, however, was briefed about Kargil war on 5 June 1999 for the first time by defense secretary and Director General of Military Operations (DGMO). Remarkably frank constructive discussion took place. They were astonished, raised question with why, how, was the government consulted etc.? Who authorized the detailed plan? What are the objectives? Had the military looked into the implications? Few shared that the military high command had planned all offensive to derail the Lahore process to dislodge any prospect of serious dialogue with India.<sup>101</sup> Few like Raja Zafaral Huq said ‘we should stand firm; neither panic nor apologetic. We should try to derive maximum advantage from this crisis. Any talk of premature withdrawal could have serious political implications’.<sup>102</sup> Finally, it was concluded that success of Pakistan could be in a case if escalation could be limited in Kargil or in Kashmir only. It should be contained and not brought on international borders of India and Pakistan. Cabinet decided that government should make effort for meeting of Foreign Ministers of both the countries.<sup>103</sup>

Sartaj visited India to discuss Kargil War crisis and to reach at a peaceful conclusion, but came across with very difficult situation due to interception of a telephonic conversation of Musharraf and Lt. Gen. Aziz Khan about Kargil.<sup>104</sup> Later, PM went to America on personal request of Musharraf to safeguard respect of Pakistan army. Cease-fire was announced only with the involvement of USA and respect of Pakistan army could be maintained, otherwise, Pakistani forces were facing sever defeat on Kargil front.<sup>105</sup> Few months later, Sharif tried to dismiss C-in-C Musharraf<sup>106</sup> but could not achieve success in this regards and Musharraf took over.

All accounts related to approval of Kargil operation leads to the conclusion that Cabinet was totally unaware of the war before 5 June 1999, whereas conflict had been started in February 1999. However, mixed opinion prevail about knowledge of PM about the operation. Only Musharraf himself mentions that he had shared the whole details of the operation with PM and few ministers before start of the operation. Ministers including Ch. Shujat Hussain and Gohar Ayub had shared PM

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<sup>101</sup> *Ibid.*, 264.

<sup>102</sup> *Ibid.*, 265.

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.*, 262-63.

<sup>105</sup> In Interview with Ishaq Dar cited in Kalasra, *Aik Siyasat, op.cit.*, 136-37 and Kulsoom Nawaz Sharif, *Jabr Aur Jhamuriat* Urdu (Lahore: Sagar Publishers, 2007), 57.

<sup>106</sup> Christophe Jeffrelot, *op.cit.*, 201.

had been partially briefed. However, Ministers including Sartaj Aziz, Chaudary Nisar and Ishaq Dar have mentioned that PM was only informed when Pakistani forces started facing defeat on the war-front i.e. in only May 1999.

Foreign policy formulation remained under control of the military establishment during third parliamentary interlude. PMs or their Cabinets were mostly not included in the decision-making and policy-formulation process on issues including Kashmir, Afghanistan, Nuclear policy, relations with USA and India etc. The will of the establishment mostly prevailed and difference of opinion on foreign policy issues between the elected PMs or their Cabinets versus the establishment mostly resulted in dismissal of the elected governments. However, Pakistan's decision of nuclear explosion was an exception, which lately emerged as a combined voice.

### **Conclusion**

The study reaches to the conclusion that the Cabinet of PM Benazir was not given much room to perform in field of economic policy-formulation as it performed without Finance Minister, though Minister of State for Finance, Makhdum Shahabuddin, served the Cabinet. The regime followed the policy of privatization and private as well as international entrepreneurs were encouraged to invest but law and order situation in Karachi could not be brought under control due to which less investment was observed. Besides it, corruption also increased. Unfortunately, no economic targets could be achieved and the country went into deep recession till 1996, which proved to be worst of Pakistan's history. It was observed that few advisers especially V. A. Jaffery and PM secretariat were significant in designing policy in addition to PM's personal choices in place of the federal Cabinet. However, Cabinet of Nawaz Sharif started work with high hopes and experienced team of Ministers. It established eleven committees to look into and design policies in the fields of tax reforms, exports, industrial revival including sick units, agricultural incentives, recovery of defaulted loans, capital market reforms, human development and poverty reduction. All committees worked under indirect supervision of Finance Minister Sartaj Aziz, but the recommendations could not be fully implemented. The atomic bomb explosion, after which Foreign Currency Accounts were freezed without approval of the Cabinet, had left the government without credibility and investment in Pakistan was totally stopped. Then the Kargil war, which was started by C-in-C Gen. Pervez Musharraf without approval from the government, resulted in the worst economic situation. That time, the

Cabinet was not part and parcel of the decisions related to freezing of the FCAs and other issues related to economy.

Benazir's Cabinet faced heavy criticism on supporting Taliban in Afghanistan, who got important strategic and financial support from Pakistan via Naseerullah Baber, Minister of Defence. He also served as a bridge between military establishment and the government for an agreed policy on Afghanistan. Kashmir issue remained intense but unsolved and the regime had to face threat of economic sanctions from USA. Whereas, performance of the Cabinet of Nawaz Sharif remained mixed one on formulation of foreign policy again. His Cabinet was not taken into confidence before recognizing Taliban government in Afghanistan on which few Cabinet ministers raised their concerns in the next meeting. Nawaz Sharif had to apologize on that approach and assured to involve Cabinet in future on such kind of important issues. However, the same Cabinet was fully involved, while taking decision on nuclear bomb explosion and to declare Pakistan a nuclear nation. Unfortunately, federal Cabinet including PM remained ignorant on Pakistan's attack on Indian border in Kargil. PM was briefed only on 17<sup>th</sup> May 1999, who was astonished to listen all that but helped military to come out of the crisis. He visited USA and with the involvement of Bill Clinton, cease fire could be reached at. Federal Cabinet was however, briefed on the situation on 5 June 1999 by the defence secretary.

Overall, federal Cabinet had not remained seat of decision-making related to foreign policy of Pakistan during this whole phase and decisions of the military establishment prevailed. The institution of Cabinet enjoyed comparative freedom of decision-making on economic-policy formulation process but such power was also curtailed by the Prime Ministers or their inner circles. Especially, PM Benazir Bhutto did not permit her Cabinet to take decisions on even economic policy-formulation process in most of the cases, though Nawaz Sharif's regime observed mixed trends in this regard. The study has found that the less involvement of the Cabinet in decision-making has resulted in the failure or less success of many policies during the whole regime. The absence of collective wisdom of the elected representatives in the process of decision-making needs complete overhauling.