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**The Bush Administration and Pakistan:
Utilitarian Partnership?**

Diplomová práce

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Abstrakt

Pákistán je chudý stát závislý na mezinárodní pomoci. Ovšem Pákistán je jediná muslimská země, která je vyzbrojená atomovými zbraněmi. V druhé polovině 90. let se Pákistán musel vypořádat se sankcemi, které na něj uvalily Spojené státy. Ekonomické a technologické sankce měly potrestat Islámábád za vývoj nukleárních zbraní a vojenský puč, jenž proběhl na podzim 1999.

Soupeření mezi Indií a Pákistánem má zásadní vliv na kooperaci mezi USA a Pákistánem. Po jedenáctém září se Musharraf obával toho, že Američani by mohli obrátit svoji pozornost na Indii, což by Indii poskytlo další výhodu vedle větší populace, ekonomiky a armády.

Teroristické útoky z 11. září změnilы prostředí národní bezpečnosti a Washington byl nucen se adaptovat, aby mohl efektivně reagovat na nové hrozby. Nárůst strategického významu Pákistánu byl výsledkem amerického honu na Al-Káidu a následné invaze do Afghánistánu. Američané potřebovali přístup do Afghánistánu, logistickou podporu pro své vojáky a informace o situaci v Afghánistánu a pákistánském pohraničí. Nicméně spolupráce mezi Pákistánem a USA byla ovlivněna značně rozdílnými prioritami v oblasti národní bezpečnosti.

Klíčová slova

Pákistán, USA, Musharraf, Bush, americká podpora, strategie, Taliban, Al-Qaeda, asistence, 11. září

Abstract

Pakistan is a poor and aid-dependent state but it is also the only Muslim state armed with nuclear weapons. In the late 1990s, Pakistan had to deal with economic and technological sanctions from the U.S., which punished Islamabad for its nuclear aspirations and military coup d'état in fall of 1999.

The India-Pakistan rivalry is crucial aspect that impacts the U.S.-Pakistan cooperation. After 9/11, Pakistani president Musharraf was concerned that the U.S. could turn their attention to India, thus strengthening the cooperation with Pakistan's rival.

The terrorist attacks of 9/11 changed the national security environment and Washington had to adapt, so it could more effectively respond to newly emerging threats. Rise of strategic importance of Pakistan was a result of the U.S. hunt for Al-Qaeda and subsequent war in Afghanistan, as Americans needed to assure access to Afghanistan, logistical support for American forces, intelligence information about situation in Afghanistan and Pakistan's border regions. However, U.S.-Pakistan cooperation was influenced by divergent national security priorities.

Keywords

Pakistan, USA, Musharraf, Bush, U.S. support, strategy, Taliban, Al-Qaeda, assistance, 9/11

Rozsah práce: 122 928 znaků

Prohlášení

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V Praze dne 4.1. 2013

Bc. Richard Zábranský

Poděkování

Na tomto místě bych rád poděkoval vedoucí své diplomové práce Mgr. Janě Sehnákové za věnovaný čas a cenné rady, které mi poskytla. Zároveň bych chtěl poděkovat profesorovi Lewisovi Brownsteinovi ze State University of New York, který se mnou zaměřením diplomové práce několikrát konzultoval.

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Zdůvodnění výběru tématu práce (10 řádek):

Během svého studia na vysoké škole jsem se vždy zajímal o americkou zahraniční politiku v centrální Asii. Toto mělo vliv i na výběr témat mnoha seminárních prací, které se týkaly geopolitické situace v Afghánistánu. Nicméně se vzrůstajícím zájmem o tuto oblast jsem si uvědomil, že klíčem ke stabilitě Afghánistánu je jeho východní soused. To se následně odráží na americké zahraniční politice v rámci regionu. Proto je Pákistán důležitý regionální hráč a partner pro Spojené státy.

Úskalím tohoto tématu je fakt, že se jedná o poměrně aktuální problematiku, jejíž zkoumání je ovlivněno přístupností zdrojů. Tohoto nedostatku jsem si plně vědom. Nicméně hlavním přínos dané práce právě spočívá v prvotní reflexi tématu.

Předpokládaný cíl (10 řádek):

Práce bude napsána v anglickém jazyce. Časové rozpětí práce se bude především týkat let 2001 - 2008. Cílem práce je analyzovat americkou zahraniční politiky vůči Pákistánu, a to ve světle války proti teroru. Bude nezbytné popsat vzájemné vztahy obou států, jež byly velmi ovlivněny, přímo i nepřímo, následky teroristických útoků, které se odehrály 11. září 2001. Následkem čehož vzájemné vztahy nabyly na intenzitě. Z tohoto důvodu bude nutné zanalyzovat všechny důležité aspekty, které se týkají: Amerického postoje k pakistánskému jadernému programu, vojenské a ekonomické pomoci ze strany Spojených států a pakistánské spolupráce s USA ve Válce proti teroru. Hlavním cílem diplomové práce bude potvrdit nebo vyvrátit následující myšlenku: Situace v Pákistánu je hlavním problémem pro Americkou zahraniční politiku v centrální Asii. Ve vztahu k americké bezpečnosti nestabilní Pákistán představuje daleko větší hrozbu než nestabilní Afghánistán.

Základní charakteristika tématu (20 řádek):

Během prvního desetiletí 21. století se z Pákistánu stal důležitý partner pro Spojené státy. Nicméně jejich vzájemné vztahy jsou postavené na geopolitických zájmech než na politickém a kulturním porozumění. Vzájemné vztahy obou zemí je vždy dobré vidět v širší perspektivě,

kteřou mŕže bŕt např. sovětská invaze do Afghánistánu, soupeření mezi Pákistánem a Indií, pákistánský jaderný program či Válka proti teroru. Nutně zde hraje roli řada protichŕdných motivŕ, jeř definují americkou zahraniční politiku ve vztahu k Islámábádu. Práce se zabývá převážně obdobím mezi lety 2001 - 2008, kdy se Pákistán znovu dostal do pozornosti americké vlády. Vlivem války se Pákistán stal důležitým zásobovacím uzlem pro spojenecké armády bojující v Afghánistánu. Důležitou roli také hraje příhraniční kmenové území, které se nachází v Pákistánu a poskytuje zázemí pro mnohé militantní skupiny bojující proti spojencŕm, afghánské ale i pákistánské vládě.

Americká pomoc je přirozeně vázána na jednotlivé aktivity, které se pákistánská vláda zavázala plnit. Jednou z aktivit je potlačování militantních skupin, které narušují integritu Afghánistánu. Ovšem vztah pákistánské vlády k těmto skupinám je nerovnoměrný. To je spojeno se soupeřením o Kašmír, kde pákistánská vláda nepřímou vyžívá akce těchto skupin k realizaci svých cílŕ. To se následně odráží na Americké politice vůči Indií a Pákistánu.

Předpokládaná struktura práce (15 řádek):

1) Introduction

2) Body

- 2.1. The U.S. reaction to the Pakistan's nuclear program**
- 2.2. Pakistan as a key player and ally in the region**
- 2.3. Impact on mutual relations with respect to the war in Afghanistan**
- 2.4. The U.S. economic and military aid**
- 2.5. The U.S. operations in tribal areas**
- 2.6. Prevention of instability of Pakistan**

3) Conclusion

Sources

Základní prameny a literatura (20 nejdůležitějších titulŕ včetně lokace):

Pakistan's Drift Into Extremism: Allah, then Army, and America's War Terror by Hassan Abbas and Jessica Stern (2004)

The Scorpion's Tail: The Relentless Rise of Islamic Militants in Pakistan-And How It Threatens America by Zahid Hussain (2010)

Deadly Embrace: Pakistan, America, and the Future of Global Jihad by Bruce O. Riedel (2011)

Descent into Chaos: The U.S. and the Disaster in Pakistan, Afghanistan, and Central Asia by Ahmed Rashid (2009)

The Limits of Influence: America's Role in Kashmir (Adst-Dacor Diplomats and Diplomacy) by Howard B. Schaffer (2009)

How Pakistan Negotiates with the United States: Riding the Roller Coaster (Cross-Cultural Negotiation Books) by Teresita C. Schaffer Schaffer and Howard B. Schaffer (2011)

Pakistani – US relations (2009, Congress Research Service) – Alan Krostadt

AFGHANISTAN AND PAKISTAN: A STATUS REPORT (2009)

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The AfPak Strategy and its Implementation (2009)

The Duel: Pakistan on the Flight Path of American Power by Ali Tarig (2009)

Uneasy neighbors, India, Pakistan and US Foreign policy by Sathasivam Kanishka (2005)

The Search for al-Qaeda: Its Leadership, Ideology, and Future by Brude Riedel (2008)

Obama´s wars by Bob Woodward (2010)

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Introduction

When studying the US-Pakistan relations, we have to keep in mind that the relationship is based on sometimes contradictory sets of national priorities. Otherwise, the relationship would look like a track of a rollercoaster and would make a little sense.

Close political U.S.-Pakistan ties and economy and military assistance were restricted several times since the establishment of Pakistan in 1947. The relationship went through warm and cool periods. The warm periods coincided with the U.S. awarding Pakistan with high strategic importance during the Cold War. As a result, Pakistan became major recipient of U.S. funds and equipment. However, historically, the volume of U.S. assistance fluctuated in reaction to several Indo-Pakistani Wars and later on to Pakistan's nuclear program. There has been a clear relationship of direct proportionality between the strategic importance of Pakistan and the amount of U.S. assistance.

Pakistan was member of SEATO from its establishment in 1954. During the 1950s and the 1960s, the Americans used several airbases inside Pakistan in order to monitor the Soviet nuclear arsenal with the U-2 aircrafts. In the late 1970s and 1980s, Pakistan again became a close ally to the U.S. because Pakistan was the sole country which could provide its territory for U.S. support of the mujahedeen in Afghanistan, fighting Soviet troops.

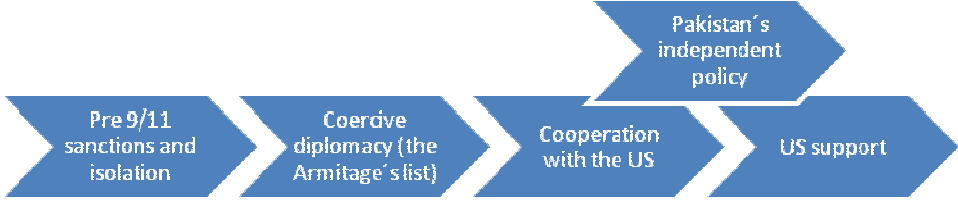
When talking about U.S.-Pakistan relations, we have to take into consideration Pakistan's relationship with Afghanistan. In the 19th century, both countries were influenced by expansion of the British Empire. Since its demarcation by Sir Mortimer Durand in 1893, the contemporary Afghan-Pakistan border has not been formally recognized by Pashtun tribes which view Federally Administered Tribal Areas (FATA) as a historical part of Afghanistan. The border was designed to diminish the influence of Pashtuns and facilitate British control over the territory. The consequences of the disregard for ethnic boundary lines can be seen even today when Pakistan's border regions, inhabited mainly by the Pashtuns, are directly involved in the war in Afghanistan.

To a certain extent, both countries are interconnected like communicating vessels. An action in the former causes a reaction in the latter. Both countries share common history, some ethnic groups, religion, and geo-political reality of Central and South Asia.

The India-Pakistan rivalry is crucial aspect that has a direct impact on the U.S.-Pakistan cooperation. The mutual rivalry dates back to the collapse of British India in 1947. According to the two-nation theory, Indian Hindus and Muslims are two distinct nationalities.

Pakistan uses this theory to support its claims to Kashmir that has been a source of mutual tensions since 1947. Pakistan controls only one-third of Kashmir that, in its entirety, is seen as an integral part of Pakistan. Therefore, Pakistan has developed a strategy of using its security apparatus to support extremists in order to prevent possible strategic encirclement by pro-Indian forces. Pakistan thus builds its strategic depth by forging close ties with militants who are willing to carry out illegal tasks in neighboring countries. As a result, Pakistan can influence affairs in Afghanistan and India-controlled Kashmir.

Nature of U.S.-Pakistan relations during the Bush Administration



Pakistan is a poor and aid-dependent state but it is also the only Muslim state armed with nuclear weapons. In the late 1990s, Pakistan had to deal with economic and technological sanctions by the U.S., which punished Islamabad for its nuclear aspirations and a military coup d'état in fall of 1999. The sanctions were also implemented due to the fact that many US-designated terrorist groups had their bases in Pakistan.

The terrorist attacks of 9/11 changed the national security environment and Washington had to adapt, so it could more effectively respond to newly emerging threats. The 9/11 ushered a new national security environment where non-state actors drew more attention.

President George W. Bush's national security policy was influenced by neoconservatives who saw the 9/11 as an opportunity to reshape the Middle East and South Asia according to their ideas. This brought Pakistan to the spotlight. Sudden strategic importance of Pakistan was a result of the Global War on Terror, which included U.S. hunt for Al-Qaeda, the perpetrators of 9/11, and subsequent war in Afghanistan. Americans needed to assure an access to Afghanistan, logistical support for American forces, intelligence information about situation in Afghanistan and Pakistan's border regions. Also, given Pakistan's vested interest and common history with Afghanistan, Pakistan had to be onboard with U.S. activity in the region.

The Bush Administration first used coercive diplomacy vis-à-vis Islamabad to get Pakistan to cooperate on the Global War of Terror. In order to escape the threat of isolation and to take advantage of the U.S. financial as well as material support, President Musharraf agreed to the U.S. conditions that in fact went against some Pakistan's national security priorities. Besides, Musharraf was concerned that Americans could turn their attention to India which would have provided India with yet another advantage (besides larger population, bigger economy, and more powerful army).

In the master's thesis, I would like to confirm or rebuff the following assertions: Even a great amount of U.S. assistance could not persuade Pakistan to change its behavior. Although the U.S. assistance was generous, it did not prevent Musharraf's regime from pursuing separate interests in Kashmir, Afghanistan, and from developing own nuclear program. Therefore, I would argue that the American policy was lacking long-term component and was rather utilitarian. However, from short-term perspective, the U.S. was partly successful in receiving access to Afghanistan, logistical support for American forces, and some intelligence information. The U.S.-Pakistan cooperation was influenced by different national security priorities and hence it could have never been win-win cooperation where all U.S. goals would have been fulfilled.

Assessment of sources

My master's thesis is a case study based on realist paradigm, which became dominant after the WWII. Realism is an intellectual framework, where state and non-state actors act in terms of their interest, which is defined by power. This is influenced by a perception of reality that does not have to be shared by other actors, and sometimes not even by allies.

The thesis is based on 55 sources, including both primary and secondary sources. The latter is further split into four subcategories (i.e. books, academic articles and expert analyses, U.S. Government reports, and newspapers and other internet sources). The sources are diverse and offer different points of view on the U.S.-Pakistan relations.

The most influential book used in the thesis was *Descent into Chaos*¹ by Ahmed Rashid, influential Pakistani journalist writing for magazines and academic journals, who is regarded as one of the top Pakistan experts. His book is a mixture of reports, analyses, and own experience. The author closely describes domestic and likewise international factors that

¹Ahmed Rashid, *Descent into Chaos: The U.S. and the Disaster in Pakistan, Afghanistan, and Central Asia*, (New York: Penguin Books, 2009).

have influenced Pakistan. Without any exaggeration, Rashid can be compared to Bob Woodward, an American investigative journalist who wrote, among others, book *Bush at War*². Only difficulty I can think of is Rashid's close relationship with Hamid Karzai, president of Afghanistan. As a result, Rashid is not always impartial as it may seem - for instance, he defends past Karzai's contacts with Mullah Omar, leader of the Taliban.

Another book that provides sufficient insight into Pakistan domestic affairs is *The Scorpion's Tail*³ by Zahid Hussein, Pakistan-based journalist. Hussein worked for the *Wall Street Journal*, *The Times of London* and *Newsweek*. In his book, he analyzes the impact of militant Islamists on destabilization of Pakistan and Afghanistan.

Chapters that deal with U.S. national security strategy are based on U.S. government official documents, like the *National Security Strategy*⁴(NSS). Unfortunately, in case of Pakistan, there is no document that would be similar to the U.S. NSS. Therefore, assessment of Pakistan's national security is based on my understanding of recurring Pakistan's motives, national security priorities, acts, claims, and policies.

Financial analyses in the paper are grounded in reports by the Congressional Research Service (CRS) that is known as the Congress's impartial think tank. CRS reports are easily accessible on the website of the Library of Congress and provide chronological description of national security issues. From this thesis's perspective, the most useful was report *Pakistan: U.S. Foreign Assistance*⁵ by Susan B. Epstein and Alan K. Kronstadt. This report contains valuable statistical data regarding U.S. assistance to Pakistan between 2001 and 2008.

Other useful sources were reports by the United States Government Accountability Office (GAO). GAO oversees matters relating to the receipt and payment of public funds. An analysis called *Combating Terrorism: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims*⁶ focuses on a critical assessment of the U.S.-Pakistan assistance and points out several drawbacks.

I have also used several interviews with Musharraf and George W. Bush to show their mindsets and thus demonstrate the basic principles of their policies.

² Bob Woodward, *Bush at War* (New York: Simon & Schuster, 2002).

³ZahidHussain, *The Scorpion's Tail: The Relentless Rise of Islamic Militants in Pakistan-And How It Threatens America* (New York: Free Press, 2010).

⁴The White House, "The National Security Strategy of the United States of America," September 2002. <http://merln.ndu.edu/whitepapers/USnss2002.pdf> (accessed October 28, 2012).

⁵Susan B. Epstein and Alan K. Kronstadt, "Pakistan: U.S. Foreign Assistance," Congressional Research Service, October 4, 2012. <http://www.fas.org/sgp/crs/row/R41856.pdf> (accessed November 5, 2012).

⁶U.S. Government Accountability Office, "Combating Terrorism: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds," June 2008. <http://www.gao.gov/new.items/d08806.pdf> (accessed September 21, 2012).

Structure and description of the thesis

The first chapter of the master's thesis offers an insight into the history of U.S.-Pakistan relations. It is important to see George W. Bush policy towards Pakistan in a broader context. The chapter shows fluctuations in mutual relations in the course of time. This helps us understand why after 9/11, the Pakistanis did think Americans were not fully committed to the region and would leave soon.

The next chapter deals with the national security environment and to what extent the environment was changed by the 9/11. The U.S. had to adjust its policy in order to adapt to the new national security environment. Furthermore, the chapter discusses the Bush Doctrine and the 2002 National Security Strategy.

Chapter 3 looks at Pakistan's national security priorities. In order to fully comprehend Musharraf's policy after the 9/11, it is necessary to know what strategy Pakistan followed in the late 1990s and 2000s. The chapter also involves a situational analysis that shows why Musharraf decided to side with the U.S. after 9/11.

The following chapter demonstrates how Washington implemented coercive diplomacy to persuade Musharraf to work with Americans, since they needed to assure access to Afghanistan before the invasion to Afghanistan could start.

The core focus of the master's thesis is placed on an analysis of U.S. military and economic assistance to Pakistan. Therefore, the fifth chapter examines various aspects of the U.S. assistance, ranging from defense supplies to the Economic Support Funds. Given the character of the assistance, the analysis reveals real impact of U.S. policy and shows true importance of Pakistan in the light of the War on Terror.

Chapter 6 deals with Pakistan's independent policy that was pursued by Musharraf. Independent policies like double-dealing with militants and nuclear proliferation were in almost perfect opposition to U.S. national security priorities.

The last chapter summarizes evidence about nature and priorities in U.S.-Pakistan relations. In this part I also present cost-benefit analysis that assesses the Bush policy and Musharraf cooperation in the context of the Global War on Terror in the period of 2001-2008.

1. Review of U.S.-Pakistan Relations

From the establishment of Pakistan in 1947 until the disintegration of the USSR in 1991, mutual US-Pakistani relations were strongly influenced by the Cold War. Pakistan was member of the SEATO that was established as an anti-communist alliance in Asia. Pakistan became important in the 1950s and 1960s, when the U.S. used several airbases inside Pakistan, in order to monitor Soviet nuclear arsenal with U-2 aircrafts. Pakistan's willingness to cooperate with the US was a result of military and economic aid it received in return. However, the support for Islamabad ended in 1965, when Pakistan attacked India. In reaction to the crisis, America imposed arms and trade embargo.

It is interesting that mutual relations changed again during the Nixon Administration which needed assistance with finding contacts in the People's Republic of China. In 1971, Islamabad facilitated Henry Kissinger's visit to Peking. Unfortunately, this short thaw changed abruptly with another Indo-Pakistan conflict in 1972. The U.S. tried to remain neutral, but Pakistan viewed that as a betrayal and in consequence withdrew from the SEATO.

After the Islamist revolution in Iran in 1978, Pakistan's geopolitical importance was increasing, as it was the only country which could provide its territory for U.S. support of the mujahedeen in Afghanistan. Pakistan became the key to the development of the situation in Afghanistan. If the Soviets had fully overruled Afghanistan, Pakistan would have been exposed to a much greater influence of the Soviet Union. On January 4, 1980, President Carter announced that "along with other countries, we will provide military equipment, food and other assistance to help Pakistan defend its independence."⁷ This aid was partly redistributed to various insurgent groups in Afghanistan. Nevertheless, Pakistan's representatives were quite upset because of the amount of money. The Carter administration offered \$400 million in economic and military aid spread over two years.⁸

During the Carter administration, CIA operations in the region were underfinanced and this fact fuelled criticism from the Pakistani officials. However, U.S. approach was about to change after the election of 1980. Republican candidate Ronald Reagan's victory produced a substantial shift in both domestic and foreign policy. Reagan reshaped the focus of U.S. foreign policy and stepped up the "war" effort in order to wear down the Soviet Union. In 1981, therefore, the Reagan administration negotiated a five-year, \$3.2 billion economic and

⁷ Angelo Rasanayagam, *Afghanistan: A Modern History* (London: I.B. Tauris & Co. Ltd, 2005), 104.

⁸Ibidem.

military aid package with Pakistan.⁹ Soon, Pakistan became the biggest single CIA covert operation anywhere in the world. Meanwhile, Islamabad was receiving economic and military aid from other donors like Saudi Arabia and Qatar.

The ISI (Inter-Services Intelligence) was the major vehicle for bringing the U.S. aid to the mujahedeen. There were basically no strings attached to the aid. However, from the CIA point of view, the aid going through Pakistan's ISI had many disadvantages. Firstly, it was the ISI, not the CIA, who decided which from the various insurgent groups fighting the Soviets would receive the aid. Ultimately, the Pakistanis provided support (mostly cash, weapons and equipment) exclusively to groups devoted to Sunni Islam. By this, Pakistan security apparatus used the mujahedeen for its own national interest - to reduce possible strategic encirclement by India-friendly forces.

Secondly, the CIA had to pay to Pakistanis for these transactions. On the other hand, this procedure did not require personal engagement of the CIA agents in Afghanistan. Another reason for siding with the U.S. was that Pakistanis felt threatened by rising ambitions and influence of the Soviet Union in the region.

In the first phase, until mid-1980s, such CIA tactic was quite useful because Americans did not wish to go public with their engagement with Pakistan, as national security expert John Prados explains: "ISI representatives had good arguments as to why they ought to take the lead. Muslim guerrillas in Afghanistan had already forged links with Pakistan and the ISI (...) officials knew the players and had networks in place."¹⁰ However, America was not allowed to interfere with Pakistan's domestic policy, the military regime of General Zia or even with Pakistan's dubious nuclear program for "peaceful" purposes.

In 1985, the U.S. Congress included the Pressler Amendment in the Foreign Assistance Act which required the president to issue certification that Pakistan did not have nuclear weapons. When the Soviets finally left Afghanistan, the U.S. immediately cut aid for the Pakistan and stopped delivery of F-16 fighters under the pretext of the Pressler Amendment.

Islamabad was left with more than three million Afghan refugees to take care of and with little international help.¹¹ Furthermore, since August 1990, Pakistan had to deal with economic and technological sanctions from the U.S., which punished Islamabad for its

⁹ Susan B. Epstein and Alan Kronstadt, "Pakistan: U.S. Foreign Assistance," Congressional Research Service Report for Congress, July 28, 2011, 4. <http://www.hsdl.org/?view&did=685334> (accessed October 5, 2012).

¹⁰ John Prados, "Notes on the CIA's Secret War in Afghanistan," *The Journal of American History*, Vol. 89, No. 2 (2002), 467.

¹¹ Hussain, *The Scorpion's Tail*, 57.

nuclear aspirations. As a result, Pakistani generals viewed U.S. approach as a betrayal in the light of big political changes after the end of the Cold War (The first fault line – see also Chapter 2). In other words, the U.S. lost interest in the region and the friendship with Pakistan simply was not important enough. The first fault line changed the national security environment and therefore it was not necessary to support the Pakistan's military regime and the mujahedeen in Afghanistan because the U.S. goal was fulfilled (i.e. the Soviets withdrew forces from Afghanistan).

After the departure of the Soviets troops from Afghanistan, it was not only the lack of U.S. attention that had a negative impact on Islamabad. Pakistan was slowly sinking into political instability, which was triggered by the death of General Zia in 1987. The beginning of the 1990s brought political crisis, lack of reforms and bad state of economy to Pakistan. In addition to that, Islamabad was indirectly involved in two regional conflicts. The ISI was assigned to convey covert operations in Afghanistan, Kashmir, and India proper.

After the Mumbai attacks in 1993, Pakistan was placed by the U.S. on a watch list of state sponsors of terrorism because the ISI openly supported Kashmir insurgency. The Clinton administration demanded Pakistan to act quickly to stop supporting the insurgents. As a result, some terrorist activities on Pakistan soil were suspended (e.g. training camps were moved to Afghanistan). However, many Islamist groups like Jamaat-e-Islami continued to receive support from Pakistan's security apparatus.

In 1996, the Taliban managed to conquer major parts of Afghanistan, except for the North that was controlled by the Northern Alliance. At that point, Washington did not seem to pay attention to Saudi's and Pakistan's support for the Taliban in the region. In the same year, Osama bin Laden came to Afghanistan and managed to create close ties with the Taliban. In return for safe haven, he offered money, fighters, and a new agenda in form of Global Jihad. Osama bin Laden claimed that "killing the Americans and their allies – civilian and military - is an individual duty for every Muslim (...), in order to free, the Al-Aqsa and the holy sanctuary (Mecca) from their grip..."¹² When interviewed by American reporters on December 22, 1998, Osama bin Laden discussed weapons of mass destruction. In the interview, he stated: "Acquiring weapons for the defense of Muslims is a religious duty. If I have indeed acquired these weapons, then I thank to God for enabling me to do so."¹³

¹² Dan Caldwell, *Vortex of Conflict: U.S. Policy toward Afghanistan, Pakistan, and Iraq* (Stanford: Stanford Security Studies, 2011), 78.

¹³ Thomas X. Hammes, *The Sling and the Stone: on War in the 21st Century* (Minnesota: Zenith Press, 2004), 147.

The 1998 bombing of U.S. Embassies in Kenya and Tanzania brought an increased interest of the U.S. officials in Al-Qaeda and, likewise, the region where tension was rising. In spring 1998, India carried out its second test of nuclear device. Pakistan responded by testing five nuclear devices on May 27, 1998. Pakistan thus publicly showed that it possessed nuclear weapons. Nevertheless, Pakistan is believed to be a nuclear-armed state since the end of the 1980s. The nuclear program became the top priority after India tested its first nuclear bomb in 1974. Pakistan was well aware of the fact that it could not compete with India, using conventional means.

With more nuclear players in the region, it was only a matter of time when a crisis would evolve due to N+1 effect.¹⁴ In this situation, risk management is extraordinarily difficult. Tensions between Pakistan and India escalated into Kargil War of 1999, which invalidated the common wisdom that two nuclear-armed states do not wage a war due to a nuclear deterrence. Despite the fact that this conflict did not evolve into a full-scale war, a possible nuclear exchange haunted many policymakers in Washington. The U.S. intervened diplomatically by putting a pressure on Navaz Sharif, then-PM, to withdraw Pakistani army beyond the line of control.

Pakistan was viewed as an aggressor and its isolation was further deepened by a coup d'état in fall of 1999. On October 12, 1999, Sharif wanted to arrest General Musharraf, the main person behind the Kargil crisis. A possible apprehension of Musharraf would have weakened the position of the Pakistani army. Therefore, the army protected Musharraf and staged a coup against Sharif who was subsequently imprisoned.¹⁵ International community viewed this as another step deepening inherent instability of Pakistan.

Even before the Kargil War, Pakistan faced the Pressler Amendment sanctions which were, however, eased in the mid 1990s. But after the nuclear tests, the Kargil war and subsequent coup, the U.S.-Pakistan relations yet again deteriorated. In May 1998, President Bill Clinton invoked the Glenn Amendment of 1994 and the Symington Amendment of 1977 to authorize sanctions on nonnuclear states that detonate a nuclear device. These acts prohibited delivery of military and economic assistance to Pakistan. In reaction to the Kargil

¹⁴ The N+1 effect refers to the additional problems in national security environment created if new states acquire nuclear weapons.

¹⁵ Rashid, *Descent into Chaos*, 43.

War, the U.S. Congress invoked “Democracy Sanctions” (based on Section 508 of the Foreign Assistance Act), prohibiting all U.S. economic and military aid.¹⁶

¹⁶Touqir Hussain, "U.S.-Pakistan Engagement: The War on Terrorism and Beyond," United States Institute of Peace: Special Report, August 2005, 5. <http://www.usip.org/files/resources/sr145.pdf> (accessed October 10, 2012).

2. New National Security Environment

Each policy, and the U.S. policy toward Pakistan is not an exception, must be seen in the light of national security environment. In this thesis, I work with the concept of fault lines.¹⁷ To a certain extent, we can compare it to Graham T. Allison's concept of tectonic shifts which was used to explain the impact of the collapse Soviet Union. According to Donald N. Snow, "the main idea of the analogy is that fault lines represent traumatic events (...) that alter environment and require an adjustment in the posttraumatic period."¹⁸

The theory of fault lines poses crucial question how a state is to adapt to a change in the national security environment. So far, there are two fault lines which led to a change in the national security environment: the end of the Cold War and the 9/11. After the 1st fault line, the Soviet Union disappeared almost peacefully. Tensions decreased and the 1990s saw an expansion of the globalized economy. As for the 2nd fault line, the powerful symbols of the U.S. were attacked and therefore the reaction to the 9/11 was rather emotional. What followed was a substantial shift in national security, as noted by Donald M. Snow: "Combating terrorism has replaced large-scale warfare at the pinnacle of national security priorities."¹⁹ The 2nd fault line was followed by two aftershocks, the invasion to Afghanistan in 2001 and Iraq in 2003. In other words, the reaction to the 2nd fault line brought increased tensions on multiple fronts and new conflicts where non-state actors played an important role.

2.1 Reaction to 9/11

When Bush Administration took office, it was not clear what policy he would pursue. Bush, as president-elect, was briefed by Clinton on December 16, 2000, about national security issues. Among others, they talked about threats coming from Al Qaeda, proliferation of nuclear weapons, and Pakistan and its ties with the Taliban.²⁰ Unfortunately, Pakistan and Afghanistan were not the focus before 9/11, as the Clinton administration saw its priorities in the Israeli–Palestinian conflict, The Balkans and in improvement of the U.S.-China economic relations.

¹⁷ The United States Geological Survey defines fault line as follow: is the surface trace of a fault, the line of intersection between the fault plane and the Earth's surface.

¹⁸ Donald M. Snow, *National Security for a New Era: Globalization and Geo-Politics* (New York: Pearson Longman, 4th edition, 2011), 8.

¹⁹Ibidem 152.

²⁰ Rashid, *Descent into Chaos*, 56.

From the beginning of 2001, Bush Administration was reviewing its policy toward Pakistan, because Islamabad's military regime was providing support for militants in Kashmir and Afghanistan and was also armed with nuclear weapons. Condoleezza Rice met with Pakistan's minister of foreign affairs and the Inter-Service intelligence (ISI) representative and stated that Pakistan should reconsider its foreign policy priorities, by which she meant involvement of Pakistan in regional conflicts in Afghanistan and India-controlled Kashmir.

However, the entirely new era of the U.S.-Pakistan relations began when the two kidnapped aircrafts hit skyscrapers in Manhattan. This brutal suicide-attack shocked Americans, because nobody expected terrorists were capable of such actions. In order to understand it properly, we should note that there were no significant military operations on American mainland since the Civil War. Prior to September 11, nobody expected that New York would be situated on a frontline of a new war against terrorism. In reaction to the attacks George Bush stated: "The Pearl Harbor of the 21st century took place today."²¹

Ideological and financial support of Islamists often represents a reaction to Washington's proactive policy in the Middle East (e.g. support of Israel, engagement in the Gulf War and backing of the Saudi Royal family). Islamists also seek failed states which provide relatively safe havens. According to these premises, Afghanistan was a perfect place. Since the mid-1990s majority of Afghanistan's territory was under control of the Taliban, the Sunni movement that provided support to terrorist organizations with similar ideological views. Al Qaeda was one of many organizations that took advantage of the situation in Afghanistan. In the 1990s Al Qaeda engaged in anti-American actions, such as the attack on U.S.S. Cole. When Osama bin Laden claimed responsibility for the attack on the World Trade Center, the culpable was clear. The link to Afghanistan and Pakistan was not difficult to find as almost all the 9/11 attackers traveled the north-south nexus of Kandahar-Quetta-Karachi.²²

Osama bin Laden's goal was to drive the U.S. out of the Middle East and stop supporting Saudi Arabia. Since Al-Qaeda could not challenge the U.S. in conventional warfare, it had use asymmetrical one in order to negate overwhelming firepower and high-tech capabilities of the U.S. military. However, Thomas X. Hammes argues that Osama made a strategic error by attacking New York and Washington, because it led to direct opposite of Osama's goal - series of intervention in the Middle East. Bin Laden sent the message "I am attacking you in your homeland." From historical record, we know that it is something

²¹ Caldwell, *Vortex of Conflict*, 87.

²²National Commission on Terrorist Attacks upon the United States, "The 9/11 Commission Report," 22. 7. 2004, 368. <http://www.9-11commission.gov/report/911Report.pdf> (accessed October 11, 2012).

Americans do not react well to.²³ The attacks helped to revive Clausewitz's trinitarian relationship among the people, government and armed forces that made military action much easier.

On the evening of September 11, Bush addressed the nation and stated: "We will make no distinction between the terrorists who committed these acts and those who harbor them."²⁴ The international intervention, led by the United States, was backed by both the Republicans and Democrats. Besides, American society was overwhelmed by a wave of patriotism.

The United Nations' resolution was crucial with regard to the following development. The resolution confirmed previous findings concerning the situation in Afghanistan. The Security Council in its Resolution 1386 supported "international efforts to root out terrorism..."²⁵ Therefore, Afghanistan along with Pakistan became the major frontline of the War on Terror which influenced American foreign policy during the first decade of the 21st century (see chapter 3 and 4).

2.2 The Bush Doctrine and the National Security Strategy

The 9/11 redefined the rules of the game. The attacks posed two kinds of questions regarding short term and long term responses to the altered national security environment (result of the second fault line). It took several months after the 9/11 to develop a new approach which would be later on called *the Bush doctrine*. Its short term goals were to destroy Al Qaeda network, training camps, operatives, and catch or kill Osama bin Laden. As for the long term goals, the administration started working on a new conceptual document which would address all challenges down the road.

In June 2002, George Bush laid principal foundations for America's new approach to international affairs in his speech at the U.S. military academy at West Point. It was one of the most important foreign policy speeches of his presidency. In the speech, Bush incorporated the War on Terror into a broader geopolitical concept of the fight against the Axis of evil (e.g.

²³Hammes, *The Sling and the Stone*, 149.

²⁴Shahid Ali Khattak, "The Bush Doctrine of Preemption and the US Response after 9/11 Attacks: Invasion of Afghanistan and Iraq," *Journal of Political Studies*, Vol. 18, Issue 2 (2011), 158.

²⁵United Nations Security Council, "Resolution 1386," December 20, 2001, 1.<http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N01/708/55/PDF/N0170855.pdf?OpenElement> (accessed September 9, 2012).

North Korea, Iraq and Iran) and global terrorism.²⁶ Nevertheless, it helped to create a notion that America had to stand up and eliminate all possible adversaries by a preemptive strike.

Further, Bush's speech contained many references to absolute morality (i.e. seeing conflict in terms of good and evil), ideals of freedom and democracy, which stem from the American self-awareness and notion of exceptionalism. Shortly after September 11, Bush reportedly said to one of his close advisors: "We have an opportunity to restructure the world toward freedom, and we have to get it right."²⁷

In the speech, Bush elaborated on many points which America would follow under his presidency. He stated that the gravest dangers to freedom lay at the perilous crossroads of radicalism and technology. Spread of chemical, biological, and nuclear weapons could enable weak states and non-state actors to inflict catastrophic damages to other nations. Bush acknowledged that the security environment had changed, but America was ready to use new thinking and methods in order to address new threats. This was articulated in a passage where Bush spoke about preemptive strikes: "Our security will require all Americans to be forward looking and resolute, to be ready for preemptive action when necessary to defend our liberty and to defend our lives."²⁸ Existence of rogue states armed with WMD, supporting terrorism and threatening the U.S. and its allies thus helped to justify preemptive action, because they were not likely to attack the U.S. using conventional means.

According to Goldwater-Nichols legislation from 1986, each administration is obliged to publish a document describing its national security strategy within the first six months. The Bush Administration failed to deliver – the release of its strategy was repeatedly delayed.²⁹ The National Security Strategy 2002, published on September 17, 2002, i.e. long after 9/11, was therefore the first conceptual document regarding foreign policy published by the Administration. The strategy elaborates on thoughts and ideas mentioned in the Bush's speech from the West Point Academy.

The NSS contains 8 goals which help to "make world not just safer but better." Preemption is in the heart of the strategy, as the NSS states explicitly that "America will act

²⁶ George W. Bush, "Graduation Speech at West Point," June 1, 2002. <http://georgewbush-whitehouse.archives.gov/news/releases/2002/06/20020601-3.html> (accessed October 20, 2012).

²⁷ Robert Jervis, "Understanding the Bush Doctrine," *Political Science Quarterly*, Vol. 118, No. 3 (2003), 368.

²⁸ Bush, "Graduation Speech at West Point."

²⁹ Caldwell, *Vortex of Conflict*, 101.

against such emerging threats before they are fully formed.”³⁰ Here we can hear echoes of neoconservative policy from the 1990s.³¹

When thinking about American policy toward Pakistan, we can define 4 basic goals mentioned in the National Security Strategy of 2002 (NSS) that influenced the relationship. The United States should:

- A) Strengthen alliances to defeat global terrorism and work to prevent attacks against us and our friends;
- B) Work with others to defuse regional conflicts;
- C) Prevent our enemies from threatening us, our allies, and our friends, with weapons of mass destruction;
- D) Develop agendas for cooperation with other main centers of global power.³²

The NSS has a global focus and advocates regime change by use of military power. Such statement had further implications in the Asia-Pacific region where it sparked a debate about preemption. In early April 2003, India’s Foreign Minister YashgoSinha told the Indian Parliament that India had a much better case to go for preemptive action against Pakistan than the U.S. has in Iraq.³³ Pakistan immediately criticized the interpretation. The NSS gave the impression that the U.S. considered preemption as something reserved exclusively for them; otherwise it would make South Asia even more unstable. For instance, imagine India taking a preemptive strike against Lashkar-e-Taiba, Pakistan-sponsored militant group, on the other side of the line of control.

The NSS states that “the U.S. national security strategy will be based on a distinctly American internationalism that reflects the union of our values and our national interests.”³⁴ But in the reality of South Asia, we can observe emphasis on strengthening U.S. bilateral ties and building ad-hoc alliances, which was a case of Pakistan.

³⁰The White House, "The National Security Strategy of the United States of America,"iv.

³¹The neoconservative influence becomes even more obvious when we compare the NSS with the Wolfowitz doctrine. In 1992, the *New York Times* published an article which was based on a leaked national security document by Paul D. Wolfowitz, then Undersecretary of Defense for Policy in the George H. W. Bush administration. It highlighted the necessity of preemption strikes, unilateralism, and vigorous action in order to protect vital American interests. Kenneth Dolbeare and Michael Cummings, eds., *American Political Thought* (Washington: CQ Press, sixth edition, 2010), 570.

³²The White House, "The National Security Strategy of the United States of America," 1-2.

³³AmitavAcharya, "The Bush Doctrine and Asian Regional Order: the Perils and Pitfalls of Preemption," *Asian Perspective*, Vol. 27, No. 4 (2003), 235.

³⁴The White House, "The National Security Strategy of the United States of America," 1.

3. Pakistan's National Security Priorities – Strategic Depth and Nuclear Arsenal

In order to fully comprehend Musharraf's policy after the 9/11, it is necessary to know what strategy Pakistan followed in the late 1990s. This will help us understand Pakistan's perspective regarding national security issues. Given the current geopolitical circumstances, it is clear that America and Pakistan do not share similar perception of possible threats. This is not anything unusual, since each state has a different set of priorities and concerns regarding national security. Pakistan's perception has historically been influenced by its ongoing rivalry with India.

Throughout the 1990s, Pakistan pursued a strategic depth in Afghanistan and India. To achieve the strategic depth, Pakistan's developed a strategy of using its security apparatus to support extremists in order to reduce possible strategic encirclement by pro-Indian forces. Pakistan is afraid of strategic encirclement because it would make it more vulnerable and would force Islamabad to compromise on its national security priorities, for instance its support for Kashmir separatist movement. Any president of Pakistan who would give up on Kashmir would be perceived as a traitor, as Pakistan has questioned Indian rule in Kashmir since its establishment in 1947.

In pre-9/11 Afghanistan, the Taliban was heavily supported by the ISI in a war against the non-Pashtun Northern Alliance, led by Ahmed Shah Massoud, who was backed by India, Iran, Tajikistan, and Russia. When we compare Pakistan's actions in Afghanistan with those in Indian-controlled Kashmir, we will see that Pakistan is following a similar strategy. Therefore, to Islamabad, Afghanistan is just another Kashmir.

However, seeking strategic depth has had many side-effects. It contributed to the creeping Islamization of Pakistan and to its growing international isolation. Hussain Zahid concludes that "by 2001 Pakistan had become home to twenty-four militant groups".³⁵

In Kashmir and India proper, Pakistan used various groups (e.g. Harkat-ul-Mujahideen, Lashkar-e-Taiba, harkatul Jihad Islami, Jaish-e-Mohammed) to harm the interests of India. Supporting the insurgency in Kashmir was rather important, since it tied India's resources, and instability would distract the Indian army. But these activities were not limited only to the Kashmiri theatre.

In 1999, Harkat-ul-Mujahideen, group backed by the ISI, hijacked Indian Airlines Flight 814 in attempt to demand release of militants from Indian prison. The plane was

³⁵Hussain, *The Scorpion's Tail*, 60.

eventually forced to land in Kandahar. After the Kargil crisis, and this incident, the Clinton administration threatened to list Pakistan as a state supporting terrorism.³⁶

The third component of Pakistan's national security priorities is the nuclear program, which helps to counterbalance India's advantage in conventional weapons, and provides Pakistan with minimal nuclear deterrence. Pakistan's nuclear weapons are not solely about strength. They are also a source of national prestige and pride. In the first decade of the 21st century, Pakistan was believed to have a nuclear arsenal estimated at approximately 60 weapons, which could be delivered to target by ballistic missiles and by U.S., French and Chinese-manufactured fighter aircrafts.³⁷

Table 1 - Pakistan's National Security³⁸ (pre-9/11 and post-9/11)	
Situational analysis (2001)	<ul style="list-style-type: none"> - Weak economy (4 years of recession) - International sanctions - Growing isolation - India with much stronger military and economy - New conflict in Afghanistan (the U.S. invasion) - Uncertainty in world affairs and trade after 9/11
Objectives	<ul style="list-style-type: none"> - Escape isolation (pre-9/11) - Become an American ally (post-9/11) - Demand military and economic aid from the U.S. (post-9/11) - Deter India from any action that might harm Pakistan's interests (pre-9/11 and post-9/11) - Distract India in Kashmir (pre-9/11 and post-9/11) - Retain capabilities to influence situation in Afghanistan (pre-9/11 and post-9/11) - The Pakistani army must retain in power (pre-9/11 and post-9/11)
Strategy	<ul style="list-style-type: none"> - Provide support to the U.S. forces (post-9/11) - Develop nuclear program (pre-9/11 and post-9/11) - Support insurgency in Kashmir (pre-9/11 and post-9/11) - Preserve groups that might provide the strategic depth in Afghanistan (pre-9/11 and post-9/11) - Use American aid to enhance its military capabilities (post-9/11)

³⁶Hussain, *The Scorpion's Tail*, 24.

³⁷Gereth Evans and Yoriko Kawaguchi, eds., *Eliminating Nuclear Threats – A Practical Agenda for Global Policymakers* (Tokyo: International Commission on Nuclear Non-proliferation and Disarmament Report, 2009), 23.

³⁸ The table is based on author's understanding of recurring Pakistan's motives, national security priorities, acts, claims, and policies. The situational analysis, objectives, strategy are based on a thorough analysis of Pakistan's modern history.

Table 1 is based on the perception of Pakistan's actions that followed after the 9/11. Pakistan does not have a public strategy that would address all complex issues. Therefore, the table builds on observation and analyzes the possible motives that could underlay the actions we observe.

In response to the United States' coercive diplomacy (see chapter 4), Musharraf had to compromise on some of his goals (i.e. objectives from the table). Only after yielding on some objectives that were inconsistent with U.S. priorities, he could ask for substantial US aid and end to U.S. sanctions.

At the same time however, the Pakistani government had to balance its support for American policy with support for conservatives and rural population who are generally anti-American. Unfortunately, this sparked domestic conflict, contributing to Pakistan's instability. The table shows that Pakistan was ready to drop some of its priorities. But it never abandoned its independent policy, which was based on strategic depth and nuclear program.

To summarize Pakistan's strategy in the late 1990s: For the military regime, it was crucial to: 1) retain minimal nuclear deterrence; 2) prevent Kashmir from becoming an integral part of India; 3) make sure that Kabul is ruled by a regime favorable to Pakistan, not to India.

On the one hand, we can see that all three priorities contrasted with U.S. priorities after the 9/11. On the other hand, Pakistan was ready to compromise, in order to escape isolation and win U.S. favor. Musharraf expected that new alliance with the U.S. and the West would provide more flexibility to deal with the Kashmir issue. This misinterpretation of the consequences of the 9/11 led to another conflict between India and Pakistan in 2002.

4. The U.S. in a Need of an Ally – a Lesson of Coercive Diplomacy

Robert J. Art and Patrick M. Cronin define coercive diplomacy as “forceful persuasion that includes the threat to use the force or the use of limited force.”³⁹ Given the nature of force and power, a forceful persuasion can involve a great variety of tools, from tougher economic sanctions to a display of military capabilities. Coercive diplomacy is often perceived as a seductive tool of statecraft because it can deliver a desired outcome for cheap. Despite this appeal, it is hard to execute successfully. It has a potential of turning into a full-blown conflict, which signals failure of coercive diplomacy.

Coercive diplomacy can deliver desired results if its goals are realistic. For instance, during the 1995-1996 Taiwan Strait Confrontation, China showed force to coerce Taiwan before the election to make sure that Taiwanese politicians did not vocally support the pro-independence party.

Therefore, a clearly defined message which anchors the strategy of coercive diplomacy must inform an adversary of possible ramifications in the event of non-compliance. In the case of U.S.-Pakistani relations after 9/11, Bush’s message was crystal clear: “You are either with us or you are against us.”⁴⁰

Shortly after 9/11, Richard Armitage, Deputy Secretary of State, handed over a list of seven demands to General Mehmood, then director of the ISI. Pakistan was asked to intercept Al-Qaeda operatives at the border, provide access to Afghanistan, provide logistical support for American forces, provide intelligence information, condemn terrorist attacks, end support for the Taliban, and stop recruits from entering the Afghanistan battlefield.⁴¹ There were only two possible answers to these demands – yes or no.

The Bush Administration applied coercive diplomacy in order to persuade Musharraf to work with the U.S. Americans made clear that these demands, literally an ultimatum, were non-negotiable. Pakistan agreed to all of them. As a result, Islamabad was forced to compromise its national security policies. However, Pakistan had good reason to do so, since its economy and international isolation would even worsen, had not Islamabad complied. In return for his compliance, Musharraf asked Bush to remove all sanctions, write off a portion of Pakistan’s debt to the US, and to provide the country with economic and military aid.

³⁹Robert J. Art and Kenneth Neal Waltz, eds., *The Use of Force: Military Power and International Politics* (Washington: Rowman & Littlefield Pub Incorporated, 7th edition, 2009), 272-273.

⁴⁰Woodward, *Bush at War*, 84.

⁴¹Khattak, “The Bush Doctrine of Preemption and the US Response after 9/11 Attacks,” 162.

There was another reason for Musharraf's willingness to comply, which had to do with Pakistan's regional rivalry. In September 2001, General Musharraf gave a speech in which he maintained that support of America was in line with Pakistan's national security priorities. He also stated that "[I]f Pakistan refused the U.S. demands, India would want to enter into an alliance with the US and get Pakistan declared a terrorist state."⁴² Eventually, it would have posed a threat to the main component of Pakistan's national security (i.e. its nuclear arsenal).

After the 9/11, Musharraf reportedly ordered that Pakistan's nuclear arsenal be redeployed to at least six new locations.⁴³ The Pakistani army was afraid that the U.S. would conduct military strikes in attempt to neutralize the nuclear arsenal if Pakistan did not cooperate with Washington.

Nevertheless, it was remarkable how quickly Pakistan changed its national security priorities and adopted American policy. Nevertheless, this U-turn would ultimately create conditions for a domestic crisis. Siding with the U.S. undermined Musharraf's credibility, and not only in the eyes of Muslim fundamentalists. The Bush Administration was well informed and aware of possible spillover effects. An unclassified cable from 2001 stated that the "Pakistani public as a whole is now more favorable toward the Taliban than it was before the attacks of September 11 and recognizes no compelling reasons to cut Pakistan's traditionally strong links with the Taliban..."⁴⁴

Anti-Americanism was strong in Pakistan even before the 9/11. Pakistani public has been critical of American activities in the Middle East and Central Asia. Anti-Americanism has also played role in domestic politics. For instance, it has been used in elections by Muttahida Majlis-e-Amal (MMA), a coalition of Islamist parties, some of which openly support the Taliban. The MMA supports the Pakistani army but criticizes coalition with the U.S.

The U.S. policy towards Pakistan developed over time. At the beginning, there was Armitage's list which involved many short-term priorities. However, before too long, the Bush Administration had to address other long-term issues that were identified in the National Security Strategy of 2002. We can find several U.S. priorities which had a direct impact on mutual relations between Washington and Islamabad: fight against terrorism, preemptive

⁴² Rashid, *Descent into Chaos*, 32.

⁴³ Paul Kerr and Mary B. Nikitin, "Pakistan's Nuclear Weapons:Proliferation and Security Issues," Congressional Research Service Report for Congress, November 14, 2007, 12. <http://www.fas.org/sgp/crs/nuke/RL34248.pdf> (accessed September 12, 2012).

⁴⁴Carl W. Ford, "Pakistan - Poll Shows and Growing Public Support for Taliban,"Unclassified cable to the Secretary,2001, 1.(<http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB227/35.pdf> (accessed November 1, 2012).

strikes in Afghanistan and later on in the Federally-Administered Tribal Areas (FATA), stopping proliferation of WMD, and preventing the transfer of WMD to terrorists.

5. U.S. Military and Economic Assistance to Pakistan

Historically, mutual economic relations had ups and downs. U.S. assistance to Pakistan fluctuated due to changes in bilateral relations and U.S. foreign policy priorities. Good times were altered by drastic cuts and even severe sanctions. This unpredictability of U.S. aid has contributed to Pakistan's view that the United States was an unreliable partner.⁴⁵

The shift after the 9/11 was dramatic, since the U.S. needed to assure access to Afghanistan before the invasion could start. Colin Powell, Secretary of State, told George Bush that whatever action he took, it could not be done without Pakistan's support.⁴⁶

If we look closely at the course of overthrowing the Taliban in 2001, we will see that the operation was quite unique. It was an exemplary lesson of modern warfare: the Taliban regime was overthrown by few ground units, which were operating with substantial air support. Approximately 100 Central Intelligence Agency officers, 350 U.S. Special Forces soldiers, and 15,000 Afghans overthrew the Taliban regime in less than three months while suffering only a dozen U.S. fatalities.⁴⁷ The role of Afghans, mostly from Northern Alliance and local warlords, was crucial, as they provided necessary intelligence and reconnaissance. However, the primary goal of the American intervention - capture of the Al-Qaeda leadership - was not achieved, as bin Laden, along with the Taliban, fled to Pakistan.

The need for Pakistan's full engagement was fully revealed when the Taliban started returning back to Afghanistan in 2003 while Islamabad was not fully committed to counterinsurgency in Federally Administered Tribal Areas (FATA) and North West Frontier Province (NWFP). Another issue could be seen in the hesitation of Pakistan's security forces to crack down on the Haqqani network.

U.S. assistance to Pakistan represents a tangled web of various funds and accounts, providing cash transfers, military and humanitarian supplies, training, and loans. Funding comes from different parts of the U.S. Federal Budget - it can come from regular budgets (i.e. the DOD) or special funds that were created for specific tasks such as a distribution of humanitarian aid. Majority of foreign assistance was handled by the Department of Defense along with Department of State, in cooperation with the Bureau of Political-Military that provides opinions regarding defense plans, strategy, military planning, and logistics. Within

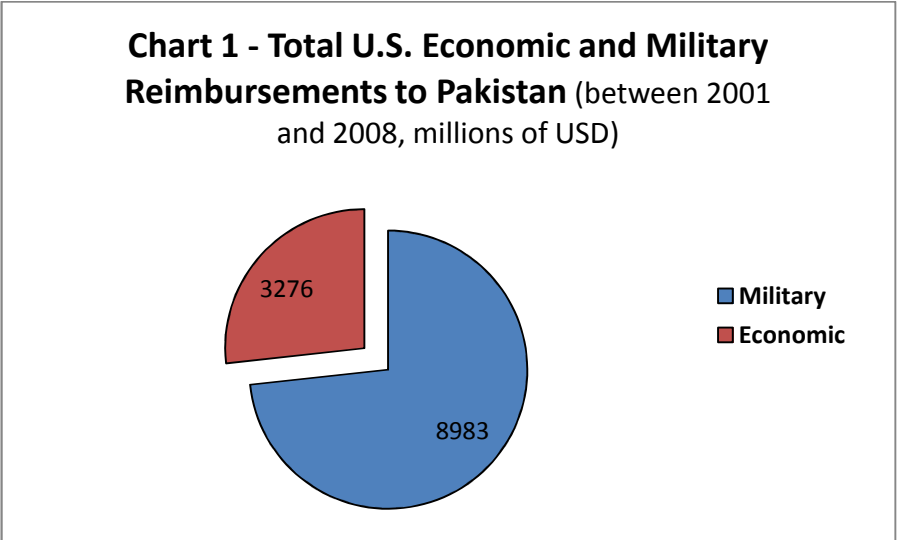
⁴⁵ Susan B. Epstein and Alan Kronstadt, "Pakistan: U.S. Foreign Assistance," July 28, 2011, 4.

⁴⁶ Woodward, *Bush at War*, 50.

⁴⁷ Seth Jones, "The Rise of Afghanistan's Insurgency," *International Security*, Vol. 32, No. 4 (2008), 7.

the DOD, there is the Defense Security Cooperation Agency (DSCA) which plays an important role in terms of carrying out financial and technical assistance to Pakistan.

The U.S. assistance to Pakistan can be divided into two major groups, military and economic. If we take a look at Chart 1, we see how unbalanced the ratio of economic to military support to Pakistan is. From 2001 to 2008, the U.S. provided \$12.2 billion⁴⁸ in both military and economic aid. Only \$3.2 billion was economy-related; economic aid represents only 36 percent of the total U.S. assistance to Pakistan. As for the security-related aid, Pakistan received \$8.9 billion between 2001 and 2008.

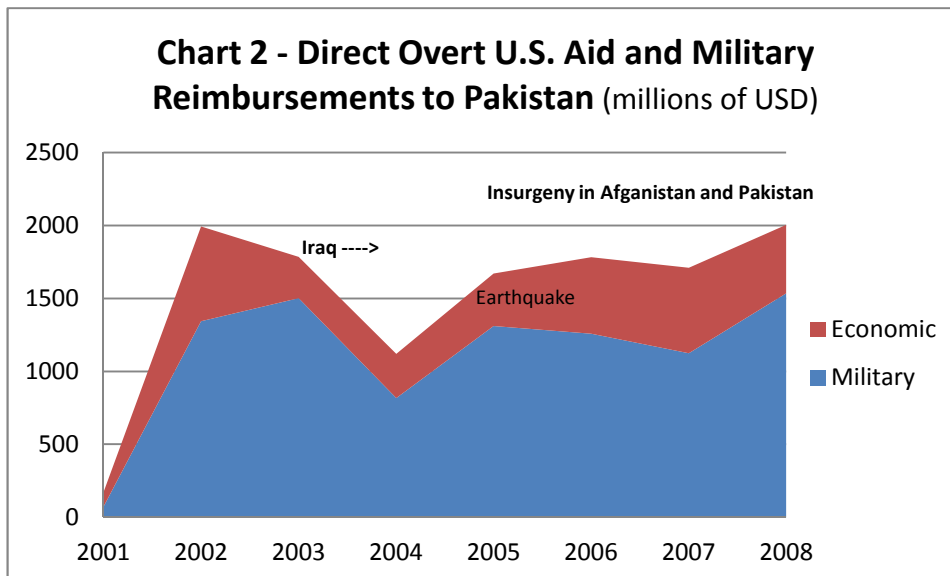


Source: Epstein and Kronstadt, “Pakistan: U.S. Foreign Assistance,” October 4, 2012, 19 – 20.

We can detect a relationship of direct proportionality between the strategic importance of Pakistan and the amount of U.S. assistance. There is a general perception that the U.S. aid should be committed to Pakistani’s modernization. However, from Chart 1, it is evident that there are stark differences between the volume of military and economic aid.

It is obvious that the U.S. national security interests are main reasons behind military and economic assistance. This is not to say that there are not any other reasons having impact on U.S. aid, like humanitarian cause. But in the case of Pakistan, there is clear evidence showing that the American national security interests are key factors – not development and modernization of Pakistan (see chapter 5.3).

⁴⁸ Not all aid appropriated was actually disbursed as originally intended by Americas.



Source: Epstein and Kronstadt, “Pakistan: U.S. Foreign Assistance,” October 4, 2012, 19 – 20.

The Chart 2 depicts the same data as Chart 1 and reflects changes in a volume of the assistance on annual bases. Before 2001, there was almost no substantial U.S. assistance. In 2001 and 2002, Pakistan was targeted by tremendous increase in aid that was meant to stabilize the regime and more importantly to award Musharraf for cooperation with the U.S. Musharraf needed a strong incentive because the Armitage’s list demanded Pakistan to “help destroy what its intelligence service had helped create and maintain: the Taliban.”⁴⁹

The U.S.-Pakistan relations, in terms of volume of assistance, were influenced by the War in Iraq. The war completely diverted attention and also the resources from the Bush Administration’s previous focus on Afghanistan and Pakistan. As a result, the War in Afghanistan remained underfinanced till 2006 when the U.S. decided to commit more resources, in order to respond to the increasing threat of insurgency in Afghanistan. The insurgency rose particularly in the south of Afghanistan due to weak position of Karzai’s government and due to increasing influence of the Taliban in the Pashtun belt. As counterterrorism and counterinsurgency expert Seth G. Jones points out, “the increase in violence was particularly acute between 2005 and 2006, when the number of suicide attacks quintupled from 27 to 139; remotely detonated bombings more than doubled from 783 to 1,677; and armed attacks nearly tripled from 1,558 to 4,542.”⁵⁰

⁴⁹ Woodward, *Bush at War*, 51.

⁵⁰Seth Jones, “The Rise of Afghanistan’s Insurgency,” 8.

Bush Administration reacted and between 2006 and 2007 Afghanistan War funding doubled. Since there is a correlation between the War in Afghanistan and the U.S.-Pakistan assistance, we can observe an increasing volume of assistance from 2007 to 2008.

The Chart 2 also illustrates the so-called “Iraq gap” between 2003 and 2006. It is obvious that the War in Afghanistan and the U.S. foreign assistance to Pakistan were both strongly influenced by the invasion to Iraq. From 2005, there was growing economic and humanitarian aid to Pakistan. To certain extent, the increase could also be contributed to humanitarian aid flowing into Pakistan-administrated Kashmir after the area was hit by a massive earthquake. Another factor included appropriation of more resources for Development Plan for the Federally Administered Tribal Areas (FATA).

The \$12.2 billion aid for Pakistan represents a tangible effect of the Bush doctrine (see Chapter 2.2). It is clearly related to U.S. national security priority - the strengthening of alliances to defeat global terrorism and working to prevent attacks against the US and its allies. With respect to actual content of deliverables, it is no surprise that 64 percent of the total U.S. assistance between 2001 and 2008 was security related.

5.1 Military

Table 2 - Direct Military Assistance between 2001-2008 (millions of UDS)⁵¹		
Programs	Reimbursements	Percentage
1206 (Section the National Security Act)	173	1,93
CN (Counternarcotics Funds)	135	1,50
CSF (Coalition Support Funds)	6697	74,55
FMF (Foreign military financing)	1566	17,43
IMET (Inter. Military Education and Training)	12	0,13
INCLE (Internal Narcotics and Law Enforcement)	347	3,86
NADR (Nonproliferation, Anti-Terrorism, Demining and Related)	53	0,59
Total	8983	100

Military assistance represents a corner stone of U.S. aid to Pakistan. From the very beginning, the security assistance was perceived by both partners as the U.S. appreciation of Pakistan’s decision to join the War on Terror. It was based on a notion that there were shared objectives in the new security environment after 2001.

⁵¹ Epstein and Kronstadt “Pakistan: U.S. Foreign Assistance,” October 4, 2012, 19- 20.

In January 2002, the DOD emerged as the key player in providing assistance to Pakistan, since the “Congress granted the Secretary of Defense the authority to make Coalition Support Funds (CSF) payments in such amounts as the Secretary may determine in [his] discretion...”⁵² The broad definition of authority was aimed at providing flexibility which was necessary in the War on Terror, since the administration was facing new challenges.

Table 3 - U.S. Military Assistance as a Share of the Pakistani Defense budget⁵³

2001	2002	2003	2004	2005	2006	2007	2008	average
4%	43%	56%	24%	35%	32%	24%	36%	32%

When we are talking about any assistance, it is crucial to see it in a perspective. Only through comparison we can comprehend the true meaning of American military assistance. The Table 3 shows U.S. military assistance as a share of the Pakistani defense budget. While George W. Bush was in office, Pakistan received military assistance that equaled to 32 percent of Pakistani defense budget between 2001 and 2008. The share fluctuated due to changing volume of the assistance (see Chart 2 on direct overt U.S. aid and military reimbursements). Another aspect behind the fluctuation was constantly changing volume of the Pakistani defense budget, which in 2001 started with \$2.5 billion and in 2008 reached \$4.2 billion.⁵⁴ Without doubt it represents a tremendous hike in defense spending that amounts to 168 percent increase in eight years.⁵⁵

Nevertheless, it was not only the military assistance that boosted the Pakistani defense budget. Through the Economic support funds, Pakistan’s state budget received cash transfers

⁵²U.S. Government Accountability Office, “Combating Terrorism,”1.
⁵³ Ian S. Livingston and Michael O’Hanlon, “Pakistan Index: Tracking Variables of Reconstruction & Security,” The Brookings Institution, September 26, 2011, 6. <http://www.brookings.edu/~media/Programs/foreign%20policy/pakistan%20index/index20110926.PDF> (accessed November 1, 2012). & Epstein and Kronstadt, “Pakistan: U.S. Foreign Assistance,” October 4, 2012, 12-13.
⁵⁴ Ian S. Livingston and Michael O’Hanlon, “Pakistan Index: Tracking Variables of Reconstruction & Security,” 6.
⁵⁵ Similar increase recorded also the U.S. Defense budget (i.e. \$304.7 billion in 2001; \$616.1 billion in 2008). In other words it rose by 202 percent. Budget of the U.S. government - Office of Management and Budget, "Fiscal year 2012 - Historical tables," 53-54. <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/hist.pdf>(accessed September 3, 2012)

that were conducive to macroeconomic stability and helped Musharraf to reallocate more means to the defense budget.

The U.S. military assistance was not limited to a single issue but funded broad range of activities of Pakistani security apparatus. The Table 2 shows aggregated figures for each security related fund. Three biggest funds (Coalition Support Funds, Foreign Military Financing, and Internal Narcotics and Law Enforcement) received almost for 96 percent of the military assistance. Other funds played minor role during the period 2001-2008.

Some funds, such as CN (Counter narcotics Funds), IMET (International Military Education and Training) and NADR(Nonproliferation, Anti-Terrorism, Demining and Related) were established later and, therefore, their aggregated share is much lower. They may seem financially inferior, but it does not mean that were not important. For example, it is a case of the Section 1206 (called after Section 1206 of the National Security Act) that was drafted in 2006. Although only \$173 million were reimbursed through the Section 1206, it was used quite effectively to build the capacity of Pakistani military forces to conduct counterterrorism.

Another program with delayed start was CN through which the U.S. started providing Pakistan with money and equipment in 2005. Counter narcotics measures were financed from the CN and partly from INCLE (Internal Narcotics and Law Enforcement) which was primarily concentrated on border security and building capacity of Pakistani law enforcement units.

As for drugs, they became an issue shortly after the revival of the Taliban in Afghanistan during 2003. Although the poppy cultivation did not cause the insurgency in the first place, the cultivation helped to finance insurgents and fueled corruption, which is inherently associated with illegal narcotics. Drug trade was not only matter of drug lords and insurgents. During crackdown in 2005, the American counter narcotics units raided the offices of Sher Mohammed Akhundzada, governor of Helmand Province. They found more than 9 metric tons of opium stashed in his offices.⁵⁶

The opium cultivation and drug trafficking had a spillover effect and hence the U.S. had to address this issue on the other side of the Durand line. Americans provided Pakistan with \$135 million in order to focus its attention on “eliminating poppy cultivation, inhibiting

⁵⁶Seth Jones, “The Rise of Afghanistan’s Insurgency,” 14.

further cultivation, interdicting smugglers, building Pakistan's government capacity, providing infrastructure for alternative livelihood, and reducing domestic demand."⁵⁷

Given a semi-permeable character of the Afghan-Pakistan border, the U.S. was naturally concerned about the integrity of Pakistan's border regions after the invasion in 2001. Firstly, they needed to close the border to prevent migration of Al-Qaeda and to increase the chances of capturing its adherents. When the insurgency in the southern part of Afghanistan erupted, Americans wanted Musharraf to bolster the border, in order to prevent cross-border attacks. Here we can see motives that led the U.S. to pay for border security programs of Pakistan.

The security programs, financed by INCLE and NARD, entailed technical and material support to law enforcement units in FATA, NWFP and Baluchistan. The programs also provided funding to Frontier Constabulary, paramilitary force responsible for integrity of the western border. Program accomplishments cited by the State Department include Pakistan's detaining roughly 600 suspected al Qaida and/or Taliban personnel, in part as the outcome of Border Security Program assistance.⁵⁸

The smallest program in terms of reimbursements is IMET. Between 2001 and 2008, the U.S. spent \$12 million on military training and education of Pakistani high officers. The idea was to enhance capabilities of military elite and, likewise, develop respect for civil rights and liberty. One might argue that it was invested wisely, especially if you consider a dominant role of the Pakistani army in the domestic politics.

Musharraf, after the coup, covered his military rule by a civilian façade (via his Muslim League party) to improve his image in the eyes of the western allies. But still, the government was under influence of ISI and army generals who did not want to lose a say in domestic and foreign affairs. They wanted to secure and protect ties with militants and fundamentalists who provided Pakistan's strategic depth in Afghanistan and Kashmir.

⁵⁷U.S. Government Accountability Office, "Securing, Stabilizing, and Developing Pakistan's border area with Afghanistan: Key Issues for Congressional Oversight," February 2009, 26.<http://www.gao.gov/assets/290/286302.pdf>(accessed October 2, 2012).

⁵⁸U.S. Government Accountability Office, "Securing, Stabilizing, and Developing Pakistan's border area with Afghanistan," 28.

5.1.1 Defense Supplies

When it comes to defense supplies for Pakistan, we can clearly see how the national security priorities determine the mutual relationship. There are three ways through which Pakistan can obtain the American defense equipment. Government of Pakistan can purchase weapons by using Pakistani national funds. Other way is based on the Excess defense articles (EDA) program, which is being administered by the Defense Security Cooperation Agency (DSCA). The program can provide defense supplies for “reduced or no cost to eligible foreign recipients (...) in support of U.S. national security and foreign policy objectives.”⁵⁹

Also, the U.S. may provide defense supplies that are paid entirely or partly by American funds. In this case money goes from a program called Foreign Military Financing (FMF). It represents the second largest source of security-related funding for Pakistan. During the examined period, it provided Pakistan with security assistance worth \$1,566 million that equals to 17.43 percent of overall U.S. military assistance to Pakistan. The DOD argued that FMF was focused mainly for long-term modernization and enhancement of Pakistani military capabilities, so they could get fully engaged in the Global War on Terror (GWOT).

Between fiscal years 2002 and 2007, Pakistan was approved for more than \$9.7 billion worth of weapons sales.⁶⁰ Weapons transactions included various arms ranging from simple (e.g. military radio sets) to advanced military equipment like F-16 combat aircrafts. The major post-2001 military transfers are summarized in the Table 4.

⁵⁹U.S. Bureau of Industry and Security, “Excess Defense Articles Program.”<http://beta-www.bis.doc.gov/index.php/other-areas/strategic-industries-and-economic-security-sies/excess-defense-articles-program> (accessed November 5, 2012).

⁶⁰Azeem Ibrahim, “U.S. Aid to Pakistan - U.S. taxpayers Have Funded Pakistani Corruption,” (Boston: Belfer Center: Harvard University, July 2009), [10.http://belfercenter.ksg.harvard.edu/files/Final_DP_2009_06_08032009.pdf](http://belfercenter.ksg.harvard.edu/files/Final_DP_2009_06_08032009.pdf) (accessed September 7, 2012).

Table 4 - Major post-2001 Military Transfers⁶¹

- eight P-3C Orion maritime aircrafts - more than six thousand TOW anti-armor missiles - six C-130E Hercules transport aircrafts - twenty AH-1F Cobra attack helicopters - six AN/TPS-77 surveillance radars	granted or paid entirely by the U.S.
- hundred and fifteen M-109 self-propelled howitzers - up to sixty Mid-life Updates kits for F-16A/B aircrafts	mix of Pakistani and American funding
- eighteen F-16C/D aircrafts - hundred Harpoon anti-ship missiles - five hundred Sidewinder air-to-air missiles	Pakistani funding

Originally, the Bush Administration built its argument on assumption that the military equipment would be used to curb terrorists and insurgents in remote regions of Pakistan. But quick glimpse at the Table 4 reveals that not every weapon system was suitable for the counterterrorism operations. A sale of modern F-16C/D aircrafts caused big sensation in Washington and in India likewise. It is obvious that the aircrafts are best suited for a conventional war with Pakistan’s archenemy, India. Nevertheless, the sale was authorized in 2004, despite Pakistan’s ties with some militant groups and A.Q. Khan scandal (see chapter 6.2).

The Bush Administration supported this step to help its ally to feel more secure of the mutual cooperation and to encourage Pakistan’s counterterrorism effort. The administration maintained that the “sale will contribute to the foreign policy and national security of the United States by helping an ally meet its legitimate defense requirements.”⁶² The administration used this argument even during investigation of U.S. aid to Pakistan which the Senate Committee on Foreign Relations started in December 2007. Richard Boucher, Assistant Secretary of State, maintained that much of the criticized weapons “have been used in its counterterrorism efforts along the border and in the tribal areas at some point...”⁶³

The sale of 18 planes may seem symbolic, as there are stark discrepancies between military capabilities of Islamabad and New Delhi. India has 21 more fighter squadrons than Pakistan and a larger number (124) of modern aircraft.⁶⁴ Therefore, we might conclude that

⁶¹ Epstein and Kronstadt, “Pakistan: U.S. Foreign Assistance, June 7 2011, 12-13.

⁶² Richard F.Grimmett, “U.S. Arms Sales to Pakistan,” Congressional Research Service, August 24, 2009, 2.<http://www.fas.org/sgp/crs/weapons/RS22757.pdf> (accessed August 15, 2012).

⁶³ U.S. Senate, “Hearing before the Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection,” December 6, 2007 , 65.<http://www.gpo.gov/fdsys/pkg/CHRG-110shrg45127/pdf/CHRG-110shrg45127.pdf> (accessed September 24, 2012).

⁶⁴ Christopher Bolkcom, Richard F.Grimmett and Alan K. Kronstadt, “Combat Aircraft Sales to South Asia: Potential Implications,” Congressional Research Service, July 6, 2006, 7.<http://www.fas.org/sgp/crs/weapons/RL33515.pdf> (accessed November 4, 2012).

the delivery of modern F-16C/D combat aircrafts was supposed to award the Musharraf regime for its cooperation and express the U.S. commitment to its ally. On the other hand, the delivery increased a number of delivery vehicles for Pakistan's nuclear weapons. This aspect should not be overlooked because Pakistan's doctrine is based on "minimum nuclear deterrence" and hence every vehicle is important.

The sale of F-16 combat aircrafts also had a political dimension that could be traced back to 1989 when Pakistan was going to buy this advanced military equipment. But, in 1990, the delivery got suspended under a pretext based on Section 620E(e) to the Foreign Assistance Act.

5.1.2 Coalitions Support Funds

Coalitions Support Funds (CSF) have played a crucial part in America's GWOT. CSF accounted for a lion share of the direct military assistance and it was far largest source of funding. Between 2001 and 2008, it reached almost 75 percent of overall U.S. military aid to Pakistan. When compared to total military and economic aid, CSF channeled more than 50 percent of overall reimbursement to Pakistan.

During the examined period, America reimbursed \$6,697 million (see Table 2 for broader perspective) for incremental costs incurred in direct support of American military operations in the region. The incremental costs are costs above and beyond Pakistan's normal operating costs, including logistical support, interdiction operations, air force support, reconnaissance and close air support missions, airlift support, and army military operations in the FATA.⁶⁵

After the invasion in 2001, there were two major activities that were covered from CSF. Firstly, the U.S. needed an access to a battlefield in Afghanistan and open supply routes from Karachi's Port Qasim harbor to the border crossings at Chaman and Khyber Pass. Since American troops could not move freely inside Pakistan, it was up to the Musharraf regime to provide security for cargo convoys. In fact, these payments could be perceived as a toll, as Pakistan provided little or no tangible security, which became obvious when militants switched tactics and started attacking convoys more frequently in 2007. American operations required huge amount of fuel and the easiest way how to acquire it was to buy in Pakistan.

⁶⁵U.S. Government Accountability Office, "Combating Terrorism," 1.

But fuel trucks were inherently vulnerable to any gunfire that could easily ignite flammable cargo.

In 2007, the U.S. military was burning 575,000 gallons (i.e. 2.1 million liters) of fuel per day, and 80 percent of it came from Pakistani refineries. In 2008, 42 oil trucks were destroyed in a single attack. In another incident that took place in the supply compound in Peshawar, 96 supply trucks and six containers were set into fire by militants.⁶⁶

Initially in 2001 and 2002, Washington needed the Pakistani army on the other side of the border to capture Arabs in North West Frontier Province (NWFP) and FATA and hand them over to U.S. Some four hundred alleged Al Qaeda fighters were caught and handed over to CIA.⁶⁷ However, the army could not control all parts of the border. Immediately after the launch of military operations in Afghanistan, there was no Pakistan army stationed along the border to prevent terrorist suspects from entering the country, thus allowing Taliban militants to retreat to Waziristan and Baluchistan. These areas became safe havens that enabled the militants to regroup. The U.S. relied too much on Pakistan and its Afghan allies to close off possible escape routes from the Tora Bora which was manifested by a failure to capture leadership of Al-Qaeda during the first months of the operation.

At the beginning, the Bush Administration was not interested in going after the Taliban, because Al-Qaeda was the priority. However, the Taliban came to the spotlight in 2003 when insurgency flared up in south Afghanistan along with growing number of cross border attacks in other areas.

CSF covered extra expenses incurred to the Pakistani army by deploying at the border to capture terrorists and later on to destroy safe havens in South Waziristan and Swath Valley. During hearing of the U.S. Senate Committee on Armed Services on February 6, 2008, Defense Secretary Robert Gates stated that CSF helped to support roughly 90 Pakistani army operations and kept about 100,000 troops in the northwest Pakistan.⁶⁸

Given the fact that the CSF provided \$6.7 billion to Pakistan, there were naturally drawbacks regarding accountability and control of outlays. However, the Office of Defense Representative to Pakistan (ODRP), which was responsible for administration and assessment of Pakistani claims, did not have enough tools how to acquire reliable information in order to verify Pakistani reimbursement claims (see Chapter 5.3).

⁶⁶Zofeen Ebrahim, "Truckers Celebrate NATO Resumption," Inter Press Service, July 8, 2012. <http://www.ipsnews.net/2012/07/truckers-celebrate-nato-resumption/> (accessed November 17, 2012).

⁶⁷Ahmed, *Descent into Chaos*, 147.

⁶⁸U.S. Senate, "Hearing before Committee on Armed Services," February 6, 2008, 26. <http://www.gpo.gov/fdsys/pkg/CREC-2008-02-06/pdf/CREC-2008-02-06-pt1-PgS750-3.pdf#page=1> (accessed November 3, 2012).

5.1.3 Covert Funds

As stated in the introduction, this analysis deals exclusively with unclassified and publicly accessible sources. For that reason, an assessment of covert funds is outside of the scope of the analysis, since leaks and speculations (e.g. Pervez Musharraf's book *In the Line of Fire*) are hard to verify.

But still, it very important to at least search for a qualified guess, because it can show how significant, in terms of money, U.S.-Pakistan relations were. During hearing of U.S. Senate Committee on Foreign relations on December 6, 2007, Robert M. Hathaway, Asian program director at the Woodrow Wilson International Center, claimed that covert payments to Pakistan might have exceeded \$10 billion.⁶⁹ If this estimate was true, it would mean that the whole Chapter 5 of this analysis deals only with about 50 percent of the total U.S. assistance to Pakistan.

5.2 Economy

Economic and humanitarian aid is usually provided with a goal to support development and modernization. According to many analyses, there is a connection between developmental support and decreasing tensions in conflict zones (e.g. in FATA). Many aspects of this approach have its origin in the Modernization theory, which was formulated by Walt Whitman Rostow in 1960. Historically, the theory was trying to explain why other countries (Easter Block and the 3rd world) should follow a path of the western development. "To accomplish this (...), developing nations had to acquire modern cultural values and create modern political and economic institutions."⁷⁰ To a certain extent, the U.S. policy followed this logic when Washington asked Pakistan to reform its institutions, better governance and start with liberalization of economy.

Nevertheless, Pakistan was and still is a developing country that is failing to catch up with its main rival, India. In 2000, Pakistan's human development index was 0.436, whereas

⁶⁹U.S. Senate, "Hearing before the Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection," 54.

⁷⁰ Howard Handelman, *The Challenge of Third World Development*(New York: Prentice Hall, 6th edition, 2011, 16.

India's was 0.468. In order to see it in a perspective, in the same year the Czech Republic reached 0.816.⁷¹

Therefore, the U.S. decided to supplement military assistance with economic and humanitarian aid. There were several U.S.-sponsored funds that focused on improving governance, education, health care, nutrition, disaster relief, internally displaced people, foreign refugees etc.

As we can see from the fields of intervention, they, to certain extent, appear to follow rules of the modernization theory. The fields of intervention could be divided into two groups of projects. Soft projects, such as Migration and Refugee Assistance (MRA), deal with development of human capabilities through training, equipment, and schooling. Hard projects, on the other hand, are characterized by investments into immovable property, such as schools. For instance, U.S. assistance helped to build 58 primary, middle, and high schools in the FATA.⁷²

Table 5 - Direct Economic Assistance between 2001-2008 (millions of UDS)⁷³		
Programs	Reimbursements	Percentage
CSH/GHCS (Child Survival and Health)	157	4,79
DA (Development assistance)	286	8,73
ESF (Economic Support Funds)	2380	72,64
FOOD AID	225	6,87
HRDF (Human Rights and Democracy Funds)	17	0,52
IDA (Internal Disaster Assistance)	170	5,19
MRA (Migration and Refugee Assistance)	41	1,25
Total	3276	100%

The Table 5 depicts various funds that brought money, supplies and food to Pakistan. The Economic Support Funds (ESF), the largest program, were responsible for 72.6 percent of overall economic assistance between 2001 and 2008. ESF were concerned with a support of education and health care, fiscal issues, and an improvement of governance (e.g. tax

⁷¹ Human development index is used by United Nations to provide different approach to measuring relative development. It is comprised of 3 indicators (life expectancy, level of literacy, GDP per capita) with the same weight.

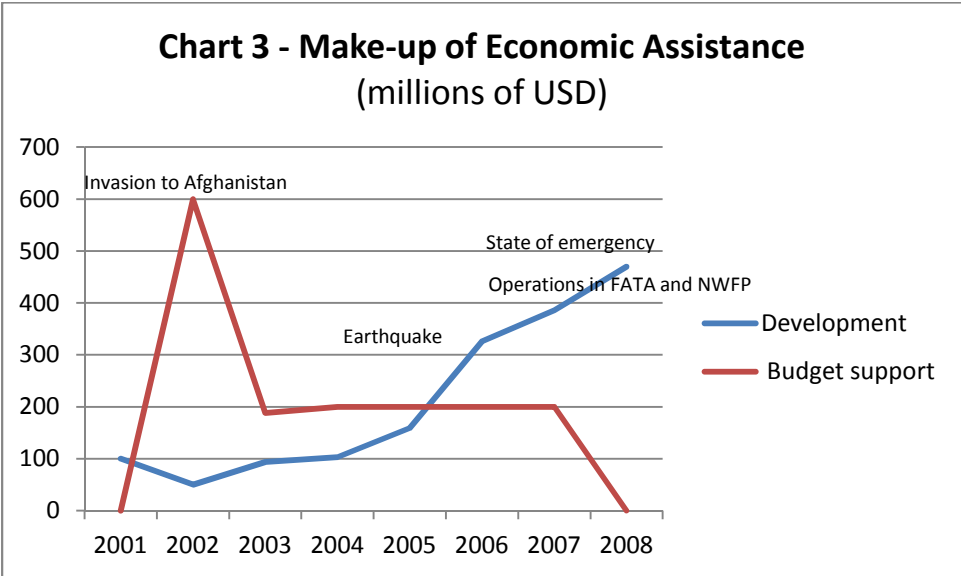
⁷²U.S. Government Accountability Office, "Securing, Stabilizing, and Developing Pakistan's border area with Afghanistan," 40.

⁷³ Epstein and Kronstadt, "Pakistan: U.S. Foreign Assistance," October 4, 2012, 19-20.

reform). It also supported the Pakistan’s Sustainable Development Plan for the Federally Administered Tribal Areas, which was launched in 2006. The plan was to bring more resources to undeveloped and underfinanced FATA, in order to decrease tensions.

Money went directly to Pakistan’s government that then played the role of middleman managing redistribution. As a result, cash transfers were hard to track and assess in terms of efficiency. Since the cash often became part of the Pakistani budget, Washington had no other option but to accept information from the Pakistani financial records. Without any strings attached, Pakistan was not obliged to disclose how the transferred money was actually spent.

Between 2001 and 2008, \$2.4 billion was provided to Pakistan via ESF. At first glance, it may seem that substantial amount money was dedicated to development and related stabilization. However, we have to realize that nearly \$1.6 billion of these funds have been provided for direct budget support to the government of Pakistan via Emergency Economic Assistance (a part of ESF).⁷⁴ It provided debt relief, balance of payments, and direct budget support, in order to help Pakistan meet macroeconomic stability objectives and increase spending on human capital and private-sector development objectives.⁷⁵



Source: U.S. Government Accountability Office, “Securing, Stabilizing, and Developing Pakistan’s border area with Afghanistan,” 38. & Epstein and Kronstadt, “Pakistan: U.S. Foreign Assistance,” October 4, 2012, 19-20.

⁷⁴U.S. Government Accountability Office, “Securing, Stabilizing, and Developing Pakistan’s border area with Afghanistan,” 38.

⁷⁵Ibidem.

The Chart 3 depicts the make-up of U.S. economic assistance with respect to the purpose of use. The red line shows direct budget support that came from ESF. The budget support accounted for roughly 66 percent of ESF.

In 2002, Pakistan obtained \$600 million, in order to be motivated to cooperate and follow the U.S. policy. The next year, the ESF support fell to \$188 million, but from the following year until 2007, Pakistan was getting \$200 million a year in a form of a budget support. A change came in 2008, when \$200 million got transferred from ESF into USAID development projects and hence it was no longer used for Emergency Economic Assistance.

The blue line traces a changing volume of means dedicated to the development of Pakistan. The value of the blue line is what was left from the U.S. economic assistance after deducting the direct budget support (Emergency Economic Assistance).

From 2001 until 2004, Washington provided only \$347 million on development. When compared to the overall military and economic assistance between 2001 and 2004, it is only 6 percent. The approach toward development aid (i.e. the U.S. economic assistance after deducting the direct budget support) started changing in 2005, when Pakistan-administered Kashmir was hit by 7.6 earthquake, killing 73,000 people and leaving more than 3 million people homeless.⁷⁶ The disaster unfortunately contributed to humanitarian crisis caused by high number of refugees from Afghanistan.

Another factor behind the growing importance of developmental aid was instability caused by military operations in the border regions. The military operations produced even more refugees and internally displaced people. As a result, the displaced people became a security issue because they spread instability to regions that were not originally hit by fighting or a natural disaster.

The influx of refugees put strain on the Pakistani government that did not have resources to provide for refugees. Refugee camps were not only a security threat to Pakistan but also to the U.S., as militants used this opportunity to promote their ideas and recruit more people. For instance, Hezb-e-Islami Gulbuddin, a paramilitary group supporting insurgency in Afghanistan, even opened its office in Peshawar refugee camp.

Americans reacted by increasing the aid. In 2006, Washington also created a special fund that was exclusively targeting refugee issues. Between 2006 and 2008, Internal Disaster Assistance (IDA) spent \$170 million on refugee assistance projects. IDA thus became one of the three largest funds providing economic assistance (see Table 5) to Pakistan.

⁷⁶ BBC News, "Earthquake toll leaps to 73,000," November 3, 2005. http://news.bbc.co.uk/2/hi/south_asia/4399576.stm (accessed December 1, 2012).

Despite its official focus, the U.S. aid was not meant to help Pakistan with development. This is obvious from the ratio of the development aid to the budget support (see Chart 3) - roughly \$1.6 billion was spent on debt relief, balance of payments, and direct budget support. To a great extent, economic assistance was used to award Pakistan for the cooperation in the GWOT and to improve U.S. image. On the other hand, economic assistance was also aimed to moderate consequences of the War in Afghanistan. Finance minister Shaukat Aziz told the Americans that because of lost export orders after 9/11, Pakistan had suffered losses of \$2 billion, rendering fifty thousand people jobless.⁷⁷

5.2.1 Foreign Direct Investments

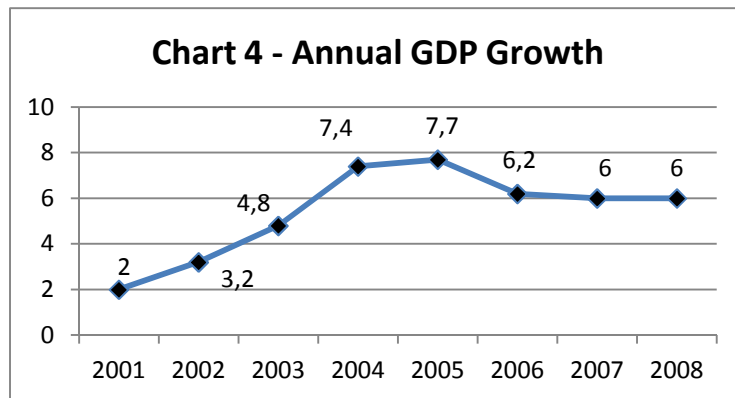
Despite the fact that foreign direct investments (FDI) do not fall into the category of economic assistance, they should be taken into account here because FDI represent another capital move between the United States and Pakistan. On the one hand, it is important to realize that the FDI are not directed by the U.S. government policy. However, it is inconceivable that any major acquisition in the third world country would be done without knowledge or support from American politicians or Foreign Commercial Service of the U.S. Embassy.

Market liberalization, renewed American interest and the end of the U.S. sanctions in 2001 made Pakistan suitable for FDI. This development brought a great opportunity for multinational corporations from the U.S., U.K., U.A.E., Hong Kong, China, Switzerland and Saudi Arabia. FDI went mostly to following sectors: oil and gas, chemical, communication and financial business.

Soon after the 9/11 and changes in the U.S.-Pakistan relations, U.S. capital emerged as a crucial player in Pakistan and hence it comes as no surprise that American companies were among the top investors in Pakistan between 2001 and 2008. During this period, Americans invested \$4.7 billion (i.e. 23 percent of the overall FDI in Pakistan).⁷⁸

⁷⁷ Rashid, *Descent into Chaos*, 149.

⁷⁸Government of Pakistan, "Board of Investments – Foreign Investment." http://www.pakboi.gov.pk/index.php?option=com_content&view=article&id=180&Itemid=137 (accessed October 6, 2012).



Source: International Monetary Fund, “World Economic Outlook: Crisis and Recovery,” April 2009, 195.
<http://www.imf.org/external/pubs/ft/weo/2009/01/pdf/text.pdf>
 (accessed October 5, 2012).

Under the Musharraf regime, Pakistan saw a decent economic growth. Despite regional instability, the economic growth was constantly increasing until 2005 when it peaked at 7.7 percent. In following years, it was hovering around 6 percent (see Chart 4). Given the character of FDI, it is possible to conclude persuasively that the economic growth was bolstered by capital moves.

Table 6 - U.S. FDI as % of GDP ⁷⁹							
2001	2002	2003	2004	2005	2006	2007	2008
0,43	0,28	0,27	0,32	0,47	0,73	0,91	0,61

The Table 6 depicts the impact of U.S. investments on Pakistan’s GDP. U.S. FDI were conducive to growth and we can clearly see how American capital contributed to economic performance of Pakistan. Numbers vary due to changing ratio between the volume of U.S. FDI and the overall economic growth. The highest contribution was recorded in 2007, when Pakistan’s economy grew by 6 percent a year and U.S. FDI was responsible for 0.91 percent of the annual GDP growth. It brought tangible impact on Pakistan’s economy, as in 2007, FDI from U.S. companies were responsible for 15 percent of GDP growth.

We can conclude that during the Musharraf regime, Pakistan became rather successful in attracting foreign capital. In addition to that, we can observe similar increase in Pakistan’s international trade. To great extent, it was influenced by Pakistan’s return to the international scene. While the 9/11 brought many negatives changes to Pakistan, it also provided an

⁷⁹ Government of Pakistan, “Board of Investments – Foreign Investment.” & Asian Development Bank, “Key Indicators for Asia and the Pacific,” August 2009, 226. <http://www.adb.org/sites/default/files/pub/2009/Key-Indicators-2009.pdf> (accessed August 28, 2012).

opportunity to escape international isolation in which Pakistan found itself since the nuclear tests in 1998 and the Kargil war in the following year.

5.3 Issues Regarding the U.S. Assistance

Given the complexity and most importantly the lack of clear strategy for use of funds, the U.S. assistance encountered many obstacles. Firstly, there was limited level of conditionality (e.g. equipment should be used in counterterrorist operations), which increased the possibility of U.S. assistance misuse. However, Pakistan was quite sensitive to any foreign conditions regarding use of aid. Secondly, the U.S. authorities had insufficient information to verify the proper use of the assistance, since Pakistan was under no obligation to do so. It appears that the Bush Administration did not pay attention to assistance oversight and conditionality until mutual cooperation deteriorated.

In 2007, the DOD launched a review of the U.S.-Pakistan assistance in response to raising doubts about the use of assistance as well as the growing frustration from the perceived lack of Pakistan's cooperation in the War on Terror. When militants seized large areas in Pakistan's border regions, many analysts raised a question whether the U.S. assistance was used to achieve the agreed goals in the GWOT.

Beside the DOD review, upon Congressional request, the United States Government Accountability Office (GAO) focused on an assessment of the U.S.-Pakistan assistance. The GAO reports were accompanied by hearings in Senate Committee on Foreign Relations, which investigated a lack of oversight and potential misuse of the U.S. assistance.

A) Low Accountability and Misspent Means

Since the majority of the U.S. assistance was security related, inquiries aimed at CSF that amounted to almost 75 percent of overall military aid. The GAO report found that the Defense did not consistently apply its existing CSF guidance until 2006. As a result, Congress continued to provide funding without requiring specific accountability controls until the end of Bush Administration.

The report mentioned several cases of failure of oversight. For example, the Defense paid:

- more than \$200 million for Pakistan’s air defense radar before the Office of Defense Representative to Pakistan (ODRP) questioned whether this was an incremental cost, as stipulated in CSF guidance;
- approximately \$30 million for army road construction and \$15 million for bunker construction without evidence that the roads and bunkers had been built.⁸⁰

Naturally, the Pakistani army insisted that everything was spent correctly. In reaction to the report, Major General Athar Abbas claimed: “As far as the military is concerned, I can assure you we have full account of these things.”⁸¹

Along with the worsening security situation in Pakistan and rising criticism of the assistance, ODRP stepped up its effort to validate Pakistani claims. Between 2004 and 2006, the average percent of Pakistani disallowed claims was 3 percent. From March 2007 to June 2007, it was approximately 22 percent.⁸²

There is clear evidence that the U.S. aid was not subjected to great oversight until 2007. On the other hand, we might argue that it did not really matter, since the Bush Administration’s priority was to get Pakistan cooperation and thus the aid could be perceived as a bonus for the ally. It seems the Bush Administration followed “the ends justify the means” logic. Therefore, we might argue that the ODRP did not want to spoil the politically sensitive cooperation by disallowing too many Pakistani claims.

B) U.S. Aid and Democratization of Pakistan

Given the structure of the U.S. assistance, some analysts suggest that another shortcoming was a disproportion between military and developmental aid, as was already discussed in previous chapters. As a result, the high level of U.S. security-related assistance helped to bolster the military regime. S. Akbar Zaidi argues that the nature of U.S. support strengthened the praetorian state further – thus reinforcing the very weaknesses of Pakistan’s democracy that the Americans decry.⁸³

⁸⁰U.S. Government Accountability Office, “Combating Terrorism,” page 4.

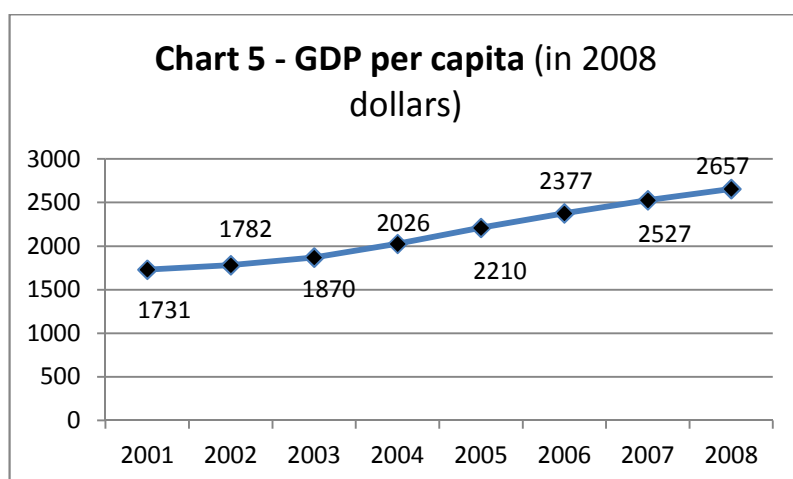
⁸¹ Declan Walsh, “Up to 70% of US aid to Pakistan misspent,” *The Guardian*, February 27, 2008. <http://www.guardian.co.uk/world/2008/feb/27/pakistan.usa> (accessed September 18, 2012).

⁸²U.S. Government Accountability Office, “Combating Terrorism,” 5.

⁸³S. Akbar Zaidi, “Who benefits from U.S. Aid to Pakistan,” *Carnegie Endowment for International Peace*, September 21, 2011, 13. http://carnegieendowment.org/files/pakistan_aid2011.pdf (accessed October 1, 2012).

Without doubt, a stable Pakistan with democratic government would have been in the interest of the United States. But after the 9/11, the prospect of democratization of Pakistan became even more distant. Democratization of Pakistan was not the focus as the U.S. was looking for a stable and reliable partner in Pakistan. It was the Pakistani army which had been the major power broker in the country. Historically, the army had opposed democratization because it would have minimized its independence and influence. At the same time, the Pakistani army shares a common enemy with militants and Islamic fundamentalists - the civil society, which may weaken its position. For Americans, it would not have been quite useful to question the legitimacy of the Musharraf regime. Therefore, Bush assured Musharraf that the economic and military assistance would not be linked to democratization.⁸⁴ Since the Pakistani army was a crucial player, for the U.S. it was convenient to deal with Musharraf. Therefore, Bush refrained from pointing out undemocratic methods of the military regime because it would ultimately undermine the position held by U.S. crucial partner - Musharraf.

Another argument, chiefly advocated by realists in the Bush Administration, was that Pakistan was not been ready for democratization. In developmental studies, there is a consensus, saying that socio-economic development is a prerequisite for democracy. According to Paul Collier, professor of economics at the University of Oxford, the threshold is around \$2,700 GDP per capita per year.⁸⁵ Breaching this barrier does not necessarily mean that a country will be democratic. It will only be more likely to adopt civilian rule.



Source: Asian Development Bank, "Key Indicators for Asia and the Pacific," 172.

⁸⁴Rashid, *Descent into Chaos*, 160.

⁸⁵ Paul Collier, *Wars, Guns, and Votes: Democracy in Dangerous Places* (New York: Harper, 2009), 21.

Given the fact that Pakistan was socially and economically undeveloped, the process of democratization could hardly start. From the Chart 5, it is evident that Pakistan remained under the threshold during the examined period. In 2001, GDP per capita reached only 1,731 USD. The GDP per capita grew by 153.5 percent between 2001 and 2008. However, in 2008, GDP per capita got closer to the threshold when it reached \$2657. It is interesting that in the same year Asif Ali Zardari got elected President of Pakistan which can be seen as another step toward a civil government.

In fact, after the 9/11, the democratic deficit was perceived by the Bush Administration rather as an obstacle than a condition for renewal of the U.S. aid to Pakistan. Therefore, the U.S. Congress voted to allow President Bush to waive the Democracy Sanctions imposed on Pakistan through September 30, 2003. These democracy sanctions have since been waived by the president annually.⁸⁶

⁸⁶Hussain, "U.S.-Pakistan Engagement," 5.

6. Pakistan's Independent Policy

Both Pakistan and the U.S. approached cooperation with different motives and different sets of priorities. After the 9/11, there were misplaced hopes inside the Pakistani civil society that Musharraf would use the new strategic partnership to reform and advance the country, curb Islamists, and eventually restore civilian government. This turned out to be a flawed assumption, since the Musharraf regime wanted to take advantage of the cooperation in order to enhance its own position. While assisting the Americans in the GWOT, Pakistan pursued its own independent policies regarding Kashmir, Afghanistan and its nuclear program.

This is not to say that Pakistan did not help Washington at all. There is an impressive list of high-ranking terrorists who were captured by the Pakistanis, such as Sheikh Ahmed Saleem who was involved in attacks on American embassies in Kenya and Tanzania, Abu Zubaydah who was one of the masterminds behind the 9/11, Walid bin Attash who was involved in the attack on the USS Cole, and Mustafa Ahmed al-Hawsawi who was financial officer of Al Qaeda.

Pakistan also suffered many casualties in domestic conflicts related to their support for American policy. Table 7 examines fatalities in terrorist violence in Pakistan between 2003 and 2008. Fatalities were rather low until 2005. The next year, security forces' fatalities reached 325 due to clashes with militants and terrorist attacks in the FATA and NWFP. As of 2007, Pakistan faced militant insurgency (e.g. the Swat Valley came under the control of Islamists) and growing Islamic fundamentalism not only limited to the border regions (e.g. the siege of Lal Masjid in Islamabad⁸⁷). In response to the growing influence of the Tehreek-e-Taliban and other militants, the Pakistani army launched an offensive, called Earthquake, in South Waziristan. This development explains the higher casualties on the both sides.

⁸⁷ Disciples of the mosque advocated a new social, political, and judicial system. They wanted Sharia to be adopted and to stop Pakistan from supporting the U.S. campaign. The Pakistani forces carried out a crackdown on the mosque. 93 people were killed in the process.

Table 7 - Fatalities in Terrorist Violence in Pakistan 2003 – 2008⁸⁸		
	Security Forces	Terrorists / Insurgents
2003	24	25
2004	184	244
2005	81	137
2006	325	538
2007	597	1479
2008	654	3906
Total	1865	6329

However, the numbers in the table are not strictly limited to security incidents that could be linked to Islamist militancy or Pakistani participation in the GWOT. For instance, in the winters of 2005 and 2006, the Pakistani army enacted a massive offensive in Baluchistan, where a secular insurgency against the Pakistani government had broken out. The insurgency was probably not related to the American policy in the region, since the separatist movement in Baluchistan had begun in the late 1940s.

Anytime Musharraf was criticized by the Americans for not doing enough to eliminate terrorist groups, he denied it using the above-mentioned arguments about captured terrorist suspects and Pakistan's casualties in clashes with militants. When Pakistan became even more unstable in 2007, Musharraf used another argument, in which he emphasized his role as protector against the rising Islamic fundamentalists. Therefore, the role of military regime was not to be questioned.

6.1 Double-dealing with Militants

Musharraf's double-dealing with militants stems from different understanding of terrorism and Jihad. In 2000, Musharraf commented on this issue: "There is no question that terrorism and Jihad are absolutely different. You in the West are allergic to the term Jihad, but Jihad is a tolerant concept."⁸⁹ Even though his statement predated 9/11 and the change it brought to the U.S.-Pakistan relations, it still perfectly illustrates Pakistani's ambiguous attitude towards Islamists.

⁸⁸ South Asia Terrorism Portal, "Fatalities in Terrorist Violence in Pakistan 2003-2012." <http://www.satp.org/satporgtp/countries/pakistan/database/casualties.htm#> (accessed December 2, 2012).

⁸⁹ Jeffrey Goldberg, "The Education of a Holy Warrior," The New York Times Magazine, <http://partners.nytimes.com/library/magazine/home/20000625mag-taliban.html> (accessed December 2, 2012).

Later on, the Musharraf government categorized terrorists into two groups: good – those fighting in Kashmir (the freedom fighters) and bad - Arabs fighting in Afghanistan (Al Qaeda) and Pashtuns with anti-Pakistani opinions (Tehreek-e-Taliban).

Militancy in Pakistan is not a homogenous phenomenon. There exist various groups with sometimes very different goals. Although in January 2002, Musharraf banned some terrorist groups (e.g. Lashkar-e-Taiba, Jaish-e-Mohammed, and Harkat-ul-Mujahideen), others were left alone. Additionally, in the same year, Musharraf assured Washington that “Pakistan rejects and condemns terrorism in all its forms and manifestations. Pakistan will not allow its territory to be used for any terrorist activity”.⁹⁰

When the insurgency broke in Afghanistan in 2003, Washington became more concerned about the ISI ties with the Taliban. After their defeat in 2001, the Taliban withdrew to Pakistan, where it was allowed to regroup. By 2004, the U.S. and NATO intelligence confirmed reports of the ISI running training camps for Taliban recruits north of Quetta. Intelligence also confirmed that the Taliban were receiving funds and arms shipments from the Gulf countries and from Pakistan.⁹¹

The Taliban and the Haqqani network were supported by the ISI because Pakistanis were convinced that the Americans were not fully committed to the region and that they would leave soon. Therefore, Pakistan needed a proxy which would provide strategic depth after American departure.

Taliban-ISI ties were based on mutual benefit. The Taliban needed means and a safe haven in the tribal regions in order to maintain insurgency and eventually increase their influence in Afghanistan. From the Pakistani point of view, there was no reason why they should clamp down on the Taliban, since they were Pakistan’s allies and a prolonged arm of the Pakistani army since 1994. One Taliban commander commented on the source of their support in an interview: “We get 10,000 Pakistani rupees (\$120) per month for each Talib. This money comes from Pakistan, first to the shadow provincial governor, then to the district commander, then to the group commander.”⁹²

As for the Haqqanis, they maintain close ties with the Taliban and with the ISI. The group was founded by Jalaluddin Haqqani, former Taliban minister. They operate in FATA

⁹⁰ Rashid, *Descent into Chaos*, 117.

⁹¹ *Ibidem*, 222.

⁹² Matt Waldman, "The Sun in the Sky: the Relationship between Pakistan’s ISI and Afghan Insurgents," Kennedy School of Government - Harvard University, June 2010, 14. <http://www.longwarjournal.org/threat-matrix/multimedia/20106138531279734lse-isi-taliban.pdf> (accessed December 3, 2012).

and Afghanistan, where they target Afghan, Western, and Indian institutions. For instance, they claimed responsibility for the assassination attempt on Hamid Karzai.

In 2008, U.S. intelligence blamed the Haqqani network for a July attack on the Indian Embassy in Kabul, in which 50 people were killed.⁹³ We can assume that the attack was ordered by someone in the Pakistani security apparatus who wanted to hit India's interests in Afghanistan. After this attack, the CIA cut off the ISI from the intelligence sharing program.

In 2011, Musharraf, then former President of Pakistan, tried to explain why Pakistan's interests were helped by supporting the Haqqani network⁹⁴. He stated: "Certainly if Afghanistan is being used by India to create an anti-Pakistan Afghanistan, we would like to prevent that. The United States must understand Pakistan has its own national interest."⁹⁵

6.2 Nuclear Proliferation

After 9/11, the proliferation weapons of mass destruction (WMD) became one of the issues addressed in the National Security Strategy of 2002 (see Chapter 2.2). Pakistan's nuclear program has always been a source of concern for American policy makers. According to experts on nuclear weapons, after 2001, there were three threats: 1) terrorist theft of a nuclear weapon, which would be used against India or the U.S.; 2) the transfer of nuclear technology to other states; 3) the takeover of nuclear weapons by a militant group during a period of instability in Pakistan.⁹⁶

Non-state actors armed with WMD were seen as a great threat, given the fact that Pakistan was and still is a home to terrorist groups, such as Al Qaeda and Lashkar-e-Taiba. The U.S. Secretary of State, Condoleezza Rice, commented on this issue during a hearing of the Senate Foreign Relations Committee in 2005: "We have noted this problem, and we are

⁹³Shaiq Hussain, "U.S. Missiles Said To Kill 20 in Pakistan Near Afghan Border," Washington Post, September 9, 2008. <http://www.washingtonpost.com/wp-dyn/content/article/2008/09/08/AR2008090800263.html> (accessed December 1, 2012).

⁹⁴On September 13, 2011, the group staged a daylong assault on the United States Embassy in Kabul. The attack was aided by the ISI. Cell phones used by the attackers made calls to suspected ISI operatives before the attack, although top Pakistani officials deny their government played any role. Mark Mazzetti, Scott Shane and Alissa J. Rubin, "Brutal Haqqani Crime Clan Bedevils U.S. in Afghanistan," New York Times, September 24, 2011. http://www.nytimes.com/2011/09/25/world/asia/brutal-haqqani-clan-bedevils-united-states-in-afghanistan.html?pagewanted=all&_r=0 (accessed October 10, 2011).

⁹⁵Duncan Gardham, "Musharraf: Why Haqqani terrorist group can help Pakistan," The Telegraph, September 28, 2011. <http://www.telegraph.co.uk/news/worldnews/asia/pakistan/8794677/Musharraf-Why-Haqqani-terrorist-group-can-help-Pakistan.html#> (accessed November 28, 2012).

⁹⁶Jeffrey Goldberg and Marc Ambinder, "The Ally From Hell," The Atlantic, December 2011, 2. <http://www.theatlantic.com/magazine/archive/2011/12/the-ally-from-hell/308730/> (accessed December 10, 2011).

prepared to try to deal with it."⁹⁷ It shows that the Bush Administration contemplated every option.

It was very unlikely that Islamist militants would seize nuclear weapons. The risk of this happening was low, since every state guards its strategic assets very carefully. In Pakistan, it is the responsibility of a 10,000- member security force, commanded by a two-star general.⁹⁸

However, selling nuclear technology to rogue states was a more urgent issue. The Bush administration had to deal with the proliferation of nuclear technologies by the A. Q. Khan network. In order to understand the activities of the network, we have to realize that Pakistan's nuclear program always used black market to acquire nuclear technology and key components.

Abdul Qadeer Khan, former director of the Pakistani nuclear program and the head of Khan Research Labs, was forced into retirement in 2001. Musharraf stated that Khan's suspected proliferation activity was a critical factor in his removal from Khan Research Labs.

For the army and probably for ISI, it was no secret that Khan was exporting and importing nuclear technologies. He had close ties to Iran, Syria, North Korea and Libya. However, it is not clear whether the security apparatus knew about all of his activities. On the other hand, it is inconceivable that the ISI would not know about technology transfers when the nuclear program is perceived as such a strategic asset.

Another reason why we can assume that the army was aware of Khan's activities was its cooperation with North Korea. During the 1990s, Pakistan developed the Ghauri missile, a medium-range ballistic missile based on the No Dong design, with North Korean assistance. The network reportedly provided North Korea with nuclear technology components in return for its cooperation on the missile program. It is believed that these transfers continued throughout 2003, and that North Korea may have received old and discarded centrifuge and enrichment machines together with sets of drawings, sketches, technical data, and depleted uranium hexafluoride⁹⁹

Although A.Q. Khan was fired from Khan Research Labs in 2001, the network was in business until the beginning of 2004, when its operations were uncovered with the

⁹⁷Paul K. Kerr and Mary B. Nikitin, "Pakistan's Nuclear Weapons: Proliferation and Security Issues," Congressional Research Service Report for Congress, June 26, 2012, 15.

<http://www.fas.org/sgp/crs/nuke/RL34248.pdf> (accessed October 17, 2012).

⁹⁸Ibidem, 16.

⁹⁹Michael Laufer, "A.Q. Khan Nuclear Chronology," Carnegie Endowment for International Peace, Vol. 8, No.8, September 7 (2005), 5-6. http://www.carnegieendowment.org/static/npp/Khan_Chronology.pdf (accessed November 29, 2012).

contribution of Libya. Muammar Qaddafi began cooperation with the Khan network in the 1990s. In 2000, Libya received two P-2 centrifuges and placed an order for components for 10,000 more to build a cascade.¹⁰⁰

In 2003, the U.S. forces seized cargo ship BBC China while it was en route to Libya with another delivery of centrifuge components. After that, the U.S. stepped up pressure on Qaddafi to stop Libya's nuclear program and disclose all relevant information. Negotiations resulted in two visits, in October and December of 2003, to Libya by CIA and MI6 officials, who were granted access to Libya's nuclear scientists. The intelligence officers were reportedly struck by the openness of the Libyans involved in cooperation with the Khan network.¹⁰¹

In February 2004, A. Q. Khan appeared on Pakistani national TV and confessed to illegal nuclear dealings. Musharraf pardoned Khan and put him under house arrest. Pakistan insisted that ISI and the army were not involved in proliferation. On February 11, 2004 Bush delivered a speech on the spread of nuclear weapons. He described in detail Khan's criminal activities and why the network was revealed. Despite of the gravity of situation, Bush refrained from an excessive criticism of Pakistan and stated that "President Musharraf has promised to share all the information he learns about the Khan network, and has assured us that his country will never again be a source of proliferation."¹⁰²

It was interesting that A. Q. Khan's scandal did not have much great impact on U.S.-Pakistani relations, even though proliferation ran counter to U.S. national security priorities. Bush supported Musharraf's position, due to other priorities like his cooperation in the GWOT. Around the same time, Bush asked Congress to allow the sale of F-16s to Pakistan. In March of 2004, America rewarded Musharraf for his cooperation, and Pakistan received the label of non-NATO ally.

¹⁰⁰Michael Laufer, "A.Q. Khan Nuclear Chronology," 8.

¹⁰¹John Hart and Shannon N. Kile, "Libya's renunciation of nuclear, biological and chemical weapons and ballistic missiles," Stockholm International Peace Research Institute, Yearbook 2005, 631.<http://www.sipri.org/yearbook/2005/files/SIPRIYB0514.pdf> (accessed December 5, 2012).

¹⁰²George W. Bush, "Speech on the Spread of Nuclear Weapons," New York Times, February 11, 2004. <http://www.nytimes.com/2004/02/11/politics/10WEB-PTEX.html?pagewanted=2>(accessed December 2, 2012).

Conclusion

The 9/11, the second fault line, changed the national security environment and the U.S. had to adapt. The 2nd fault line brought increased tensions on multiple fronts and new conflicts where non-state actors played an important role.

As a result of the terrorist attacks and changed U.S. security priorities, American policy towards Afghanistan and Pakistan changed as well. However, by siding with the Northern Alliance in Afghanistan, the U.S. got involved into a complex regional conflict that should be rather called “war in Afghanistan and Pakistan”¹⁰³.

When assessing the evolution of U.S.-Pakistan cooperation, particularly on Global War on Terrorism, in the period of 2001-2008, it is obvious that America had some reasons to be disappointed. At the beginning, the U.S.-Pakistan cooperation was expected to be win-win cooperation. The U.S. probably exaggerated the change of Pakistan’s national security priorities after the 9/11. This was influenced by the U.S. perception that Pakistan would change its priorities in exchange for American military and economic assistance – Musharraf was expected to play along. But reality was somewhat different.

Colin Powell was right when he reportedly said to George W. Bush that whatever action he took, it could not be done without Pakistan. This became more evident in 2004 when insurgency flared up in the South Afghanistan and was partly sponsored by some elements within the ISI.

Strategic importance of Pakistan was result of the U.S. hunt for Al-Qaeda and subsequent War in Afghanistan. The strategic importance had impact on the military and economic assistance that Washington provided. There was a stark difference between the volume of U.S. assistance before and after 9/11.

The assistance was enabled after the U.S. ended sanctions which prohibited military and economic assistance to Pakistan after its nuclear test in May 1998. Since Musharraf presided over a military regime, Pakistan also had to face Democracy sanctions (based on Section 508 of the Foreign Assistance Act, prohibiting all U.S. economic and military aid). However, this also changed after the 9/11. The Democracy sanctions were waived every year after the 9/11 in order to facilitate flow of U.S. assistance.

The U.S. policy towards Pakistan developed over time. At the beginning, there was Richard Armitage’s list which involved many short-term priorities. However, before too long,

¹⁰³The term “Afghanistan-Pakistan” is used to demonstrate that the War in Afghanistan as well as the Al Qaeda and Taliban presence in Pakistan must be addressed with one policy.

the Bush Administration had to address other long-term issues that were identified in the National Security Strategy of 2002, which reacted to the new challenges in national security environment.

Immediately after the 9/11, Washington used coercive diplomacy to get Pakistan to cooperate and follow U.S. priorities. Pakistan was asked to intercept Al-Qaeda operatives at the border, provide access to Afghanistan, provide logistical support for American forces, provide intelligence information, condemn terrorist attacks, end support for the Taliban, and stop recruits from entering Afghanistan theater. In other words, the U.S. was asking Pakistan to help to destroy the Taliban, its own protégé.

In order to escape the isolation and to take advantage of U.S. support offered from Washington, Musharraf agreed to the U.S. conditions despite the fact that many of them went against Pakistan's national security priorities. Furthermore, the Pakistani army was afraid that the U.S. proactive policy in the region could in the end threaten its position. Nevertheless, Musharraf started cooperation with America. This contributed to the creeping Islamization of Pakistan and sparked domestic conflict between homegrown militants and the Musharraf regime. Militants like the Tehreek-e-Taliban wanted to establish the Islamic Emirate of Waziristan. As of 2007, Pakistan faced militant insurgency that was not only limited to the border regions.

The National Security Strategy of 2002 identified several goals that impacted the U.S.-Pakistan relations. The strategy stated that it was the goal of the United States to:

- Strengthen alliances to defeat global terrorism and work to prevent attacks against us and our friends;
- Prevent our enemies from threatening us, our allies, and our friends, with weapons of mass destruction.

The problem was that some of the above-mentioned U.S. goals were incompatible with certain national security interests of Pakistan. Musharraf was not ready to abandon Pakistan's independent policy, which was based on strategic depth and a nuclear program.

Groups inside the Pakistan's security apparatus supported militants (e.g. the Taliban and Haqqani network) hostile to U.S. forces in Afghanistan – therefore, they were in fact propping up parts of terrorist network that the U.S. was trying to defeat. The ISI believed that the Americans were not fully committed to the region and therefore wanted to make sure that Pakistan preserves its leverage in the area. In other words, Pakistan continued to support a proxy which would provide the strategic depth after departure of Americans.

Pakistan also did not prevent nuclear proliferation until the exposure of A.Q. Khan in 2004. On the one hand, Musharraf claimed that his government had no knowledge of Khan's activities. On the other hand, the argument that Pakistan, and particularly the ISI, was not aware of A. Q. Khan's activities still sounds implausible, especially when nuclear and missile technologies were at stake. It is well established that North Korea cooperated with Pakistan on its missile program in exchange for transfers of nuclear technology. Transfers of nuclear technologies continued even after 2001 when Pakistan supposedly changed its policy.

Table 8 - Summary of Bush Policy toward Pakistan
Cost
<ul style="list-style-type: none"> - U.S. provided \$12.2 billion in military and economy assistance between 2001 and 2008 - U.S. invested political capital into helping Pakistan from isolation <ul style="list-style-type: none"> - sanctions were dropped - Pakistan became ally and in 2004 received status major non-NATO ally
Benefits
<ul style="list-style-type: none"> - Pakistan provided access to Afghanistan, logistical support for American forces, and intelligence information - Pakistan captured and handed over to Americans Sheikh Ahmed Saleem, Abu Zubaydah, Walid bin Attash, Mustafa Ahmed al-Hawsawi and other four hundred alleged Al Qaeda fighters who became valuable source of human intelligence - interstate trade increased as a result of dropped sanctions and privatization in Pakistan - a portion of military supplies was paid for by Pakistan which increased sales of the arms industry (e.g. F-16s) - Pakistan army deployed up 100.000 soldiers to its western border in order to decrease number of cross-border attack from Pakistan
Drawbacks
<ul style="list-style-type: none"> - Some groups inside the Pakistan's security apparatus supported militants hostile to U.S. forces in Afghanistan and India, an American ally - Pakistan did not prevent nuclear proliferation until exposure of A.Q. Khan in 2004 - FATA and NWFP became safe havens for number of terrorist groups - Insurgency in Kashmir was partly supported by Pakistan - Growing anti-Americanism in the region

During the Bush Administration, the U.S. provided \$12.2 billion in both military and economic aid. Only \$3.2 billion was economy-related. As for the security-related aid, Pakistan received \$8.9 billion between 2001 and 2008. According to the Bush Administration, military aid allowed its ally to feel more sure and helped supporting counterterrorism effort of Pakistan. However, it was clear to the administration that it was not only supporting counterterrorism effort. For instance, Washington authorized the sale of F-16 fighters to Pakistan that could not be used in counterterrorism operations. The sale also increased the number of delivery vehicles for Pakistan's nuclear weapons. Some parts of the U.S. assistance were clearly meant to award Musharraf for supporting Americans.

At the same time, the U.S. assistance did not go into programs of development or democratization of Pakistan. In addition, a great part of the economic assistance was in fact spent on debt relief, balance of payments, and direct budget support. Without doubt, it helped to stabilize the Musharraf's military regime.

It is interesting that Pakistan's support of militants and nuclear proliferation did not have a great impact on volume of U.S. assistance to Islamabad. Washington continued to provide cash transfers, military and humanitarian supplies, training, and loans (see chart Direct Overt U.S. Aid and Military Reimbursements to Pakistan) despite reports of Pakistan's support for the Taliban and the Haqqani network. In 2008, U.S. assistance even reached \$2 billion which was the highest annual assistance between 2001 and 2008. There was absolutely no reaction which would have impacted on a volume of the U.S. assistance. In fact the assistance between 2007 and 2008 even increased by 16.5 percent.

There is a wide spread notion that the U.S. assistance to Pakistan was not used wisely and in line with the original intention. The Government Accountability Office (GAO) report from February 2008 found that the U.S. Defense Department did not consistently apply its existing CSF guidance until 2006. The report mentioned several cases of failure of oversight. It is not clear why the U.S. government did not apply better oversight from the very beginning.

We can conclude that Pakistan's nuclear proliferation, double-dealing with militants and misspent U.S. assistance did not have any major impact on volume of U.S. assistance. Of course, Washington was deeply frustrated with Pakistan's independent policy. This situation partly changed towards the end of Bush's tenure, when Pakistan, according to the U.S., was not showing enough effort and the Bush Administration finally adopted more assertive policy. At the same time, Musharraf himself was weakened by the constitutional crisis and insurgency along the western border. In 2007, Musharraf tried to assert more control over

media and justice, as he was trying to get ready for reelection. However, his second term in the office would have been against the Constitution. His attempt to bypass the Constitution sparked protests and Musharraf got into a legal dispute with the Supreme Court. As for the insurgency in Pakistan, it substantially worsened after the Siege of Red Mosque in 2007 and spread into urban areas in form of suicide attacks.

In Bush's War against Terrorism, Pakistan independent policy did not really matter, since the Bush Administration's priority was to get Pakistan's cooperation in defeating Al-Qaeda and getting access to Afghanistan. Other U.S. priorities and goals from the list of national security priorities were less important. It also appears that the Bush Administration purposely overlooked flaws in oversight and violations of conditions regarding use of the U.S. assistance until mutual cooperation deteriorated due to rise of insurgency in Afghanistan.

Both countries were dependent on each other in different ways. Pakistan relied on U.S. assistance and to great extent on American weapon systems. On the other hand, America thought it needed Pakistani cooperation in the GWOT.

While Pakistan officially made number of promises about supporting the U.S. policy (e.g. Pakistan condemned terrorism in all its forms and manifestations), these commitments were not always followed. This Pakistan's approach is perfectly described by expert on Pakistan, Ahmed Rashid: They "first say yes and later say but".

Therefore, we may conclude that U.S. policy of cooperating with Pakistan in the Global War on Terror was only partially successful. The cooperation was influenced by divergent national security priorities and hence it could have never been win-win cooperation where all U.S. goals would have been fulfilled.

Resumé

Teroristické útoky z 11. září změnily prostředí národní bezpečnosti. USA se musely adaptovat, což ve výsledku přispělo ke změně amerických bezpečnostních priorit. Nicméně Washington se nevědomky zapletl do složitého regionálního konfliktu, jelikož se Američané v Afghánistánu spojili se Severní koalicí, kterou Pákistán vnímá jako svého nepřítele.

Když hodnotíme vztahy mezi USA a Pákistánem v letech 2001-2008, je zřejmé, že Američané měli několik důvodů k nespokojenosti. Na začátku se očekávalo, že spolupráce bude výhodná pro oba státy. Ovšem Američané pravděpodobně přecenili rozsah změny pákistánských bezpečnostních priorit pro 11. září. Předpokládalo se, že Musharraf změní některé své bezpečnostní priority výměnou za americkou pomoc. Bohužel realita byla trochu odlišná.

Ihned po 11. září USA použily nátlakovou diplomacii k tomu, aby donutily Musharrafa spolupracovat. Musharraf americké podmínky rychle přijal, i když mnohé z nich šly proti bezpečnostním prioritám Pákistánu, především podpora některých militantních skupin a rozvoj nukleárního programu.

Mezi lety 2001-2008 USA poskytly Pákistánu vojenskou a ekonomickou pomoc ve výši 12,2 miliardy dolarů. Z této částky šlo pouze 3,2 miliardy dolarů na ekonomickou pomoc a zbytek (8,9 miliardy) byl použit na vojenské účely, které byly mnohdy velmi vzdálené protiteroristickému úsilí, jímž USA podmiňovali podporu vojenského režimu v Pákistánu.

Bez ohledu na americkou podporu Pákistán dál sledoval svoji nezávislou politiku, která se týkala podpory pašunských povstalců v Afghánistánu a rozvoje atomového programu, jenž využíval černý trh s nukleárními technologiemi.

Je zajímavé, že nezávislá politika Pákistánu neměla zásadní vliv na spolupráci s USA. Objem americké pomoci pozvolna stoupal a dokonce v roce 2008 zaznamenal meziroční nárůst o 16 %. Spojené státy byly závislé na pomoci Pákistánu v oblasti logistiky a přístupu do Afghánistánu, proto Bush upozadily některé důležité priority, které vycházely z Národní bezpečnostní strategie 2002 a které Musharraf porušoval.

Vzájemná spolupráce byla ovlivněna rozdílnými bezpečnostními prioritami, a tedy se nikdy nemohlo jednat o vzájemně výhodnou spolupráci. Ve výsledku měla spolupráce utilitární charakter, kdy každá strana potřebovala od té druhé jistou protislužbu.

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