

# ***War against Terrorism and its Repercussions for Pakistan***

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## **Abstract**

*Joining the US led coalition in the war against terrorism has many short and long term repercussions for Pakistan. The alliance helped Pakistan to overcome the sanctions, to get economic as well as military assistance and to end its international isolation. It also got the status of non-NATO ally, frontline state and proved itself as the most suitable ally from that of a rogue regime, terrorist or failed state. It also succeeded to restore its membership in the Commonwealth, which was suspended after the military coup of October 1999. On the other hand Pakistan is paying a heavy price in socio-strategic fields. It suffered immeasurable loss in the global war on terror. It faced gravest foreign policy predicaments and had to revise its Afghan policy and found difficulties in its diplomacy while supporting the freedom struggle of Kashmir. The counterterrorism against terrorists and militancy inside the country added to institutional instability and raised social problems that remained consistent to beset the society. Thus, Pakistan is considered as one of the economic and strategic losers in the global system that has evolved since 9/11.*

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## Introduction

The event of 9/11 has put many nations of the world into a terrible crisis. It was followed by the US and coalition forces bombardment and invasion of Afghanistan and had worsened the security environment of South Asia. The adverse situation generated by the US-led Global War on Terror (GWOT) has left overwhelming impacts and more agony to Pakistan than any other country of the world. The primary concern of this research paper is to trace out the repercussions of the US-led war against terrorism on Pakistan. Though it is difficult to measure the advantages and disadvantages of the war against terrorism for Pakistan, however, a comparative analysis of the gains and losses has been done critically. For better understanding, the researcher has divided this paper into three main domains i.e. political/security repercussions, economic repercussions and social/cultural repercussions. Before proceeding further it is better to have a look on the circumstances that led to the close partnership between Pakistan and US in the post-September 11 scenario.

## Formation of Pak-US Partnership in the Post-9/11

On the morning of September 11, 2001 four passenger airplanes were hijacked by nineteen hijackers over the US and subsequently hit the World Trade Center and Pentagon (US Military Headquarters).<sup>1</sup> The death toll from the attacks was estimated from 2992 to 3,117 including victims from about eighty (80) countries. The nineteen men who were said to be responsible for the 9/11 attacks were Arabs, who had affiliation with Al-Qaeda network, led by Osama bin Laden, who was a militant operating from Afghanistan since 1996 and had started a Holy War against the US policies in the Muslim world.<sup>2</sup>

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1 Ian Markham and Ibrahim M. Abu-Rabi (eds.), *11 September: Religious Perspective on the Causes and Consequences* (England: One World Publication, 2002), 7-10.

2 Markham and Abu-Rabi, *11 September*, 12.

Immediately after the attacks, the then US President George Walker Bush announced that fighting against terrorists would be a top policy of his administration. Accordingly, he changed the national strategy of the US as well as its foreign policy and put condition before the nations of the world including Pakistan to stand with the US in its anti-terrorist efforts or face US wrath. To fight against international terrorism, the US made a strong and large coalition ever seen after World War-II. The coalition established its objectives as to fight against international terrorism; to crackdown Al-Qaeda network; to eradicate terrorism from Afghan soil and to prevent other states from supporting terrorist groups.<sup>3</sup>

The 9/11 attacks were perceived as a God-sent opportunity by the Bush Administration<sup>4</sup> to launch an invasion in Afghanistan in October 2001. Due to its geo-strategic position, Pakistan's support was also needed by the US and the coalition forces due to five reasons: First, during the Cold War, Pakistan and the US had worked very closely at Afghan front to defeat Union of Soviet Socialist Republics (USSR). So, the US knew very well the mode of conduct that Pakistan can adopt to support it and the coalition forces against Kabul regime. Secondly, the US was well aware of the fact that Taliban were bearded and very close to Pakistan. They had a fear that Pakistan might be sympathetic towards Taliban and might provide them support to prevent them from disaster. Thirdly, sharing a long border of approximately 2460 km, with Afghanistan, Pakistan was in a position to make movement easy for Taliban and Al-Qaeda's members. Fourthly, Pakistan could also have sent its forces or *Jehadi* volunteers to fight in collaboration with the Taliban which would have created problems for the US to defeat Taliban. Fifthly, the geo-strategic and geopolitical location of Pakistan at the crossroads of Central, Southern and Southwest Asia also

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3 Bob Woodward, *Bush at War* (New York: Simon and Schuster, 2002), 103.

4 Woodward, *Bush at War*, 31-32.

made it a pivotal-state and thus it was in a position to promote US interests in the whole region.<sup>5</sup>

Before 9/11, US-Pakistan relations were far away from alliances and were labelled as estranged relations. Pakistan was under multiple sanctions i.e. nuclear and democracy related sanctions and its membership was cancelled from the Commonwealth. Despite cold relations, the United States was able to get Pakistan's support in the war against terrorism through a combination of credible threats and incentives. On September 13, Deputy Secretary of State Richard Armitage handed over a formal list of the US demands to Lt. General Mahmoud, the then Director General of the Inter Services Intelligence (ISI), to pass on these demands to Musharraf and that these were "not negotiable" and "You must accept all seven parts."<sup>6</sup> These seven demands were as:

- to stop Al-Qaeda operatives at its border and end all logistical support for Bin Ladin;
- to give the US blanket over flight and landing rights for all necessary military and intelligence operations;
- to provide territorial access to US and allied military intelligence and other personnel to conduct operation against Al-Qaeda;
- to provide the United States with intelligence information;
- to continue to publicly condemn the terrorist acts;
- to cut off all shipments of fuel to the Taliban and stop recruits from going into Afghanistan; and
- If the evidence implicated bin Ladin and Al-Qaeda and the Taliban continued to harbour them, to break relations with the Taliban government.<sup>7</sup>

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5 A. Z. Hilali, *US-Pakistan Relationship: Soviet Invasion of Afghanistan* (USA: Ashgate, 2005), 247-49.

6 Woodward, *Bush at War*, 59.

7 *The 9/11 Commission Report*, W. W. Norton & Co., New York, 331. See also Abdul Sattar, *Pakistan Foreign Policy: 1947- 2005* (Karachi: Oxford University Press, 2007), 244-45 and Woodward, *Bush at War*, 244-45.

In the aftermath of September 11, Pakistan was under intense pressure when Collin Powell, US Defence Secretary, in a telephonic conversation with Musharraf stated “you are either with us or against us.”<sup>8</sup> During an interview Wendy J. Chamberlin (former US Ambassador to Pakistan), mentioned that “I was the first person to talk to Musharraf after 9/11. And I am telling you what I said and that’s the history. I did not threaten him. I said are you with us or against us...”.<sup>9</sup> Thus Pakistan joined the coalition forces due to relentless pressure and promised for logistic and intelligence support.

In a couple of days the situation became critical when the US government decided to strike Osama and his Al-Qaeda network and the Taliban government. In this critical situation Pakistan repeatedly informed the Taliban leaders about the gravity of the situation and sent two delegations to convince their government to hand over Osama to the US and dismantle Al-Qaeda network but without any result. After the failure of Pakistan delegations to Afghanistan as an attempt of mediation, nevertheless the severe US pressure compelled the Musharraf government to cooperate with the international community in war against the Al-Qaeda and Taliban. On October 7, the US-led forces launched missile and bombing attacks against Taliban and Osama in Afghanistan while Pakistan provided logistic and intelligence information. Due to the US and its allies’ bombing and ground attacks, the Taliban rule from the Kabul came to an end on November 13, 2001 which was also followed by Kandahar etc. Most of the Al-Qaeda and Taliban members were killed; many had hidden themselves in mountains of

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8 Pervez Musharraf, *In the Line of Fire: A Memoir* (New York, London & Toronto: Simon & Schuster Inc., 2006), 201 (During an interview with Jon Stewart of *The Daily Show* on September 26, 2006, Musharraf repeated the same statement).

9 Interview by author with Wendy J. Chamberlin, (former U.S. Ambassador to Pakistan), President of the Middle East Institute, Washington D.C., March 18, 2011.

Afghanistan while some were able to cross the border to escape to Iran and Tribal Areas of Pakistan.<sup>10</sup>

In post-9/11, the Pak-US bilateral relations improved significantly, hitherto they were marked by discord and trust deficit. The Bush administration lifted nuclear and democracy sanctions on Pakistan and thus had extended economic assistance and some US\$ 19 billion of Coalition Support Funds and other security related and economic funds were made available to Pakistan.<sup>11</sup> As a result of financial inflows from the US and other sources the economy of Pakistan experienced some impressive growth figures in the first years but the eruption of extremism and uncertainty in society resulted in the poor economic growth of the country.<sup>12</sup> The continuous war against terrorism and extremism created a lot of economic and security problems for Pakistan.

### **i. Political and Security Repercussions**

Pakistan's cooperation in the war against terrorism ended its political isolation internationally and its role as a frontline state was once again assumed as it was awarded the status of 'Major non-NATO Ally'.<sup>13</sup> Its membership in the Commonwealth was resumed and incentives in the form of

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10 Mohib Ullah Durani and Ashraf Khan, "Pakistan-Afghan Relations: Historic Mirror", *The Dialogue*, IV, no. 1 (Jan-March 2009): 51-52. Also see *Dawn*, May 4, 2011.

11 Interview by author with K. Alan Kronstadt, (Specialist in Asian Affairs, Foreign Affairs, Defense, and Trade Division), Congressional Research Service, Library of Congress, Washington D.C., March 17, 2011. U.S economic and military assistance rose to \$23 billion in 2013. For detail see Susan B. Epstein and K. Alan Kronstadt, "Pakistan: U.S. Foreign Assistance", *Congressional Research Service Report* (Washington DC: Library of Congress, July 1, 2013).

12 Chuck Hagel and John Kerry, *URGENT Needed: A Comprehensive U.S. Policy towards Pakistan* (Washington, D.C: A Report by the Atlantic Council of the U.S., February 2009), 13.

13 Colin I. Powell, remarks with Foreign Minister Mian Kursheed Mehmood Kasuri, Islamabad March 18, 2004, *The News*, March 19, 2004. Also see The White House, Office of the Press Secretary, *Fact Sheet*. "U.S. and Pakistan: Long-Term Strategic Partners", Washington, D.C. March 4, 2006; "U.S. supports nuclear pardon", *CNN.com*. February 5, 2004, and "Pardon of Khan an internal matter: US", *Press Trust of India*. February 6, 2004.

cash credit, debt credit and defence equipment were provided. However, the unilateral US missile strikes in the Pakistani territory which sharply increased in 2008, fuelled anti-US sentiments among the Pakistani public. The insurgent groups used these attacks to bolster their anti-US propaganda through arguing that they were fighting Americans who launched attacks on Pakistani territory. One writer noted that “Pakistan today is a scary place for Americans” and “it is one of the most anti-American countries in the world”.<sup>14</sup> These unilateral missile strikes had negative consequences for the Pak-US long-term relations. These attacks were counter-productive to Pakistan’s efforts against terrorism and extremism as reiterated by Pakistan’s civil and military leadership. They had vitiated the domestic political environment. The general public as well as the military had been deeply threatened by the missile strikes which violated the state sovereignty and might be detrimental to cooperation with the US.<sup>15</sup>

Domestic public opinion in terms of anti-Americanism was also a part of the overall perception of the US policies primarily because of the uneasy and inconsistent history of Pak-US relations. Many amongst public and experts believe that such an approach had been too focused on the short-term objectives and interests of the US and it pulled apart Pakistan once again. Socio-religious movements in Pakistan also considered that US was fighting a war against Islam and not against terrorism. General public also viewed the Washington’s support for President Musharraf and Pakistan’s military as an impediment to and not as facilitator of the process of democratization.<sup>16</sup> However,

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14 Robert M. Hathaway, “Leverage and largesse Pakistan’s post-9/11 partnership with America”, *Contemporary South Asia*, 16, No. 1 (March 2008): 11.

15 Caroline Wadhams, Brian Katulis, Lawrence Korb and Colin Cookman, *Partnership for Progress: Advancing a New Strategy for Prosperity and Stability in Pakistan and the Region* (Washington D.C: Report of Centre for American Progress, November 2008), 15-23.

16 Kenneth Ballen, “Bin Laden’s Soft Support,” *Washington Monthly*, May 2008.

Congressional Research Centre in its report concluded that the Bush Administration “showed signs of a shift in its long-standing Pakistan policies, in particular on the issue of democratization.”<sup>17</sup>

By saying unconditional yes to the US demands, Musharraf government dragged Pakistan into the war against terror. Even political parties and their leadership were not taken into confidence in the initial decision making and thus a cohesive national consensus on the decision was not developed. Political parties and their leadership remained divided on Musharraf’s changed policies and decision to cooperate with the US and its allies in the war on terror. The PML (Q) fully supported Musharraf’s policies, while the PPP and the PML (N) kept emphasising anti-extremist policies of the government and cautiously endorsed its support to the war. In the 2002 General Elections, the Mutahidda Majlis-e-Amal (MMA) fully exploited the anti-American sentiments in the society by winning majority seats in NWFP (now KP) and Balochistan; bordering with Afghanistan. Religious political parties opposed Musharraf government’s Kashmir policy and the deployment of Pakistan’s forces in FATA. They opposed Musharraf government’s decision to crack down on extremist elements as a betrayal of the Kashmiri struggle for independence under the US and Indian pressure. Though there was a general consensus amongst political parties and the government to counter terrorism but still Musharraf did not enjoy unconditional support for his policies towards the US led GWOT.<sup>18</sup>

India got an opportunity and tried to take advantage from the global situation when its Parliament was attacked by

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17 K. Alan Kronstadt, “Pakistan-U.S. Relations”, *Congressional Research Service Report* (Washington DC: Library of Congress, November 10, 2008), 91-92.

18 Musharraf, *In the Line of Fire*, 222. Also see the Islamist parties named MMA sympathetic to the Taliban formed government in NWFP and were part of ruling coalition in Balochistan. Raja Asghar, “PML-Q, MMA win majority seats”, *Dawn* (Islamabad: January 17, 2003) and “Country Profile Pakistan”, *BBC News* (October 5, 2009).

militants on December 13, 2001. It pressurized Musharraf government to give up its country's stance on Kashmir and shifted its forces to Pakistan border. The forces of both countries on borders created a serious tension between both countries and the world communities were in fear of the nuclear war. Throughout the standoff between India and Pakistan, the US played very important role in crisis management which resulted in a peaceful withdrawal of Indian and Pakistani troops from the international border in October 2002.<sup>19</sup>

During the crisis US got the opportunity to increase its influence in Indo-Pakistan relations. Under pressure from US and international media, Musharraf banned eight extremist groups and arrested 2,000 activists besides sealing 624 offices of Jihadi parties. However with the support of Bush administration, composite dialogue started between Pakistan and India to resolve all issues including the most outstanding one, Kashmir. Kashmir issue was highlighted in international media, which was considered a positive development from Pakistani perspective.<sup>20</sup>

Pakistan's partnership with the US led war against terrorism had serious security repercussions for Islamabad. The government conducted several operations in FATA to eliminate Al-Qaeda network, extremism and militancy. Due to these operations the government faced serious security problems within the country,<sup>21</sup> while suicide attacks and bombing across the country resulted in thousands of civilian death and destruction of public property. As one analyst pointed out that the desired results, which are yet to achieve

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19 Ashraf, *et.al.* (eds.), *Peace and Security in South Asia*, Report of the International Conference held at the Institute of Strategic Studies (Islamabad: September 19-20, 2002), 73. For detail see Polly Nayak and Michael Krepon, *US Crisis Management in South Asia's twin Peaks Crisis*, Report No. 57 (Washington DC: The Henry L. Stimson Centre, September 2006).

20 Ashraf, *et.al.* (eds.), *Peace and Security in South Asia*, 55.

21 Jon Lunn, Claire Taylor and Tim Youngs, "Pakistan's Political and Security Challenges" (London: International Affairs and Defence Section, House of Commons Library, Research Paper 07/68, September 13, 2007), 3.

“reflects a ‘hedging of bets’ in the context of fears that the US will turn against Pakistan”.<sup>22</sup>

The event of 9/11 and Pakistan’s cooperation with US in the war against terrorism brought militancy in the country. Religious militant groups, Pakistani Taliban and their supporters widely criticized Musharraf’s Afghan policy.<sup>23</sup> Prior to Pakistan military action in the tribal belt, some Al-Qaeda elements escaped into Pakistan’s territory. Most of them were captured or killed during military and intelligence operations, while some of them escaped, and later on posed serious threat to the national security of Pakistan. Terrorist attacks within the country targeted government institutions, damaged public property and foreign interests as well as targeted officials including the President and the Prime Minister; while in military operations against terrorists and extremists, hundreds of security men lost their lives.<sup>24</sup>

Since 9/11, the US-Pakistan relations entered into a new era of military cooperation. The US had approved a \$1.2 billion arms-sale package that includes roughly \$950 million for the purchase of P3C Orion Aircraft. President Bush in March 2005 authorized the sale of a yet-to-be-specified number of F-16 fighter jets to Pakistan. Washington has also reinstated a military-training programme with Islamabad and some “three hundred officers have received instruction at US military institutions since 2001.”<sup>25</sup> Pakistan was amongst one of the largest recipients of US military aid when the US arms sale reached to \$3.5 billion in 2006.

On the other hand, Pakistan paid a heavy price on military side by joining the US alliance against terrorism. Thousands of Pakistan’s armed forces (between 85000 to

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22 Lunn, Taylor and Youngs, “Pakistan’s Political and Security Challenges”, 3-4.

23 Naseem Ahmed, “General Musharraf’s Taliban Policy 1999-2008”, *The Dialogue V*, No. 2 (April-June 2010): 111.

24 Musharraf, *In the Line of Fire*, 232-33.

25 Touqir Hussain, “US-Pakistan Engagement: The War on Terrorism and Beyond”, *IPS Report* (Washington DC: U.S. Institute of Peace, Special Report 145, August 2005), 6.

120000) were deployed on western border with Afghanistan<sup>26</sup> and hundreds of soldiers (more than 2000) had lost their lives which were more in number than the total allied soldiers died in Afghanistan. This is besides collateral loss to human life. Along with it, the Indo-US nuclear deal is also a serious repercussion for Pakistan as "India tried to manipulate the American doctrine of pre-emption to pressurize Pakistan."<sup>27</sup>

Pakistan always likes to feel secure on western border through the presence of a friendly regime in Afghanistan. Taliban government was friendly towards Pakistan and after their fall Northern Alliance came into power in Kabul, meaning thereby that Pakistan has now a hostile neighbour in the post-Taliban Afghanistan. This Afghan government is extremely antagonistic to Pakistan and is pro-Indian in nature. In the post-9/11 scenario, the influence of Islamabad in Kabul has decreased dramatically while on the other hand, the Indian influence increased. It has made the western border of Pakistan highly troubled, thus adding to the regional instability.<sup>28</sup>

The growing Indian influence in Afghanistan as well as in Central Asia is a serious setback for Pakistan's foreign policy. The growing Indo-Afghan ties and Indian involvement in Afghanistan with the opening of four consulates in Jalalabad, Kandahar, Herat, and Mazar-e-Sharif has serious implications for Pakistan's security. For Pakistan, it presented the possibility of Low Intensity Conflict (LIC) operations being conducted inside Pakistan from its western border. The new Indo-Kabul engagements in the post-September 11 have been the bone of contention between Pakistan and India. The base at Farkhor and its involvement with road-building to Afghanistan "will allow a permanent

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26 Greg Bruno and Jayshree Bajoria, "U.S-Pakistan Military Cooperation", *Council on Foreign Relations* (Washington D.C: June 26, 2008).

27 Razia Musarrat, "US War on Terrorism and its Impact on South Asia", *Journal of Political Science* 11 (2007): 10.

28 Musarrat, "US War on Terrorism, 10.

Indian military presence in a country that not only borders Afghanistan but also shares a short border with Pakistan".<sup>29</sup>

Thus India's increased involvement in Afghanistan, is a gateway to Central Asia, has serious repercussions for Pakistan. The mislaid of a friendly government in Afghanistan makes Pakistan's western border vulnerable for attacks and interference in future. Moreover, "the absence of geographical depth makes it difficult for Pakistan to pursue a defensive strategy by trading away geographic space for reaction time".<sup>30</sup> Pakistan lost its policy to gain a strategic depth. It failed to stop a pro-Indian regime in Afghanistan. It botched to curb the growing Indian influence in Afghanistan and Central Asian Republics (CARs). India benefited more than Pakistan from the alliance against terrorism and improved its relations with China and deepened with Afghanistan, US and CARs.<sup>31</sup>

Besides that growing extremism in Pakistan is also a drawback of the alliance and number of other social and economic problems, including foreign interference in internal affairs especially in FATA and Balochistan. Under the US pressure Pakistan conducted various military operations in WANA (Waziristan), FATA and Balochistan to capture Taliban and Al-Qaeda members as well as to curb extremism from the society. Suicide attacks, bombing, blasting, killing of common masses, security forces and political leaders, damaging public and private property and law and order situation especially in FATA and Baluchistan and clashes between the security forces and extremists became daily routine activities. Thus militancy and terrorism

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29 Aly Zaman, "India's Increased Involvement in Afghanistan and Central Asia: Implications for Pakistan," *IPRI Journal* III, No. 2 (Summer 2003): <http://ipripak.org/journal/summer2003/indiaincreased.shtml>

30 Syed Rifaat Hussain, "War against Terrorism: Pakistani Perspective", *IPRI Journal* IV, no. 1 (Winter 2004): <http://ipripak.org/journal/winter2004/waragainst.shtml>

31 Bimla Kumari, "ISI Upset with Indian Influence in Afghanistan", *India Post Online* (August 31, 2008), <http://www.indiapost.com/article/perspective/3726/>.

increased in Pakistan which contributed to political instability with serious security complications for Pakistan.<sup>32</sup>

Pakistan faced problems for supporting the freedom struggle in Kashmir as well. It had to ban several Jehadi groups under external pressure, to show its strong affiliation with the war against terrorism and had made at least “a rhetorical shift in its Kashmir policy by pledging to withhold support to the militant”.<sup>33</sup>

After 9/11, the safety of Pakistan’s nuclear and strategic assets also came under discussion and western media including US and other major powers raised serious questions about Pakistan’s nuclear arsenal. The report of Cooperative Monitoring Center noted: “The most dreaded scenarios envisioned control of Pakistan’s nuclear weapons or fissile material slipping into the hands of a pro-Taliban militant Islamic group or sympathizers in the military or intelligence agencies.”<sup>34</sup>

The government of Musharaf took strong notice of these speculative reports and assured the United States and the international community that its nuclear weapons were safe and additional safeguards had been introduced since 9/11.<sup>35</sup> The US military presence in Pakistan also has external regional repercussions, most seriously for Pakistan’s all weather and time tested ally i.e. China. In the absence of any Pakistani commitment, China may explore its other options. This could be a serious setback for Pakistan’s foreign policy.

Although Pakistan has provided all possible support to the US war on terror, there is a considerable suspicion in the US that many Al-Qaeda members may be hiding out in the tribal belt along the Durand Line with Afghanistan. Moreover,

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32 Kronstadt, “Pakistan-U.S. Relations”, 6.

33 International Crisis Group. *Kashmir: The View from Islamabad*. ICG Asia Report, No. 68 (Islamabad: International Crisis Group, 2003), 8.

34 Rajesh M. Basrur and Hasan-Askari Rizvi, *Nuclear Terrorism and South Asia* (Albuquerque: Sandia National Laboratories, Cooperative Monitoring Centre Occasional Paper/25, February 2003), 47.

35 Basrur and Rizvi, *Nuclear Terrorism and South Asia*, 12.

despite its all out efforts to curb terrorism, government of Pakistan is regularly facing the external pressure on terrorism issue. Thus, violation of its frontiers by the allied forces and drone attacks posed some serious challenges to the national security and integrity of Pakistan.

## **ii. Economic Repercussions**

Pakistan's support in the war against international terrorism and its alliance with the US has had incredible economic impacts on Pakistan's economy. It has achieved tremendous position in its economic stability, however, experts believe this economic growth as uneven.

### **a) Economic Gains**

By joining the US-led coalition, the Bush administration removed almost all sanctions that had been imposed on Pakistan after its nuclear tests in 1998 and military coup in 1999 that suspended democracy. In addition to the removal of sanctions, it got huge amount of grants, donations and foreign debts, which strengthened its worse economic position. It also succeeded to attract the foreign investor and a record investment had been observed after 9/11.<sup>36</sup> Within a short time, after 9/11, the Bush administration provided an aid package of nearly \$1 billion to Musharraf regime for border control, refugee assistance, and poverty alleviation. It rescheduled Pakistan's debt to the US of about \$1 billion<sup>37</sup> and also supported Pakistan in loan rescheduling through various international financial institutions, i.e., the World Bank, the International Monetary Fund, and the Asian Development Bank to alleviate Pakistan's \$38 billion foreign debt and also extended fresh credits.<sup>38</sup> Touqir Hussain noted:

In June 2003, the US announced a \$3 billion assistance package for Pakistan to start in October 2004 and to be distributed over five

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36 Leon T. Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?", *Policy Analysis* (Washington D.C., Cato Institute, No. 436, May 8, 2002), 3.

37 Hussain, "US-Pakistan engagement", 6.

38 Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?", 3.

years, with roughly equal amounts going to economic aid and security assistance. Additionally, a framework agreement on trade and investment (TIFA) has been signed, and the two countries have begun negotiating a bilateral investment treaty...On the security front, the US approved a \$1.2 billion arms-sale package that includes roughly \$950 million for the purchase of P3C Orion aircraft.<sup>39</sup>

It also provided additional assistance to Pakistan for various fields and programmes including earthquake rebuilding after 2005, reconstruction projects to help in the tribal areas, for development programmes, and during flood crises in 2009. During the period from 2001 to 2008, the US provided a total \$5.174 billion of aid to Pakistan. It is also estimated that an additional \$80-\$100 million are given each month in coalition support fund making a total of \$4.75 billion until August 2006. However, the covert fund which was transferred to Pakistan is publicly not available.<sup>40</sup> According to some analysts the size of the classified financial transfers “may have exceeded US \$10 billion, raising the total American aid package to Pakistan in the first 5 years after 9/11 to something approaching \$20 billion.”<sup>41</sup> According to the Congressional Research Services Report November 2008:

Since 9/11, through the renewal of large US assistance packages and reimbursements for militarized counterterrorism efforts, Pakistan by the end of FY2008 had received about \$12 billion, the majority of this in the form of coalition support reimbursements, with another \$3.1 billion for economic purposes and nearly \$2.2 billion for security-related programs. US assistance to Pakistan is meant primarily to maintain that country's ongoing support for US-led

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39 Hussain, “US-Pakistan Engagement”, 6.

40 Rehana Saeed Hashmi, “War on Terrorism: Impact on Pakistan's Economy”, *Journal of Political Science*, Issue XI, (Conference Issue: Summer 2007), 7.

41 Robert M. Hathaway, “Leverage and Largesse Pakistan's post-9/11 partnership with America”, 14. A figure of US \$10 billion may be found in the Testimony of Craig Cohen, “When \$10 Billion Isn't Enough: Rethinking U.S. Strategy and Assistance to Pakistan”, before the Subcommittee on National Security and Foreign Affairs, House Committee on Oversight and Government Reform, Center for Strategic and International Studies (Washington DC, March 30, 2007), 3. The testimony was also published in *The Washington Quarterly* 30, no. 2 (Spring 2007): 7-19.

counterterrorism efforts. It also seeks to encourage Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society.<sup>42</sup>

Pakistan became one of the biggest recipients of US foreign aid since 2001, as one analyst noted, "Pakistan has become the biggest beneficiary of economic aid in return for its support of the US anti-terrorism campaign in Afghanistan."<sup>43</sup>

### **b) Economic Losses**

Many experts considered Pakistan as "one of the strategic and economic losers in the international system that has evolved since September 11".<sup>44</sup> The US provided billions of economic aid to Pakistan but the economic condition of Pakistan did not improve as it was desired. Inflation ratio increased from 4.4 to 7.9 percent during 2001 to 2006. Trade deficit also increased from \$4.3 billion in 2006 to \$8.62 in 2008.<sup>45</sup> Beside, external debt also increased, as according to the State Bank of Pakistan, on June 30, 2003, it stood at \$32.46 billion, June 2004 (\$32.93 billion), June 2005 (\$35.83 billion), June 2006 (\$37.47 billion), June 2007 (\$40.48 billion), June 2008 (\$46.28 billion), and in the end of March 2009, it jumped to \$50.14 billion.<sup>46</sup>

Washington's huge aid to Pakistan did not give any benefit to masses as most of the aid went to military accounts, because "all US assistance is conditional to Pakistan and the US Congress approved this aid on the required certification by president George W. Bush that Pakistan will continue its support on anti-terrorism war,

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42 Kronstadt, "Pakistan-U.S. Relations", 91-92.

43 Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?", 3.

44 Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?", 16.

45 Hashmi, "War on Terrorism", 9.

46 Israr Khan, "Stop Smiling, Each of us Owes \$600", *The News*, June 7, 2009.

establishment of democracy and not to export nuclear technology.”<sup>47</sup>

The continued war against militancy and uncertain conditions within the country had severe repercussions on revenue and annual budgets. Government was unable to spend money in a key social sector particularly in health, education, irrigation and roads between local farms and market. Inflation, unemployment and power shortage increased. The prices of beverages and food items, including basic foodstuffs like wheat products, rose at an even higher rate and the country’s political turmoil also threatened foreign direct investment, which was a critical indicator in developing regions. This is the worst possible scenario for foreign investment.<sup>48</sup>

The inflation rate increased though the government was trying to build the infrastructure, offering jobs but still unemployment ratio increased. Poverty was also increasing and Pakistani Rupee lost its value as compared to other regional currencies. The oil prices and food-stuff created uncertainty among the masses and reflected the poor policies of the government. The foreign investors were afraid of the government policies and domestic environment of Pakistan. Ethnic and sectarian violence resulted in the cancellation of foreign investment and business orders. Foreign direct investment and tourism industry was adversely affected.<sup>49</sup> The Adviser to the Prime Minister on Finance Shaukat Tarin told media on May 26, 2009, that “the cost, which Pakistan has paid so far, of the war against terrorism, is \$35 billion, which is increasing every year.”<sup>50</sup>

An official report of Centcom (US Central Command), *Effects of Operation Enduring Freedom on Economy of Pakistan*,

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47 Hashmi, “War on Terrorism”, 10.

48 Lee Hudson Teslik, “Forget Terrorism: The news from Pakistan is all nuclear weapons and suicide bombers. But the average citizen cares much more about the economy”, *Council on Foreign Relations* (Washington D.C: Jan 15, 2008).

49 Parveen Zaiby, *Economic Impact of War on Terror and Continuing Recession in Pakistan* (A Report of the Overseas Pakistani Friends, May 1, 2008), <http://www.opfblog.com/5935/economic-impact-of-war-on-terror-and-continuing-recession-in-pakistan/>, accessed on February 2, 2009.

50 *The News*, May 26, 2009.

published in September 2005, mentioned that Pakistan's cooperation with OEF (Operation Enduring Freedom), adversely affected the economy of Pakistan. Civil aviation, tourism, investment and shipping sectors were badly affected due to increased rates of insurance. It noted:

Pakistan economy suffering a staggering loss of \$10 billion...Besides this, Pakistani exports also suffered adversely and foreign investments experienced a visible decline. According to a rough estimate, Pakistan's economy suffered a loss of over US\$ 10 billion since October 2001 [till September 2005].<sup>51</sup>

Regarding the economic crises in Pakistan, President Asif Ali Zardari said that "Pakistan is suffering massive economic losses in the war on terror due to wasted opportunities of trade, growth and revenue of millions of dollars."<sup>52</sup>

In short, after joining the war on terror, Pakistan's economy was severely affected. It faced political instability, militancy, terrorism in society that spread fear amongst investors and had shocked the stock markets. This resulted in the poor economic growth of the country and, in spite of Washington aid to Islamabad, the economic condition of Pakistan did not show desired improvement, instead it deteriorated.<sup>53</sup>

### iii. Socio-Cultural Repercussions

Whenever it joined the US coalition in the past, Pakistan had to suffer. It can be easily termed as the most sacrificial ally. During its first time alliance, Pakistan earned the enmity of Russia and India. During the second alliance, it brought millions of refugees to its home which disturbed social structure and peace by introducing small arms, drugs, sectarianism and extremism in Pakistan. Pakistan's recent alliance with the US against terrorism produced various social problems for Pakistan as it faced extremism and violence in society.<sup>54</sup>

After 9/11 Musharraf was compelled by the US diplomacy to initiate a series of measures to restrict the activities of radical

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51 U.S. Central Command, "Pakistan", 19 September 2005, <http://www.informationclearinghouse.info/pakistan-uscentcom.htm>, accessed on October 12, 2009.

52 "Pakistan Facing Economic Terror", *The Nation*, November 22, 2008.

53 Hashmi, "War on Terrorism", 108.

54 Hassan Abbas, *Pakistan's Drift into Extremism: Allah, the Army, and America's War on Terror* (Washington: Pentagon Press, 2005), 85-86.

groups in Pakistan. He banned Jihadi organisations and frozen their assets which were suspected of having links with terrorists or extremists. He conducted various operations inside the country and arrested and targeted various extremist forces but was unable to eradicate sectarian violence from the society.<sup>55</sup> The penetration of small arms and drugs increased to a high level in the society. The hatred towards US increased in Pakistani society. The non-state actors got new momentum from its soil. Targeting the high-level officials including the President and the Prime Minister were alarming. Suicide bombing was a new phenomenon introduced by various banned sectarian factions and had caused hundreds of innocent killings. Pakistan itself had been a victim of various forms of terrorism, ranging from foreign inspired and assisted attacks against innocent civilians, to sectarian violence. As a result, Pakistan had not only intensified anti-terrorist measures within the country but also joined in regional and global efforts to suppress terrorism, sectarianism and extremism in the society. Under pressure, Musharraf government cooperated well in the US war against terrorism. However, the U-turn on the Taliban policy, the Lal Masjid operation and the crackdown on militants in Swat and FATA created serious social problems.<sup>56</sup>

Since cooperation with US against terror; terrorism and extremism had become major problems for Pakistan itself and created a lot of other social problems. The military operations in FATA and Swat introduced suicide attacks in the society. Suicide attacks targeted security forces convoys and check-posts, police and army training stations/units, and even public places like schools, polling stations, meetings/*Jirga*, hotels and restaurants, public rallies, mosques and various other places. Along with suicide attacks, there were bomb and rocket attacks on government facilities, military establishments, gas pipelines, railway tracks, power transmission lines, bridges, and communications infrastructure. The extremists groups also closed down girls' schools, barbershops, and video stores, and also increased challenges for the writ of the government not only in Tribal areas, but also in the settled areas of the Khyber

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55 Abbas, *Pakistan's Drift into Extremism*, 15-20. See also Ashley J. Tellis, *Pakistan and the War on Terror: Conflicted Goals, Compromised Performance* (Washington, DC: A Report of the Carnegie Endowment for International Peace, January 2008), 4-5.

56 Abbas, *Pakistan's Drift into Extremism*, 85-86.

Pakhtunkhwa and across the whole country. These suicide attacks and bomb blasts spread not only fear in the society but created law and order situation in the country. Other social evils i.e., killing, murdering, robbery, and kidnapping etc. increased and created a sense of uncertainty in the society.<sup>57</sup>

### Conclusion

In short, the US war against terrorism has affected the internal, external policies and the future of Pakistan. The partnership with the US helped Pakistan to overcome sanctions, end its isolation and revive economic as well as military assistance. Initiation of composite dialogue process with India under US pressure was also a political gain for Pakistan. Pakistan also got the status of non-NATO ally and that of 'Front Line State' from that of a rogue regime, terrorist state and failed state. It also succeeded to restore its membership in the Commonwealth, which was suspended after the military *coup* of October 1999. On the other hand Pakistan had to revise its traditional Afghan policy and found difficulties in diplomacy while supporting the freedom struggle of Kashmir. It increased anti-Americanism in Pakistan and escalated extremism in the society. The US and all major powers are also concerned about the rise of religious extremism in Pakistan and about the safety of its nuclear assets. Moreover, currently, shift of war on terror to its western frontiers also pose serious challenges to its national security and domestic stability. While keeping the national interest in mind, Pakistan needs to be more careful, to understand the most compelling security challenges facing the region and not allowing any other country to gain tactical advantage of the current situation.

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57 Interview by author with Lisa Curtis, Senior Research Fellow, Asian Studies Centre, The Heritage Foundation, Washington D.C. March 15, 2011. Also see Testimony of Lisa Curtis before the Armed Services Committee on "Security Challenges Involving Pakistan and Policy Repercussions for the Department of Defense", (U.S. House of Representatives, October 11, 2007).