



SPECIAL REPORT

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ABOUT THE REPORT

While the war on terrorism may have provided the rationale for the latest U.S. engagement with Pakistan, the present relationship between the United States and Pakistan is at the crossroads of many other issues, such as Pakistan's own reform efforts, America's evolving strategic relationship with South Asia, democracy in the Muslim world, and the dual problems of religious extremism and nuclear proliferation. As a result, the two countries have a complex relationship that presents a unique challenge to their respective policymaking communities.

This report examines the history and present state of U.S.-Pakistan relations, addresses the key challenges the two countries face, and concludes with specific policy recommendations for ensuring the relationship meets the needs of both the United States and Pakistan. It was written by Touqir Hussain, a senior fellow at the United States Institute of Peace and a former senior diplomat from Pakistan, who served as ambassador to Japan, Spain, and Brazil.

The views expressed in this report do not necessarily reflect the views of the United States Institute of Peace, which does not advocate specific policy positions.

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U.S.-Pakistan Engagement

The War on Terrorism and Beyond

Summary

- The current U.S. engagement with Pakistan may be focused on the war on terrorism, but it is not confined to it. It also addresses several other issues of concern to the United States: national and global security, terrorism, nuclear proliferation, economic and strategic opportunities in South Asia, democracy, and anti-Americanism in the Muslim world.
- The current U.S. engagement with Pakistan offers certain lessons for U.S. policymakers. These are related to the risks involved in basing policy on principles without having a strategy, isolating a country that has the capacity to harm, and nation-building in a country ambivalent or resistant to the United States' embrace.
- The United States must help Pakistan pursue a path that meets its people's democratic aspirations and socioeconomic needs and is resilient enough to accommodate ethnolinguistic, regional, religious, and sectarian differences. Only such a course can help Pakistan become a stable and responsible member of the international community, at peace with itself and with its neighbors.
- Sanctions toward Pakistan should not be a policy option. However, the United States should put some pressure on Pakistan to keep the country's reform effort on track and to induce it to act as a responsible nuclear power. For this purpose, the United States should not allow Pakistan to feel that the United States needs Pakistan more than Pakistan needs the United States.
- An assured and secure Pakistan is more likely to define its future in economic terms, wage peace with India, and be a natural ally of the United States. Therefore, Pakistan's peace process with India must be supported by the United States. The benefits to Pakistan must counterbalance the effects of a renunciation of Kashmir and the attendant loss of national honor this will cause.
- Anti-Americanism exists in Pakistan but it can be toned down if the United States reaches out to liberal forces, the business community, and the female population.

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The United States should also reach out to the younger generation in Pakistan, which may resent U.S. power but not its ideals. Indeed, youth in Pakistan support a U.S.-backed normalization of relations with India, the fight against religious extremism, and educational and institutional reforms.

- U.S.-Pakistan relations will stand or fall based on whether they benefit the Pakistani nation. And in their success or failure lies the future of Islamic extremism in the country.

Introduction

Why is it that Pakistan has rarely disappeared for any length of time from the United States' strategic radar screen? For more than five decades, it has loomed large in one form or another, as either a staunch ally, a troublesome friend, or even a threat. Now, for the first time, it is all of these things.

The war on terrorism may have provided the rationale for the current U.S. reengagement with Pakistan, but this war neither limits the relationship's scope nor exhausts the challenges it faces. The reengagement has merged with Pakistan's own reform effort, America's evolving strategic relationship with South Asia, and the broader issue of democracy in the Muslim world. And in Pakistan and beyond, this new relationship collides with the crosscurrents of religious extremism.

But U.S. policy choices toward Pakistan are complex and imperfect. Though Pakistan is not a failed state nor a failing or a rogue state, it has had, to varying degrees, tendencies of all three. On top of that, it is a nuclear power. So how should the U.S. relate to Pakistan? Pakistan is now not only a challenge but also a crucial partner in the war on terrorism. How does the United States keep Pakistan on its side when it may also target Pakistan? And if Pakistan is to be an object of reforms, how does the United States help the country, especially its democratization process?

The United States faces a great balancing act in its relations with Pakistan. It must work with President Pervez Musharraf but not identify with his personal ambitions, nudge him to democratize but not discourage his strong hand, and advance U.S. nonproliferation objectives but not lose Pakistan's support in the war on terrorism.

Critical U.S. policy choices toward Pakistan must also be integrated with broader regional policies. South Asia has changed and so has the basis of U.S. relations with it. The currents of change, spawned by the post-Cold War world and globalization and gestated by the war on terrorism, have been flowing in varying directions. This presents new threats and opportunities for U.S. foreign policy. For example, India offers the United States great economic and strategic opportunities, but it is Pakistan's internal dynamics and relationship with India that have been at the root of challenges to U.S. foreign policy in South Asia.

This report will examine these and other questions by looking at the U.S.-Pakistan relationship in multiple contexts and will conclude with policy recommendations for both Pakistan and the United States, suggesting ways of broadening the relationship to make it long-term, stable, and mutually beneficial, as envisioned in the *9/11 Commission Report*.

Historical Perspective

What has been unusual about the relationship between the United States and Pakistan is that their spells of close ties have been, and may continue to be, single-issue engagements of limited or uncertain duration, which enjoyed, at best, limited or qualified support among their respective public and strategic communities. During each engagement there has been either a military or military-dominated government in Pakistan, while in Washington, the policy direction on Pakistan has largely been in the hands of the White House, Pentagon, and the CIA.

The relationship has also shared problems typical of U.S. ties with a small country. Pakistan has traditionally responded to regional impulses, while the United States tends to consider global dynamics in its relationships. The United States has historically made light of Pakistan's security concerns and underestimated the strength of Pakistan's commitment to its nuclear program, and Pakistan has failed to see that an inflated U.S.-Pakistan engagement had no staying power. Pakistan particularly has not understood the enormous challenges of running U.S. foreign policy and the need of U.S. policymakers to weigh foreign policy concerns against domestic political considerations, the dynamics of the media, America's sense of exceptionalism and moral purpose, the country's historical experience, and cold-blooded power politics. All this made it neither compelling nor easy for the United States to harmonize its strategic and tactical goals, short- and long-term agenda, and global and regional interests.

As a consequence, the U.S.-Pakistan relationship, for much of its history, has lacked continuity, a larger conceptual framework, and a shared vision beyond the narrowly based and vaguely defined. It is no wonder, then, that as soon as the United States achieved its objectives vis-à-vis Pakistan in past engagements, U.S.-Pakistan policy consensus would break down. Pakistan was either consigned to benign neglect or hit with a succession of punitive sanctions that left in their trail resentment and a sense of betrayal. In a strange irony, this led the engagements between the two countries to alternate with periods of estrangements. Consequently, the United States did not have the influence or leverage to address issues of concern, including those born of its own close cooperation with Pakistan. Such highs and lows turned into a love-hate relationship between the two.

Yet, U.S.-Pakistan cooperation has served some important mutual interests in the past and is doing so again in the present. As with previous periods of engagement, the current relationship may yet leave in its wake serious problems that may have to be addressed in the future at a much higher cost. Historically, the issues marking the U.S.-Pakistan relationship, whether they united or divided the two countries, have had a critical bearing on their respective national goals and priorities.

The first of the three major U.S. engagements with Pakistan occurred during the height of the Cold War, from the mid-1950s to mid-1960s; the second was during the Afghan Jihad in the 1980s, again lasting about a decade; and the third engagement dates to September 11, 2001, and relates to the war on terrorism.

The First Engagement

The U.S.-Pakistan relationship began during the Cold War. Pakistan was deeply conscious of the power disparity in the Subcontinent and was actively looking for ways to redress it. The heightened security concerns and need for economic development compelled Pakistan to reach out to the United States, which was then trying to promote a strategic alliance of Asian states to check the expanding lines of Soviet influence. With the viability of the state at issue, Pakistan opted to become "the most allied ally" of the United States in the region.

The United States strengthened Pakistan's defense capabilities and potential for economic development. But in doing so the United States also helped encourage undemocratic tendencies in the country, as U.S. patronage of the Pakistan army raised the military's national profile. The military came to dominate the country's politics through a pro-Western alliance of conservative forces, including Islamists. At the time, Pakistan's religious profile caused little concern to the United States; in fact, it suited the United States as the religion provided for both a measure of internal stability and a defense against communism.

But, as became evident, U.S.-Pakistan relations were not based on shared perspectives. There was nothing, for example, in Pakistan's national experience to lend substance to the U.S. view that communism was inherently expansionist or destabilizing and posed a threat to Pakistan. And for its part, the United States did not consider the Indian threat to Pakistan to be credible or real. There was another variable, too. As the regional and

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international situation evolved, the two countries responded to emerging trends with policy adjustments that generated their own tensions. For example, Pakistan's opening to China in the early 1960s and the shift in U.S. interest toward India to balance China's growing power are cases in point. Eventually, the United States lost strategic interest in Pakistan—and would not become reengaged with the country until the Soviet invasion of Afghanistan in 1979.

The Second Engagement

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Pakistan's help was so critical to the success of U.S.-led efforts to expel the Soviets that it preempted any other concerns that the United States had toward Pakistan, such as those related to democracy and nuclear proliferation. The United States found in Pakistan an eager ally as the country's isolated military regime was willing to forswear some of its own larger interests in exchange for international legitimacy. The regime allowed Pakistan to be used as a sanctuary, training ground, and staging area during the war. The CIA and the ISI, Pakistan's intelligence agency, collaborated in mounting an insurgency against the Soviet military. Calls for jihad added substance to this struggle.

Though the engagement between the United States and Pakistan in this period made a historic contribution to the end of the Cold War, it prospered in the darkening shadow of looming forces that would later come to threaten not only the security of Pakistan and the United States, but also the world. The radicalism spawned by the Afghan jihad and co-opted by Pakistan would not only rock the region but radiate far beyond. Yet the United States walked away from the region as soon as the Soviets withdrew from Afghanistan in 1989. In fact, the United States suddenly hit the country, its close ally of ten years in the struggle for Afghanistan's freedom, with sanctions.

The Problem of Sanctions

During the 1990s, three sets of sanctions were placed on Pakistan. The first came in 1990 under the provisions of the Pressler Amendment; the second came in 1998 after Pakistan conducted a series of nuclear tests; and the third came in 1999 after the military takeover of the country. Enacted in 1985, the Pressler Amendment stipulated that most military and economic assistance to Pakistan could only be authorized after an annual certification by the U.S. president that Pakistan did not possess a nuclear device. Certification was not offered in 1990, and the resulting punitive measures did the most damage to U.S.-Pakistan relations of all the 1990s sanctions.

Collectively, however, these sanctions would come to affect more than this relationship. In particular, the sanctions alienated the army, propelling it into a binge of willful strategic thinking that was neither rooted in an enlightened calculation of larger national interests nor shared by civilian institutions. Indeed, during the 1990s, weak civilian leadership overly solicitous of army support submitted to the military's flawed priorities without thought. Pakistan, increasingly isolated from the world, was seized by dangerous trends in strategic thought that were unrelieved by any outside moderating influence. This period witnessed the rise of the Taliban, the Kashmir jihad, the Kargil operation, and the AQ Khan affair. But the United States did not have the influence to restrain Pakistan's behavior. Sanctions were too weak to be an effective lever against Pakistan yet strong enough to be seen as an affront. Further, the United States offered Pakistan no incentive to change.

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When it finally did come, the incentive for change in Pakistan came internally. General Musharraf realized not long after he took control of the country in October 1999 that Pakistan was in a much worse condition than it had been during previous army takeovers, both in terms of its international standing and internal stability. The country's very foundation was being undermined by religious extremism and strained by ethnic conflicts and poor governance. This put not only the country's future at risk but also, by extension, the

army's. In such a fragile national environment, it was not easy for the army to pursue a forward policy, especially toward Kashmir and Afghanistan.

But the problem was how to mobilize the army's support for any strategic reorientation. The Pakistan army's self-image was formed not only by its parochial conception of national security but also by its instinct to compete with the Indian army as an institution. This drive to compete almost became an end in itself, often preceding or subsuming national interest. Further, the success of the Afghan jihad under army patronage had fostered two illusions: one was an exaggerated perception of Pakistan's national strength and its strategic reach in the region, and the other was the army's vain hopes for recapturing the glory of Islam without the strength of faith or the power of the state. September 11 firmed Musharraf's hand in deflating these notions.

U.S. Legislation on Pakistan (1990–2004)	
August 1990: Pressler Amendment Sanctions	The 1985 Pressler Amendment authorized banning most military and economic assistance to Pakistan if an annual presidential determination that Pakistan did not possess a nuclear device was not given. In 1990, President George H.W. Bush was the first to withhold such a determination.
May 1998: Pakistani Nuclear Test Sanctions	After Pakistan's May 1998 nuclear tests, President Bill Clinton imposed additional sanctions on Pakistan, invoking the 1994 Glenn Amendment, which authorizes sanctions on nonnuclear weapon states that detonate nuclear explosions, and the Symington Amendment, which prohibits military and economic assistance to any country that delivers and/or receives nuclear assistance.
October 1999: "Democracy Sanctions"	After Musharraf's October 12, 1999, coup, Congress invoked Section 508 of the Foreign Assistance Act, prohibiting all U.S. economic and military aid toward Pakistan.
Sep./Oct. 2001: Sanctions lifted after 9/11	The Glenn, Symington, and Pressler sanctions were waived by President George W. Bush under the authority given him by an earlier piece of legislation known as Brownback II. 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 annually.
December 2004: Ackerman Amendment	This amendment to the Intelligence Authorization Act requires the CIA, over a five-year period, to make annual reports to Congress about Pakistan's nuclear activities, democratic development, and counterterror efforts.

Pakistan and the War on Terrorism

After September 11, the Pakistan army knew its strategic overextension in the region, especially its support for the Taliban and, by implication, al-Qaida, was untenable. But nearly bankrupt, the country had neither the political will nor the resources to take on these forces. The United States would provide Musharraf with both and, in turn, receive critical support from Pakistan in the war on terrorism.

Pakistan has cooperated with the United States in a number of ways, by granting logistics facilities, sharing intelligence, and capturing and handing over al-Qaida terrorists. Says Christine Fair in her book, *The Counterterror Coalitions: Cooperation with Pakistan and India*, U.S. officials acknowledge that "Pakistan has provided more support, captured more

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terrorists, and committed more troops than any other nation in the GCTF (Global Counterterrorism Force).” Additionally, Pakistan has sealed off its western border and has made two naval bases, three air force bases, and its airspace available to the U.S. military.

According to Pakistan Embassy officials in Washington, D.C., Pakistan has deployed more than seventy thousand of its troops to the Afghan border and has launched more than thirty-eight major successful operations to flush out foreign terrorists. More than three hundred Pakistan army and paramilitary troops have been killed, and an even larger number have been injured, accounting for more casualties than any other U.S. ally in the war on terrorism. Pakistan is the only regional country to participate in the Coalition Maritime Interdiction Operations, the maritime component of Operation Enduring Freedom. Additionally, the intelligence provided by Pakistan has led to successes against terrorism around the world. For example, all of the top al-Qaida leaders captured to date have been apprehended in Pakistan with the government’s help, while Pakistan itself has arrested more than seven hundred terror suspects. The country has also banned or placed on watch lists a large number of sectarian and militant organizations and has enacted numerous antiterrorism laws, freezing thirty-two bank accounts suspected of belonging to terrorist organizations. Finally, Pakistan is currently creating a national criminal database and is the first country to successfully install PISCES, a terrorist-interdiction program set up at seven Pakistani airports and at border crossings with India.

For its part, in the three years after September 11, the United States extended grants to Pakistan equaling \$1 billion and wrote off \$1 billion in debt. In June 2003, the U.S. announced a \$3 billion assistance package for Pakistan to start in October 2004 and to be distributed over five 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 U.S. approved a \$1.2 billion arms-sale package that includes roughly \$950 million for the purchase of P3C Orion aircraft. In March 2005, President Bush authorized the sale of a yet-to-be-specified number of F-16 fighter jets to Pakistan. The United States has also reinstated a military-training program through which some three hundred officers have received instruction at U.S. military institutions since 2001.

The current U.S.-Pakistan engagement may be focused on cooperation in the war on terrorism, especially on building the military-intelligence partnership between the two countries, but it is not limited to it. Pakistan’s domestic order, especially its weak institutional architecture, stillborn political process, underdeveloped economy, poor educational system, unsure civil society, and simmering internal tensions, enhances the potential for extremism and instability and has been of serious concern to the United States. Musharraf, too, realizes the dangers and is trying to lead the country in a new direction.

He recognizes that there is a need for institution building, economic development, improvement in relations between the center and provinces, and bringing an end to extremism and sectarianism. He has the support of the United States, not only because broader reforms in Pakistan are central to combating religious extremism and succeeding in the war on terrorism, but also because regional peace and stability are requisite to the realization of America’s economic and strategic interests in the region. Nonetheless, both Pakistan and the United States face difficult challenges.

Challenges for Musharraf’s Pakistan

Understanding the complexity of the challenges that both Musharraf and Pakistan face may help answer questions in the United States not only about Musharraf’s commitment to reforms and sincerity in fully cooperating with the United States on the war on terrorism, but also questions about Pakistan’s post-Musharraf future.

Regional Security Environment

Pakistan’s geopolitical environment remains a threat to its external and internal security and may explain Musharraf’s wariness to take bold steps, especially in dealing with the jihadists. Relations with India are a case in point. India and Pakistan may have come a

long way from their posture of confrontation, but peace between them is still far off. Only time will tell if there has been an enduring change in India's strategic stance toward Pakistan or the Kashmir dispute. Musharraf, therefore, has to watch India's moves carefully.

India's hope is that in time the so-called "CBMs" (confidence building measures) between the two countries will become their own reward, and that perhaps with increased economic and commercial exchanges, cultural interplay, and trends toward moderation in Pakistan, Pakistanis will develop a different perception of India and Kashmir. India also hopes that other critical issues, such as energy, sharing of water resources, security, and good neighborly relations, may eventually take precedence over Kashmir in defining the countries' relationship, freeing India to find an internal solution to the dispute, facilitated by Pakistan's diminished leverage and unforced concessions. There might be gains for Pakistan in the relationship with India, but not in Kashmir, whose centrality to India-Pakistan relations will have gradually eroded.

There is no guarantee the Indian ploy will work unless the Pakistan leadership itself has made a strategic decision to acquiesce to such a fait accompli. There is no firm indication that this decision has been made. Nor is there a national consensus about India in Pakistan, as the public does not have a clear idea about what will come of the peace initiative. Indeed, in both countries domestic constituencies against normalization have yet to be conciliated, so the potential for renewed tensions between India and Pakistan remains.

On the Western front, Iran, with its regional ambitions, emerging nuclear capability, strategic rivalry with Pakistan, and suspicions of a U.S.-Pakistan axis, has the motive and capability, if not the intention, to leverage Pakistan's policies. Iran is also a rival influence in Afghanistan and an economic competitor for access to Central Asia, which itself remains unstable. Furthermore, an unsettled Afghanistan, especially where the Taliban rump—which has affinities with and support from Pakistan's tribal areas—still remains, can be a source of potential instability on the Pakistan-Afghan border and an irritant in the relations between the two countries.

The regional security environment thus compels Musharraf to have some semblance of leverage in dealing with both India and Afghanistan. That is why he is leaving the jihadi outfits unscathed and has also not turned on the Taliban with full force. Even if Musharraf had no future use for the jihadists, he would not want a showdown with them. He might find this confrontation a dangerous and unnecessary provocation as, in light of a possible resolution of the Kashmir dispute and normalization of relations with India, these outfits may become rebels without a cause and thus die their own deaths.

Domestic Order

The no less precarious domestic order in Pakistan reinforces Musharraf's caution. The country has serious problems relating to social change, governance, and democratization. One can debate endlessly as to whether the army or politicians are to blame for Pakistan's problems. Seen from a historical perspective, both have failed. Each has done enough damage to fully account for Pakistan's troubled history. They have both been united in common pursuit of strengthening their class and institutional interests. Indeed, their identities fluctuate and often merge imperceptibly. The army relied on the politicians for its legitimacy, while, in turn, the politicians have relied on the army's support to keep themselves in power and shield themselves from accountability. Both have pandered to the Islamists, who have provided the ideological underpinnings of a security-denominated nationalism in Pakistan that has guaranteed the military's dominant political profile. As a result, by creating political space for the Islamists, the military has helped foster religious extremism in the country.

Thus, in a broad context, religion, politics, social order, national security, and foreign policy have all been rolled into one in Pakistan and—suffused with illusions and emotions—have come to both reflect and affect Pakistan's national priorities. Any sense of pursuing genuine national aims and moving in a positive direction has yielded to passions and empty slogans. Politics has become suffused with cant, hypocrisy, and fraud.

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Because of his lack of legitimacy, Musharraf is dependent on forces resistant to change.

Pakistan's multiple problems are now seamlessly linked and need to be attacked simultaneously. Above all, Pakistan needs to change its external behavior to strengthen its internal order, rather than pursue external goals at the expense of its internal stability. But because of his lack of legitimacy, Musharraf is dependent on forces resistant to change. These include the mullahs, whose extremism, ironically, he is fighting against, and the traditionally pro-establishment politicians who, like Musharraf, themselves have legitimacy problems and are fighting shy of reforms for fear of the mullahs and of social change that may erode the feudal and social structure they represent. Further, the support of the army, Musharraf's main constituency, imposes its own cost. By offering the military civilian jobs and economic and commercial incentives, the army's stake in its domination of political power only grows further and comes at the expense of democracy. Musharraf has disparate allies with discordant agendas, none of whom can offer him unqualified support. While each may support him on one issue, they may oppose him on another. Thus, with each reform that is made another must be sacrificed.

Musharraf's commitment and resolve to reform do not appear to have waned.

Criticism provoked by his alignment with the United States and suspicions that his reforms are at the behest of the United States have also weakened Musharraf. Indeed, the strongest resistance to him comes from the Islamists, whose tolerance toward him has already been stretched to the limit by his cooperation in the war on terrorism. He is afraid to test it any further, as he is expending most of his political capital on complying with the U.S. war on terrorism and securing his own survival, both personal and political. As a consequence, Musharraf's reforms—except for his opening to India and the vastly improved financial sector under the direction of Prime Minister Shaukat Aziz—have been fitful and insufficient. However, Musharraf's commitment and resolve to reform do not appear to have waned.

Challenges for the United States

The United States is currently engaged in an internal and external struggle to find a new mission and sense of purpose in a rapidly changing world. Scarred by the September 11 trauma, inspired by a religious outlook, and driven by a supreme consciousness of power, this struggle simplifies and distorts the emerging global challenges and devolution of power. These far-reaching changes may have made the United States the sole superpower, but they ironically have also raised the status of other powers with competing interests and policies. This makes it hard for the United States to lead, tempting it to dominate and resort to unilateralism, as in Iraq, which, in turn, provokes strong reactions and resistance. American power, therefore, is not absolute. And, on many issues, the United States is walking alone, making its power even less absolute.

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While the United States has the power to dismantle, it may not necessarily have the power to rebuild. Military interventions, as a high-risk instrument of U.S. foreign policy, are costly and provocative, lacking sustained public support at home and arousing anxiety abroad. They also raise questions of legality under international law and legitimacy in the court of international public opinion. The United States also has the added challenge of confronting contrary and incompatible objectives in the Islamic world, as the war on terrorism often conflicts with calls for democracy and nonproliferation. For example, giving support to authoritarian regimes in the Middle East that align with U.S. policies and oil interests there comes at the expense of democracy. Further, the use of force to prevent a nuclear Iran would hurt the United States' standing in the Islamic world. It is thus almost impossible to have a policy that can harmonize all objectives; some policy changes and compromises will be necessary—the crucial question then becomes where and to what extent should these tradeoffs be made.

Though Musharraf's own vision of Pakistan—one which rests on modern and liberal values, what he calls "enlightened moderation"—is compatible with U.S. objectives and allows for the current U.S.-Pakistan reengagement, both he and the United States face dilemmas in the implementation of this reengagement. At the center of the challenges

the U.S. faces in Pakistan is, of course, securing Pakistan's cooperation in the war on terrorism. However, in this regard, concerns about the future of Pakistan after Musharraf are misplaced and may be limiting U.S. policy directions there.

Questions over what would happen if Musharraf were eliminated reflect how much the United States has staked its relationship with Pakistan on a single individual. These concerns are relevant only in the context in which he were to be eliminated—that is, whether he is a target of assassination in a stable political environment, such as now, or whether he is violently removed during civil unrest, political turmoil, or an army coup. In the former scenario, he would be replaced by another general, probably with a similar mind-set, who could either institute military rule or, as General Baig did in 1988, order elections. Both cases would have negligible impact on U.S.-Pakistan relations. Rather than being preoccupied with the personal fate of Musharraf, the United States should focus on preventing the latter scenario. This is where the question of Pakistan's democratization comes to the fore.

The essential truth is that after years of living dangerously, Pakistan has been in a mess that can only be sorted out now by some measure of strong government, a "soft authoritarianism." But Musharraf's strategy seems to focus on giving Pakistan a new sense of purpose—peace and economic development—and on setting new national priorities that reinvent the army's rationale for appropriating political power. The United States faces a delicate balancing act between supporting him in his reform efforts and being critical of his army-dominated rule that preempts democratization efforts.

It is not just in Pakistan that the United States faces the dilemma of reconciling its geopolitical interests with its calls for democracy. Yes, there is a lot of talk in Washington about freedom and democracy, but in large measure it may be driven by the need to redefine the Iraq invasion for the sake of history and to sustain domestic consensus for the war effort. This talk may also be meant to give a moral veneer to the hard-line approach the Bush administration has taken toward authoritarian regimes that threaten U.S. interests or its friends in the Middle East.

U.S. intentions to democratize Iraq and the rest of the Islamic world may be genuine from Washington's perspective, but given its past and existing record of supporting undemocratic regimes, Muslims do not take these intentions seriously. They feel that interventions in Afghanistan and Iraq were not about democracy. They were about removing certain threats to the United States and to global security. Indeed, the United States has hurt its cause by its treatment of prisoners suspected of terrorism. Not only the Islamic world but also the United States' European allies have questioned the legal and moral basis of U.S. actions. Allegations that guards desecrated the Quran at Guantanamo Bay have also damaged the image of the United States.

What is required for the United States in most Islamic countries, including Pakistan, is to create and support pressures for social change and mental and cultural habits that sustain an open political process and democratic way of life. To do so, the United States needs influence and for that, in most Islamic countries, the United States may have to face the challenge of navigating between illiberal but friendly regimes on one hand, and liberal but unfriendly forces on the other. This is not an easy task. There is also a powerful force of reactionary elements in the Islamic world that must be contended with, a force resisting not only U.S. influence but also social change and liberal habits of thought. In meeting these challenges, the United States will have to contend with anti-Americanism.

Anti-Americanism

Anti-Americanism in Pakistan has a complex dynamic. It is framed by four concentric circles: general reaction to U.S. might and power, America's current international conduct, relations between Islam and the West, and the history of U.S.-Pakistan relations. Indeed, as the most powerful nation on earth, the United States provokes envy and resentment around the world. As for America's international conduct, its legitimacy and self-

Pakistan has been in a mess that can only be sorted out now by some measure of strong government.

Muslims feel that interventions in Afghanistan and Iraq were not about democracy.

The United States may have to face the challenge of navigating between illiberal but friendly regimes on one hand, and liberal but unfriendly forces on the other.

centeredness have been under challenge, especially after September 11. Regarding Islam and the West, the picture is even more complex.

September 11 did not change history so much as it signaled the arrival in history of new struggles and conflicts and a dissolution of traditional patterns of power relationships. Well before, the relations between big powers were becoming at once cooperative, tense, and competitive: globalization was inciting serious discontent, the Islamic world was looking disordered, and regional disputes were beginning to radiate much violence and instability. There was a new wave of predominantly religion-based revisionism against the vestiges of the colonial and imperialist era and the domestic and international orders, which appealed to moderates and radicals alike in the Muslim world.

Pakistan and the rest of the Islamic world are in ferment. Islamic societies that have invariably experienced colonialism or varied forms of Western domination have been experiencing conflict in their search for national identities, political stability, and effective ways of absorbing modern liberal values. They have also been coming to terms with anti-Western feelings that have interloped into their culture. Across the Islamic world, the West, especially the United States, is believed to have historically complicated this search by becoming a party to this conflict. There is also a class antipathy to the ethically intolerable value system of the ruling classes, which themselves are invariably Western oriented.

The war on terrorism has sharpened the tensions between Islam and the West. The United States seems to be fighting terrorism with traditional instruments of power, whose bluntness obscures the subtlety and complexity of the issues involved, and with a crusading zeal that speaks of an ideological struggle and clash of civilizations. Elements on both sides see their basic value system as under siege and have exaggerated their mutual fears and are busy defaming and demonizing each other. Moral issues have been undifferentiated or confused, or sacrificed to self-righteousness. Each side is judging the other with its own ideals, ideals from which it has fallen short itself. The Islamic world especially rationalizes its own errant behavior by accusing the West of double standards. No wonder, in Pakistan, liberals and conservatives alike are outraged by the mistreatment of their "national hero" AQ Khan.

Within this larger framework, the history of U.S.-Pakistan relations has generated its own anti-Americanism, which is triggered by a perception that the United States has not been a reliable ally and has not helped Pakistan much in its conflict with India. September 11 and U.S. reengagement added new issues to the debate. For instance, liberal aspirations for democracy have been heightened but tend to flow into anti-American channels because of Musharraf's association with the United States. These aspirations both merge with and deviate from the religious wave, as democracy and religion use the same jargon of social protest but advocate different means of empowerment. Nationalism, too, has come to the fore and is expressed, on one level, through anti-Americanism provoked by the war on terrorism and, on another, through the assertion of the will of smaller provinces.

Liberals in the Islamic world have their own reasons to be disaffected with the United States, particularly those aspects of the war on terrorism that are seen as repressive. There is a sense that the United States has fallen short of its ideals and its foreign policy has abandoned soft power, losing its moral superiority. Most liberals also feel that the United States is closing its doors on them with some of the more heavy-handed visa policies of the Department of Homeland Security. Besides, the United States has provoked anger all around by denigrating Muslim societies as backward and failed and by patronizing them with offers to help them modernize.

Anti-Americanism has one additional dimension in Pakistan. For decades, governments in Pakistan that often lacked popular support acquiesced to public resentment of America, using the United States as a lightning rod to divert dangerous currents of socioeconomic discontent within Pakistan. Now this same anti-Americanism is being exploited by the Islamists to gain popular support.

The Islamic world especially rationalizes its own errant behavior by accusing the West of double standards.

There is a sense that the United States has fallen short of its ideals and its foreign policy has abandoned soft power, losing its moral superiority.

Nonetheless, there is also a muted appreciation of what America has done for Pakistan, especially in the nation's early history, when it was struggling for survival. And all the main political parties, including the Islamists, have channels of communication open with the United States and are prepared to work with it.

Policy Recommendations for Pakistan

Musharraf has provided the dynamic for change by boldly articulating some of the critical challenges confronting Pakistan, including economic development and Islamic extremism, and by boldly calling for a modern, liberal Islamic state that is nationally cohesive, at peace with itself and its neighbors, and a responsible member of the international community. But to meet these strategic objectives, Pakistan must develop policies that contest regressive socioeconomic structures; promote education; encourage moderation, tolerance, and accommodation; seek an end to poverty and corruption; and address ethnolinguistic, religious, and sectarian prejudices. Above all, peace with India and a strategic reorientation in the army's core beliefs are critical to Pakistan's economic survival and national security. Stakes are high. Failure to reform will only give strength to the Islamists and their competing vision for the future of Pakistan.

Musharraf should realize that enlightened moderation is more than cultural liberalization. Only political liberalization will help strengthen liberal and secular forces that can be his allies in defeating religious extremism. Otherwise, cultural openness could backfire and give further ammunition to the fundamentalists, provoking a cultural war that could get entangled with class conflicts. Musharraf should also bear in mind that economic development is neither a substitute for democracy nor a guarantee of his own survival or of Pakistan's political stability. One need only look to what happened in Iran—where despite economic gains people rose up against the Shah—as evidence of this.

Its rhetoric may be revolutionary, but Pakistan's political system is quasi-reactionary—that is, it is the same civil-military bureaucratic complex that continues to work under the cover of a flawed democracy dominated by feudal tribal interests. Even working at its most efficient, the system will only be able to change Pakistan modestly before it itself becomes a roadblock to change. Thanks to the economic policies and management of Prime Minister Aziz, Pakistan has registered an impressive growth rate, but prospects of a major economic transformation remain uncertain.

Pakistan's economic development will remain limited if the country does not come to terms with problems of poor public services, corruption, inequities in land and income distribution, social exclusion of the marginalized and vulnerable, particularly women, and high illiteracy rates. Above all, as Steve Cohen has said in his book *The Idea of Pakistan*, Pakistan needs a new organizing idea and an improved relationship between its provinces and center. For example, the province of Baluchistan is significant for Pakistan's future economic prospects. It is rich in mineral resources that are strategically located near vital sea lanes and two oil-bearing regions, the Persian Gulf and Central Asia. But the development of Baluchistan is resisted by tribal chiefs who fear their traditional authority will be undermined there. (Similarly, the sharing and harnessing of water resources for irrigation and hydroelectric power are also contentious issues between the central government and the provinces.) The problem is political, not economic. Only through better management of relations between the central and provincial governments—which may even require constitutional adjustments—can Pakistan realize its full economic potential.

Political stability and peaceful internal order are essential for attracting critically needed foreign investment for economic development. The ability to provide such security depends upon the integrity and effectiveness of Pakistan's political process. In other words, economic development and democracy are interdependent. Economic change will foster a middle class that may help lead the balance of economic and political power away from the feudal stranglehold. Musharraf should work toward this end and prepare the country for a full restoration of parliamentary and civilianized democracy in 2007.

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Beyond 2007, the army should have only a watch-dog role in the government. This should be for a designated period of time, provided there is a national consensus and constitutional support for the idea. Pakistan will not become a perfect democracy overnight, but such a move may be necessary to carry the reforms further; otherwise, the country will become depoliticized and may accelerate toward extremism and internal disorder.

If there is a broad spectrum of political and economic change empowering a new civilian leadership, the military will have no rationale to dominate Pakistan's political life. This may be the only way to resolve the complexity of having to deal with two imperfect choices—immediate democratization in a social context that hosts forces resistant to reforms, and open-ended reliance on army rule that is committed to reforms but is resistant to democracy.

Pakistan has to make the best possible use of the current U.S. engagement but also keep in mind two facts. First, Pakistan has to change and reform on its own. (Thus far, the United States' principal interest has only been in stabilizing Pakistan.) Second, while in the past Pakistan criticized the United States for lack of commitment to the relationship, Pakistan itself showed little regard for Washington by pursuing policies that defied U.S. concerns, such as those related to terrorism and the export of nuclear technology. Pursuing these policies served no conceivable national interest of Pakistan.

On proliferation, Pakistan needs to come clean about the past and assure the United States about the future. It is best to discuss the past now while the relationship is strong enough to absorb any further shocking disclosures.

Pakistan also has to recognize that opposition to some of America's core concerns, especially as it relates to nuclear proliferation, democracy, and peace with India, may be tolerated by Washington in the near term for the sake of expediency, but that such opposition will have no lasting place in a long-term relationship with the United States.

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Policy Recommendations for the United States

Eventually terrorism will be reduced to one of the regular threats that can be addressed with a range of normal military, intelligence, and foreign policy options, but the rationale for United States' reengagement with Pakistan may live on. To meet challenges beyond the war on terrorism, the U.S.-Pakistan relationship must be broadened to include a strong economic partnership, educational and cultural linkages, and a shared perspective on democracy, nonproliferation, and peace in South Asia. Only then will the relationship enjoy strong domestic support in both countries.

India and Pakistan

Critical U.S. policy choices in the region require an integrated approach to the issues of concern as they are all inextricably linked. Militancy and extremism, for instance, are linked as much to Pakistan's sense of insecurity as to the army's ambitions. Some of the core U.S. foreign policy concerns are thus rooted in India-Pakistan tensions. U.S. relations with India and Pakistan, therefore, should be designed to advance the prospects of regional peace and stability. Preoccupied by Iraq and relieved by the apparent success of the India-Pakistan dialogue, the United States may be tempted by a laissez-faire approach to the peace process. But the fact is, favorable and reciprocal changes in multiple contexts—domestic, bilateral, and international—are requisite to the resolution of long-standing conflicts. In that sense, enhanced U.S. stakes in South Asia are a stimulus to the peace process. However, this strategic pressure point will be eroded by any U.S. indifference to the India-Pakistan dialogue. Indeed, if the peace process fails, the United States will be blamed by the people of Pakistan on one hand for seemingly "pressuring" Pakistan to normalize relations with India and on the other for weakening Pakistan's leverage in Kashmir with the war on terrorism. The United States must therefore be engaged in the peace process to insure against its failure, as dissatisfaction among Pakistanis from an adverse outcome will ignite agitation against Musharraf.

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Additionally, a successful normalization of relations between Pakistan and India benefits the United States in more ways than one. It could, for instance, ease Pakistan's security fears and help lower the army's political profile, opening the way for democratization, and advance the prospects of an integrated South Asia market linked to energy-rich Central Asia, increasing opportunities for U.S. investment there.

Peace between India and Pakistan will also ease fears of a nuclear war, may open up the possibility of their incorporation into the international nuclear community, and will help strengthen their command and control structure, which will encourage nonproliferation. Though the United States will not let India and Pakistan be accepted into the Nuclear Non-Proliferation Treaty regime as nuclear powers, the United States is keen to sign on both Pakistan and India to the Proliferation Security Initiative (PSI), the Bush administration's latest strategy to contain the proliferation of nuclear weapons. But Pakistan is not likely to join the PSI without India's participation. To get Pakistan and India on board, China's help should also be solicited. As a nuclear power with complex relations with both South Asian states, China can be an important contributor to strategic stabilization in South Asia.

Institution Building and Democracy

The U.S. strategic community has emphasized institution building and reform. Pakistan's problems are not lack of institutions but the trivialization of the institutions. If institutions are not working, especially the police, judiciary, and administrative services, it is because they have been undermined by their subservience to the dominant centers of power. They can only be reformed if social and political structures are first reformed. Education and social sectors, however, are in a dysfunctional state and in need of urgent help.

As for democracy, the United States must encourage Musharraf to make the political process more inclusive, open, and legitimate. To this end, the scheduled 2007 elections should be free, fair, and open to all political parties. The present political system is neither strong nor stable enough to withstand any mass resistance to the army's political power, civil unrest due to economic discontent, conservative backlash over a "sellout" to India, or agitation over the fairness or legitimacy of the upcoming elections.

The United States must also put pressure on Musharraf to take off the uniform after 2007, and it should work behind the scenes with the army high command to support him even as a civilian president. The United States has to make clear that its support for the army-dominated political dispensation cannot last beyond 2007. By then the war on terrorism will have achieved many of its core objectives, reducing the U.S. dependence on Musharraf, and Pakistan will have achieved minimum stabilization, enabling the United States to switch its priorities toward addressing issues such as democracy and proliferation.

Educational Reforms

USAID considers educational reform to be the most important current development project in Pakistan. In July 2002, more than \$100 million was dedicated to a five-year education reform plan. USAID and Pakistan's Ministry of Education are working together to improve (1) policy and planning, (2) teacher and administrator training, (3) adult and youth literacy programs, and (4) partnership development and community building between the public and private spheres. USAID also has projects dedicated to improving teacher training and developing teaching materials; to building and furnishing schools in the Federally Administered Tribal Areas; to training Pakistani educators in the United States; and to promoting democratic values in teachers and students. These extensive efforts will only succeed if they are implemented countrywide and emphasize local solutions for meeting educational goals rather than impose unworkable or culturally insensitive solutions from the outside. Besides, the current levels of U.S. aid allocation for educational reforms do not appear to be adequate to the task and may have to be doubled, at least.

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The United States must encourage Musharraf to make the political process more inclusive, open, and legitimate.

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Given the problems already identified with Pakistan's bureaucracy, the United States has an understandable distrust of the government machinery for channeling U.S. aid to education reforms. The United States has turned to nongovernmental organizations (NGOs) as an alternative mechanism for implementing change in the education sector. An uncritical trust of NGOs is also a risk, however—many are themselves a product of an elitist and self-serving system. Pakistan should be encouraged to emulate the example of Bangladesh, where grass-roots-based NGOs have a stronger sense of public service. Indeed, the United States should help Pakistan build civil society, the most important institution-building challenge in the country after education.

According to Pakistan's minister of education, the government has vastly enhanced his ministry's budget to carry out wide-ranging reforms in the education system, including increasing teacher salaries, opening new schools, especially in villages, and modernizing the curriculum. The government has given him a budget allocation of 5.5 billion rupees to reform madrassahs by introducing science subjects and the teaching of English to their curricula, provide computers for classroom use, and upgrade their physical infrastructure. To date, madrassahs have been hesitant to accept such government intervention for reform.

However, there is a high risk that such policies will end up strengthening the madrassahs without actually reforming them. Their funding is already drying up, and reform will only give them a shot in the arm. Over the long run, with an expanded and reformed public educational system, the madrassahs will wither on the vine. Instead of bailing them out, they should be gradually absorbed into the mainstream educational system.

Political Islam

The U.S. relationship with Pakistan must show some immediate results to demonstrate that there is an alternative vision for Pakistan and that it is working. The engagement must not fail because the alternative, an extremist Pakistan that itself becomes a U.S. target, will be a policy nightmare.

To be successful, the engagement must be geared toward benefiting the people, not just the regime. This will raise the people's confidence in the country's relationship with the United States. Additionally, the United States must not appear to be in conflict with Islam. Political Islam is not something out there on the fringes that the United States can combat and conquer. To varying degrees, it has been ingrained in the social ethos of the Muslim world because of the emotional appeal of the causes it espouses. To this end, leaders of Muslim countries may have to make some compromises with the religion. The United States has to respect not only these concessions but also some minimum nationalist and democratic aspirations in the Islamic world.

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Economic and Security Assistance and Sanctions Policy

The United States needs to find a new paradigm for its relationship with Pakistan. The weak sanctions of the 1990s that offered Pakistan no incentive for change did not work. In the future, sanctions should not be a policy option as long as there are strong reasons for the United States to be engaged with Pakistan and to help its reform efforts. Reform should be an end in itself, as a reformed Pakistan is in the interest of the United States whether or not there is a quid pro quo. Additionally, the United States needs to build a broader coalition of countries to support Pakistan's reform efforts, including highly visible donors such as Japan.

***The United States must also
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employment.***

The United States must also help Pakistan create a dynamic economy that generates employment. To this end, the bilateral investment agreement between the two countries should be expedited. It will be seen by the international business community as an affirmation of Pakistan's economic stability, and thus raise investor confidence in the country. Indeed, U.S. and Japanese companies should be offered special incentives to invest in Pakistan. Pakistan considers the free-trade agreement with the United States an

essential component of its economic development program. In the meantime, both the United States and Japan should provide greater market access for Pakistani textiles as an effective interim measure for relief.

The U.S. aid program toward Pakistan should focus heavily on supporting poverty-reduction strategies. There is already a perception among Pakistanis of increased poverty in the country, concerns about rising inflation, and discontent over the army's growing domination of the civilian institutions, not to mention a host of other internal tensions in the country. In the absence of a charismatic secular leader, the entire range of opposition could coalesce under an Islamic banner, such as happened in the Iranian revolution. The U.S. would be well-advised to avoid such a scenario.

A minimum level of security assistance should also be immune from any future sanctions or political pressure by the United States. Pakistan has genuine defense and foreign policy concerns. Even if the country has overplayed these threats, they are real. Nor should Pakistan be any less deserving of the international community's sympathy and understanding just because of its past errant behavior. A reformed Pakistan, headed toward moderation, strongly committed against militancy, and at peace with India, is unlikely to go against America's core interests. Indeed, a strong Pakistan may be helpful in moderating India's ambitions.

The ability of the United States to help reform Pakistan will be strengthened if the United States appears to be less in need of Pakistan than Pakistan is in need of the United States. U.S. interests go well beyond the war against terrorism. By expending all of its political capital in securing Pakistan's cooperation in that war, the United States risks diminishing its leverage with Pakistan and neglecting other important strategic goals, such as promoting democracy in Pakistan and the Muslim world and containing nuclear proliferation. Any increase in the existing levels of security assistance, or any further sale of major defense equipment beyond the F-16s, should be linked to Pakistan's cooperation on these issues, as well as on the war on terrorism. What is needed is a broader framework for its relationship with Pakistan, one in which the war against terrorism is at the center of the agenda but does not crowd out other interests.

By expending all of its political capital in securing Pakistan's cooperation in that war, the United States risks diminishing its leverage with Pakistan and neglecting other important strategic goals.

Conclusion

Fulfilling conflicting objectives without sacrificing any of them is a central policy dilemma for the United States. Both Musharraf and the United States need each other to address the complexity of this challenge.

There are stirrings of change in Pakistan under Musharraf, but if they are not perceptible, it is because a massive amount of work needs to be done. This is why even a significant achievement seems so little in proportion to the magnitude of the challenge. It might be said that only rhetoric has changed in Pakistan, not the reality on the ground. The fact is, in a society long entrenched in an unchanging self-image and worldview, rhetoric and substance merge indistinguishably. So if the rhetoric changes, changes in substance may not be far behind. For that to happen, the United States must remain engaged with Pakistan, not only to meet its current challenges, but its future challenges as well.

Future U.S. interests in the region may be defined, not just by the looming strategic shadow of a resurgent China, but also of India and possibly of Russia. There is also the risk of a possible surge in radical Islam in the region fostered by the inevitable crumbling of some of the conservative or repressive Arab regimes. This would be compounded by a nuclear Iran. China is already positioning itself to fill any future power vacuum caused by any receding U.S. standing in the region and has begun building bridges with Iran and India. As a result, the U.S.-Pakistan relationship will increasingly intersect with issues that go far beyond the war on terrorism.

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There is therefore a compelling rationale for the United States to remain engaged in the region. And given its geopolitical environment and dependence on borrowed power, as well as its chronic domestic weaknesses that may take time to heal, Pakistan could remain a friend and possibly even an ally.

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