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Assessing U.S. Policy and Its Limits in Pakistan

**Testimony before the
Senate Foreign Relations Committee**

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Chairman Kerry, Ranking Member Lugar, and members of the Committee, it is an honor to appear before you today to present my views on U.S. policy towards Pakistan. Thank you for this opportunity.

My views are my own. They are informed by my work at the U.S. Institute of Peace (USIP) which provides analysis, training and tools to help prevent, manage and end violent international conflicts, promote stability, and professionalize the field of peacebuilding. USIP's work in Pakistan encompasses three interrelated areas: improving mutual understanding between U.S. and Pakistan; strengthening capacity to mitigate conflict; and promoting peacebuilding through education and civil society initiatives. Over several years, USIP has been involved in training conflict resolution facilitators, promoting peace education in Islamic seminaries, and conducting research and analysis on the ground in Pakistan. I travel frequently to Pakistan and have a broad network of contacts across the country.

Mr. Chairman, you could hardly have selected a more pressing moment to reflect upon the state of the Pakistan-U.S. relationship. Just five days ago, the world's most wanted man, Osama Bin Laden was killed inside Pakistan. There are multiple ways to absorb and analyze this development. The most obvious reaction, as we have witnessed in the wake of Bin Laden's killing, is to question Pakistan's commitment as a partner in the fight against terrorism given that he was found living comfortably in a Pakistani Garrison town. Understandably, many have suggested that Pakistan is not sincere, and thus Washington should contemplate breaking off ties.

I, however, believe the U.S. should see this extremely difficult moment as an opportunity to strengthen the bilateral relationship. America has tried the 'walk away' route before; it is primarily the reason for our presence in Afghanistan today. But this time, the outcome of a ruptured relationship with Pakistan is certain to be even more detrimental as its multiple fault lines have rendered the country much weaker and fragile than it was at the end of the *Afghan Jihad*.

While Pakistan has provided ample reasons for the U.S. to consider it untrustworthy, Pakistan's number one complaint vis-à-vis the U.S. has always been, and is, that Washington has proven to be an undependable partner. It was not long after the news of Bin Laden's death flashed across TV screens in Pakistan that commentators were asking if the U.S. would consider this as "mission accomplished" and abandon its partnership with Pakistan. Indeed, we have known for a long time that Islamabad is not convinced of U.S. promises to stick with Pakistan over the long haul. I believe that Bin Laden's death provides an opportunity to convince them otherwise. A demonstration of U.S. resolve to persist with Pakistan even after Al Qaeda's leader and mastermind is gone will send an extremely positive message to the average Pakistani.

Let me return to the Bin Laden episode later and instead focus on the U.S.-Pakistan relationship in a broader framework.

The bilateral relationship dates back to Pakistan's creation but never have the stakes been higher than over the last decade. Since 9/11, the relationship has had a discernible schizophrenic element to it. It has been both, good and bad; encouraging as well as frustrating; invaluable, and yet, at times counterproductive.

The oscillatory nature of the engagement has left few comfortable for too long. Even today, there is a heated debate among the policy and academic community on whether the U.S.-Pakistan engagement has been a net positive or negative from an American perspective. Increasingly, I find myself being asked the question: will the U.S. be able to achieve its objectives in Pakistan? And if not, why should Washington commit so much money and effort to a country that is unwilling or unable to deliver?

I want to take this opportunity to highlight why retreating from a promise of long term, holistic support to Pakistan will be a grave error on the part of U.S. decision makers. I will also highlight specific measures with regard to the monetary, security, and political aspects of the engagement that would further what I consider to be a fundamental U.S. interest: assisting Pakistan in its quest for stability. In doing so, I will provide an assessment of U.S. policy and its limits in Pakistan – which is what I was asked to focus on today.

U.S. Objectives in Pakistan

Recalling Charles Dodgson's 1865 novel, *Alice's Adventures in Wonderland*, "if you don't know where you are going, any road will take you there." This is not an entirely unfair characterization of U.S. policy towards Pakistan or, for that matter, Islamabad's outlook on Washington. The two countries have been partners for over a decade but the answer to "what they are ultimately after" remains ambiguous.

For the first six-plus years of the post-9/11 relationship, Pakistan was viewed squarely through the Afghanistan prism. The relationship was transactional and was tied to America's engagement in Afghanistan and Pakistan's counter-terrorism cooperation. The revision towards a more broad-based partnership capable of reaching out to the Pakistani people, crystallized through the Enhanced Partnership with Pakistan Act, was a welcome one.

The Act, as I interpreted it, contained the necessary ingredients to make the Pakistan-U.S. relationship a lasting one. It was realistic in what it thought the much-enhanced civilian assistance could get Washington in return. No one claimed that the fresh assistance alone would be able to transform Pakistan or would be able to alter Pakistan's India-centric strategic paradigm. But it would, one hoped, *contribute to* economic stability, improved governance, and strengthened civilian institutions. It was to *begin to* convey the message that the American government and people care about the well being of the ordinary Pakistani. The beauty of this vision was that it was clear that the U.S. had begun to think about Pakistan for Pakistan's sake.

Unfortunately, the vision has been overwhelmed by an urge to retreat to the old model, a model which saw Pakistan from a purely security lens and in relation to the mission in Afghanistan. The discourse on Pakistan has, once again, shifted to tying U.S. assistance to results on the security front. This view has also filtered into decisions on the use of U.S. assistance in Pakistan. The USAID mission in Pakistan, much like in Afghanistan, is being asked to view aid as a stabilization tool, with short-term interests and politicized objectives which too often trump an effective, long term development approach. Geographical and project priorities as well as the implementation models are often influenced by the need to generate security dividends rather than simply approaching development for the sake of

development – the only tested way of creating stability and turning young minds to constructive endeavors over the long run. There is also an active effort to try and win the ‘hearts and minds’ of Pakistanis, which again is, an overly ambitious goal with unclear utility.

I do not need to inform this Committee that these returns have not been forthcoming from the Pakistani side. Pakistan has not eliminated the militant sanctuaries; nor has there been any notable decrease in the anti-American sentiment in Pakistan. But what I do want to stress is that none of the strategic results mentioned above are likely to come at all – not in the time frame that is in any way relevant to the mission in Afghanistan. If the benchmark to evaluate the efficacy of the broadened relationship, and indeed of the U.S.-Pakistan partnership overall, is Islamabad’s behavior between now and 2014, I am afraid, the conclusion is foreknown.

But viewing the relationship through such a short term prism is fraught with danger. It is this very desire to see ambitious expectations fulfilled quickly that sets one up for disappointment and which in turn feeds resentment towards Pakistan. And ultimately, one comes back full circle to the question: why should we support a country that is not delivering? The conclusion, for many among the policy circles is already that we should not; that U.S. requires a ‘Plan B’ which is stern and more aggressive – which seeks to ‘get the job done’. Unfortunately, such a ‘Plan B’ is not possible; at least there is none that can produce the desired results without leaving Pakistan in more dire straits.

In Pakistan, this sentiment is interpreted as proof of the momentary nature of the partnership. Those Pakistanis who support a deeper and a more sincere engagement with the U.S. quickly lose out in favor of those who prefer that Pakistan work to extract maximum benefits from Washington before relations turn sour again – which they believe to be inevitable.

Pakistan’s Importance

The impulse to keep Pakistani unwillingness to tackle militant sanctuaries in Pakistan at the forefront of the relationship is understandable when American troops are engaged in Afghanistan. However, this is only productive if the ‘end games’ in Afghanistan and Pakistan are seen synonymously. It ignores the reality – which incidentally was behind the decision to broaden the relationship with Pakistan – that while Afghanistan may be the primary concern momentarily, it is Pakistan that holds far greater importance for future U.S. security, and its interests in the South Asian region. There is hardly any other country whose failure could have as serious and lasting repercussions for the world as Pakistan. And yet, a stable and prosperous Pakistan is the only hope for a peaceful South Asia and an ultimate defeat of terrorist forces in the region.

Pakistan is a country with 180 million people, a figure that will have surpassed 300 million by the middle of the century. Over 100 million of the current population is under the age of 24. It is a country which is believed to possess the fifth largest nuclear arsenal in the world. It is now also the global magnet for Islamist militants. Moreover, recent events including street support for cold blooded murders and sloganeering against the U.S. for killing Bin Laden show just how quickly extremism and intolerance is growing in Pakistani society. Were Pakistan to destabilize further over the next decade or so, its

demographic dividend will transform into a time bomb; the state may begin to lose even more space to the extremist right; there would then be more opportunities for terrorists to operate and plot attacks against the West, India, and elsewhere; and ultimately, the concern about safety and security of nuclear weapons, to this point exaggerated, may become real. Should it come about, such a Pakistan would be a direct threat to the U.S. in multiple ways.

Pakistan simply cannot be cut loose without immensely hurting long term American security interests. There is therefore an urgent need to pursue the spirit of the decision to broaden the bilateral relationship; to resist the temptation to view Pakistan on two-to-three year time lines; to want to achieve too much too soon. If the U.S. is truly interested in a stable Pakistan, it needs to approach the relationship through a long term vision and determine priorities accordingly. This is not to say that immediate interests such as Afghanistan should be ignored. Of course not – but they should not be presented as the sum total of the relationship. It is the urge to seek quick quid pro quos that highlights the transactional nature of ties and prompts Pakistani decision makers to view U.S. commitment as momentary. It also leads them to make choices which are often directly opposed to U.S. interests but which they feel compelled to pursue because they lack confidence in U.S. support.

Let me now turn to policy options across the three main aspects of the relationship: (i) monetary assistance; (ii) security; and (iii) political developments.

U.S. Assistance

The Enhanced Partnership with Pakistan Act is perhaps the first time that the U.S. has expressed an explicit interest to work through a democratically elected government in Pakistan for the betterment of the Pakistani people. Yet, the irony is that while U.S. civilian economic assistance may be critical to keep Pakistan from buckling under, it cannot, by itself, fix Pakistan's development and security problems. Moreover, while continued economic assistance cannot guarantee success, withdrawing assistance would be tantamount to failure.

The civilian assistance promised to Pakistan is a substantial sum in absolute terms but remains only a portion when it comes to Pakistan's requirements. This is not to say of course that \$1.5 billion per year cannot, if spent efficiently and smartly, make a noticeable contribution to Pakistan's development and capacity uplift. Also, U.S. assistance amounts to more than what it seems on paper. It is an important signal for multilateral and other bilateral donors. U.S. assistance reflects Washington's determination to continue supporting Pakistan, and in turn allows other donors to remain buoyant. Private sector investors depend heavily on investment ratings which are directly affected by the donor outlook.

Moreover, at present, Pakistan's economy, with a ballooning fiscal deficit and poor prospects for the immediate future, remains externally dependent. Lack of support from the U.S. and other major donors at this point can quickly unravel the already-tenuous economy. This will, in turn, further discredit the state in the eyes of the Pakistani people and weaken its ability to control events to an even greater degree. Down the line, the downward spiral links up to frustration among the youth and generates greater susceptibility to militant recruitment.

Going forward, the following deserve attention:

- The task of spending \$1.5 billion a year efficiently is not an easy one. Foremost, there is a need to reconsider the belief that development aid and security benefits are tied through a linear relationship. Most literature points to the contrary: using aid for short term stabilization objectives risks diluting development gains while proving to be ineffective on the security front.¹ Such outcomes will also keep Pakistanis unconvinced about U.S. interest in their long term welfare. My frequent visits to Pakistan, and a forthcoming report by the Center for Global Development's study group on U.S. development strategy in Pakistan, of which I am a member, reflect a sense from the ground that this dynamic has already set in.²
- As much as possible, the primary focus of the civilian assistance should be sustainable development and capacity building of the civilian sector over the long run. This is best managed by aligning programmatic and development assistance with the overall priorities of the Government of Pakistan. The U.S. Government should be receptive to new ideas originating from Pakistani planners. The Planning Commission of Pakistan has produced a new growth strategy for the country, which focuses on entrepreneurship and innovation among the private sector as the engine for growth, and in turn, job creation. If this translates into employment for the over 100 million youth of the country, the attendant benefits in terms of luring them away from crime and extremism will be forthcoming.
- Civilian assistance should be made conditional upon the Pakistani government's ability to undertake domestic reforms needed to complement external support. Pakistan's perennial problem of a single digit tax-to-GDP ratio is well known. Their official reasoning aside, the fact is that the Pakistani state apparatus is captured by a small number of power-wielding elite that has stalled reform for personal gains. Yet, there is a virtual consensus that Pakistan's fiscal revival is tied to structural tax reform. Washington should use its economic leverage and declare tax reform a non-negotiable agenda point.
- More action is required on the 'trade not aid' front. This involves addressing the U.S. reluctance to allow key Pakistani exports, particularly textiles, greater market access. U.S. legislators must comprehend the multiplier effect such an opening would have; that too, without having any structural impact on the U.S. textiles industry.
- The quest for winning hearts and minds is overly ambitious. Unfortunately, America may have set itself up for a failure of expectations in Pakistan. As explained, the development benefits from U.S. aid will be real if assistance is spent on key development priorities but they will not be able to transform the lives of ordinary Pakistanis across the board. Yet, the hype created around

¹ Andrew Wilder, "Aid and Stability in Pakistan: Lessons from the 2005 Earthquake Response," *Disasters*, 34 (S3), 2010.

² Nancy Birdsall, Wren Elhai, and Molly Kinder, "A Report of the Center for Global Development's Study Group on a U.S. Development Strategy in Pakistan," *Center for Global Development* (forthcoming, 2011).

the U.S. assistance package has raised tremendous expectations in Pakistan. Aid should be accompanied not by promises of major transformation but by increased transparency on where, how, and why, aid is being spent. Moreover, the onus of responsibility of aid utilization needs to be transferred to the Pakistani government. At least for all aid flowing through the government, the U.S., through its public messaging should make clear to the Pakistani people that any success or failure is the home government's responsibility, not that of the U.S. The Congress should continue to insist on accountability and transparency, but it should not allow a model that brings Washington blame for Pakistani mistakes.

- There are things money cannot buy. In Pakistan's case, it is their strategic mindset. For years, Pakistani leaders, civilian and military, have pretended that U.S. economic assistance and political support is the key to obtaining strategic deliverables. Washington has seemed too eager to go along. Every time, the outcome has been unsatisfactory. Indeed, expecting monetary assistance to alter Pakistan's strategic paradigm reflects a lack of understanding of just how deep rooted are Pakistan's concerns about India and an insecure neighborhood to its west.
- Finally, military aid is important in its own right and the desire to continue support at the present level is a positive one. Given the multitude of militant threats and the dwindling economy, the Pakistan military would require continued assistance from the U.S. just to keep up with its current challenges. However, the relationship should be transformed into a broad based military-to-military partnership that seeks to build capacity and supports the needs of the Pakistani military in its counter-terrorism and counter-insurgency operations. The quasi-rentier arrangement under the Coalition Support Fund harkens back to the transactional prism and needs to be discontinued in favor of an upgraded assistance package.

Security Relationship

Osama Bin Laden's presence in Abbottabad deep inside Pakistan was shocking to say the least. It raises questions about the competence, or worse yet, intentions of the Pakistani ISI. Not enough facts are available yet to decipher where the reality lies. On the one hand, one is hard pressed to find a rationale for the Pakistani state to harbor Bin Laden. It defies all logic. After all, Pakistan and the U.S. have collaborated in previous operations/strikes against senior Al Qaeda leaders inside Pakistan. Indeed, President Obama's conciliatory mention of Pakistan in his speech on Sunday night and the Secretary of State's subsequent remarks in the same vein suggest a certain degree of confidence that the Pakistani state was not complicit. On the other hand, Pakistani security establishment's propensity for risk taking is well known and this may just have been a major gamble gone wrong. At this stage, there are numerous questions with few answers. This chapter can surely not be closed on this note. Candid discussions need to take place with the Pakistani intelligence to determine the precise facts. Did the Pakistani security establishment help, remain irrelevant, or hinder? Were individuals from the ISI involved in harboring Bin Laden, or was it a case of sheer incompetence on the part of Pakistan's spy agency?

Regardless, while Bin Laden's killing will likely dent Al Qaeda globally, it neither reduces Pakistan's internal security challenges, nor completes the mission in Afghanistan.

The episode, itself, is a reminder that Pakistan has truly become the global hub for Islamist terrorists. The Pakistani state is challenged by multiple militant outfits with different agendas and capacities. This is a result of three decades of misplaced policies which saw militants as tools of foreign policy.

Broadly, four types of militant groups are situated on Pakistani soil: anti-Pakistan state; anti-US/NATO presence in Afghanistan; anti-India; and sectarian. While the groups do not lend themselves to neat distinctions, and members frequently overlap, the Pakistani state has tended to see them in silos. The military has chosen a graduated response, going wholeheartedly only after the principal anti-Pakistan group, the Tehrik-e-Taliban Pakistan (TTP) and some of the sectarian outfits. Against others, the state has employed a variety of law enforcement, coercion, appeasement, outsourcing, and ignoring tactics. The military remains concerned about spreading itself too thin by opening multiple fronts simultaneously. Even in areas like Swat and Buner where the military has scored impressive victories, the transition to civilian governance structures is missing and the military is forced to continue holding areas indefinitely.

Pakistan's graduated response may make sense at one level but it reflects a fundamental disconnect between Pakistani and U.S. strategic interests. Pakistan's refusal to target Afghan insurgent sanctuaries inside its territory, explained partly by capacity constraints and partly by its concerns about an antagonistic Kabul, is actively raising Western costs in Afghanistan. To date, Pakistan has been, in order of importance, both an invaluable lifeline and a hindrance to the U.S. mission in Afghanistan. However, as the U.S. strategy moves towards the negotiations phase, Pakistani and U.S. strategic interests are likely to converge on the question of reconciliation.

At the U.S. Institute of Peace, we recently undertook a project, "The End Game in Afghanistan: View from Pakistan" aimed at better understanding Pakistani perceptions about the 'end game' in Afghanistan.³ We involved over 50 Pakistani opinion makers, analysts, political leaders, and officials in a series of round tables to draw out Pakistani views on U.S. strategy and how Pakistan plans to pursue its interests. The results provide important lessons on the way forward for the U.S.-Pakistan engagement on Afghanistan.

We were encouraged to find that Pakistani opinion seems unequivocally opposed to prolonged instability in Afghanistan. It also no longer favors a Taliban-led Afghanistan. Moreover, there is support for convincing the Taliban to divorce ties with Al Qaeda. Incidentally, this task will become easier after Bin Laden's death. For some time now, I have been of the view that the best case scenario for

³ Moeed Yusuf, Huma Yusuf, and Salman Zaidi, "The End Game in Afghanistan: View from Pakistan," *United States Institute of Peace and Jinnah Institute* (forthcoming, 2011).

Afghanistan entails a negotiated settlement in which all Afghan groups guarantee a clean break from Al Qaeda and agree to return within the Afghan constitutional framework. Bin Laden's death is likely to make the Taliban leadership more amenable to this demand.

In terms of the problem areas, our research clearly indicates that Pakistanis do not see an interest in targeting the Afghan Taliban. The primary reason, however, is not an active collusion to undermine U.S. efforts – although, as mentioned, de facto the policy does raise U.S. costs substantially; rather, it is a function of the lack of confidence in the current U.S. strategy in Afghanistan. The predominant view in Pakistan, and indeed around the region, holds that the military surge will only have a marginally positive impact but that the absence of a clear American political strategy will undermine the military gains. Indeed, much has been said about the diplomatic surge and the plan for reconciliation talks in Washington but there is little evidence of a well thought-out plan.

Prompting Pakistan to change its mind about leaving the militant sanctuaries untargeted requires no less than a total military victory in Afghanistan. Short of that, no Pakistani expert or decision maker – largely deriving their view from the history of the region – believes that the U.S. will be able to decimate the opposition. The other option, a direct U.S. action inside Pakistan to target the sanctuaries will be detrimental, not only because it will rupture ties and unite Pakistani Islamists under an anti-U.S. platform, but also because tactically, little can be achieved without full Pakistani support.

Moving forward, I offer these recommendations:

- U.S. policy makers must lay out a clear plan for the reconciliation phase in Afghanistan. Incidentally, this is a desire shared not only by Pakistan but also by the Afghan government, the relevant Central Asian Republics, Russia, and Iran. The clarity required is not necessarily about the end state since that will be an outcome of the process; it is about where Washington wants to start and how it foresees the process moving forward.
- There is little doubt that a positive Pakistani role in the reconciliation phase is all but necessary for a sustainable outcome. Therefore, in anticipation of the reconciliation talks, a frank and candid dialogue needs to be initiated with Pakistan's security establishment to decipher what role they are able and willing to play. Just what exactly will Pakistan be able to offer in terms of negotiating with the Taliban? A simultaneous broader dialogue focusing on more strategic questions is also required: issues that are often brought up in Pakistan – U.S. military bases, future of the Afghan National Security Forces, guarantees of non-interference by India, and from U.S.' perspective, guarantees of non-interference from Pakistan in a post-settlement phase – need to be part of the dialogue. It is surprising how little of this has happened to date; there have been plenty of discussions, but no serious structured negotiations that I am aware of, largely because of lack of clarity on how reconciliation will proceed.

- The most obvious stumbling block from Pakistan's perspective is Indian presence in Afghanistan. Ideally, the US should nudge both sides to initiate a dialogue specifically on Afghanistan. Two parallel tracks ought to be facilitated: (i) intelligence-to-intelligence dialogue to satisfy Pakistan's concerns about Indian activities in Afghanistan; and (ii) development-focused dialogue to chart out sectors/projects where Pakistan and India could work jointly.

The Silver Bullet: India-Pakistan Normalization

If one were asked to identify the top two or three developments that could sow the seeds for sustained stability in Pakistan, and indeed peace in South Asia, all of them would be directly or indirectly linked to India-Pakistan normalization. Despite what has happened in Afghanistan since 9/11, including the backlash within Pakistan, it is my considered view that the road to a stable Pakistan, ultimately travels through New Delhi. There was even a prolonged window after 9/11 when reassuring Pakistan vis-à-vis India, especially its presence in Afghanistan, could have reflected in more conciliatory Pakistani policies in Afghanistan. That window is closed now.

Nonetheless, a proactive U.S. stance in nudging the two sides towards normalization is advisable, not only for Pakistan's stability but also for the sake of optimizing the Indo-U.S. alliance. Till India and Pakistan are at daggers drawn, India's ascendance to the global stage will remain constrained.

Washington finds itself in an extremely awkward situation as a third party. In Islamabad, the U.S. is now popularly viewed as having shifted camps, leaning towards India as a long term partner and maintaining tactical ties with Pakistan for the time being. While Washington always reacts to this sentiment by negating this structural shift, the fact is that the shift is real and a positive one from an American point of view. Rather than being defensive, this fact should be acknowledged and instead, Washington's leverage with both South Asian countries ought to be used to keep the two sides at the negotiating table.

Three avenues for U.S. facilitation stand out:

- Terrorism from Pakistan-based militants has become the single most important sticking point in bilateral ties. Anti-India militant organizations no longer require active Pakistani state support to operate but matters are made worse by the state's seeming indifference, as is reflected in its handling of the Mumbai attack suspects. While pushing Pakistan to launch a forceful offensive against Lashkar-e-Taiba (LeT) in the Pakistani heartland of Punjab can backfire, Pakistan will have to show extreme political will and sincerity in its law enforcement measures against groups like LeT to make its efforts credible. Simultaneously, the two sides will have to show resolve to work together in defeating this menace. The existing 'joint terrorism mechanism' provides the most obvious mechanism to do so.
- Kashmir still remains the ultimate game changer. The motivations for anti-India terrorism, all directly or indirectly link up with Kashmir. There was unprecedented progress on the issue

during the India-Pakistan peace process between 2003-2007; both sides had, at the time, a fair understanding of the broad contours of the solution. Political hurdles in both countries aside, the leaderships have repeatedly expressed their desire to move forward on Kashmir. If it cannot actively facilitate, the U.S. can certainly ensure that bilateral negotiations on the issue do not break down. One could point to a number of moments in the past where a more proactive U.S. role could have been pivotal. The most recent example is 2007-08 when after making substantial progress, the dialogue on Kashmir hit a roadblock. Had Washington been more involved all along, it may well have been able to step in and prevent the process from being derailed completely. As the bilateral dialogue resumes, U.S. vigilance would be advisable.

- Facilitating a fundamentally transformed economic relationship is another hitherto ignored avenue. Pakistan's traditional stance that trade and investment will follow the resolution of the Kashmir issue has been inherently counterproductive and has stifled regional development. Should a freer trade and investment regime be instituted between the two countries, the extent of economic and human interdependence it is expected to create will by itself make the security-dominated narrative in Pakistan difficult to uphold. Washington could use its diplomatic offices to nudge both sides towards greater liberalization and, to overcome Pakistani hesitance, consider monetary incentives to Pakistan to offset some of the initial losses due to the inflow of Indian goods. It could also contemplate industrial investment packages to help expand and upgrade specific Pakistani industries capable of exporting to India. Some of the funding authorized under the Enhanced Partnership with Pakistan Act can be used for this purpose.
- Finally, the U.S. should also be cognizant of the unintended consequences of its regional policies. De-hyphenation of the India-Pakistan relationship along with a civil nuclear deal to India created a sense of discrimination – of being boxed in – in Pakistan. Pakistan went on a nuclear build-up spree and viewed this as the only long term guarantee against growing Indian might. The Indo-U.S. deal also pushed Pakistan to seek a deal from China. The dynamic of Indian military modernization, periodic terrorist attacks from Pakistan, and Pakistan's nuclear build-up will also make escalation control in South Asian crises a much greater challenge. Again, re-assuring Pakistan by setting pre-conditions for initiation of talks on a nuclear deal and finding ways to bring Pakistan and India into the legal ambit of the non-proliferation regime, with all its responsibilities, may be beneficial in this regard.

Political Developments

Throughout the history of the U.S.-Pakistan relationship, Washington has faced the dilemma of who to deal with in Pakistan. The anomalous civil-military relations have meant that the Pakistani civilians have often been subordinated by the military, and despite the obvious consequences for democracy in Pakistan, Washington has worked directly with the military. Today is no different, except in one regard: the military is in charge of the security policy but it is more a case of the civilians having abdicated this responsibility than the military having usurped the space.

In February 2008, when the present Pakistan People's Party (PPP)-led coalition took over, Pakistan had a great opportunity to rebalance the civil-military equation. The PPP government was riding on a sympathy wave after the assassination of its leader, Benazir Bhutto, the two largest political parties were in a coalition, the Army was both tied up in the anti-terrorism effort and discredited after General Musharraf's prolonged rule, and the new Army Chief seemed committed to pulling the Army back into the barracks. However, gradually, the military's footprint has enlarged again, with a number of instances in the last three years suggesting an overreach into civilian affairs.

At present, the U.S. has little choice but to work within the framework offered by Pakistan. The Pakistan military therefore is likely to remain the point of contact on Afghanistan. On non-security cooperation, the U.S. government is already making a commendable effort to prop up the civilian set up which must be continued over the long run.

The toughest test in terms of persisting with support for democracy in the country however is likely to come over the next few years. Politically, Pakistan is moving towards a phase where coalitions are likely to replace hegemonic parties. As coalition politics becomes the norm, it will bring with it all the messiness, uncertainty and superficiality inherent in it. Pakistan will see repeated political tensions: coalition partners will switch sides regularly to up the ante; oppositions will support the ruling alliance in times of distress and create hurdles on other occasions; smaller parties will piggyback on the larger ones at times and oppose the same when they see fit, etc. Even coalition governments may form and break relatively frequently.

It is only by going through repeated iterations of such politicking that the political elite may develop a spirit of 'consociationalism': indigenous mechanisms that will allow them to co-exist; to bargain keeping the country's long term interests in mind even as they protect their own short term gains; and ultimately to arrive at a consensus on certain national issues that they deem too important to hold hostage to political expediency. At this point, Pakistani politics will resemble that in India today. Individual politicians would not have changed (although some new, dynamic ones would have arrived on the scene), nor would their desire for short-term gains have disappeared. But they would have forged a grand, elite consensus around certain national interests they agree must not be undermined at any cost.

The interim however will be inefficient, tense, and relatively unstable. The U.S. will have to show patience with the civilian set ups; it may have to continue support despite inefficiency, lack of accountability, inability to deliver on promises, and similar shortcomings. The temptation to waver towards the more organized, relatively efficient military will be strong, especially as security concerns are set to remain prominent. However, it is imperative that U.S. policy continue to work within the system – and not repeat the mistakes of the past.

Political engagement with Pakistan should have one overriding objective: change must come about democratically and constitutionally. There is nothing sacrosanct about a five-year term for a government in a parliamentary system. But any premature change must come from within the parliamentary structure. Moreover, at this point, there is no danger of Islamist parties gaining power through the

ballot. However, a perception of constant U.S. involvement and interference in political developments in Pakistan may well, in a decade's time, allow them to ride on an anti-American wave to stake a claim from within the system. There is a need for a lower American profile in political outreach along with greater transparency on the purpose of frequent meetings between U.S. officials and Pakistani politicians.

Conclusion

Pakistan's stability as a state is a critical U.S. national security interest. I will be the first one to admit that this message runs contrary to the natural impulse, especially at a time when questions continue to be raised about Pakistan's sincerity in the wake of Osama Bin Laden's killing inside the country.

Indeed, the relationship will continue to give ample opportunities for finger pointing; tempers will run high; and often, frustrations with Pakistan may boil over. The Pakistani leadership will also remain inefficient and U.S. aid will seldom get the short term returns that law makers desire. And yet, losing Pakistan and letting it destabilize will have systemic implications, if not for any other reason, then purely for its destructive potential: one of the largest youth bulges; extremism; terrorism; and nuclear weapons.

On the other hand, well crafted U.S. policies with a long term vision can still turn Pakistan around and help it become a moderate Muslim country with a middle-sized economy. The silver lining is that much of the present strategic divergence of interest between the two sides is Afghanistan-specific. Should Pakistan and the U.S. manage to work together and find a mutually acceptable negotiated settlement in Afghanistan, a sustained relationship beyond that would by definition be for Pakistan's sake alone. The basis for Pakistani perceptions about fickleness of the U.S. partnership, transactional nature of the relationship, and even anti-American sentiment would have disappeared. Presuming that the flow of economic and security assistance is uninterrupted throughout and that Pakistan's democratic process has not been disrupted, the returns on U.S. investment will be greater and swifter beyond that point.

The views expressed in this testimony are those of the author and not the U.S. Institute of Peace, which does not take policy positions.