

M. Phil Thesis

The Political Economy of War on Terror: A
Case of Pakistan



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FINAL APPROVAL LETTER

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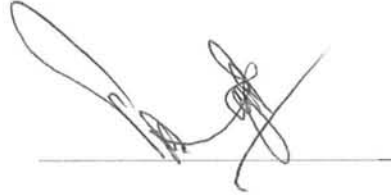
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Dedication:

I dedicate this thesis to my mentor Muhammad Rashid Mafzool Zaka.

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List of Abbreviations:

- APC (Armored Personnel Carrier)
- BIF (The Benevolence International Foundations)
- CIA (Central Intelligence Agency)
- CN (Counter Narcotics)
- CSF (Coalition Support Funds)
- CSH(Child Survival and Health)
- DA (Development Assistance)
- ESF(Economic Support Fund)
- FA(Food Aid)
- FATA (Federally Administered Tribal Areas of Pakistan)
- FATAF (Financial Action Task Force)
- FC (Frontier Constabulary)
- FCR (Frontier Crime Regulation)
- FMF (Foreign Military Financing)
- FR (Frontier Region)
- HRDF(Human Rights and Democracy Funding)
- IDPs (Internally Displaced People)
- IMET (International Narcotics and Military Education and Training)
- INCLE (International Narcotics and Law Enforcement)
- IPI(Iran Pakistan India Gas Pipe Line)
- IMU (Islamic Movement of Uzbekistan)
- IIRO(The International Islamic Relief Organization)

ISAF(International Security Assistance Force)

ISI (Inter Services Intelligence)

LFO (Legal Frame Work Order)

LI (Lashkare Islam)

MMA (Muthahida Majlise Amal)

MRA (Migration and Refugee Assistance)

NADR(Non-proliferation, anti-terrorism, demining and related)

NATO (North Atlantic Treaty Organization)

NIE (National Intelligence Estimate)

NGO (Non Governmental Organization)

NWFP (North Western Frontier Province)

PA (Political Agent)

PPC (Pakistan Penal Code)

PPP (Pakistan People Party Parliamentarians)

PVPV(Promotion of Virtue and Prevention of Vice)

ROZ (Reconstruction Opportunity Zones)

TNSM (Tehrike Nifaze Shariate Muhammadi)

TTP (Tehrike Taliban Pakistan)

UN (United Nations)

UNDOC (United Nations Office on Drugs and Crime)

US (United States)

WMDs (Weapons of Mass Destruction)

Introduction:

The events of September 11, 2001 widely known as 9/11 serve as a watershed in modern history of world politics. The global political system shifted abruptly after the September 11, 2001 attacks. It shows how complex international politics has become in post 9/11 era. Events, ideas and developments can be understood within the context of their particular times. It requires identifying the specific characteristics and dynamics of each event. International politics has become highly complex and is marked by continuous change and pervading sense of insecurity¹.

American prestige with all its military might, colossal economy and state of the art intelligence to thwart terrorist attacks, was greatly damaged as she failed in stopping terrorists from carrying out their evil designs. These attacks were the worst of their kind not only in American but in human history as well. With unprecedented financial losses estimated to the tune of 80-90 billion dollars and more than 3,000 lives lost². It hit America like a thunder bolt and shook it from its foundations. It was for the first time that an enemy (a non-state entity) dealt a severe blow on America at its own soil. American security was greatly undermined, its stature as a sole superpower of the world was dented. Social, economic and psychological consequences on American public were also of great magnitude.

Consumed with emotions of rage and vengeance America had to hit back hard to make an example of perpetrators of such a heinous act. Blaming Osama Bin-Laden's al-

¹ Andreas Wegner and Doron Zimmerman, *International Relations: From the Cold War to the Globalized World*, New Delhi: Vinod Vasishtha Press, 2004, p.3

² Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no.1&2, Africa: Council for the Development of Social Science Research in Africa, 2002, p.205

Qaeda as the mastermind under Taliban regime in Afghanistan, American and its allied forces declared a war to uproot the menace and evil of terrorism. Thus began the “war on terror” with American B-52 fighter jets bombing Afghan territory in search of Bin Laden and to destroy the infrastructure of his Al-Qaeda network.

Despite concerted efforts to combat terrorism, counter-terrorism efforts have met with little success. On the contrary, terrorism has expanded abruptly and has posed more threats to the anguish of America and its allies. Al-Qaeda and Taliban not only increased their terrorist activities but their sphere of influence as well. They found new havens out of Afghanistan in Pakistan’s restive tribal areas and troubled Iraq³.

The purpose of this thesis is to analyze in detail why current terrorism efforts are not bearing desired results? What are the motivating factors that convince or compel Muslim youth to participate in terrorist activities? Why the use of military means alone would further complicate this complex phenomena rather than solving it? Are the explanations put forth in current terrorism literature sufficiently account for the causes of terrorism or is there a need for a more systematic and rigorous theoretical framework by taking into account all the factors including politico-religious, socio-economic and psycho-ideological reasons under a new paradigm for an enhanced and correct understanding of terrorism?

Definition of the Problem:

“Terrorism is a complex and multifaceted phenomenon and involves a systematic as well as sporadic use of terror by social and religious actors with the intention of forcing

³ Faisal Shams Khan, “The Political Economy of Insurgency,” *Dawn*, 19 November, 2007, p.5

some specific and general political or related objectives⁴” It requires a diversified and a dynamic approach with reflective thinking to redress this issue which poses a great threat to international peace and stability.

The increase in incidents of terrorism is understood through symbols of extremism and rise of “Political Islam.” The explanation put forth in this regard is that extremism and fundamentalism ideologies have overtaken the minds and hearts of Muslim societies. Illiterate, poor and unemployed youth are attracted towards militancy and terrorist activities. These explanations about unabated and unchecked growth of terrorism are mono-causal and oversimplified. These explanations assume that extremism is an autonomous and unitary ideological force. According to this view point expansion and increase in violence is presumptuously linked to growth of extremism alone⁵. There is no evidence to substantiate that it is only or largely the growth of religious extremism. It is very difficult to empirically prove that extremism and fundamentalism alone are the forcing driving the dynamics of war on terror. The study of war on terror from such a jargon is somewhat flawed and problematic.

An empirical investigation of the phenomenon would reveal that participation in, and support of terrorism in Muslim societies involves multiple motivations, constraints and pressures that are not necessarily linked to extremism and fundamentalism and adherence to militant ideology.

The contention here is that the current efforts and strategies to counter terrorism and explanation put forth in terrorism related literature are oversimplified explanations of a

⁴Adekunle Amwu, “The Political Economy of Terrorism,” *Africa Development*, vol. xxvii, no,1&2, (Africa: Council for the Development of Social Science Research in Africa, 2002. p.213.

⁵ Faisal Shams Khan, “The Political Economy of Insurgency,” *Dawn*, 19 November,2007, p.5

complex phenomenon which involve multiple variables and requires a more rigorous and renewed framework for the rightful assessment and understanding of this pressing issue posing a great danger to international peace and harmony. Most of the times many states try to curb terrorism in their own way but end up working at cross purposes due to the poor understanding of the issue. A case in point is Turkey's attacks against rebel Kurd's in Northern Iraq, which are hampering American efforts to curb terrorist elements in Iraq.

The expansion of terrorism and failure of counter-terrorism efforts can be understood through a political economy perspective which highlights the interactive role of politics, economic motivations, survival strategies and war finances⁶.

It has been argued that in the era of globalization we are living in an "interdependent world"⁷ where sheer reliance on force through military means will not suffice. The need of the time is a multi-pronged strategy at various fronts i.e. societal, state and international level. Just fighting and dislodging militants is not the solution because these militants are the mercenaries and mere cat's paws. Apprehending those who fund terrorist organizations and blocking the flow of finances through a well thought strategy is direly needed. A number of economic dimensions are clearly visible in terrorist activities. Many poor Muslim societies are either coerced into submission or attracted by the financial incentives offered by these militant and extremist groups. Ideological, economic and social imperatives of terrorism cannot be separated as exclusive causal factors in war on

⁶ Noam Chomsky, *Hegemony or Survival: America's Quest for Global Dominance*, London: Penguin Book Publishers: 2004, p.209

⁷ Robert O. Keohane and Joseph Nye *Power and Interdependence*, Toronto: Little Brown and Company Inc, 1997, p.33

terror. They are in many ways mutually exclusive in explaining the dynamics of terrorist agendas, motivations and strategy.

Further it has been contested in this work that America's heavy reliance on military and unilateral approach in the war on terror is dividing the world opinion about the sincerity of the US in combating terrorism and motives of the war, both in its European allies in particular and Muslim World in general. Many liberals staunchly believe that America is involved in "empire building" in the garb of combating terrorism in Iraq and Afghanistan. America's violation of international law and norms, contempt for international treaties, selective application of democratic values and principles, support for dictatorial regimes are those factors which are giving authenticity to such arguments⁸. Such kind of beliefs cast doubts about American motives in liberal and moderate forces in Muslim societies which results in their anti-American stance and obstructs in counter-terrorism efforts. It is the rule of law as against the rule of force⁹ which will ameliorate the deteriorating counter terrorism efforts.

Extremism and fundamentalism in the form of "the rise of political Islam" or economic reasons (poverty, unemployment, economic deprivation) social factors (like illiteracy, closed societies, absence or lack of civil liberties), political motivations (like dictatorial regimes, oppressive rulers, inability to express one's views openly, curbs on media, rulers contempt for the rule of law and human rights) are those multiple factors

⁸ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press, 2004, p.7

⁹ Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no.1&2, Africa: Council for the Development of Social Science Research in Africa, 2002, p.223

which jointly explain the true and exact underlying currents and sub-currents of terrorist incidents. A combined study of these variables would enable us to understand the real motives and driving factors of terrorism and thus enabling us to devise a rightful strategy for making this world a peaceful and secure place for its habitants.

There is a need for a multidisciplinary approach to study causes and effects of terrorism especially when existing literature on terrorism fails to explain exactly what are the factors and agents responsible for participation in, and support for terrorist activities. It is a multifaceted task and requires a theoretical framework which aptly describes the causes of terrorism by highlighting the motivating agents and factors which involve political grievances, social malaise, economic causes and religious inspirations in an interdependent world. "Complex interdependence" in combination with political economy approach as theoretical framework has been used in this research.

According to this model in post-cold war era we are living in an interdependent world in which there is no hierarchy of issues, where use of military force is rare, power is fungible and it has two aspects: hard power and soft power. Soft power is more important to resolve international political issues than hard power, international regimes will slowly erode nation-state system¹⁰.

This model seeks to construct a causal relationship between depression and aggression. Economic deprivation cause depression and people take out their frustration against injustices, malevolence and inhumane treatment in the form of violence¹¹. These

¹⁰ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press, 2004, p.27

¹¹ Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no.1&2, Africa: Council for the Development of Social Science Research in Africa, 2002, p.232

deprived and oppressed people (marginalized from participating and reaping their due share and benefits from globalization) find an automatic and refuge in religion. Islam fills in the vacuum¹². Countries with mass poverty, corruption, illiteracy, unemployment, lack of civil liberties, absence of rule of law, dictatorial and oppressive regimes where all avenues and channels of expressing grievances in peaceful way are absent then people resort to violence. These countries become breeding grounds for terrorists as frustrated youth give vent to their disgust and frustration in the form of terrorist events. People in such societies have a soft-corner for people like Bin Laden because they see a ray of hope to bring about a change in the system by siding with these terrorist groups and organizations. They see terrorism as a viable instrument for political change in an increasingly fractionalized global environment¹³.

Where there is a gap existing in closed societies in absence of civil liberties religion fills in the vacuum. It provides them with a moral justification for using violence and terrorism as a means to cultivate fear in the minds and hearts of people. Religion gives them the concept of martyrdom that ignites a flicker of hope in frustrated youth. It creates so much hatred in their attitude so much so that they happily render their lives for so-called “sublime” and “divine” cause of Islam. Religion provides the idiom for the realization of these goals.

It is mass poverty, illiteracy and unemployment coupled with injustices and inequalities that compel them to be attracted towards these terrorist organizations. Financial incentives and martyrdom are the tools that terrorist groups employ to take in

¹² *ibid.*

¹³ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press, 2004. P.17

young mind and hearts who serve as cannon fodder to terrorist incidents all over the world¹⁴.

Major Questions:

1. How the events of September 11, 2001 and the ensuing war on terror are different from conventional paradigms of warfare and security studies?
2. Who are the sponsors and abettors terrorists?
3. Why current counter-terrorism efforts of Pakistan army and International Security Assistance Forces (ISAF) in tribal areas of Pakistan and Southern Afghanistan are proving counter-productive?
4. Why the war on terror cannot be won only militarily?

Hypothesis:

- 1 If current counter-terrorism efforts in tribal areas of Pakistan and Afghanistan are not revisited then these efforts will prove counter-productive.
- 2 If incentives are not mixed with penalties by addressing the core issues of economic deprivation, mass poverty and unemployment then war on terror cannot be won only militarily.
- 3 If economic incentives are given to the youth by creating reconstruction opportunity zones (ROZs)¹⁵ then this menace of terrorism can be dealt with in a more effective way.

¹⁴ Neil J Smelser, *The Faces of Terrorism: Social and Psychological Dimensions*, Princeton: Princeton University Press, 2007. p- 54

¹⁵ Walter Enders and Todd Sandler. *The Political Economy of Terrorism*, Cambridge: Cambridge University Press, 2005. p- 219.

Methodology:

For the purpose of this thesis a political economy approach will be adopted to analyze the phenomenon of terrorism. A combine study of economic variable (centrally) as to who sponsors the terrorist activities, how terrorists generate and move funds will be conducted. Social, political, ideological and psychological variables will be inspected (peripherally), for the analysis of this pressing global issue. Focusing alone on one or few of these variables leads to a flawed and problematic explanation. By studying these variables collectively a holistic picture emerges making the right diagnosis possible prior to prescribing the right cure for the disease.

Causes and reasons that motivate terrorists are both systematic as well as sporadic. It combinedly involves civilization, religion, politics, economics and societal agents, which account for terrorists motivations. The approach in this thesis will be a multivariable analysis of this phenomenon by taking into account all these factors to put forth comprehensive model that adequately highlight the issue of terrorism.

Both qualitative and inductive methods of inquiry and investigation will be employed to demonstrate that excessive militarism and racial profiling of Muslims in the West in an interdependent world will prove problematic and counterproductive.

The literature published on this subject in the form of books, articles in newspapers, magazines and research journals and surveys has been scrutinized thoroughly. Also help has been taken from speeches of public leaders and reports published in newspapers for quantitative analysis. In addition, interviews of terrorism experts will be conducted.

Literature Review:

Alan B Krueger in *What Makes A terrorist: Economics and the Roots of Terrorism*¹⁶ has applied a rigorous statistical analysis to occurrences of terrorist incidents. He has discussed at length why the current tactics in fight against terrorism are not bearing any results. He stresses upon the fact that the analysis of terrorism should be based on empirical studies than on conventional wisdom. He addresses economic, psychological, social and political conditions of societies from where terrorist emerge.

Neil J Semelser in “*The Faces of Terrorism: Social and Psychological Dimensions*¹⁷” is an interdisciplinary examination of terrorism in all its forms and manifestations. Semelser begins his work by tackling the most fundamental issue of defining terrorism. He explains why an agreed upon definition of terrorism has not been evolved so far. He explores the root causes and conditions of terrorism. He examines the ideologies working at the back of this phenomenon and forces that fuel it throughout the world. He draws inferences from the latest findings in fields of sociology, political science, anthropology, economics, psychology, psychiatry, and history.

Walter Enders and Todd Sandler’s “*Political Economy of Terrorism*¹⁸” is a study of terrorist behavior based on the rational actor model, game theory and has statistical analysis as its theoretical framework. It is a quantitative assessment which concludes that terrorists are not mindless fanatics, but rational actors with a sound understanding of risks

¹⁶ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press, 2004. P.53- 62

¹⁷ Neil J. Smelser, *Faces of Terrorism: Social and Psychological Dimensions*, Princeton: Princeton University Press: 2007. P- 11

¹⁸ Walter and Todd Sandler, *The Political Economy of Terrorism*, Cambridge: Cambridge University Press, 2005.p.213

and returns, and that a number of the assumptions upon which our sometimes traditional counter-terrorist policies are based cannot be supported without a rigorous analysis.

Loretta Napoleoni's "*Terror Incorporated: Tracing The Dollars Behind The Terror Networks*¹⁹" is a systematic examination of the processes and methods through which international terrorism is financed. According to her religion is simply a recruitment tool, the real driving force behind terrorism is economics. Her research trackings, findings and graphically describes the financiers and the institutions supporting global terrorism including al Qaeda and Osama bin Laden.

Adekunle Amwou's "*A Political Economy of Terrorism*²⁰" is a study of terrorism that highlights the structural factors underlying this burning issue of international politics. He uses implicit political economy and dialectical materialist approach to show that the rule of force as against the rule of law tends to radicalize the victims of terrorism and the religion provides the moral justification for unleashing violence to achieve political ends. He concludes his article by saying there is a dire need to abide by international norms of morality and justice within the ambit of international law to make counter-terrorism efforts fruitful.

The aforementioned and reviewed literature will be utilized for different parts of the thesis. Literature related to economy of terrorism will be utilized in initial part of the thesis to write introductory chapter which is general in nature. While works of Loretta Napoleoni, Walter Enders, Todd Sandler and Neil Semelser will be used in writing

¹⁹ Loertta Napoleoni, *Terror Incorporated: Dollars behind the Terror Networks*, London: Pulto Press, 2004. p.161

²⁰ Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no,1 &2, Africa: Council for the Development of Social Science Research in Africa, 2002 pp.205-235

middle chapters that how terror is financed and what are different channels through which huge sums of money is funneled into terrorist activities. A plethora of research articles and books appearing on current prevailing situation in Pakistan's tribal areas and Afghanistan will feature in later parts when a case study of Pakistan will be carried as how military used rise of extremism and militancy to garner support of West for prolonging its stay at power and pay lip service to war on terror.

Scope of the Study:

This thesis will study the economic causes of terrorism centrally and peripherally will study social, political and psychological reasons in tribal areas of Pakistan. Although, first part will be generic discussing the issue implicitly, touching upon the multiple causes and without being country specific. It will streamline the financial sources of terrorist groups hiding in tribal areas. It will dilate upon how -the military being the direct beneficiary of war on terror- military regime used war on terror as a legitimacy tool to perpetuate its authoritarian rule. This case study is vital to understand the overall counter terrorism efforts because Pakistan's role has been central to this phenomenon. An informed inquiry and insight into counter-terrorism efforts in Pakistan will pave way for right diagnosis and prescription to do away with the menace of terrorism.

Terrorism is a very pressing problem of contemporary times. In less than a decade it has rendered age old methods of strategy, warfare and use of military alone as ineffective tools. It has expanded so rapidly that it has baffled the international audiences. All military efforts to check its growth have met with little success and it continues to grow unabated. If not understood in its real perspective according to contemporary terms of globalized and interdependent world it will put international peace and stability in

jeopardy. There is a dire need to revisit the current military and overall strategy of ongoing war on terror before things spiral out of control and before it gets too late.

Organization of Thesis:

The first chapter of the thesis will highlight the underlying causes, motivating factor and reasons that spawn extremist tendencies and creates an environment where participation in terrorism looks the only possible way out to realize the change. It will underline those factors which make terrorism a rational way of bringing about a change whether political, social or religious. The second chapter streamlines the financial sources and funding mechanisms of terrorist groups. How terrorist groups raise funds and utilize them to carry out their heinous designs and lethal agendas. The third chapter is a case study of Pakistan as a frontline state in the war on terror. It will explain Pakistan's rationale to join international coalition in war against terror, its vulnerabilities and weaknesses and responses shaped by the post 9/11 regional security complex. The fourth chapter discusses the situation in the Federally Administered Tribal Areas of Pakistan (FATA) and its implication for regional and international peace at large. The last section comprises of recommendations and conclusion as to what can be done to avoid the fastly deteriorating situation.

Chapter 1:

Causes of Terrorism:

The attacks of September 11, 2001 have greatly changed the world we live in. These attacks were the height of terrorism and greatest single most achievement of terrorists in decades. It shaped the world in the new directions²¹. No one expected that rag tag militia of Osama Bin Laden will strike so successfully in the heart of the US, with all its fool proof security apparatus and gigantic intelligence set up which was equipped with state of the art technology failed to stop these terrorists. It struck America like a thunder bolt. The intricate and detailed planning of terrorists, precision of their strikes and their ability to plan smart attacks are the factors that rendered conventional ways and modes of strategic thinking; traditional warfare and sole reliance on military might as inefficient tools to eradicate the menace of terrorism²². Such a state of affairs demanded even smarter responses to do away with this scourge which greatly undermined the international peace and stability. It required mixing of carrots with sticks by teaching a lesson to the evil doers at one hand (so that no one may dare think of repeating such heinous acts in the future) while making serious efforts to address the root causes of terrorism, on the other.

Militarism alone was not a wise option because the terrorists did not belong to one nation and did not have a regular standing army that the US could fight. Moreover, these

²¹ Sabir Michael, "Terrorism a Socio-Economic and Political Phenomenon with Special Reference to Pakistan," *Journal of Management and Social Sciences*, vol., 3, no. 1, Spring, 2007, p.37

²² Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no, 1&2, Africa: Council for the Development of Social Science Research in Africa, 2002 p.215

non-state actors were invisible enemies which operated smartly in different guises²³. At one hand, a military approach was adopted by the US and its allied forces to punish the perpetrators of the 9/11 attacks. On the other hand, policy makers, researchers, think tanks and intellectuals initiated a serious debate to highlight the underlying causes and factors which motivated the terrorists for such acts. To date a plethora of serious research focuses on causes of terrorism.

The use of military against terrorists can be a medium or short term measure but the long term efforts should involve a multi-pronged strategy using multiple variables at different fronts i.e. at societal, state, regional and international level. As is evident from current counter terrorism efforts that heavy reliance on military and less emphasis on nation building and removing the factors that fuel violence against other human beings is proving counterproductive in Iraq, Afghanistan and the Tribal Areas of Pakistan²⁴. In this thesis Pakistan will be taken Pakistan as a case study to establish the fact that there is a dire need to revisit the whole war on terror strategy before things totally spiral out of control. It will construct a causal relationship between depression and aggression. This will involve a right diagnosis before prescribing the cure for the disease.

Terrorism is a very confused phenomenon which is linked with socio-economic and political set up. It can be understood through a political economy approach which highlights interactive role of politics, economic motivations, survival strategies and war finances²⁵. Terrorists are the product of their environment. Just fighting the terrorist alone will not suffice as they are just the tip of the ice berg. Addressing the root causes of

²³ Noam Chomsky, *Hegemony or Survival: America's Quest for Global Dominance*, London: Penguin Book Publishers: 2004, P.216

²⁴ James Baker and Lee H. Hamilton, *The Iraq Study Group Report*, New York: Vintage Books, 2006, P.18

²⁵ Shams Faisal Khan, "The Political Economy of Insurgency," *Dawn*, 19 November 2007, p.5

terrorism and apprehending those who fund terrorist organizations and blocking the flow of finances through a well thought out strategy is direly needed²⁶.

In this chapter socio, economic and socio-political causes of terrorism will be highlighted to argue in latter part of the work that the presence of these causes has resulted in a deadlock in the war on terror. Currently counter terrorism efforts are going nowhere because the focus has been totally on the war front while very little or no attention has been paid to address the root causes.

This chapter will generally discuss the causes and underlying motives of terrorism by studying social (illiteracy, closed societies, absence or lack of civil liberties), political motivations (dictatorial regimes, oppressive rulers, inability to express one's views openly, curbs on media, rulers contempt for rule of law and human rights), psychological, ideological (exploitation of religion by exclusivist and the close interpretation of religion to misguide the youth to fight a holy war against infidels) peripherally and economic variables centrally.

According to Krueger a number of economic dimensions are clearly visible in terrorist activities. Many Muslim societies are coerced into submission or attracted by financial incentives offered by these militants and extremist groups. Ideological, economic and social imperatives of terrorism cannot be separated as exclusive causal factors in the war on terror. They are in many ways mutually inclusive and reinforcing in explaining the dynamics of terrorist agendas and strategies. This is my point of departure from current war on terror policies and starting point for a revised and all-encompassing strategy beginning by highlighting the economic causes of terrorist motivations. The

²⁶ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press, 2004, P.7

basic question which will be explored is what are the socio-economic and socio-political causes of terrorism?

To understand and solve the problem of terrorism it is essential for all to realize and identify the causes of terrorism. The causes of terrorism may be different in various societies due to its religious, ethnic and political nature.

Socio Economic Reasons and Causes of Terrorism:

To understand the nature of terrorism, why it emerges, escalates and subsequently how to counter them? There exists no single root cause of terrorism or even a common set of causes. Terrorism is a phenomenon of multiple causes. Its causes are a combination of number of factors. The socio economic causes of terrorism include factors like poverty, economic disparities, growth without development, unemployment, illiteracy and ignorance, longstanding political disputes, authoritarian rule and lack of civil liberties.

Economic Reasons:

1. Poverty:

The first reason why we see so much violence and bloodshed around the world is because of poverty. Aristotle said “poverty is mother of terrorism and revolution.” Terrorism flourishes rapidly in an environment of poverty, hunger, destitution and deprivation. The growing gap between rich and poor countries is fuels terrorism. The poor and destitute youth is an easy prey to terrorist networks who exploit their poor financial conditions for their own vested interests and use them as pawns to further their agendas. Terrorist networks manipulate the poor economic conditions of Muslim youth and use them for their own ends. For little financial incentive and inspired by carrying out

a holy duty these misguided young Muslims end up in the hands of terrorists. Militant Islamic tendencies grow rapidly under the umbrella of poverty, economic injustices and repressive political systems.

International development that began in the 1970s was guided by humanistic principles to eradicate suffering, destitution, hunger and disease but its lack of overall success directly affected terrorist actions. Therefore, restructured development could have a significant impact on the threat of terrorism. Terrorism does not flourish only because of some religious influence but because of desperation and human inequalities, increase in poverty, the growing economic gap and the consequence of a lowering standard of living.

It could be argued that terrorist groups that strike on an international level feel economic dependency leaves them with no success, no money, and no power which is a dangerous recipe for terrorists actions and motivations²⁷.

Tribal areas of Pakistan are primarily poor and this region remained a hot spot during the Afghan war of 1979-88. Jihadi elements funded and supported by CIA and ISI were based in these areas and remained there after the fall of former Soviet Union. These jihadi elements later on backed and funded by people like Osama Bin Laden and “opium dollar”’s gave hope to local tribals against the central government which intentionally kept these areas backward and underdeveloped.

2. Economic Disparities and Inequalities:

Another factor that results in motivates the terrorist activities is economic disparities and inequalities between the countries and within the countries. The economic

²⁷ Johan Galtung, “Structural Theory of Imperialism,” *Journal of Peace Research*, vol..8, no2, 1971, p. 81

conditions in a country can result in terrorism originating from absolute deprivation, relative deprivation and competition over limited resources²⁸. When economic rights of certain groups are not granted it chooses a suitable method of terrorism to register their anger. This unequal distribution of resources forces the suppressed and destitute youth to aggression. There is a direct causal link between suppression and aggression. The gigantic gap between standards of living, quality of life, opportunity to better education and health care creates a vacuum between the countries and within the countries between societies. Oppressed and economically deprived people are more prone to violent and terrorist behavior. This condition forces them to change their fate by hook or by crook²⁹. Philanthropists like Bin Laden cash upon these disparities in Muslim countries by doing social works, offering medicine and food to these downtrodden and neglected classes of Muslim societies and ultimately find their safe heavens in such areas. Tribal areas of Pakistan are a prime example of it. These areas have been neglected in terms of social and infrastructural development as compared to others region of the country intentionally. This underdevelopment and economic disparities resulted in disenfranchisement and pent up grievances against the government and Taliban who had an alternative to offer, found sympathies with these downtrodden and neglected strata of Pakistani society.

There exists a gigantic gap between economic conditions of Pakistan's western regions (tribal areas) and other regions which are better off in terms of economic conditions, living standards and basic amenities of life. This gap paved the way for Taliban and Al-Qaeda to exploit these disparities for their ends.

²⁸ Ali Ozdogan, "Where Do Terrorists Come From?," in Robert W. Orttung and Andrew Makarychev (eds.), *National Counter-Terrorism Strategies: Legal, Institutional and Public Policy Dimensions in the US, UK, France, Turkey and Russia*, Washington: IOS Press 2006 p-21.

²⁹ Daniel Pipes, "God and Mammon: Does Poverty Causes Militant Islam?" *National Interest*, Winter 2002.

3. Growth Without Development:

According to William Easterly growth without development is another factor that leaves no breathing space for already starved and marginalized segments of underdeveloped societies. This ultimately results in grievances and alienation from the central government. As put forth by William Easterly in his 'Structural Theory of Imperialism' that "there exists a disharmony of interest between center and periphery"³⁰. This disharmony of interest with the center, compels the periphery to look for other centers. Terrorist networks and philanthropists like Bin Laden provide that center and use these desperately poor and neglected segments of Muslim societies to make a strong foothold for themselves. To these people Osama Bin Ladens are a ray of hope to bring about a change in the system by siding with these terrorist groups and organizations. They view terrorism as a viable instrument for political change in an increasingly fractionalized global environment³¹.

Economic policies adopted by the our economic masters and managers proved counterproductive as developments remained confined to few hands and did not improve the overall economic conditions of Pakistani society. The industrial elite, landed aristocracy, the civil and military establishment have exploited the economic policies of 80s and dream of alleviating poverty and redistribution of resources remain elusive and far-fetched. The rich of the country got richer while poor got poorer and the yawning gap between different segments of society slowly slid into the abyss of religious extremism and fundamentalism which revolted against the state which failed to deliver for sixty years. Geographical proximity of these areas with Afghanistan and rise of Taliban in

³⁰ William Easterly, "Too Much For A Man to Do," *The Economist*, July 08, 2006, p.6

³¹ Adekunle Amwu, "The Political Economy of Terrorism," *Africa Development*, vol. xxvii, no,1&2, (Africa: Council for the Development of Social Science Research in Africa, 2002. p-228.

1996 dealt a severe blow to Pakistani government and tribal areas virtually got out of central government's hold. Unable to find their livelihoods in mainstream Pakistani society the tribal youth were forced to pick up arms and resort to violence for a better way of living and life³².

4. Unemployment:

The unemployed youth is easy victims of terrorist networks. Bitten hard by harsh economic realities of life they find no other way but to pick up arms and become pawns in the hands of terrorist organizations. Due to lack of skills and inability to compete in mainstream job market these youth prefer to become members of these terrorist networks. Due to poor educational background they buy the distorted and exclusivist interpretation of Islam offered by the terrorists.

Socio Political Reasons of Terrorism:

In addition to the economic reasons which are the main driving forces of terrorism, there are socio-political reasons which act as secondary catalyst force of terrorism which include longstanding political disputes, authoritarian regimes, illiteracy, extremism and religious fundamentalism.

1. Longstanding Political Disputes:

Among the socio political reason, first and foremost is the longstanding unsettled political disputes namely Kashmir, Palestine, Iraq and Afghanistan etc. Most of the contemporary terrorism is bred and born of some these existing conflicts. These disputes which result in killings of Muslim civilians on daily basis and repression and humiliation which people of these societies have been going through for decades force them to resort

³² Hussain Haqani, "Extremism Still Thrives in Pakistan," *International Herald Tribune*, July 19, 2005, p.4

to violence Intifada-I and intifada-II in Palestine after Hamas won election and mass armed uprising in Jammu and Kashmir in 1989 are prime examples of political grievances when Muslim youth picked up arms and rebelled against the oppressors.

The unresolved dispute of Kashmir which was inherited from the time of Pakistan's inception is remembered as unfinished agenda of partition. This alone has resulted in unabated and mushroom growth of jihadi organizations in Pakistan from 1989 onwards with the tacit backing of military junta. The military kept the Kashmir issue alive because it was the singular reason for its defense budget and kept it in power..

2. Authoritarian Regimes:

In present times authoritarian and oppressive regimes in most of the Muslim countries are another reason of terrorist tendencies in Muslim countries like Pakistan. Lack of democracy and existence of dictators frighten the opponents by blocking all possible ways of dissent. This trend peaked during cold war era when American foreign policy was hell bent upon containing the spread of communism. Thus US supported military dictators and authoritarian monarchs in the Middle East and South Asia. It provided them huge sums of money and arms by offering them treaties like SEATO and CENTO and brought them within its own sphere of influence. Oppressive rulers like General Zia ul Haq in Pakistan were looking for legitimacy to prolong their authoritarian rule which was provided by American backing. In support for US policies in Cold war, America turned a blind eye and deaf ears to their human rights abuses, repressive policies, curbs on media, lack of civil liberties and authoritarian style of ruling³³.

³³ Aryan Baker, "Pakistan's Valley of Extremism," *Time*, November 22, 2007

America's support for these authoritarian rulers who promoted American foreign policy objectives turned the disenchanting elements of these societies anti-American who consider US as their enemy number one. They perceived the US as the main conspirator and hindrance in their march to achieve freedom from authoritarian rule and achieve rule of law. They consider America as their foreign lord which rules them through its stooges which it had installed during the cold war era. Thus they don't let any opportunity go unmissed to harm US and one way of harming US is supporting the agenda of terrorist organizations.

3. Illiteracy and Ignorance:

Illiteracy and ignorance is another primary reason of terrorism. Due to poor educational background youth in Pakistan's tribal area are easily taken in by terrorist organizations which provide them with the distorted and manipulated interpretation of religion. They thus succeed in misguiding the youth to wage a holy war (jihad) against the West in general and the US in particular. The gap that exists in closed societies in absence of civil liberties is filled in by the religion³⁴. It provides them with a moral justification for using violence and terrorism as a means to cultivate fear in the minds and hearts of people. Religion gives them the concept of martyrdom that ignites and flicker of hope to the frustrated youth. It creates so much hatred in their attitude that they happily rendered their lives for the so-called "divine" cause of Islam. Religion provides them with the idiom for the realization of these goals.

The tribal areas of Pakistan are educationally backward and there is not a single university in FATA (Federally Administered Tribal Areas) and the only medium of

³⁴ Bernard Lewis, *The Crisis of Islam: Holy War and Unholy Terror*, Washington DC: Modern Library, 2003 p.35

education is the madressah system. Unfortunately, in 1980s these madressahs were used by military for their political ends and recruits for Afghan jihad came directly from these madressahs. Madressahs were nurseries of jihad during the eighties³⁵. Fully supported and funded by CIA, then authorities of US did not realize that one day these jihadi elements will become a hard nut to crack.

4. Religious Extremism:

Fanaticism and the dogmatic interpretation of religion is another factor which greatly contributes to motivations for terrorist activities. The tendency to look at things in black and white is which fills hatred in minds and hearts of misguided young Muslims who in the “ecstasy” of performing “noble religious duties” resort to terrorist activities³⁶. When certain groups and schools of thought are not given due socio-political acknowledgement and accommodation they then turn to violence to show their existence. It is the extreme of imposition of the will by the rulers or dissident groups. To get the certain view acknowledged or recognized by society and governments, fanatic and regressive elements resort to violence. It is an effective way of not only spreading the message but instilling fears in the minds and hearts who oppose their views and outlook of life.

Religion provides the moral justification for the killing. By misinterpreting the true meaning of jihad in Islam and misleading the youth to pick up arms and further the agenda of extremists embedded in hatred and ignorance. Religion often provides symbols that make bloodshed not only possible but legitimate as well.

³⁵ Hussain Haqqani, “Pakistan’s Terrorism Dilemma,” *Carnegie Paper*, Washington DC: Carnegie Endowment for International Peace, 2005, p.351

³⁶ Mommani Bessma, “The IMF, the US War on Terrorism, and Pakistan,” *Asia Affairs*, vol. 31, no. 1, New York: Asian Affairs Press, March, 2004, p.56

During Afghan war in 1979 and American invasion of Afghanistan in 2001 many young people were misguided by al-Qaeda and Taliban to participate in jihad against the “infidel” forces in Afghanistan. Many young students studying in madressahs went to Afghanistan to participate in jihad without informing their families and became victims of American aggression.

5. State Sponsorship of Terrorism:

State sponsorship for terrorist groups is another reason for the spread of terrorism. States with desire to propagate their foreign policy in indirect manner are prone to this tactic. This cause involves support of militant and sub-national groups by states who use them as their proxies against an adversary by providing them with funds, finances, sanctuaries, arms and training³⁷. It is more an instrument of foreign policy. A state fighting a much stronger enemy would resort to sponsoring terrorism aimed against what could be described as a common enemy. It is fairly low cost compared to a direct war and easy to deny in case of any suspicion.

The relationships between terrorists and their sponsors vary a great deal and terrorism can also be used as a covert action by intelligence agencies.

6. Modernization and Technological Advancement:

Rapid modernization and urbanization in the form of high economic growth has also contributed to the growth of terrorism in modern times. Changes from tribal to hi-tech societies where traditional norms and values are colliding with modern values of globalization create radicalization of fundamentalist religious groups in Muslim

³⁷ Dipak K. Gupta, “Exploring the Roots of Terrorism,” in (ed.), Tore Bjorgo, *Root Causes of Terrorism: Myths, Reality and Ways Forward*, New York: Routledge Press, 2005, p.15

societies³⁸. Those who believe in dogmatic and literal interpretation of religion see modernity as a violation of religion and thus think of it as their moral and religious obligation to purge the society of religious impurities. Vigilantism and overzealousness are the main features of such behavior. Nostalgia for glorious past is the driving force behind such acts of violence by these groups who are not ready to give up their old patterns of livings but use modern means and methods to instill fear in the minds and hearts of people.

Due to the incredible technological advancement and modern means of communication, transportation violence has become a very effective mean of bringing about a desired change and this is the reason why terrorists use modern technological means very effectively for their desired ends³⁹. Improvised explosive devices (IEDs), dirty bombs, anthrax-laced letters, dissemination of video and tape messages to different media organization and on different websites on internet are few of the modern techniques terrorist have successfully employed to further their agenda.

7. Role of Madrassahs:

Pakistan's deteriorating education system has radicalized many young people while failing to equip them with the skills necessary for a modern economy. Pakistan is one of the twelve countries that spend less than 2 per cent of GDP on education. The failure of the public school system to deliver quality education to the masses is contributing to the madressah boom. Madressahs provide free religious education, boarding and lodging and are essentially schools for the poor. Over one and a half million children attend

³⁸ "Exploring Root and Trigger Causes of Terrorism." A Project of European Commission Under Sixth Framework Programme, Geneva: June, 2007, p.47

³⁹ Sabir Michael, "Terrorism a Socio-Economic and Political Phenomenon with Special Reference to Pakistan," *Journal of Management and Social Sciences*, vol. 3, no. 1, spring 2007, p.46

madressahs in Pakistan. These seminaries run on public philanthropy and produce indoctrinated clergymen of various Muslim sects. Some sections of the more orthodox Muslim sects have been radicalized by exposure to jihad, first in Afghanistan, then in Kashmir. The growth of seminaries in Pakistan has been phenomenal; almost 300 percent faster than regular government and private schools in the absence of state support. Powerful Islamist groups are undermining the reform initiatives of civil society to create a sustainable, equitable and modernized public education system that educates both girls and boys⁴⁰. The constrained worldview, lack of modern civic education and poverty of students of religious schools make them a destabilizing factors in Pakistani society. For all these reasons, they are also susceptible to romantic notions of sectarian and international jihads, which falsely promise instant salvation.

Religious schools or madressahs provide religious and some general education to children mostly boys, many of whom come from poor families and background that have few other educational options. Many of these schools receive foreign funding. However, with many madrasas focusing exclusively on Quranic learning or *Hifz* they fail to equip their students with a comprehensive education which can become a means to earn a living in the modern world. There are concerns about the links between some madressahs and militant recruitment. The number of religious schools in Pakistan grew exponentially between 1988 and 2000 to fill the vacuum created by the country's inadequate school system. Today, there are more than 10,000 registered religious schools in Punjab province alone, while in the whole of Pakistan there are more than 25,000, catering for

⁴⁰ "Pakistan Reforming The Education Sector," *Asia Report no .84*, Islamabad/Brussels: International Crisis Group, October 07, 2004, P.6

more than 1.6 million children. In addition, a further 25,000 to 40,000 non-registered schools provide lessons on the Quran to an almost equal number of students⁴¹.

Many of these madressahs played a vital role during the days of Afghan jihad. Most of these madressahs are foreign funded and provided training to jihadi recruits during Russo-Afghan war. Taliban who took over power in Afghanistan in 1996 are the products of these madressahs. Successive governments, whether military or civilian, the inability to reform this sector on modern lines and purify it of jihadi elements who disseminate hatred and extremism in the minds of young adults is the main reason behind the unabated growth of extremism and militancy in Pakistan and Afghanistan⁴². These madressahs promote an ideology that provides religious justification for terrorist attacks like suicide bombing. The Lal masjid saga of July 2007 is a clear manifestation of this assertion.

8. Failed States:

The growth of international terrorism is also linked with the existence of failed and rogue states who are a natural choice for militant and armed groups to find shelter and safe havens on the basis of exploitation of weak grip of state authorities over its territories and by grievances of local masses against their respective regimes. States where government structures are weak and civil society lacks the means of actions are particularly vulnerable to militant and armed groups⁴³.

Weak state structures in Afghanistan, Pakistan, Palestine and the Sudan etc with limited resources and powerless central governments fail to maintain their effective rule

⁴¹ "Pakistan: Karachi Madrassa's and Violent Extremism," *Asia Report*, no. 130, Islamabad/Brussels: International Crisis Group, 29 March, 2004, p.9

⁴² Ahmed Aijaz, "Madrasahs: A Make-Believe world," *Asia Times Online*, 17 April, 2003

⁴³ Jonathan Stevenson, "Counter-terrorism Containment and Beyond," *Adelphi Papers*, no. 367, Oxford: Oxford University Press for International Institute for Strategic Studies, London: 2004, p.112

on all parts of their territory. The result of this weak control of states is visible in the emergence of autonomous and semi-autonomous regions where anarchy exists and the writ of the state is invisible. Such autonomous or semi-autonomous regions mostly comprise of dissenting groups who rebel against their governments for the grievances of being left-out of mainstream development. These autonomous regions, especially in the developing countries become ideal places for extremist and terrorist groups to exploit local grievances for their own vested interests. These armed groups who use the jargon of religion to cloak their violent agendas. They not only offered these deprived masses with a moral justification of religion but with economic incentives as well. Local masses in weak state see a hope in the form of an alternative. For them recourse to violence is not only a power trip but a relocation of their grievances and resentment against the maltreatment by their central governments. In such regions political integration is absent and the system is constructed around economics of war generated by armed struggle. Pakistan's tribal areas and Afghanistan are the prime example of this assertion. In these regions which are totally out of government's control war is a way of life. Other than gun-running and poppy production there is nothing else to do but fight because there is no other industry. These armed militant organizations have monopoly over things means of violence, territory, taxation and public bureaucracy⁴⁴. In such weak states law and order ceases to exist. They are politically unstable, economically volatile and socially heterogeneous plagued by internal strife, infightings, civil wars and prone to disintegration. For instance, sectarian clashes between *Bangash* and *Turi* tribes in Kurrrum agency, one of the seven agencies in Pakistan's Federally Administered Tribal

⁴⁴ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003, p. 64

Areas (FATA) and turf battles between *Lashkar-e-Islam* and *Ansarul Islam* in Bara area of Peshawar. Anarchy is the norm and crime is rampant in these areas. Resultantly a void and vacuum of political authority is created which is then filled by these marauding terrorists and militant groups and outfits⁴⁵.

Weak and failing states provide an ideal environment and conditions for growth of violent and militant tendencies feeding upon grievances, resentments, social injustices, political marginalization and social injustices. These weak states become breeding grounds and “nurseries” of terrorism.

The Problems with Current Counter Terrorism Strategies:

In the light of above mentioned factors and causes of terrorism, it becomes clear that current counter-terrorism strategy is heavily heavily relying on the use of force and military means. In this era of globalization where “democratization of violence” and its “butterfly effect⁴⁶” has made it very easy for any individual to cause unthinkable damage to its adversaries with very low cost explosive materials has made recourse to violence a lucrative and effective means of realizing desired ends⁴⁷. The greater emphasis should be on eradicating the root causes through development funds and allocations of funds for providing education to illiterate and backward people of Pakistan’s tribal regions and carrying out infrastructural development in these areas⁴⁸.

⁴⁵ Alan B. Krueger, *What Makes A Terrorist: Economics and the Roots of Terrorism*, Princeton: Princeton University Press: 2007, p.11

⁴⁶ The butterfly effect is a term used in Chaos Theory to describe how tiny variations can affect giant systems, and complex systems, like weather patterns.

⁴⁷ Andrew Kohout, *America Against the World: How Are We Different and Why Are We Disliked?*, London: Times Books, 2005, p.142

⁴⁸ Tanvir Ahmed Khan, “Slipping Out of the US Shadow,” *Daily Times*, May 12, 2006, p.4

Bringing the focus back on the root causes will pave the way for outlining the problems in bringing these backward and alienated elements of society back into mainstream politics. It will also enable us to bring into spotlight the financial supply lines of terrorist organizations.

Why the War on Terror is not Yielding Results in Pakistan?

With the American invasion of Afghanistan, Pakistan was faced with an uphill task to block the influx of refugees into its tribal areas. Due to the porous border and difficult terrain it is not possible to erect a bar all along the border area or to deploy troops all along the border. Ever since war on terror began, the menace of terrorism has increased despite efforts of American forces, International Security Assistance Force (ISAF) and the Pakistan Army. The law and order situation has deteriorated and suicide bomb attacks have gone up in last year or so. Terrorists have successfully carried out suicide missions against key political and military figures, military convoys and key public places by breaking through the heavy security cordons. It virtually brought the military regime on its knees and the military ruler Pervez Musharraf has to declare emergency due to bad law and order situation and growing militancy which started spilling over into settled areas of the co country from tribal regions⁴⁹.

The question then arises why things have plummeted to such a low level. In the following chapters this thesis will try to establish that the military regime of former President and Military Chief Pervez Mushrraf used the 9/11 icidents as blessing in disguise to cultivate close ties with President George W. Bush to use it's a legitimacy tool. It is asserted that the funds allocated for the training of troops in anti-terrorism and

⁴⁹ Moonis Ahmer, "How Serious is Threat from Pakistan's Tribal Areas," *Dawn Encounter*, 19 April 2008, p.7

counter-insurgency operations and uplifting of tribal areas were misappropriated as a result of which military establishment in Pakistan constructed a giant empire of its own⁵⁰.

⁵⁰ David Rohde, Carlotta Gall, et al. "US Officials See Waste in Billion Sent to Pakistan," *New York Times*, December 24, 2007

Chapter: 2

Financing Terrorism:

It has been seven years since the campaign against terrorism began after September 11, 2001 attacks on World Trade Center (WTC). The counter-terrorism efforts centered on excessive militarism and the blind use of force have yielded little results. Terrorism has been fought at various levels by America and its allies with a focus on various aspects of this problem. The influence of Al-Qaeda and Taliban has grown. One clear example of this assertion is slide of Pakistan's Federally Administered Tribal Areas (FATA) into the hands of Taliban and Al-Qaeda and the gradual erosion of Pakistan government's writ from these areas. Talibanization which was purely confined to Afghanistan has now entrenched itself deep into Pakistan's tribal borderlands with Afghanistan. The mushroom growth of militant and extremist organization like *Tehrike Taliban Pakistan (TTP)*, a conglomerate of small militant groups operating independently in the tribal areas which networked together under Baitullah Mehsud⁵¹, *Lashkare Islam* of Mangal Bagh Afridi operating in Khyber agency, Ansarul Islam operating under Pir Saifur Rehman and *Tehr-e- Nifaze Shariate Muhmmadi(TNSM)* of Sufi Muhammad⁵² working in Swat testifies to America and its allies' failure to check the rapid growth and proliferation of these militant organizations. These militant organizations are bent upon destroying international peace and stability by disrupting smooth functioning of states and challenging the authority of the central government. These groups are not only well-funded but equipped with sophisticated modern weaponry. Not only that they are posing

⁵¹ Hassan Abbas, "A Profile of Tehrike Taliban Pakistan," *Combating Terrorism Center Sentinel*, vol. 1, issue. 2, New York: Combating Terrorism Center US Military Academy, January, 2008, p.4

⁵² Imtiaz Gul, "Talibanization of Khyber Agency," *Weekly Pulse*, July 03, 2008, p.13

stiff resistance to allied forces in southern Afghanistan and Pakistan's tribal areas but they are paying handsome salaries to mercenary soldiers fighting for them.

Here where lies the reason of Al-Qaeda and Taliban's strength and the weakness of current counter-terrorism strategy. As long as the financial sources and means of Taliban and Al-Qaeda are not blocked and dried out the insurgency in Pakistan's tribal areas and Afghanistan will not come to a conclusive end⁵³. The fight against the source of Al-Qaeda finances is as critical as the fighting Al-Qaeda itself. Choking off terrorist money limits their ability to conduct mass casualty attacks. The transnational threats which American and the world faces today are far different from the ones that the US faced on September 11, 2001. At the time of 9/11 al-Qaeda was the main threat facing the United States. It was centralized with a hierarchy organizing terrorist activities from its bases in Afghanistan the world over. Now US and its allies are confronted with more complicated threat and an enemy that continues to evolve rapidly.

Counter-terrorism will yield satisfactory and concrete results when it will be fought simultaneously on all fronts and levels i.e. at political level by promoting democracy and liberal values, at economic front by drying out their financial sources and blocking ways and means of terrorist funding, at social level by promoting moderate forces against extremists and providing equal and fair opportunities to life, education, employment and better living standards to all without any discrimination. This chapter highlights the various channels, sources, means and ways through which terrorists operating in Pakistan and Afghanistan fund their activities and how these funds, which are the life line of

⁵³ Mallery Factor and Maurice R Greenberg, "Global Update on Terrorist Finances Financing," *Second Report by Independent Task Force on Terrorist Financing*, New York: Council on Foreign Relations, June 15, 2004, p. 9

terrorists, are impeding the counter terrorism efforts. Al-Qaeda and Taliban have not only increased their strength but are carrying out their activities more precisely and accurately due to the smooth availability of funds and finances. So fighting terrorism on this front is direly needed. The first part of the chapter will explain (i) what is terrorist financing and (ii) why terrorists need funds. The second part covers how funds are generated and what are the channels of these funds.

It is important to mention that sources of money for terrorist organization have not been shut down⁵⁴. Until and unless the United States and its allies do not block the funding sources of Al-Qaeda and Taliban the war will continue forever.

What is Terrorist Financing?

As such there does not exist any formal definition of terrorist financing due to complexity attached with issue of defining terrorism itself. As there does not exist any agreed upon definition of terrorism therefore there is no definition of terrorist financing as such⁵⁵. Neither the United Nations nor Financial Action Task Force (FATF) which is internationally recognized for combating terrorist financing have define the term terrorist finances. This term became well known after September 11, attacks. The United Nation has undertaken several endeavors ever since 9/11 attacks largely in the form of treaties to fight terrorism and mechanisms used to finance. Terrorist financing can loosely be defined as;

⁵⁴ Rachel Ehrenfeld, (ed.), "Funding Terrorism: Sources and Methods," in Rachel Ehrenfeld *Funding Evil: How Terrorism is Financed and How to Stop It*, New York: American Centre for Democracy and the New York City Center for the Study of Corruption and the Rule of the Law , 2002, p.397

⁵⁵ *Reference Guide to Anti-Money Laundering and Combating Finances of Terrorism*, Washington: World Bank, 2006, p.3

“The financial support, in any form, of terrorism or of those who encourage, plan or engage in terrorism⁵⁶.”

Why Terrorists Require Funds?

terrorist organizations require funds not just to fund specific terrorist operations, but to meet the broader organizational costs of developing and maintaining a terrorist organization and to create an enabling environment necessary for terrorist organizations. The CIA estimates that it cost Al-Qaeda \$30 million annually to sustain its activities before 9/11 an amount which was raised almost entirely through donations. Maintaining a terrorist network or a specific cell to provide for recruitment, planning and procurement between attacks requires a significant amount of money and resources.

Before 9/11 Al-Qaeda was highly organized with a proper structure which also included a Financial Committee. Al-Qaeda members apparently financed themselves for day to day expenses and relied on the central organization for operational expenses. Al-Qaeda funded a number of terrorist attacks before 9/11. Like for instance, US embassy bombing in East Africa in 1998 cost approximately \$10,000 American and October 18, 2002 Bali bombing approximately cost \$20,000 American and maritime operations against oil tankers in Strait of Hormuz cost \$130,000. For mounting attacks on twin towers it cost Al-Qaeda approximately an amount between 400,000-500,000 US dollars⁵⁷. After relocating to Afghanistan Bin Laden revitalized fund-raising as he provided with \$10-20 million per year. Taliban relied on Al-Qaeda for greater share of their needs, such as arms, goods, vehicles and even for social projects. Al-Qaeda spent

⁵⁶ *Reference Guide to Anti-Money Laundering and Combating Finances of Terrorism*, Washington: World Bank, 2006, p.7

⁵⁷ Douglas Greenberg, John Roth and Serena Willie, “Monograph on Terrorist Financing,” National Commission on Terrorist Attacks Upon The United States Staff Report to The Commission, Washington DC., 2004, p.27-28

approximately an exorbitant amount of 400,000-500,000 US dollars. A significant structure is required to sustain international terrorist networks and promote their goal.

According to Douglas Greenberg and John Roth et al. basically terrorist finances fall into two general areas; direct operational support and broad organizational requirements

i. Direct Operational Support

Direct operations support is included in the demand-side of terrorist finances. The necessary material like explosives, improvised bomb-making components, vehicles, maps, surveillance material etc⁵⁸. These direct costs of terrorist operations are often very low as compared to damage they can cause. For instance, the London train bombing known as 7/7 which took place on July 7, 2005 approximately cost 8,000 pounds. Similarly the Madrid train bombing which took place on March 14, 2004 roughly cost 10,000 American dollars⁵⁹, only an amount much lower as compared to money that went into financing 9/11 attacks.

According to Loretta Napoleoni terrorists require finances for building alliances with other terrorist organizations which included groups in South East Asia such as *Jamah Islamiyah* and *Abu Syyaf*. Ties were also developed with *slafist* groups of North Africa and Central Asia. Al-Qaeda is also believed to have helped finance the establishment training camps in Indonesia, Malaysia, the Philippines and Thailand in the spring of 2003⁶⁰. Terrorist organizations like Al-Qaeda constantly need funds to support the organizations and their activities in territories they control or to carry out their activities.

⁵⁸ "Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008, p.7

⁵⁹ *ibid.*

⁶⁰ Victor Comras, "Al-Qaeda Finances and Funding to Affiliated Groups," *Strategic Insights*, vol. IV, Issue. 1, California: Center for Contemporary Conflict US Naval Post Graduate School, January 2005, p.9

a) Salaries, Subsistence and Communications:

Operatives of terrorist organizations require money for their day-to-day expenses. Funds are also required for communication with different components and parent organization. Suicide bombers are assets but their mission represents expenditures. According to Napoleoni to maintain and construct a bomb costs approximately \$5 dollars⁶¹. Fertilisers, sugar, metal fragments and plastic tubing are all required. Identifying targets is quite an expensive business as it involves filming and proper planning. It requires manpower and equipment. Finally, it involves transportation costs to carry the suicide bomber to the place of explosion.

b) Training, Travel and Logistics:

Funds and finances are also needed for providing training to operatives, traveling and logistical needs. It continues to be an important investment both in terms of ideological and indoctrination and practical skills. For procurement of false documents constitutes an important cost for terrorist outfits.

ii. Broad Organization Requirements:

Maintaining a terrorist network and to provide for recruitment, planning and procurement between attacks require an exorbitant amount of funding. So funds are needed to finance terrorist attacks and provide direct support to develop infrastructure and promote their ideology. In addition money also goes to charities and media outlets owned by terrorist organizations.

Al-Qaeda has been very adept at manipulating the television through the release of videos. In addition virtually every terrorist organization has a website dedicated to

⁶¹ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003, p.178

recruitment and spreading the message of terrorists. These major mass media outlets are used as propaganda to spread the message of terrorists and win sympathies of oppressed Muslim masses⁶².

The wide range of activities is reflected in the financing of terrorist networks themselves. For example, al-Qaeda is believed to have spent 30 million American dollars per year prior to September 11 attacks on funding operations, maintaining its training and military apparatus, contributing to Taliban and their high-level officials and sporadically contributing to related terrorist organizations⁶³.

Sources of Terrorist Financing:

In December 2005, when 9/11 commission completed its report in its recommendations out of forty-one key factors identified as most important for combating terrorism 'terrorist financing' received highest marks, an A-⁶⁴. Though, the post 9/11 financial actions initiated by America and its allies successfully froze \$140-million dollars in terrorist funds. But partial successes and great setbacks to al-Qaeda and Taliban as they lost hold of Afghanistan in 2001 they have reestablished themselves and have become a hard nut to crack. Terrorists are not only resource-rich but they have employing innovative ways and means to carry out their activities in a cost effective manner as illustrated in July 2005 bombing of London commuter train which cost as little as two thousand dollars⁶⁵.

⁶² Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008. p- 9.

⁶³ Steve Kiser, "Financing Terror: An Analysis and Simulation for Affecting Al-Qaeda's Infrastructure," *Rand Corporation Report*, Santa Monica: 2005, p. 124

⁶⁴ Eben Kaplan, *Rethinking Terrorist Financing*, New York: Council on Foreign Relations, January 31, 2008. p-37.

⁶⁵ Ibid. Eben Kaplan, *Rethinking Terrorist Financing*, New York: Council on Foreign Relations, January 31, 2008, p.37

How Terrorists Raise Funds?:

According to Financial Action Task Force Report (FATF) on terrorist financing, terrorist organizations raise funds through a variety of methods. These sources of terrorist financing can be divided into two main categories⁶⁶; (i) raising Funds through Legitimate Sources, (ii) raising Funds from Illegitimate Sources :

Raising Funds through Legitimate Sources:

Terrorist organization receive a considerable support and funding from legitimate sources which include; charities and Osama Bin Laden's Private Businesses

a. Charities:

According to Victor Comras a relevant source of foreign exchange is represented by charities. The misuse of non-profit organizations for financing of terrorists organizations is coming to be recognized as crucial weak point in international efforts to combat terrorism and drying out its funding sources⁶⁷. Charities are non-profit organizations that make them particularly attractive to terrorists or vulnerable to terrorist financing. Charities have access to considerable sources of funds and their activities are often cash intensive. Some charities have their network spread globally throughout the world. Their global presence provides a framework for national and international operations and financial transactions.

According to Evan F. Kohlmann the roots of Al-Qaeda financing can be traced back to early days of Anti-Soviet Jihad in Afghanistan during eighties. The wealthy Gulf charitable organizations sponsored by wealthy Arab businessmen helped in channeling

⁶⁶"Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008, p. 11

⁶⁷. Victor Comras, "Al-Qaeda Finances and Funding to Affiliated Groups," *Strategic Insights*, vol. IV, Issue. 1, California: Center for Contemporary Conflict Naval Post Graduate School, January 2005, p.1

jihad recruits. These wealthy Gulf businessmen and philanthropists provided weapons, guest houses and travel papers to these recruits. The success of Afghan jihad financing model was quite an accomplishment for Al-Qaeda.

Al-Qaeda extensively used these NGOs and Muslim charity organizations throughout the Muslim world. These organizations were manipulated as a secret laundry to hide and make Al-Qaeda's financial network virtually invisible. A series of international Muslim charities were established which could be used to collect and transfer the funds needed by Al-Qaeda. These funds were used for both legitimate humanitarian relief and to support Al-Qaeda activities. It included supporting the establishment and maintenance of new radical Islamic centers. These centers provided a means through which Al-Qaeda could undertake extensive worldwide indoctrination and recruitment efforts⁶⁸.

In countries like Saudi Arabia or United Arab Emirates that have not established income tax system, Zakat substitutes as the principal source of funding for the religious, social and humanitarian organizations and activities. Funds and donations in large sum remain anonymous. Al-Qaeda has taken full advantage of this lack of oversight to open its own front charities and to solicit funds through collection boxes at mosques and Islamic centers. Funds collected or raised by Al-Qaeda are mixed, maintained and transferred with the funds designated for legitimate relief and development activities.

The International Islamic Relief Organization (IIRO) is a *Wahabi* sponsored charity established in 1978 has its branches and offices throughout the world. It has 36 branches in Africa, 24 in Asia, 10 in Europe and 10 in Latin America. The bulk of this

⁶⁸ Evan F. Kohlmann, "The Role of Islamic Charities in International Terrorist Recruitment and Financing," Denmark: Danish Institute for International Studies, 2007. P.3

organization's funds come from private donations in Saudi Arabia. IIRO has been used to channel funds to Al-Qaeda. IIRO funds were used to finance at least six Al-Qaeda training camps in Afghanistan prior to 9/11. Evidence produced in a Canadian court linked IIRO directly with 1998 bombings of American embassies in Dares-Salam and Nairobi⁶⁹.

The Benevolence International Foundation (BIF) is another Saudi umbrella charity organization that has served as important funding source for Al-Qaeda. It was established in the late 1980s as two separate organizations. One was *Islamic Benevolence Committee* which was based in Peshawar and Jeddah. Its sister organization *Benevolence International Corporation* was set up in the Philippines as an import export business organization. Both these organizations were engaged in raising funds to support the Mujahideen in Afghanistan. In 2001 the US Treasury Department designated Benevolence International Foundation as financiers of the terrorism. US subsequently called upon the United Nations Security Council to add Benevolence International Foundation in its consolidated list of entities associated with Al-Qaeda⁷⁰. BIF and its chief executive officer *Enaam Arnaut* were charged with purchase of rockets, mortars, rifles and offensive bombs and distributing them to various mujahideen camps including al-Qaeda. Direct links were cited between Enaam Aronaut and Osama Bin Laden.

Al-Harmain Islamic foundation which is based in Jeddah is Saudi Arabia's most active charity. *Al-Harmain* reportedly funded 3000 *Wahabi* missionaries and supported heavily in establishing mosques in Southeast Asia, the Balkans and Africa. Since 9/11 *Al-Harmain* came under close scrutiny for supporting Al-Qaeda. On March 11, 2002

⁶⁹ Victor Comras, "Al-Qaeda Finances and Funding to Affiliated Groups," *Strategic Insights*, vol. IV, Issue. 1, California: Center for Contemporary Conflict Naval Post Graduate School, January 2005, p.4

⁷⁰ Evan F. Kohlmann, *op. cit.* 2007, p.9

American and Saudi Arabia jointly designated the Bosnia and Somalia offices of *Al-Harmain* as Al-Qaeda funding sources. The *Al-Harmain* branch in Somalia was found guilty of funneling money to *Al-Ittihad al-Islami*, a disguised terrorist group by disguising funds as contributions for an orphanage project and Islamic schools. The Bosnia office was linked to *Al-Jemah al-Islamiyah al-Masriyah*⁷¹.

Despite stringent measure and keeping a close eyes on role of Islamic organizations in sponsoring terrorist groups Osama Bin-Laden and his allies continue to manipulate them due to complex web of financial and personal relationships.

b. Bin Laden's Private Businesses:

According to Loretta Napoleoni proceeds from legitimate businesses can also be used as a source of funds to support terrorist organizations. There is a particular risk in sectors which do not require formal qualifications and where starting a business does not require substantial investments. The risk that a business will divert funds to support terrorist activity is greater where the relation between sales reported and actual sales is difficult to verify⁷². The proceeds of legitimate businesses can be used as a source of funds to support terrorist activities, as is the case with cash-intensive businesses⁷³.

Terrorist groups have been funded from internal sources, including family and other non-criminal sources. The amounts of money needed to mount small attacks can be raised by individual terrorists and their support networks using savings, access to credit or the profits of businesses under their control. Terrorist organizations can be highly decentralized, and self-funding can include cases in which a relatively autonomous

⁷¹ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Network*, London: Pulto Press, 2003. Pp.168-69

⁷² "Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008, p.13

⁷³ *Ibid.*

external financial facilitator who is not directly involved in planning or carrying out an attack nevertheless contributes funding.

There is considerable information that Al-Qaeda continues to run businesses to support itself. Osama Bin-Laden personally owns several businesses that helped him finance Al-Qaeda during his stay in Afghanistan after 9/11. He owned several businesses in Yemen that were implicated after 9/11 for funding Al-Qaeda. Al Hamati Sweet Bakeries and two honey businesses, *Al Nur* Honey Press Shops and *Al Shifa* Honey press for Industry and Commerce. The US Treasury Department charged these companies for funneling money to Bin Laden and transporting arms to Al-Qaeda. Both these businesses are still running⁷⁴.

Osama Bin-Laden's legitimate businesses took off while he was based in the Sudan. He funded construction of the airport between New Sudan and the highway linking to Khartoum and in return he was paid by the government in sesame seeds which is Sudan's leading export. In exchange for construction of roads Bin Laden was also given ownership of Khartoum Tannery.

Among the companies that Bin Laden owns include *Wadi al-Aqiq*, a Sudanese construction firm, *Al-Hiraj*, an ostrich farm and shrimp boats in Kenya, in the Middle East he has shares in *Al-Shamil* Islamic Bank and large tracts of forests in Turkey. In Asia he had large agriculture lands in Tajikistan and in Europe and the United States he possessed holding companies, venture capital firms, banks and import export companies⁷⁵. He also has investments in real estate which is scattered around the globe

⁷⁴ Victor Comras, "Al-Qaeda Finances and Funding to Affiliated Groups," *Strategic Insights*, vol. IV, Issue. 1, California: Center for Contemporary Conflict Naval Post Graduate School, January 2005, p.4

⁷⁵ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003. Pp.161-162

which includes real estate in London, Paris and the French Riviera⁷⁶. He also has dairy businesses in Denmark, wood and paper industries in Norway and hospital equipment in Sweden. Bin Laden also invested in medical markets of Egypt, Jordan and Iraq.

One of the most profitable businesses Bin Laden ran was the *Gum Arabic Company Limited*, a firm which supplies 80 percent of the world for this product, giving him a monopoly in this industry. Gum Arabic is used to make ink stick to newspapers, to prevent forming sediments in soft drinks and to create protective shells around sweets and pills to keep them fresh⁷⁷.

Raising Funds from Illegitimate Sources

Following are the sources and channels that fuel terrorist activities in Afghanistan and Pakistan's tribal areas are money laundering, drug trafficking, state sponsored terrorism and kidnapping.

a. Money Laundering:

Money laundering is the most prevalent and significant way of financing terrorist activities throughout the world. With regard to prevention, detection and prosecution it has raised significant issues which add complexity to the issues of terrorism and counter-terrorism. It is a process through which profits from a criminal activity are hidden to conceal their criminal and illicit origin⁷⁸.

What is Money Laundering?

Money laundering can be defined in a number of ways. Most countries subscribe

⁷⁶ Yael Shahaar, "Tracing Bin Laden's Money," International Institute for Counter Terrorism, Herzliya: September 21, 2001. <http://www.ict.org>, p.13

⁷⁷ John Hooper, "Terror Made Fortune for Bin Laden," *The Guardian*, September 23, 2001, p.4

⁷⁸ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003.p. 229

to the definition adopted by the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Vienna Convention 1998 and the United Nations Convention Against Transnational Organized Crime Palermo Convention 2000:

- a. *“The conversion or transfer of property, knowing that such property is derived from any [drug trafficking] offense or offenses or from an act of participation in such offense or offenses, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an offense or offenses to evade the legal consequences of his actions”*
- b. *“The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from an offense or offenses or from an act of participation in such an offense or offenses⁷⁹”*

The Link between Money Laundering and Terrorist Financing:

The techniques used to launder money are almost the same as those that are used to conceal the sources of terrorist financing. Funds used to support terrorism may originate from legitimate sources, criminal activities, or both. If the source can be concealed, it remains available for future terrorist financing activities. Similarly, it is important for terrorists to conceal the use of the funds so that the financing activity goes undetected.

⁷⁹ *Reference Guide to Anti-Money Laundering and Combating Finances of Terrorism*, Washington: World Bank, 2006, P.7

For these reasons, *Financial Action Task Force (FATF)* has recommended that each country criminalize the financing of terrorism, terrorist acts and terrorist organizations, and designate such offenses as money laundering predicate offenses⁸⁰.

b. Drug Trafficking

Smuggling and drug trafficking is another considerable source of income generation for terrorist groups like Al-Qaeda and the Taliban. Smuggling of drugs not only offers employment opportunity to the poor living in southern Afghanistan and Pakistan's tribal areas but generates great amount of profits for terrorists as well. The opium economy in Afghanistan is a key component of the raging insurgency against America and its NATO allies⁸¹. According to UN estimates illegal exports from Afghanistan to Pakistan amount to almost \$ 1 billion. It is not only a healthy source of income for terrorist organizations but it also erodes the infrastructure of traditional economies and in doing so facilitates the breeding of the economies of terror. It is an excellent vehicle for recycling of funds and politically it is very difficult to eradicate such type of business⁸². According to estimate of US State Department Office for International Narcotics Matters, the production of 1 kilo of cocaine costs about \$ 3,000 and the wholesale price of that kilo is about \$20,000⁸³.

The failure to reduce opium cultivation in the early years of post-invasion has directly augmented the Taliban's military strength. They have harvested opium into

⁸⁰ "Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008, pp.1-5

⁸¹ Jacob Townsend and Hayder Mili, "Afghanistan's Drug Trade and How it Funds Taliban Operations," *Terrorism Monitor*, vol. V, issue 9, Washington: James Town Foundation, May 2007, p.1-5

⁸² Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003, P. 174

⁸³ Rachel Ehrenfeld, (ed.), "Funding Terrorism: Sources and Methods," in *Funding Evil: How Terrorism is Financed and How to Stop It*, New York: American Centre for Democracy and the New York City Center for the Study of Corruption and the Rule of the Law, 2002, p.392

weapons⁸⁴. The opiate trade and terrorism currently overlap to such an extent that some law enforcement actions fall under counter-narcotics and counter-terrorism simultaneously⁸⁵. Opium production has increased maintaining its importance as a source of terrorist funding domestically and internationally.

Illegal drugs are cheap to make but they return enormous and huge amount of profits. They are marketable almost everywhere, that is why drug trafficking is an attractive source of funding for terrorist groups, enabling them to raise large sums of money. The degree of reliance on drug trafficking as a source of terrorist funding has grown with the decline in state sponsorship of terrorist groups and organizations⁸⁶. This trend has increasingly blurred the distinction between terrorist and drug trafficking organizations. Both criminal organizations and terrorist groups continue to develop international networks and establish alliances of convenience⁸⁷.

The ongoing Taliban insurgency in the southern and volatile eastern parts of Afghanistan is well funded and its is largely financed by powerful drug cartels. Afghanistan accounts for more than 93% of the world's illegal opium and drug lords thrive on political instability to protect their trade⁸⁸. According to Afghan authorities drug lords provide the Taliban with hundreds of thousands of dollars every year to buy people and weapons and access to valuable smuggling routes across the border with Pakistan.

⁸⁴ Pierre-Arnud Chuvy, "Drugs and the Financing of Terrorism," *Terrorism Monitor*, vol., 2, issue, 20, Washington: James Town Foundation, October 20, 2004, p.3

⁸⁵ Muhammad Tahir, "Fueling the Taliban: Poppies, Guns and Insurgents," *Terrorism Monitor*, Vol. VI, Issues 14, Washington: James Town Foundation, July 10, 2008, p.4

⁸⁶ Lee Verie Berry et al, *A Global Overview of Narcotics-Funded Terrorist and Other Extremist Groups*, A Report by US Federal Research Division, Library of Congress, Washington DC: May 2002, p.50

⁸⁷ Jacob Townsend and Hayder Mili, "Afghanistan's Drug Trade and How it Funds Taliban Operations," *Terrorism Monitor James Town Foundation*, vol. V, issue 9, May 10, 2007, p.3

⁸⁷ Loretta Napoleoni, *Modern Jihad: Tracing Dollars Behind the Terror Networks*, London: Pulto Press, 2003, p.174

⁸⁸ Benjamin Send, "Afghanistan's Taliban Insurgency Fueled by Drug, Terrorist Money," *Voice of America*, August 25, 2006

Drug traffickers provide money to Taliban in return for protection. For the last three years from 2006 till to date opium production has mushroomed in Afghanistan. According to the United Nations Office on Drugs and Crime (UNDOC) opium production had a boom year in 2006, rising to 61,000 metric tons. This marked a 49% increase over 2005, yielding an estimated \$755 million to farmers⁸⁹.

According to the United Nations Office on Drug and Crimes (UNODC) in 2007 Afghanistan broke all the previous records for the production of opium since 2001, when Taliban were thrown out of power by the US and its allies. An estimated total income generated from opium in 2007 stands around \$4billion which is more than half of Afghanistan's national annual income. The report indicates that more than 80% of the total 82,000 tons of opium harvest was produced in an area controlled by Taliban which helps farmers and smugglers. In 2007 Taliban earned some \$100 million through a 10% percent tax alone. This amount not only addresses their financial needs but also helps them find new recruits, buy weapons and make government ineffective⁹⁰.

According to World Drug Report opium crop in Afghanistan in 2008 is 7,700 tons cultivated on an area of 157,000 hectares of land. Taliban earned \$ 200 million to \$400 million through a 10% tax on poppy growers and drug traffickers in areas under their control⁹¹. Proceeds generated from this drug trade are used to pay to mercenary soldiers who work for Taliban. Taliban are offering \$200-600 per month to mercenaries and recruits who work for Taliban three times more than what the Afghan National Army can pay its new recruits. In eastern Afghanistan Taliban successfully recruited young locals

⁸⁹ Karen De Young, "Afghanistan Opium Crop Sets Record," *Washington Post*, December 02, 2006, p6

⁹⁰ Muhammad Tahir, "Fueling the Taliban: Poppies, Guns and Insurgents." *Terrorism Monitor*, vol. VI, issues 14, Washington: James Town Foundation, July 10, 2008, p.4

⁹¹ Carlotta Gall, "UN Warns of Huge Poppy Crop of Afghan Poppies," *New York Times* February 06, 2008

for \$20 a day⁹². These are not hardcore, dedicated and ideological fighters but unemployed men who are accustomed to mercenary life. The Taliban use these mercenary soldiers to assist opium harvesting. The Taliban are almost completely dependent upon opium for their financing. Taliban pay \$15 to anyone willing to launch a single mortar into nearby coalition military bases.

In recent years the Taliban have produced so much opium that they are storing raw opium in effort to support prices and preserve a major source of financing the insurgency. Opium production is overwhelmingly centered in 7 of the 34 provinces where insurgency is very strong and most of these areas are in the south. According to US estimates, in 2008 Afghanistan has produced 85,000 tons of opium while the world demand was estimated around 44,000 tons a year⁹³.

c. State Sponsored Terrorism:

Whether through the absence of effective jurisdictional control, tolerance of terrorist organizations and their activities, or active support to terrorist organizations, safe havens, failed states and state sponsors create enabling environments or otherwise provide support to terrorist organizations these safe havens, failed states and state sponsors continue to represent crucial sources of support for terrorist organizations today, including from territories in Somalia, Iraq, and the Pakistan-Afghanistan border⁹⁴. Safe havens and wider cases of weak jurisdictional control, state tolerance or support of

⁹² Pierre-arnaud Chuvy, "Drugs and the Financing of Terrorism," *Terrorism Monitor*, vol. 2, issue20, Washington: James Town Foundation, October 20, 2004, .p.3

⁹³ Kirk Kraeutler, "UN Reports that Taliban is Stock Piling Opium," *New York Times*, November 27, 2008, p.5

⁹⁴ "Terrorist Financing," *Financial Action Task Force Report*, Paris: FATF Secretariat/OEDC, February 29, 2008, p.23

terrorist organizations are also important in how terrorists *move* and *use* finance, in addition to their role in raising terrorist funds.

d. Kidnapping:

When foreigners either tourists, workers or journalists are kidnapped it can become a source of foreign exchange for terrorists. Taliban and their cohorts have spawned it as another of way of raising funds for their terrorist activities beside other traditional ways of funding their activities. Ransom taking through abduction is a crime which Taliban have adopted and which is paying off successfully⁹⁵. Taliban have abducted foreigners and Afghan business people instead of killing them. Since then, kidnapping has become one of a main source of revenue for them second only to facilitating and protecting the country's \$4 billion-a-year narcotics trade. If ransoms collected or received in reported cases is added of the past two years, the total figure comes to more than \$10 million a year. Most abductions and payments are never publicized. The threat of kidnapping has made conducting businesses and establishing industries virtually impossible in much of the country, crippling reconstruction efforts⁹⁶.

One of the earliest victims of Taliban kidnapping was Gabriele Torsell an Italian photojournalist. Four years ago he was kidnapped from a bus intercepted by Taliban on a main highway. He was freed on November 03, 2006 after 22 days. The Italian government reportedly paid 2 million Euros for his release.

In another incident of kidnapping in July 2007 Taliban took hostage a passenger bus travelling unescorted with a group of 23 Christian missionaries from South Korea. Just to

⁹⁵ Ron Moreau and Samiullah Yousafzai, "For Taliban A Crime that Pays." *Newsweek International*, September 06, 2008, p.14

⁹⁶ Herschel Smith, "Kidnapping Taliban's New Source of Income," *Times of India*, September 08, 2008, p.4

prove that Taliban were serious in killing them two of the missionaries were ruthlessly murdered. The South Korean government paid at least \$5 million before the freeing of Christian missionaries in August⁹⁷. Hostage negotiations routinely start with the insurgents demanding a prisoner release. Taliban commanders seem embarrassed to talk about ransoms. But the talks always come down to money. Among other things, cash can be used to bribe underpaid prison guards or finance a breakout.

America and its allies will do well to reinvigorate their efforts by focusing on all facets of terrorist activities and striking at them simultaneously. Over focusing on one area and ignoring others will continue to exacerbate this problem further. Once financial sources have been effectively disrupted, shut down then striking at their strongholds through force while a simultaneous socio-economic uplift and development will yield concrete results. Unemployed youth is a natural choice as mercenary soldiers for Taliban and these uneducated young local are easily taken in by insurgents who pay them 3 times more than what new recruits of Afghan National Army are paid. Failure to eradicate poppy cultivation which is the main source of the raging insurgency constitutes a complex set of problems for America and its allies in near future. Focus should be shifted to disrupting financial sources of terrorism by making counter-terrorism finances measures more robust and making global anti-terrorism financing efforts more coordinated and effective.

A recent Rand Corporation study has revealed: “The United States cannot conduct an effective long-term counterterrorism campaign against Al-Qaida or other terrorist groups without understanding how terrorist groups end. In most cases, military force isn't

⁹⁷ Ibid.

the best instrument.⁹⁸” According to the report, “Military force is too blunt an instrument to be successful against terrorist groups and the most common way that terrorist groups end -40 percent- was through police and intelligence services. Policing is especially effective in dealing with terrorists because police has a permanent presence in cities that enables them to efficiently gather information.⁹⁹”

A look at the recently published document 2008 US Security Strategy 2008 document would reveal that realization to change the strategy of war on terror is increasing in America and elsewhere. National Security Strategy 2008 calls for a more nuanced approach to fight extremism and terrorism in partnership with local actors and partners who are better aware of the terrain and local customs. It notes: “We will adopt approaches tailored to local conditions that will vary considerably across regions.” Instead of adopting the path of collateral damage which proves counter-productive and only contributes to further complicating the fight against terror emphasize is to subordinate use of force to economic development, building local institutions and removing vulnerabilities like political marginalization, economic deprivation, social backwardness etc. The document underscores, “The use of force plays a role, yet military efforts to capture or kill terrorists are likely to be subordinate to other measures.¹⁰⁰”

The current level of U.S. aid to Afghanistan pales into insignificance in comparison to previous reconstruction efforts. In the two years following the initial international intervention, Afghanistan received only \$67 in annual per capita assistance, while Bosnia

⁹⁸ Seth G. Jones,. “US Should Rethink War on Terror Strategy to Deal with Resurgent Al-Qaeda,” Washington D C: Rand Corporation, July30, 2008, p.143

⁹⁹ Seth G Jones and Martin C Libicki, *How Terrorists Groups End: Lesson for Countering al-Qaeda*, Washington DC : Rand Corporation, July 29, 2008, p.115

¹⁰⁰ United States Department of Defense, *National Defense Strategy Document*, Washington Dc, June 2008. p-13.

and East Timor received \$249 and \$256 per capita respectively¹⁰¹. While the US military is currently spending \$100m a day in Afghanistan, aid spent by all donors since 2001 is on average less than a tenth of that - just \$7m a day¹⁰². Forty percent of the aid money spent in Afghanistan has found its way back to rich donor countries such as the US through corporate profits, consultants' salaries and other. This slow nation building process is winning more sympathizers to Taliban and Afghan youth are falling a prey to these militants. Instead of focusing only on the military aspect of counter-terrorism a revisiting of current strategy by shifting the focus on more pressing and neglected sides of this war will surely take the current efforts towards more meaningful results.

¹⁰¹ Barnett R. Rubin et al., *Building A New Afghanistan: The Value of Success, the Cost of Failure*, New York: Center on International Cooperation New York University, March, 2004, p.7

¹⁰² Matt Waldman, "Major donors failing Afghanistan Due to \$10bn Aid Shortfall," *Oxfam Report Agency Coordinating Body For Afghan Relief*, Kabul: March, 2008, p. 23

Chapter 3:

Pakistan's Performance in War on Terror: An Appraisal

The September 11 attacks changed the world in many ways. Many scholars, political scientists, strategic thinkers, policy makers and world leaders assert that this incident brought an end to the post cold war era of uni-polarity punctuated and American domination. Americans baffled by the meticulous planning, deadly accuracy, penetration power, sheer success and magnitude of losses inflicted by Osama Bin-Laden's Al-Qaeda with its bases in Afghanistan in one go decided to bring the perpetrators of 9/11 to justice and make a lesson out of them. Pakistan due to its geo-strategic location sharing a border with Afghanistan, past role in dislodging the Red Army from Afghanistan, close ties and patronage of Taliban regime in Kabul and useful intelligence information about Taliban was a natural choice for American administration. Pakistan occupied a central stage of American foreign policy concerns in South Asia¹⁰³.

The fast changing global political environment placed systematic compulsions on Pakistan to sever its ties with its erstwhile proxies and coalesce itself with Americans and international community in the fight against terror. The pressure on Pakistan was tremendous. It was a moment of reckoning for Pakistan. In Mushrraf's own words, "9/11 came as a thunder bolt." The Bush doctrine which unequivocally stated, "If you harbor terrorists, you are a terrorist; if you aid and abet terrorists, you are a terrorist-and you will be treated like one"¹⁰⁴ and Bush's address to a joint session of Congress on September 20, 2001 in which he said: "Either you are with us or against us" coupled with a stern

¹⁰³ Farhana Ali, "US-Pakistan Cooperation: The War on Terrorism and Beyond, *Strategic Insights*, volume VI, Issue 4, California: Center for Contemporary Conflict, June 2007, p.3

¹⁰⁴ Noam Chomsky, *Hegemony or Survival: America's Quest for Global Peace*, London: Penguin Book Publishers, 2004. P.204

warning by former US Deputy Secretary of State Richard Armitage of bombing Pakistan back to the stone age unless it joined hands in the fight against Al-Qaeda left very little doubt and room for the then military regime of General Pervez Mushrraf at the time to think otherwise.

Pakistan which was economically crippled at that time due to sanctions placed by the international community on India and Pakistan after detonation of their nuclear devices in 1998 (the then President of US Bill Clinton had invoked 1994 Glen Symington Amendment authorizing sanctions against states that detonate non-nuclear explosions). Politically it was isolated after 1999 military coup by General Mushrraf (after the military coup American Congress invoked Section 508 of the Foreign Assistance act prohibiting all US economic and military aid towards Pakistan). Socially it was beset with ethno-linguistic differences, internal divisions and sectarian strife. Pakistan took a U-turn on its earlier policy of supporting *jihadis* for its regional external policy purposes and use them as its proxies. Threatened by the asymmetry in regional power and disparities against India General Mushrraf wasted no time in aligning himself with international coalition in fight against terror. Rejecting cooperation with Washington would have provoked American wrath and placed Pakistan's strategic and economic interests at risk in South Asia¹⁰⁵.

As a result of U-turn in Pakistan's foreign policy almost all sanctions were lifted. All restriction were dropped \$379 million of Pakistan's debt to United States was rescheduled and President Bush provided \$50 million in economic support fund to Pakistan. The decision to join hands with America disenchanted the religious right in the

¹⁰⁵ Leon T. Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?" *Policy Analysis No 436*, Washington: Cato Institute, May 08, 2002, p.1

country and a popular backlash was witnessed against the decision of General Mushrraf and there were countrywide mass protests against America and in favor of Taliban and Osama Bin-Laden in streets of Karachi, Lahore and other major urban centers of the country. The Gallup poll of October, 2001 in Pakistan showed 83 percent of respondents sympathized with the Taliban instead of America, while some 82 percent believed that Bin Laden was a holy warrior and not a terrorist. More than two decades of ties and patronage of militants made it difficult for Mushrraf to turn his back to them so quickly. There were sympathizers of Taliban inside the Pakistan army and Inter Services Intelligence (ISI). So the decision to help Americans in their anti-terror campaign was followed by firing of General Ahmed Masood Director General of ISI, General Muzaffar Usmani the Deputy Chief of Army Staff and other senior generals who had radical Islamic views and had the repute of being staunch supporters of the Taliban regime.

Pakistan began as a reluctant entrant in the global war on terror, but later it became an essential as well as active partner. Ever since Pakistan became an ally and a frontline state in the war on terror much progress has been made without any substantial results. Pakistan offered unconditional and blind support to Americans on the eve of the US attack on Afghanistan. Islamabad offered intelligence services, air space, logistics and air bases on its soil. Americans were allowed to be based in key airfields near the Afghan border. Pakistan army deployed more than 120,000 troops along Afghanistan-Pakistan border (Durand Line) and established more than 1000 check posts there. More than 2,000 soldiers of Pakistani law enforcement agencies have lost their lives in anti-terror campaign. Pakistan has rounded up more than thousand Al-Qaeda operatives and handed

them over to America for investigations¹⁰⁶. These arrests include many big profile Al-Qaeda leaders whose arrest helped a great deal in anti-terror campaign. These arrests include high profile and most wanted terrorists like master mind of 9/11 attacks *Khalid Sheikh Muhammad*, *Abu Zubaida* believed to be Al-Qaeda's field commander, *Ramzi Bin Al-Shiba* a prominent figure in the planning of September 11 attacks. Pakistan army also launched military operations against militants in its tribal areas. Despite initial successes and desired outcomes Washington's doubt about Pakistan's jihad culture cast doubt on the country's ability and willingness to reign in on its terrorist outfits.

Undoubtedly, Pakistan's contributions in war on terror are undeniable and its role is pivotal if current counter terrorism efforts are to bear any fruitful results yet its larger campaign against terror has been selective and self-serving¹⁰⁷. Despite all these moves there has not been any tangible outcome as yet. On contrary, things have deteriorated further and today the situation in Afghanistan and Pakistan's tribal areas is worse than ever. The Southern and eastern parts of Afghanistan are raging with Taliban insurgency while militancy and Talibanization is spiraling out of control in Pakistan's tribal areas and now it spilling over into settled areas. The December 27th assassination of former Prime Minister Benazir Bhutto, the September 19th suicide bombing of Marriot Hotel placed in a high security zone just a short distance from parliament and ultimatums given to ANP-led provincial government of NWFP speaks volumes of militant's growing influence and weakness of the state. With the passage of time and numerous encounters with international coalition forces Taliban have learned to avoid US and NATO

¹⁰⁶ Muhamamd Amir Rana, "1000 Al-Qaeda Suspects Arrested from Pakistan," *PI PS Security Report*, Lahore: Pakistan Institute for Peace Studies, June 26, 2006, p.7

¹⁰⁷ Ashley J. Tellis, "Pakistan and the War on Terror: Conflicted Goads, Compromised Performance," *Carnegie Paper*, Washington DC: Carnegie Endowment for International Peace, 2008, p.13

surveillance satellites and drones in order to gather up to 400 guerillas at a time for attacks on Afghan police stations and army posts. They have also learned to disperse before US air power reaches for the cover and merge with the local population¹⁰⁸. Today Taliban insurgency is well-funded, stable and powerful more than ever. The resurgence of Taliban in southern and eastern Afghanistan has made reconstruction and peacemaking efforts an elusive dream in Afghanistan. Today resurgent Taliban and Al-Qaeda have gained strength. They are better equipped, financed and more sophisticated tactically. They have gained ground and support in tribal areas where they have regrouped and reestablished their bases in Pakistan's tribal areas. Today Al-Qaeda is defended by new militant organizations like *Tehrike Taliban Pakistan* led by Baitullah Mehsud. While Americans never found weapons of mass destruction (WMDs) in Iraq but still they saved their face values by capturing Saddam Hussein and bringing a semblance of stability back in Iraq but the situation is far from satisfactory in Afghanistan. 2008 National Intelligence Estimates declared "Al-Qaeda has reorganized to its pre 9/11 strength and that the rise of Al-Qaeda is due to the failure of counter-extremism in Pakistan's tribal areas."¹⁰⁹

Pakistan's internal turmoil, beset by political upheavals, social unrest, ethnic frictions, sectarian tensions, slowing economy, energy crisis, free fall of Rupee against the Dollar has been unable to retain the control of its own territory and population¹¹⁰. These factors have surely affected Pakistan's ability to stem the rising tide of militancy in its tribal areas. Pakistan's weakness and inability to decisively act against terrorist outfits have earned it the ire of its Western allies specially America. Americans got frustrated

¹⁰⁸ Ahmed Rashid, "Losing The War On Terror: Why Militants Are Beating Technology Five Years After," *Washington Post*, September 11, 2006,p.4

¹⁰⁹ Office of the Director of National Intelligence, "The Terrorist Threat to the US Homeland," *National Intelligence Estimate*, February, 2008,p.15

¹¹⁰ Barnett R. Rubin, "Saving Afghanistan," *Foreign Affairs*, vol. 86, no.1, January/ February 2007, p. 57

and weary of Pakistani inaction against Islamic militants organizations in its tribal areas, doubts about the commitment of ISI to anti-terrorism campaigns and ordered special operation forces to take action in Pak-Afghan border areas and also started drone attacks inside Pakistani tribal areas on a more regular basis¹¹¹. September 3 attacks of helicopter borne American Special Operation forces attack near *Angoor Adda* and repeated drone incursions have strained Pakistan-US relations and in protests Pakistan suspended logistics supply to NATO forces and threatened to retaliate if drone attacks were not halted. This sorry state of affairs marked by mutual suspicions, lack of trust, poor coordination and recriminations has done more damage than good. It has emboldened the confidence of terrorists and strengthened their resolve to continue with their poisonous and lethal agenda.

Though, Pakistan was never a sponsor of terrorism itself but its reluctance to eradicate militant infrastructure from its soil, prosecute the militant commanders, eliminate Al-Qaeda and Taliban's safe havens and training camps from tribal areas and effectively stop cross-border infiltration of militants into Afghanistan has made counter-terrorism campaign a complex phenomenon.

Pakistan is the sixth most populous country in the world and is indeed facing the greatest internal crisis since its inception in 1947. The United States cannot afford to see Pakistan fail nor can it ignore the extremist's operating on its soil. Threats of Al-Qaeda's increasing strength in FATA, doubts about the nuclear arsenal of Pakistan and dangers of Pakistani nuclear weapons ending up in the hands of terrorists keep US firmly anchored in Pakistan. Afghanistan cannot succeed without success in Pakistan and there can be no

¹¹¹ Alan. K Kronstadt, "Pakistan-US Anti Terrorism Cooperation," *CRS Report for Congress no. RL, 31624*. Washington DC, Congressional Research Service, March 28, 2003. p.11

peace in Pakistan without stability and normalcy returning to Afghanistan. A stable Afghanistan is in favor of Pakistan and similarly Afghanistan cannot do well without secure Pakistan. As Americans learned to their great sorrow that ignoring Afghanistan the way they did in 1989 after the withdrawal of Russian came back to haunt them after 12 years in form of 9/11¹¹². Disengaging from the region without eradicating the menace can result in global catastrophe if America leaves the region in its current situation.

Whenever there is a terrorist attack, or attempted murder attack on any world leader its connections are established with militants groups residing in Pakistan's tribal areas. Whether it was an attack on Indian parliament in 2002, attacks on London commuter trains in 2007, abortive murder attack on Afghan President Hamid Karzai, suicide bomb attack on India Embassy in Kabul or recent attack on Taj and Oberoy hotels in India terrorist outfits operating on Pakistani soil are blamed for terrorism. Not only this but American national intelligence estimates believe that if there will be any terrorist attack on America in future it will come from Pakistan's tribal areas and that FATA is the most dangerous place on earth where central leadership and major infrastructure of world's most wanted terrorists exist

Understanding Pakistan's Approach in War on Terror:

To understand Pakistan's approach in the war on terror, why it became an ally of American in war on terror, why it decided to turn its back on its erstwhile proxies and took a U-turn on many key foreign policy issues following factors should be considered; (i) role of military in Pakistani politics, (ii) Pakistan's rationale to join international

¹¹² "The Next Chapter: The United States and Pakistan," Report by Pakistan Policy Working Group, Washington: United States Institute of Peace September, 2008, p.13

coalition in war on terror and (iii) strategic interests of Pakistan and post 9/11 regional security complex

i. Role of Military in Pakistani Politics:

In order to understand the approach of Pakistan in war on terror it is important to understand the role of military in Pakistani politics. The military has ruled Pakistan for more than three decades. More than half of the national history Pakistan has been under dictatorial rule. Whenever a major war took place in Pakistan it was the military that ruled the roost in Pakistan. Whether it was 1965 war in India, 1971 dismemberment of Pakistan, Russo Afghan war in the eighties or the War on Terror Pakistan was ruled by military. Ironically whenever Pakistan and America's relations peaked it was a military dictator at the helm of affairs. On the first U.S. presidential visit to South Asia, Dwight D. Eisenhower praised Pakistan's first military ruler, Ayub Khan. John F. Kennedy went Eisenhower one better, hosting a lavish state dinner for Ayub at Mount Vernon¹¹³. Jimmy Carter and Ronald Reagan both supported another dictator, Muhammad Zia-ul-Haq, due to his participation in Afghanistan's war against the Soviet Union.

George W. Bush went much further to support Musharraf. His administration acted to repeal all sanctions and provide \$11 billion in aid, more than half through direct funding to the Army with little or no accounting. When Musharraf staged fake elections in 2002 and 2007, Bush did not object. When he sacked the head of the Supreme Court and the nation's lawyers went into the streets to protest, the Bush team backed the general. Even while Musharraf was clearly losing popular support in the run-up to the February 2008 elections, the administration still touted him as "the indispensable man" of

¹¹³ Bruce Riedel, *Expand the US Agenda toward Pakistan Prospects for Peace and Stability Can Brighten*, Washington DC: Brookings Institute, 2008, p.5

Pakistan. This nature of relations has created troubles for both countries in the past and will definitely proved a negative-sum game. Military regimes lack local popular support and have no constituency in the public. It looks for external backing and patronage for the legitimacy of its rule. This support and legitimacy was provided by the American patronage which for its own interest shut its eyes to the ideals of democracy and supported the authoritarian military regime in Pakistan.

When 9/11 took place Pakistan was ruled by a military regime of Pervez Mushrraf which was facing an acute legitimacy crisis both domestically and internationally. Internationally isolated after the 1998 nuclear tests, Kargil War and subsequent military coup drove Pakistan from pillar to post. 9/11 was a God sent opportunity for General Pervez Mushrraf. He fully exploited the opportunity thrown his way by 9/11. He wasted no time in registering himself in the good books of the US and the West. They way his predecessor General Zia used Islamization and American support as a legitimacy cover for his dictatorial rule during the Afghan jihad similarly Mushrraf used war against terror as legitimacy cover. His bastion and support base was American patronage and backing. Pakistan was direly in need of economic aid to save its economy, removal of sanctions so that its textile exports may find their way to Western markets and military aid to keep the conventional balance of power intact.

General Mushrraf's blind support of US policies and going out of the way to do America's bidding resulted in radicalizing the militants who are up in arms against the very state that patronized them in the past. Yesterday's days friends are today's adversaries. Mushrraf used the war on terror an opportune moment to consolidate his rule by jumping on the bandwagon and getting close to America. He cultivated ties with the

Bush administration to get direly needed economic aid and thus legitimize his rule in country. In doing so, Mushrraf overplayed the threat of extremism and terrorism. He proved to the West he was America's best bet against extremism and terrorism. On the one hand he vowed to fight militancy and extremism while on the other he propped up a six-party religious alliance *Muthahid Majlise Amal (MMA)* to get his controversial Legal Frame Work Order (LFO) known as 17th Amendment passed from the parliament and get elected till 2007 as the president in uniform. This dichotomy in rhetoric and realities on ground speak volumes of Mushrraf's dual character who paid mere lip service to American anti-terror campaign¹¹⁴.

The Mushrraf convinced Americans that Pakistan had no viable civilian alternative to reform and eliminate religious extremism. The military's strategy of regime survival was centered on empowerment of religious parties to keep popular civilian leadership of two main stream political parties in exile. The power vacuum created by their absence was filled by religious parties who gained unprecedented success in 2002 general election. MMA made provincial government in North West Frontier Province (NWFP) and alliance government in Balochistan with Pakistan Muslim League Quaid-i- Azam (PML-Q). Mushrraf's reliance on religious parties to neutralize its secular opposition transformed Pakistan's political landscape. Without the threat of religious extremism the military would have lost its utility for Western powers¹¹⁵. The motivations behind the military's decision to choose religious parties over the secular is very clear. Secular political parties posed the only credible threat against the dominance of military. Occasionally the military used radical groups to manipulate Western perceptions.

¹¹⁴ "Pakistan: The Mullahs and the Military," *Asia Report No 49*,(Brussels/Islamabad International Crisis Group, March 20, 2003, p.8,15

¹¹⁵ *Ibid.*

Military regime played the Islamist card to mobilize support in the international community and convince that Pakistan was under extremist pressure. Maintaining Islamist threat outside the political field proved to the United States that a strong military government was necessary to take on the radical militants. The message to West was simple, “don’t pressure us too much or we may be overthrown by Islamists.” And it largely worked. The West adopted a lenient attitude on the restoration of democracy in Pakistan and went out of the way to support Mushrraf and keep him in power.

ii. Pakistan’s Rationale to Join International Coalition in War on Terror:

After September 11, Pakistan knew its strategic overextension in the region especially its policy of supporting Taliban was not tenable any more¹¹⁶. A nearly bankrupt country it had neither the political will nor the resources to take on these forces. Cooperation with the US in turn would have provided Mushrraf regime with both. On the contrary, refusal to cooperate with the US would have irrevocably alienated the United States and resulted in unthinkable consequences for Pakistan’s survival and key national interests i.e. rollback of its nuclear program, Kashmir cause which is a corner stone of Pakistani foreign policy ever since its inception and elimination of its influence in Afghanistan while increasing Indian influence in the . In case of refusal India would have formalized its position as the dominant regional power in the region by opening its gate for American forces, providing them with bases and logistical support which would have spelled doom for Pakistan. On the contrary, cooperation with Washington would have proven beneficial. Cooperation with Washington enabled Pakistan to maintain the status

¹¹⁶ Tauqir Hussain, “US-Pakistan Engagement: The War on Terrorism and Beyond,” *Special Report*, Washington DC: United States Institute of Peace, 2005, p. 2

quo against India, though modified¹¹⁷. Mushrraf hoped of maintaining Pakistan's age old influence in Afghanistan by manipulating a Pakistan friendly regime in Kabul after Taliban's fall. Much as Taliban regime had done during the 90s.

Cooperation with Washington would have also lead to an adjustment in what was seen as the tilt of Bush administration toward India. Though, it was impossible to stop Americans from attacking Taliban in Afghanistan. Pakistan was expecting to have a large say in future Afghan matters by influencing the installation of Pakistan friendly regime in Kabul. Pakistani strategic thinkers were convinced that now when Pakistan has become a central actor and front-line state in the war on terror, Washington would not repeat the past mistakes of abandoning and marginalizing Pakistan as they did in the past when her interests were served. Pakistani strategic thinkers believed that Washington would take into consideration Pakistani interests¹¹⁸.

iii. Pakistan's Strategic Interests and Post 9/11 Regional Security Complex:

Pakistan's geopolitical environment remains a threat to its existential aid and internal security and it may explains Mushrraf's bold steps especially the radical changes of dealing with jihadists¹¹⁹. Regional tensions fuel support for radical ideologies and jiahdi outfits. Pakistan's relations with its traditional arch foe India are a case in point. Pakistan's foreign and security policies are Indo-centric and it is caught in the proverbial security dilemma *vis a vis* India. All its decisions and considerations take into account yje Indian position and measures whether it is trade, defense policies or diplomacy. The main

¹¹⁷ Leon T. Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?," *Policy Analysis, No.436*, Washington: Cato Institute Washington, May 08, 2002.,pp4-5

¹¹⁸ Ibid.

¹¹⁹ Tauqir Hussain, "US-Pakistan Engagement: The War on Terrorism and Beyond," *Special Report*, Washington DC: United States Institute of Peace, 2005, p. 6

focus of Pakistan's regional external policies is to counter India. Though India and Pakistan have started a composite dialogue and a normalization process but peace between them is still far away. The recent Mumbai attacks and ensuing escalation of tensions between the two traditional foes is a case in point. Kashmir which is an unfinished-agenda of partition is the mainstay of Pakistan's defense and foreign policy. To maintain the status quo in its favor, albeit, with some modifications Pakistan jumped onto bandwagon and served the ties with *jihadis* and militants it earlier used for securing its regional interests.

iv. Indo-Centric Security Concerns:

India and Pakistan have fought 3 major wars since their creation in 1947. Although a full blown war has been avoided between both countries after 1998 nuclear tests but Kashmir remains a nuclear flash point between the two adversaries. Hostility mainly revolve around the Jammu and Kashmir issue. Throughout the 90s Pakistan supported the militant groups fighting in Kashmir. Although both countries have stressed for a negotiated settlement of Kashmir but mutual suspicions and lack of trust still remains between the two states. While India is trying to maintain status quo through peace process Pakistan hopes to change the status quo through dialogues. While India stresses that Kashmir should remain a part of a multiethnic secular India; Pakistanis considers Kashmir as their integral part. Pakistani leaders, intellectuals and diplomats consider Kashmir as a core national interest of Pakistan. In Pakistan militants fighting in Kashmir are regarded as freedom fighters and not terrorists. This dichotomy in perception of two regional powers and Pakistan's traditional asymmetry against India prompts the country to continue supporting *jihaidis* in Kashmir to force India for a negotiated settlement of the

issue. This categorical approach adopted after 1989 mass uprising in Kashmir of supporting *jihasts* had to be altered after events of September 11. So Pakistan sided with Washington to secure its position as an ally by remaining on same side of changing global equation instead of being of the wrong side of equation which would have not only endangered Pakistan's regional interests but have put its very survival on stakes.

India clearly has an advantage over Pakistan in conventional weapons and has more than 1.3 million active troops as compared to 600,000 Pakistani troops. India has a clear two-to-one advantage in combat aircraft as well as more tanks, artillery and ships¹²⁰. Since India could defeat Pakistan in conventional war Pakistan threat to use nuclear weapons is intended to send a message to India and world community that once war starts between the two adversaries it is difficult to confine it. While Indians might try to confine the conflict to limited war it is the other side's decision about how to respond that will determine the final outcome¹²¹.

Indian powerful reaction to the terrorist attacks in New Delhi including moving its aircraft and nuclear capable short range ballistic missiles toward its border with Pakistan, shifting infantry division from the Chinese border to the western frontier with Pakistan and activating more than 1,000 tanks and armored vehicles consolidated Pakistan's genuine security concerns with India. Moreover Indian strategic thinkers are confident that in case of a nuclear strike India could survive a first nuclear strike while Pakistan may not survive such an attack. This clearly further added to Pakistan's insecurities. The

¹²⁰ Ashley J. Tellis, "Pakistan and the War on Terror: Conflicted Goals, Compromised Performance," *Carnegie Paper*, Washington DC: Carnegie Endowment for International Peace, 2008,p.17

¹²¹ Leon T. Hadar, "Pakistan in America's War against Terrorism Strategic Ally or Unreliable Client?," *Policy Analysis No.436*, Washington: Cato Institute, May 08, 2002,p.15

outcome of 2001-2002 military standoff highlighted Islamabad precarious position since September 11.

Despite confidence building measures, a cease fire in November 2003 along the line of control, top level hot exchanges of information from both sides, initiation of peace process in January 2004, cricket diplomacy, bus and train services tensions remain fairly high between both countries. The foundations of peace process are very fragile and delicate and just one incident can sabotage the peace process..

v. Insecurities on Western border with Afghanistan:

Another important factor that must be taken into consideration to understand Pakistan's approach and performance in the war on terror is Pakistan's insecurities at its western border with Afghanistan. Pakistan prior to 9/11 used Afghanistan for strategic depth against India¹²². Events of 9/11 turned out to be a strategic nightmare for the military establishment of the country. This factor calls for an analysis in the light of historical and current situation. Relations between Pakistan and Afghanistan have never remained friendly except for the period when Taliban were at the helm of affairs in Afghanistan. Afghanistan was the only country to vote against Pakistan's accession to the UN. Despite the support given by Pakistan during the jihad against the former Soviet Union, suspicions run deep in minds of leaders of both countries. The Soviet withdrawal and subsequent disengagement of the US from the region gave Pakistan an opportunity to use it leverages in Afghanistan to install a compliant and Pakistan-friendly regime in Kabul and use it for "strategic depth" against India. Afghanistan has never accepted the 24,000 kilometers long porous border as an international border between Pakistan and

¹²² Fredric Grare, "Pakistan-Afghanistan Relations in the Post 9/11 Era," *Carnegie Paper South Asia Project Number 72*, Washington DC: Carnegie Endowment for International Peace, 2006, p.9

Afghanistan¹²³. The current Afghan regime persists with its claims of not accepting the Durand Line as international border. Presently the Afghan government enjoys the backing of American and international community and Pakistan is once again caught in the traditional dilemma of being squeezed between eastern and western rivals. This dilemma creates a permanent tension in Islamabad's foreign policy.

Resurgence of Taliban and ensuing violence in the provinces bordering Pak-Afghan border have once again generated tensions between Kabul and Islamabad. Both countries are accusing each other of interference in their domestic affairs. The recent assassination attempt on the Afghan President Hamid Karzai and the bomb blast on Indian embassy in Kabul was blamed at Pakistani's premier intelligence agency ISI. Moreover, Hamid Karzai openly accuses Pakistan of supporting, funding, training militants and their cross-border infiltration into Afghanistan. On the other hand, Pakistan accuses Afghanistan of supporting Baloch insurgency and the worsening situation in Waziristan. The Afghan claim on Durand Line soon generated an alliance between India and Afghanistan. India fully exploited this situation to heighten the fears of the incipient state. No government including the Taliban and current Hamid Karzai regime has recognized Durand Line as an international border. Charging Pakistan with the support of Taliban, Hamid Karzai government has leaned towards India.

Pushtunistan Issue:

The issue of Pushtunistan with Afghanistan fuels Pakistani insecurities about its western borders and shapes its approach towards the war on terror. From Independence in 1947 Kabul has constantly sent signals to Islamabad signaling that the Pushtun

¹²³ *ibid.*

community of Pakistani Side of the Durand Line was Afghan population. Afghanistan has never recognized question of Pushtunistan which has been a source of tension between Afghanistan and Pakistan since creation of the latter. The return of the Pushtun areas situated on Pakistani side of the Durand Line still remains a demand of Afghanistan. Afghans have maintained this position no matter who was in power. Pakistan's support for Taliban was simply for the reason that a compliant regime in Kabul would kill the two birds with one stone. It would lay to rest Durand Line/Pushtunistan issue on the one hand while on the other hand it will give Pakistan "strategic depth" against India towards east. The Pushtunistan question and more specifically Durand Line issue remains a sensitive topic for Pakistan.

After 9/11 Pakistan could no longer support Taliban regime and its strategy of "strategic depth" miserably failed. It had to give up the idea that it could install Afghan leaders of its choice and dictate foreign policy to Kabul.

vi. The Indian Factor:

The Indian factor also shapes and bears deep imprints on Pakistan's perception of Afghanistan and its policies there. From 1947 to 1992 India supported whatever government was in power in Kabul. The Pushtunistan issue offered India the possibility of squeezing Pakistan between east and west fronts. For 61 years India has supported every Afghan government that opposed Pakistan. Post 9/11 Indian activities in Afghanistan have added to the insecurities and vulnerabilities of Pakistan which looks at the cooperation between New Delhi and Kabul as a potential threat to its regional interests. This is one reason why Pakistan is still supporting certain factions of militants

to keep its influence in Afghanistan and impress upon Americans that Pakistan still is a main actor in Afghanistan.

vii. India's Growing Influence in Afghanistan:

In this backdrop India's return to Afghan scene was bound to worry Pakistan. Afghanistan has become a new battle ground between India and Pakistan. The last thing that Pakistan would like to see is an Indian presence on both its Eastern and Western borders. At a time when Indian political, military and economic ties with both Afghanistan and United States are growing Pakistan believe it is being marginalized. The land lock country which was the last battle front of cold war between two super powers is now witnessing a proxy war of two South Asian giants and regional powers. Both India and Pakistan are jockeying for influencing position in the war ravaged country. Afghanistan is part of Pakistan's India policy. Pakistan has great concerns about India's increasing influence as it feels increasingly encircled by India. Being close to Afghanistan socially, traditionally, politically and religiously Pakistan has always successfully dominated the internal politics of Afghanistan. It welcomed more than three million refugees on its soil after disintegration of USSR. Policy managers of Islamabad have been trying to have Pakistan-friendly regime in Kabul in order to have strategic depth against India to East. This is the reason that Pakistan helped Taliban to take over Kabul in 1996.

Post-9/11, the US campaign for international war against terrorism and the US operation against the Taliban regime in November 2001 was a blessing in disguise for India. It provided India with a rare and unique opportunity to re-establish its influence in pursuance of its foreign policy goals of attaining a hegemonic position in the region by

actively participating in reconstruction efforts¹²⁴. Because of its geo-strategic location, neighboring Iran, Pakistan, and the Central Asian States (after the disintegration of the Soviet Union), Afghanistan has remained the focus of Indian regional policy. Indian policy of reconstructing and rebuilding Afghanistan is primarily centered on two broad based interests to curtail Pakistan's influence in Afghanistan and build linkages with resource rich Central Asian state¹²⁵.

Given Indo-Pakistan rivalry, there is deep fear and suspicion in Pakistan of India's role in Afghanistan. India's activity and profile is a matter of concern to Pakistan as it leaves Pakistan squeezed between east and west fronts if India succeeds in strengthening its foothold in Afghanistan¹²⁶. After 9/11 India has overwhelmingly participated in Afghan reconstruction. By offering economic and developmental assistance to Afghan President Hamid Karzai's government, India has been able to establish a sphere of influence, which has alarmed the Pakistani government.

Instead of an interest-driven policy, Indian presence in Afghanistan is to counterweight Pakistani influence in the region. India's gigantic embassy at Kabul and four consulates at Jalalabad, Kandahar, Herat and Mazar-I-Sharif and pro-active involvement are indeed a cause of great concern. This new thaw in relations after 9/11 is not without a purpose, which becomes quite evident if we decipher the anti-Pakistan tirade of Hamid Karzai and his ministers.

¹²⁴ Sudha Ramachandaran, "In Afghanistan, Pakistan's Loss is India's Gain," *Asia Times Online*, February 01, 2002

¹²⁵ Sadia Nasir and Asma Shakir Khawaja, "Indian Interests in Central Asia: An analytical Overview," *National Development and Security*, vol. xI, no. 3, Islamabad: Spring 2003, p.94

¹²⁶ J. N. Raina, "Is India's Benign Role in Afghanistan Anti Pakistan?," *Asia Tribune*, July 27, 2008, p 4

India has extended a US\$1.2 billion package of assistance to Afghanistan following the transformation of the country's political structure post-2001. There are approximately 3500 to 4000 Indian nationals working in various public and private sector projects in Afghanistan. India is also constructing the *Pul-e-Kumri-Kabul* which is a power transmission line. This contribution is in addition to humanitarian efforts such as building hospitals and schools. Afghanistan is a co-sponsor of the G-4 resolution, introduced by India, Brazil, Germany and Japan, to increase the size of the UN Security Council. The resolution has been shot down by China, Russia and the United States.

India, which is the fourth largest donor of Afghanistan's construction projects, has been rendering a yeoman service in Afghanistan. It has substantially regained its pre-eminence there and "strategic foothold" in Afghanistan. India has launched major developmental projects in Afghanistan, which include 109.3 million dollar Salma Dam power project in Herat, envisaged to produce 42 mw of power. It is presently involved in generating hydro-electricity, construction of roads, creating telecommunication network and development of agriculture, industry et al.

One of the largest and strategically significant Indian projects has been the construction of the 280 kilometers *Zaranj-Delaram* road that would link the Afghan Garland Highway opening a new route for the landlocked Central Asian countries through the Iranian port of Chahbahar. India has provided \$80 million, as part of its reconstruction assistance, for the project the construction of which began in 2005 and is to be completed within three years. The Indian Army's Border Road Organization (BRO) is involved in the construction of the road. Pakistan perceives this to be at the cost of Gawadar port in Balochistan. These developments further undermine Pakistan's salience

to Afghanistan as the single point of access to the landlocked Afghanistan and Central Asia¹²⁷.

Greater Indian involvement in the training of the Afghan National Army and the police, providing more vacancies to Afghan military personnel at Indian training establishments and more stress on pro-active development in Afghan rural areas would further consolidate Indian gains in Afghanistan. It has offered more than 500 scholarships for Afghan students for University education in India and in addition, 500 short-term training fellowships under the ITEC Program.

One example of India's growing cultural influence in Afghanistan can be seen from the fact that in an Afghan TV show inspired by the US TV show *American Idol*, candidates sing Hindi songs instead of Afghan songs! Today, India is an exemplary example to follow for young Afghans thanks, to the close cultural ties between the two nations.

India is increasingly being looked upon as a friend, while Pakistan's image has suffered. India has imparted training to Afghan police, Afghan national army, parliamentary training to Afghan officials, judicial training , helping to develop media, information and broadcasting, Support in fields of telecommunication, information technology, education sector, diplomatic training, capacity building and training.

India is stoking the separatist fires in Pakistan's tribal region and in Balochistan. If not curtailed this increasing Indian influence can have sever and serious implications for Pakistan¹²⁸. One it will deteriorate the already dismal law and order situation in our tribal

¹²⁷, Marvin G. Weinbaum, "Afghanistan and Its Neighbors: An Ever Dangerous Neighborhood," *Special Report No. 162*, Washington DC: United States Institute of Peace, June 2006, p.10

¹²⁸ Scott Balduaf, "India-Pakistan Rivalry Reaches into Afghanistan," *Christian Science Monitor*, September 12, 2003,p.5

region and Balochistan and two it will encourage the flight of foreign capital from the country because economic prosperity and investment is directly linked with political stability and improved security situation. Absence of these key variables will result in economic strangulation of Pakistan.

Fears of US Disengagement from Afghanistan and Future Scenario:

Another factor that shapes Pakistan's approach in war on terror and may help explain the inaction and lackluster behavior of Pakistani military against militants in its tribal areas is the unpredictable US behavior. As in past after disintegration of former USSR US left Pakistan high and dry to face the music and mess of Afghan refugees, infighting between different *mujahideen* factions and Afghan civil wars¹²⁹. Presently the rapid deterioration of the situation in Afghanistan compels Pakistan to keep its options open in case United States departs. Many in Pakistan are convinced that history will repeat itself. Once Americans are gone, NATO domination will fade and Pakistan will have to deal with a plethora of problems as like in 1989. United States withdrew its three thousand troops in 2006 from Afghanistan¹³⁰. If Western troops leave the country or reduce their presence to a symbolic level, Afghan government will be weakened. In such a case Pakistan would be faced with a political vacuum that it believes it will have to fill to prevent any other regional power for acquiring any influential position in Afghanistan.

Why War On Terror Is Failing?

Currently the war against terror is not yielding any tangible outcomes. After more than seven years of campaign according to American National Intelligence Estimates,

¹²⁹ Barnett R. Rubin and Abu Bakar Siddique, "Resolving the Pakistan-Afghanistan Stalemate," *Special Report 176*, Washington DC: United States Institute of Peace Washington, October, 2006, p.11
¹³⁰ Fredric Grare, "Pakistan-Afghanistan Relations in the Post 9/11 Era," *Carnegie Paper South Asia Project Number 72*, Washington DC: Carnegie Endowment for International Peace, 2006, p.15

Al-Qaeda has reorganized to its pre 9/11 strength and Taliban have become a formidable force undermining the reconstruction, nation building and peacemaking efforts in Afghanistan. Taliban insurgency is ever effective and more sophisticated than before. Newly elected American President Barack Obama has decided to send more troops to Afghanistan to make counter-terrorism efforts more meaningful and result oriented. The major reasons why counter-terrorism campaign failed to acquire desired results are following; (i) perception of war on terror In Pakistan, (ii) mutual suspicions and lack of coordination between Pakistan and the US, (iii) clash of US and Pakistani interest, (iv) security gap and lack of will, (V) excessive militarization and securitization of war on terror, (vi) slow nation building process, (vii) alleged dual role of ISI and (vii) misappropriation of US aid.

i Perception of War on Terror in Pakistan:

After the February 18 2008, elections which saw anti-Mushrraf forces come to powers a new debate started in Pakistani print media whether Pakistan is fighting America's war or its own war against the militants? An extraordinary in-camera joint session of parliament was called to apprise parliamentarians about deteriorating law and order situation in tribal areas and other parts of the country. The perception of war on terror in Pakistan is very problematic and dilemma of ownership of war on terror clearly reflects the reluctant and indecisive approach of Pakistan in war on terror. While no country has suffered at the hands of terrorism as much as Pakistan has. Ever increasing suicide attacks in the country, loss of life, property, flight of foreign direct investment, slowing of the economy has hurt Pakistan badly. But a clear majority in Pakistan criticizes its military for fighting America's war in tribal areas. Many believe that

Mushrraf was fighting an American war to justify his continuation in office and to get more aid from Americans. A recent International Republican Institute (IRI) publication showed that more than 73% of Pakistanis favor dialogue over use of force with militants to resolve the issue of extremism and militancy in tribal areas¹³¹.

Anti-Americanism is very much prevalent in Pakistan. Current American international conduct and past policy of using Pakistan for its strategic interests and abandoning when her purpose served has made Pakistani public opinion very skeptic about American motives and intentions in Afghanistan and the region. American bias towards India, signing of nuclear deal with India has also affected public opinion in Pakistan. Many believe the US is not a reliable ally and has not helped Pakistan much in its conflict with India¹³². September 11 and US reengagement has added new issues to this ongoing debate.

There is a perception in Pakistan that Americans have used terrorism as a pretext to pursue its policy of expansionism and imperialism in South Asia. Americans are using terrorism to consolidate its stay in the region to exploit the untapped hydrocarbon resources of Central Asia. Americans have come to Afghanistan as major actor in the “New Great Game” going on in Central Asia¹³³. Americans are keeping the pot boiling to justify their stay in Afghanistan. This line of thinking which forms the opinion of a vast spectrum of Pakistani society makes it really difficult to own the war on terror. This suspicion about American interests and the reckless policy of America to carry out drone

¹³¹ Muhammad Khurshid, “War On Terror Pakistan’s Own War?” *California Chronicle*, September 22, 2008, p.5

¹³² Tauqir Hussain, “US-Pakistan Engagement: The War on Terrorism and Beyond,” *Special Report*, Washington DC: United States Institute of Peace, 2005, pp.9-10

¹³³ Barnett R. Rubin and Ahmed Rashid, “From Great Game to Great Bargain.,” *Foreign Affairs*, November/December 2008, p. 7

attacks inside Pakistani territory further strengthens this line of thinking. Repeated violation of Pakistan's sovereignty, territorial integrity and air space leads to same suspicions that Americans are bent upon destabilizing the region deliberately to carve Pakistan into pieces and get hold of its nuclear weapons.

American indifference towards Pakistani vulnerabilities and weaknesses and joining the chorus of accusations with India and Afghanistan has compelled many to rethink if war on terror is Pakistan's war or not. Critics of the current policy of cooperation with America argue that militancy and violence witnessed in tribal areas of Pakistan and southern and eastern parts of Afghanistan is due to the presence of the US. If the US leaves the region, the current wave of violence will automatically subside and normalcy will return to these areas. Such opinions are expressed in the media and in the cross-sections of society have made ownership of war on terror a problem in Pakistan. This has influenced the government and military to suspend operations against the militants and withdraw forces from tribal areas.

ii Mutual Suspicions between Pakistan and US:

Terrorism is the most confused, controversial yet most serious and dangerous phenomena for international peace and stability. After seven years of relentless efforts, the war against terror has metamorphosed into something messier than any one can imagine. Instead of declining it has grown rapidly and become more lethal over the years. After Iraq and Afghanistan now Pakistan's lawless tribal lands are the new front in war against terror. Once a hub of jihadist activities in 80s against Soviet Union during last phase of cold war these areas have seen unabated and mushroomed growth of extremism and terrorism in aftermath of 9/11. The erstwhile proxies who were an asset for Pakistani

state have become lethal rivals of their patrons. These terrorist outfits have carried out suicide attacks, kidnapped military and paramilitary personnel, ambush operations against army convoys and have established a state of their own in tribal areas.

Pak-US cooperation in the war on terrorism is mainly impeded and affected by mutual suspicions and Pakistani concerns about the “US designs” for the region and US reliability as a long term ally. While, Americans squarely blames Pakistan for its inaction and at times also blamed of playing a double game. While Pakistan maintains that Allied forces are blaming Pakistan for their failure in Afghanistan. US policy of political favoritism with certain personalities has created a trust deficit between the two countries. The old blame game has erupted between the two allies and it strained the relationship as it were now marred by mistrust, suspicion and skepticism of each other¹³⁴. US and NATO officials have expressed concern about the Pakistani's strategy toward militants in the tribal areas. Americans have greatly doubted the willingness, ability and skills of Pakistan military to effectively combat terrorism. This is one of the reason predator drone attacks have been stepped up inside Pakistan. While the fact remains that Pakistan has caught and killed more Al-Qaeda and Taliban operatives than their American and NATO counterparts, Pakistan has suffered more casualties and rendered more sacrifices than any other country, Pakistan has established more than 1100 check posts on Pak-Afghan border and deployed around 120,000 troops along the porous Duran Line¹³⁵.

Pakistanis consider fight against terrorism as America's war which they have been forced to fight, Americans squarely heap all the blame on Pakistan for playing double games and not doing enough. The former commander of US forces in Afghanistan went

¹³⁴ Tim Magrick, “Is Pakistan A Friend or Foe?” *Times*, September 21, 2003,p.12

¹³⁵ Mark Sapefield, “US and Pakistan: Different wars on terror,” *Christian Science Monitor*, 2008

so far as to say “FC may be in cahoots with the Taliban¹³⁶.” This mutual distrust and recrimination in turn emboldens the rogue elements across the border divide. The cross-border infiltration on both sides of the porous border. The growing chasm between America and Pakistan is only strengthening the rogue elements who benefit from repeated US attacks on Pakistani soil which result in civilian casualties and Pakistani state’s inability to defend its citizen against the unprovoked military incursions.

iii Clash of Interests:

There is clear clash of interests between Pakistan and America in the war on terror. While Americans are in the region for the complete elimination and annihilation of terrorist from Afghanistan and elsewhere in the region Pakistan has joined hand with America to safeguard its own regional interests under a US security umbrella. America has global interests while Pakistani interests are regional and at times purely local. When 9/11 took place there were four types of militant groups operating on Pakistani soil Al-Qaeda, Taliban, Sectarian outfits and Kashmiri jihadi groups.

Americans called for total elimination of militant outfits whether in Afghanistan or in Pakistan. Pakistan was *selective* in dismantling terrorists infrastructure and outfits from its soil. Pakistan acted against Al-Qaeda and sectarian outfits while its action against Taliban and Jiahdi groups operating in Indian Administered Kashmir was limited. Pakistan acted against Kashmiri jihadi groups when it was hard pressed by America. Though it banned those groups but their leadership was not arrested or tried in any court of law. After some time they were allowed to operate under different names.

¹³⁶ Seth G. Jones, “US Should Rethink War on Terror Strategy to Deal with Resurgent Al-Qaeda,” *Rand Study*, Washington DC: Rand Corporation, 2008. p-115.

iv Security Gap and Lack of Will:

The Afghan and Pakistani security forces lack the numbers, skills, equipment and motivation to counter the ongoing insurgencies in Afghanistan and Pakistan. Afghanistan needs larger and more effective security forces to sustain its security and effectively prevent the slide into chaos¹³⁷. Currently the number of troops deployed in Afghanistan is 143,500 — including 85,000 Afghan personnel, 35,000 NATO personnel, and 23,500 U.S. personnel. While the global standard devised by analysts for successful nation-building mission is 20 security personnel per 1,000 inhabitants, or 2 percent of the population¹³⁸. The personnel could be any combination of international troops plus local forces. Under favorable circumstances the criterion could be reduced to a minimum of 10 security forces per 1,000 residents, or 1 percent of the population. One goes by this criteria the number of ISAF and US forces deployed in Afghanistan amounts to less than half of 1 percent of the population.

v Excessive Militarization and Securitization of the War on Terror:

Too much reliance on force has proved counter-productive. Reckless and indiscriminatory use of military might has produced more militants than it has killed. Civilian casualties and destruction of their property only adds to hatred of allied forces in minds and hearts of the tribal Pushtuns residing in the country side of Southern Afghanistan and Pakistan's Federally Administered Tribal Areas. A recent Rand Corporation study has revealed that "The United States cannot conduct an effective long-term counterterrorism campaign against Al-Qaeda or other terrorist groups without

¹³⁷ Barnett R. Rubin and Ahmed Rashid, "From Great Game to Great Bargain," *Foreign Affairs*, November/December 2008, p. 9

¹³⁸ "Q&A: ISAF troops in Afghanistan," *BBC World Report*, February 06, 2008

understanding how terrorist groups end. In most cases, military force isn't the best instrument.¹³⁹ According to the report, "Military force is too blunt an instrument to be successful against terrorist groups and most common way that terrorist groups end -40 percent- was through police and intelligence services. Policing is especially effective in dealing with terrorists because police have a permanent presence in cities that enables them to efficiently gather information."

A look at the recently published US Security Strategy 2008 document reveals that the realization to change the strategy of war on terror is increasing in America and elsewhere. National Security Strategy 2008 calls for a more nuanced approach to fighting extremism and terrorism in partnership with local actors and partners who are better aware of the terrain and local customs. It notes: "We will adopt approaches tailored to local conditions that will vary considerably across regions¹⁴⁰." Instead of adopting the path of collateral damage which proves counter-productive and only contributes to further complicating the fight against terror emphasize is to subordinate use of force to economic development, building local institutions and removing vulnerabilities like political marginalization, economic deprivation, social backwardness etc. The document underscores, "The use of force plays a role, yet military efforts to capture or kill terrorists are likely to be subordinate to other measures.¹⁴¹"

vi. Slow Nation Building Process:

Another aspect that makes winning war against terror all the more elusive is the slow process of nation building process in Afghanistan. The current level of U.S. aid to

¹³⁹ Seth G. Jones, "US Should Rethink War on Terror Strategy to Deal with Resurgent Al-Qaeda," *Rand Study*, Washington DC: Rand Corporation, 2008, p.110

¹⁴⁰ Office of the Director of National Intelligence, "The Terrorist Threat to the US Homeland," National Intelligence Estimate, February, 2008, p.7

¹⁴¹ Ibid.

Afghanistan pales into insignificance in comparison to the previous reconstruction efforts. In the two years following the initial international intervention, Afghanistan received only \$67 in annual per capita assistance, while Bosnia and East Timor received \$249 and \$256 per capita respectively. While the US military is currently spending \$100m a day in Afghanistan, aid spent by all donors since 2001 is on average less than a tenth of that - just \$7m a day¹⁴².

vii. Alleged Dual Role of ISI:

The most problematic aspect of Pakistan and America is the role of Pakistan's premier intelligence agency Inter Services Intelligence (ISI)¹⁴³. Recent reporting in the US and other international media suggests some elements of Inter Services Intelligence (ISI) are engaged with groups that are carrying out ambushes and are the back bone of Taliban insurgency in southern and eastern Afghanistan with their bases in Pakistan's tribal areas. The government of Afghanistan and India have accused ISI for orchestrating an assassination attempt on the life of Hamid Karazi and bombing of Indian embassy in Kabul¹⁴⁴. Several US intelligence officials and policy makers believe ISI has double crossed them by running with hare and hunting with the hounds. They believe on the one hand, ISI is pretending to fight terrorism with international coalition forces but at the same time it is providing patronage, funding and key intelligence information to militants which has helped them escape many US drone attacks and carry out attacks on key installations of international security assistance (ISAF). Americans allege that ISI is

¹⁴² Matt Waldman, "Major donors failing in Afghanistan Due to \$10bn Aid Shortfall," *Oxfam Report Agency Coordinating Body For Afghan Relief*, Kabul: March, 2008, p. 26

¹⁴³ Ashley J. Tellis, "Pakistan and the War on Terror: Conflicted Goads, Compromised Performance," *Carnegie Paper*, Washington DC: Carnegie Endowment for International Peace, 2008, p.10

¹⁴⁴ "The Next Chapter: The United States and Pakistan," *Report by Pakistan Policy Working Group*, Washington: United States Institute of Peace September, 2008, p.18

helping the *Haqqani* network led by *Jalaluddin Haqqani* a group that has caused great damage and inflicted great losses to the security forces inside Afghanistan. His headquarters are based in Pakistani tribal areas from where he is successfully leading an insurgency in Afghanistan with the help of ISI. This matter is raising tensions between America and Pakistan to levels not seen since September 11¹⁴⁵.

For decades ISI has maintained links with various militant groups in Afghanistan and its tribal areas for gathering intelligence as well as use them as proxies. It is believed due to their mistrust of United States and growing partnership of its traditional arch rival India with US, Pakistani intelligence agency see Haqqani network and other militant outfits as assets to gain influence in Afghanistan. Pakistani inaction against Haqqani network has allowed the network to grow from one insurgent group among many into perhaps the most deadly threat to US forces in Afghanistan. Haqqani network has come a long way since 2004. This network has become the primary pipeline for foreign fighters looking to join the jihad in Afghanistan. According to a New York times report “Haqqani has become ISI’s darling.”¹⁴⁶

According to the same report, “A New CIA assessment of Pakistani intelligence establishes connection between ISI and Islamic militants.”¹⁴⁷ After the assessment American officials decided to confront their Pakistani counterparts on alleged links of ISI with the militants. The CIA assessment specifically points to links between members of ISI and *Haqqani* network. In July US military and CIA provided evidence of ISI alleged links to *Haqqani* network. Relations between Pakistan and United States took a sharp

¹⁴⁵ Seth G. Jones, “Pakistan’s Dangerous Game,” *Survival*, vol. 86, no. 1, Spring 2007, p-15.

¹⁴⁶ Mark Mazzetti and Eric Schmitt, “CIA Outlines Pakistan Links with Militants,” *New York Times*, July 30, 2008, p.4

¹⁴⁷ Mark Mazzetti and Eric Smith, “CIA Outlines Pakistan Links with Militants,” *New York Times*, July 30, 2008, p.3

downturn after July 2008 meeting between Pakistani Chief of Army Staff General Ashfaq Pervez Kyani and US Chairman of the Joint chief of Staff Admiral Michael Mullen.

viii Misappropriation of Aid:

The most contentious and scandalous issue that has badly affected counter-terrorism is the misappropriation of aid given to Pakistan by the US under Coalition Support Funds (CSF). Aid given to Pakistan till to date amounts to \$11 billion out of which \$5 millions were given under coalition support funds (CSF), \$131 million for Counter Narcotics Fund (CN), \$75 million for Training and Equipping of Frontier Constabulary (FC) , \$ 1,566 million under Foreign Military Financing (FMF), \$ 11 million International Military Education and Training (IMET), \$267 million under International Narcotics and Law Enforcement (INCLE), \$53 million under Non-proliferation, Anti-terrorism, Demining and Related (NADR), \$157 million Child Survival and Health (CSH) , \$286 million under Development Assistance (DA) , \$2,374 million Economic Support Fund (ESF) , \$175 million for Food Aid (FA) , \$17 million for Human Rights and Democracy funding (HRDF), \$42 million for Migration and Refugee Assistance MRA)¹⁴⁸. For Pakistan's cooperation in anti-terror campaign and operations against militants American began reimbursing coalition partners for their logistical and combat support. These imbursement are known as coalition support funds which have reimbursed 27 coalition partners for incremental costs incurred in direct support for US military operations¹⁴⁹. Pakistan is the largest recipient of CSF payments receiving 5.56 billion of 6.8 billion which is 81 percent of all CSF reimbursements. These reimbursements are intended to

¹⁴⁸ "The Next Chapter: The United States and Pakistan," *Report by Pakistan Policy Working Group*, Washington: United States Institute of Peace September, 2008, p.28

¹⁴⁹ US Government Accountability Office, "Combating Terrorism: Increased Oversight and Accountability needed Over Pakistan Reimbursement Claims for Coalition Support Funds," Washington: June 2008, p. 11

enable Pakistani government to attack terrorist outfits in its tribal areas and stabilize the border region with Afghanistan¹⁵⁰.

Various concerns have been raised given the large amount of aid given to Pakistan and the unsatisfactory outcomes in combating terrorism. The audit report indicates that there were inconsistencies and irregularities found like, for instance, more than \$ 300 million were paid for army road construction and \$15 million for bunker construction without evidence that roads and bunkers had been built. CSF has a major factor in Pakistan's ongoing cooperation with America. Due to military rule in Pakistan there was no transparency as to how and where this money was spent. But Bush administration and American military officials believe this money was wasted as much of it did not make its way to frontline units of Frontier Constabulary fighting the insurgency in tribal areas. Frontier Constabulary is ill-equipped and poorly trained for counter-insurgency operation in mountainous regions despite billions in aid given to Pakistan for training and proper equipment of FC units¹⁵¹. Political parties think the military regime of Mushrraf used these funds to prop up his government. Pakistan military relies on Washington for roughly a quarter of its budget. The main purpose of aid given to Pakistan was to help Pakistan military build a force that can effectively counter insurgency. It was meant specifically to equip and train Pakistani forces operating in tribal areas of Pakistan¹⁵². But reimbursements have failed to substantially increase the ability of Pakistani forces to mount comprehensive counter-insurgency operations¹⁵³. Many in the US including

¹⁵⁰ K. Alna Kronsttat, "Pakistan- US Relations," *CRS Report for Congress no. RL334989*, Washington DC: Congressional Research Service, October 18, 2007, p.50

¹⁵¹ David Rohde, Carlotta Gall, et al. "US Officials See Waste in Billion Sent to Pakistan," *New York Times*, December 24, 2007.

¹⁵² Mumtaz Anwar and Katharina Michaelova, "The Political Economy of US Aid To Pakistan," *Review of Development of Economics*, New York: vol, 10, no. 2, May 2006, p. 96

¹⁵³ *ibid.*

President Obama believe that the bulk of the aid given to Pakistan was diverted towards buying arms which could help military in preparing for war against India and not on counter-terrorism and counter insurgency related activities.

Changing Nature of Terrorists Threat in Tribal Areas:

After seven years of relentless efforts and anti-terror campaign, terrorism has metamorphosed into a much more complex, complicated and dangerous phenomena in the region. Instead of subsiding terrorism has grown unabated and is greatly undermining anti-terror campaign. Al-Qaeda, Taliban and other militant outfits are well-funded, organized and more sophisticated than ever. Pakistan's tribal areas and Afghanistan's southern and eastern provinces of Afghanistan are in firm grip of militants. In such a situation mutual suspicions and skepticism between America and Pakistan only help the cause of militants.

In the light of foregoing discussion it is evident that the current counter-terrorism policy is not yielding the desired result. But both Americans and Pakistani strategic thinkers have failed to come up with a viable alternative policy to replace the present and failing counter-terrorism policy. Americans only believe in use of force and in case of failure increasing the number of troops as was declared by American President Barack Obama. On the other hand, Pakistan has been much more confused when it comes to counter-insurgency policy. The on-again-off-again military operations followed by peace deals with militants necessitated by the inability of the military to rein into these elements has made matters worse. Both Pakistan and America in conjunction with the international community should improve their cooperation and coordination. Use of force has its

severe limitations and as long as reconstruction and nation building process does not pick up the pace insurgency will only keep increasing in intensity.

To make counter-terrorism efforts more meaningful and result-oriented attention should be paid to remove the hurdles and irritants that have made Pakistan's tribal areas and Afghanistan's southern provinces as hub of international terrorist activity.

The Next chapter will focus on highlighting the problems that exist in Pakistan's tribal areas and the resultant environment that provides an ideal setting for growth of extremist and militant tendencies and these areas work as incubators of terrorism.

Chapter 4:

Federally Administered Tribal Areas of Pakistan (FATA): A New Front in War on Terror

Pakistan's Federally Administered Tribal Areas (FATA) bordering with Afghanistan, due to its vital role of jihadist activities during Russo-Afghan war in the past, has emerged as a new and central front in the American-led war on terror. FATA has become the hub and nerve center of terrorist activities locally, regionally and internationally¹⁵⁴. During the eighties this area witnessed an influx of jihadist from all over the world. With huge sums of money funneled in by Central Intelligence Agency (CIA) through Inter Services Intelligence Agency (ISI) for creation of madrassahs to train a generation of students in warfare and militancy¹⁵⁵. In the post 9/11 era a younger, more radical generation of terrorists has emerged in these areas which has upset the traditional tribal political and social structure¹⁵⁶. Tribal areas of Pakistan have become breeding nurseries and incubators of global terrorism. All the major terrorist networks *Al-Qaeda*, *Taliban*, *Tehrike Taliban Pakistan (TTP)*, *Tehrike Nifaze Hsriate Muhammadi (TNSM)*, *Hizbe Islami*, *Haqqani Network*, and *The Islamic Movement of Uzbekistan (IMU)* etc are based inside the tribal areas of Pakistan. These networks have found safe havens, training and recruiting grounds in FATA. The world's most wanted terrorists including Osama Bin Laden, Ayman Al-Zawahiri, Taliban's reclusive supreme leader Mullah Muhammad Omar, Baitullah Mehsud all are believed to be hiding in FATA. The ongoing insurgency

¹⁵⁴ Zahid Hussain, *Frontline Pakistan: The Struggle With Militant Islam*, Lahore: Vanguard Books, 2007, p.127

¹⁵⁵ Daniel Markey, "Securing Pakistan's Tribal Belt," *Council Special Report No. 36*, New York: Council on Foreign Relations Center for Preventive Action, August 2008, p.6

¹⁵⁶ Jayshree Bajoria, "Pakistan's New Generation of Terrorists," *Backgrounder* New York: Council of Foreign Relations, February 6, 2008, p.5

in Afghanistan's southern and south eastern parts which is greatly undermining reconstruction and peacemaking efforts is being launched from FATA.

Terrorists have successfully established their safe havens in tribal areas after US attacks on Afghanistan in October 2002. These terrorist groups are a great threat to regional as well as international peace and stability. After regrouping and recuperating, militant groups are stronger and more lethal than ever. They are more sophisticated tactically, strategically mature, more innovative technologically and well funded as compared to the past. These militant groups have not only hindered the process of normalization in Afghanistan but they have revolted against the Pakistani state and are creating serious law and order problems for law enforcement agencies and Pakistan army. The mushroom growth of religious extremism and militancy in tribal areas has led to a virtual balkanization of Pakistan's western frontiers. Suicide attacks, ambushes on military convoys, bombing of key government installations, kidnapping of diplomats and other key political figures has been the order of the day in North Western Frontier Province of Pakistan (NWFP). Spillover of militancy into settled districts of NWFP and 2007 *Lal Masjid* episode are clear indicators of militant's growing influence. The assassination of former Prime Minister Benazir Bhutto on December 27, 2007 and bombing of Marriot hotel last year are stark reminders to policy managers of this country that militant infrastructure is alive and thriving in Pakistan. They have got a major job at their hands to clean up this country of these regressive and backward looking forces.

Pakistan's lackluster and half hearted approach to problems of militancy and extremism in tribal areas have lead to the mushrooming and rapid growth of the latter. Today all the major terrorist incidents whether its Madrid train attacks, London

commuter train bombing or attacks on Indian hotels in Bombay, their links and roots are traced to militants residing in the tribal areas of Pakistan. These groups have not only abused Pakistani territory for training other militants and using it as a launching pad and spring board to conduct terrorist activities in neighboring Afghanistan but have established their own system of administration, social and judicial order in tribal areas. They have openly challenged the writ of the government of Pakistan by establishing a parallel system. A sort of mini state within a state. This has led to the gradual erosion of government's hold from tribal areas and many other settled districts of NWFP.

Anarchy and chaos is writ large in FATA where the law of the land disappears and the law of outlaws holds the sway. Torching of CD shops, bombing of barber shops, dynamiting women's schools, destroying government properties, prohibiting non-governmental organizations from functioning, confining women within their houses, enforcing *burqa* on women (a head to toe gown for women) compulsory, forcing men to grow beard and pray five times a day, barring polio vaccination teams from immunizing children against polio and prohibiting TV transmissions all this revive the images of the stone age era. The policies of the Mushrraf regime have pushed the country to a brink.

FATA has been in international media spot light for all the wrong and un-enviuous reasons. In a cover story of October 2007 *Newsweek* noted, "Today no other country on earth is arguably more dangerous than Pakistan. It has everything Osama bin-Laden could ask for: political instability, a trusted network of radical Islamists, an abundance of angry young anti-western recruits, secluded training areas, access to state-of-the-art electronic technology, regular air service to the west and security services that don't

always do what they're supposed to do¹⁵⁷.” US Secretary of State Robert Gates considers FATA as the most dangerous place in the world due to the presence of terrorists. According to the 2007 US National Intelligence estimates (NIE) 2007, Pakistan’s tribal areas are the most dangerous place on earth from where next 9/11 like attack could take place on American homeland. It states, “with uninterrupted funding from radical Saudi *Wahabist* resources, Al-Qaeda has not only built its command structure in the border region but has continued to recruit and train operatives to infiltrate the United States and other Western nations.¹⁵⁸”

Pakistan has not only been isolated regionally and internationally but maligned and demonized for supporting jihadists and fundamentalists. Pakistan’s regional relations have suffered a lot because of this scourge which has strained Pakistan’s ties with its time tested friend China. The assassination of Chinese engineers by *Baitullah Mehsud*'s brother *Abdullah Mehsud* in Gawadar and the abduction of Chinese nationals from a massage center in Islamabad by a baton-wielding brigade of *Jamai Hafsa/ La Masjid* women in burqas was cause of great embarrassment for Pakistani authorities. These incidents and other similar acts have badly hurt different mega development projects in the country and has resulted in flight of foreign capital. Cross border infiltration by these militants from tribal areas has resulted in a cold war of words between the Afghan President Hamid Karzai and his Pakistani counter-parts. The composite dialogue and peace process with India has come to a screeching halt after the recent attacks on Indian hotels in Mumbai. Tensions have escalated to new levels. Pakistan’s alliance with

¹⁵⁷ Ron Moreau and Michael Hirsh, “Where the Jihad Lives Now,” *Newsweek International*, October 29, 2007, p.4

¹⁵⁸ Office of the Director of National Intelligence, “The Terrorist Threat to the US Homeland,” Washington D.C: National Intelligence Council, July 2007, http://www/dni.gov.press_release/20070717_release.pdf

America has suffered a lot due to militant activities in Pak-Afghan border region and has led to mutual recrimination and blame game. Seven years ago what started as an American war and campaign against terrorism has metamorphosed into a different phenomenon. It has its local, regional and international dimensions. While international aspects of terrorism may have implications for US and western nations, local and regional dimensions of terrorism are directly related to Pakistan and have direct bearings on political, social, economic and religious landscape of the country. Instead of just shying away from its inability to deal with this menace the Pakistani state should take proper responsibly share its part of the responsibility to avert the fastly deteriorating situation. Indeed Pakistan is faced with a unique dilemma and difficult choices vis a vis its tribal areas.

Pakistan is caught in the middle of a quagmire. Whether it wanted to move in this direction or not is a different debate. The bitter truth and harsh reality is that it is faced with a very tricky situation in which it is caught between the rock and very hard place. If it ends its alliance with America it will be exposed to the American onslaught in tribal areas and economic sanctions. Not one but many statements, reports and analysis of various American think tanks, security experts and media stalwarts are unanimously calling Pakistani tribal areas as the fountainhead of the problem which permeates deep into Afghanistan and undermines peace and nation building efforts in the war torn country. If we continue supporting Americans on same terms of engagement that were reached with Mushrraf regime we will face the backlash from militants in tribal areas. It is indeed unfortunate but true that Pakistan is stuck in a catch 22 situation. She neither

can disengage herself from America nor can she continue supporting them on the same terms. This marriage of inconvenience is taking a heavy toll on our polity.

One thing which policy managers of Pakistan should bear in mind that the US and the international community will never ease their pressure on Pakistan as long Islamic militants continue to wield influence in our tribal areas. These rogue elements undermined international peace and stability in 2001 and if their increasing influence and ever growing power is not counter-checked they will continue to pose a grave danger to world peace and stability. Pakistan has been featuring continuously in American foreign policy debates permanently and it will continue to do so in the near future as well. Barrack Obama the new American President has said in unequivocal terms that he will take the war to Pakistan and will carry out military operations inside Pakistan's tribal areas if Pakistan fails to take action against them. This leaves not an iota of doubt about the intentions and the motives of America if Pakistan fails to weed out these militants.

Pakistan military's ambivalent approach to counter-insurgency/terrorism efforts in tribal areas has exacerbated the problems to a dangerous level. The absence of a clear, well thought out and deliberate effort with short, mid and long term goals and strategies has contributed to more confusion and chaos. In all these years after 9/11 Pakistan's policy towards extremism and militancy in its tribal areas has been mere reactions to what goes on in its tribal areas. The lack of imagination and vision on the part of the military and civilian leadership has added to public resentment and anger. Militants have exploited this public resentment to win sympathizers both in tribal and settled areas of Pakistan. Pakistan military has been oscillating between two extremes of military operation under "do more" international pressures and "peace deals" under public

pressures coupled with sheer weakness and inability of the military to conduct a sustained and protracted campaign against the militants in treacherous and mountainous terrain of tribal areas.

A significant and worrisome development worth noticing in this insurgency is different techniques adopted by militants in Afghanistan and Pakistan and the language used by them. Execution of spies¹⁵⁹, making and use of Improvised Explosive Devices (IEDs) like explosive laden car bombs along the road sides, ramming of trucks loaded with explosive against the target, indirect firing, ambushes and training suicide bombers (known as death squads) *fiadyeen* and *shabnama*¹⁶⁰ (night letters) which forms a major tactical component of Taliban's information and psychological campaign. It suggests that these tactics are imported from the Iraq insurgency. These tactics are alien to traditional Afghan culture which were never witnessed during the insurgency and guerilla warfare against former Soviet Union and contradict Pushtun tribal and religious values. It clearly indicates Taliban insurgency going on in Pushtun tribal belt is connected transnationally and globally. Over the period of time Taliban have adopted new innovative ideas and tactics to inflict maximum damage in a cost effective manner.

Pakistan constitutes one of the most important and difficult challenges facing US foreign policy¹⁶¹. For US FATA is indeed the most difficult foreign policy challenge for many years to come. America can neither isolate Pakistan nor can continue with the kind of cooperation which it had done in the past. Clearly Pakistan presents the most complex, potent and unique dilemma for American foreign and security policies in recent times.

¹⁵⁹ "Taliban Hunt Spies, "Target Kabul with Iraq-Style Tactics," *Agence France-Press*, June 21, 2007.

¹⁶⁰ Thomas H Jhonson, "The Taliban Insurgency and an Analysis of Shabnamah (Night Letters)," *Small Wars and Insurgencies*, vol. 18, no. 3, September 2007, p.331

¹⁶¹ Daniel Markey, "Securing Pakistan's Tribal Belt," *Council Special Report No. 36*, New York: Council on Foreign Relations Center for Preventive Action, August 2008, p.3

Pakistan is both an ally and abettor of terrorists at the same time. Pakistan, many in West believe, is the victim and perpetrator of terrorism simultaneously. While no country has suffered more and rendered more sacrifices than Pakistan in seven year old war on terror. But it is also a fact that terrorist outfits and militancy has increased manifolds in Pakistan's tribal areas ever since it joined hands with US in war against terror.

A considerable shift is quite visible in US policy towards countering terrorism in Afghanistan and Pakistan's tribal areas. Americans wary of Pakistan military's inaction have stepped up predator drone attacks against suspected Al-Qaeda and Taliban hide outs inside Pakistani territory. These attacks have full endorsement and tacit approval of Bush administration. President Bush gave approval of secret operation Special Security Forces inside Pakistani territory in May 2007.

This should set the alarm bell ringing for policy managers of Islamabad who still consider jihadists as their key assets and continue with their flawed policy of intervention in Afghanistan and supporting low insurgency in Indian administered Kashmir. Pakistan must wake to the changing realities and reconsider its policy of supporting jihadist elements. This year Pakistan has surpassed Afghanistan and Iraq in number of suicide attacks on its territory . Many in Pakistan still consider war on terror as America's war and this is the main reason why Mushrraf lost credibility in public eyes.

As long as Pakistan's tribal areas are in turmoil, peace and stability in Afghanistan is not possible. Almost seven years after 9/11 neither America nor Pakistan has come to terms with the enormity of challenges in tribal areas of Pakistan. To make counter-terrorism more effective and meaningful militant infrastructure in Pakistan's tribal areas has to be destroyed and these areas have to be pacified.

The issue of extremism and militancy in FATA is intricately intertwined with the issue of governance and the Pushtun cultural code. So it is imperative to explain these colonial era administrative tools that have generated political alienation, economic deprivation and social marginalization which has become an ideal setting for growth of extremism and militancy. In order to understand why the terrorists found safe havens in tribal areas in a matter of few years, should be understood through a historical and current perspective. What are the factors that have helped in the growth of militancy and extremism in tribal areas? Why has the Pakistan army not been able to quell the insurgency and dislodge the militants from its tribal belt?

The colonial administrative/political and judicial structures of governance, Pushtun cultural code (*Pushtunwali*), nature of Pak-Afghan border, socio-economic profile of these areas, Pakistan military's approach to counter militancy in these areas and resultant rise of militant Islam are the variable that should be explored to understand these myriad of problem.

Background:

The tribal areas of Pakistan known as Federally Administered Tribal Areas (FATA) in constitution of Pakistan¹⁶² comprise of seven tribal agencies namely Bajur, Orakzai, Mohmand, Khyber, Kurram, North Waziristan, South Waziristan and six frontier region Frontier Region (FR) Peshwar, Frontier Region (FR) Kohat, Frontier Region Bannu, Frontier Region Laki Marwat, Frontier Region (FR) Dera Ismail Khan

¹⁶² Article 246(1) of the 1973 Constitution of Pakistan states, " Federally Administered Tribal Areas include (i) Tribal Areas, adjoining Peshawer District; (ii) Tribal Areas, Adjoining Kohat District;(iii) Tribal areas, adjoining Bannu district; (iv) Tribal Areas, adjoining Dera Ismail Khan district; (v) Bajur Agency; (v-a) Orakzai Agency; (vi) Mohamd Agency; (vii) Khyber Agency; (viii) Kurram Agency; 9ix) North Waziristan Agency; and (x) South Waziristan Agency."

and Frontier Region Tank. The name of FATA is a misnomer¹⁶³. Islamabad has never maintained jurisdiction over more than 100 meters to the left and right of few government built roads in the tribal areas. FATA functions as a semi-autonomous region. In practice tribal areas come under Federal government's jurisdiction but in practice they are autonomous.

FATA is stretched over an area of 27,220 square kilometers and it is located on North Western border (porous border of 1200 km) of Pakistan with Afghanistan known as Durand Line. FATA is surrounded on the north by Lower Dir district in the NWFP, on the east by the NWFP districts of Bannu, Charsadda, Dera Ismail Khan, Karak, Kohat, Lakki Marwat, Malakand, Nowshera and Peshawar. On the south-east, FATA is located with the district of Dera Ghazi Khan in the Punjab province, while the Musa Khel and Zhob districts of Balochistan are situated to the south. Afghanistan lies to the West of FATA¹⁶⁴.

Pushtun tribes predominantly populate FATA with the Durand Line. According to 1998 national census 3.2 million people (current estimate is 3.5 million) live in FATA. The latest weaponry abounds, thanks to Afghan jihad. Carrying arms is a customary practice. Basic amenities of life are scarce. Religious conservatism holds sway in these areas. Afghan jihad and state's deliberate attempt to promote pro-jihadist elements has resulted in monopoly of local clergy over these areas.

Political Economy of FATA:

FATA is Pakistan's most impoverished and economically backward area. In the name of preserving traditional tribal culture and independence of Pushtun tribes these

¹⁶³ Thomas H. Jhonson and M. Chris Mason, "No Sign Until the Burst of Fire: Understanding the Pakistan-Afghanistan Frontier," *International Security*, vol. 32, no.4, Spring 2008, p.41

¹⁶⁴ <http://www.fata.gov.pk/subpages/climate.php>

areas have been deliberately kept backward over the years. No major development took place for sixty years, which has resulted in political alienation, economic deprivation and deep seated resentment and grievances against the center. In FATA political administration is the main vehicle for economic development and planning in FATA. The political agent is government's main development agent and planner for formal economic system. The distribution of development funds is state manipulated and instead of reaching the masses or being invested in infrastructural development it is given to local elite who are state's handpicked functionaries¹⁶⁵. This manipulative and selective patronage of local elite by the state authorities has resulted in resource gap between those who have access to the administration and those deprived of it. The political agent's economic tools and instruments of economic control include allotment of permits for export and import in each agency¹⁶⁶.

The legacy of colonial era of using this region as a buffer has resulted in chronic apathy of the central government and kept the region grossly underdeveloped. The socio-economic and demographic indicators are abysmally poor. By raising the bogus threat of Pushtun separatism the central government has denied tribal areas of economic and political rights. The lack of the participatory system of governance at the grass roots, the bias in favor of traditional feudal system of economy and a social hierarchy which creates conditions favorable enough for the perpetuation of a cycle of underdevelopment which is most favorable to the growth of militancy and religious conservatism¹⁶⁷.

¹⁶⁵ "Pakistan's Tribal Areas: Appeasing The Militants," *Asia Report no 124*, Islamabad/Brussels, International Crisis Group, 11 December, 2006, p. 9

¹⁶⁶ Fazal-ur-Rehman Marwat, "The Genesis of Change and Modernization in Federally Administered Tribal Areas (FATA) of Pakistan," *IPRI Journal*, vol. VII, no. 2, Islamabad, Summer, 2007, p.73

¹⁶⁷ Ashok K. Behuria, "The Rise of Pakistani Taliban and The Response of the State," *Strategic Analysis*, Vol. 31. no. 5, London: Routledge Publications, September 01, 200, pp.694-724

FATA's per capita income is half of national per capita income of \$500. More than 60 percent of the population lives below the poverty line. Per capita development expenditure is one third of the national average. Only 2.7 percent of the population of the Tribal Areas lives in its towns Ratio of roads per square kilometers is .017 percent in FATA as compared to 0.26 percent nationally. Overall literacy rate is 17.24 percent compared to 56 percent nationally. Male literacy rate is 29.5 percent while female literacy rate is 3 percent compared to national female literacy rate of 32.6 percent. There are very few schools for females many of which have been closed, bombed or burned down. Female education is discouraged by powerful religious leaders. For 3.1 million residents of FATA there are only 41 hospitals and per doctor rate is 1:1762 as compared to national 1:1359¹⁶⁸, population per bed in health institutions is 2179 percent as compared to nation 1341 percent. According to World Health Organization Report of 2001 nearly 75 percent of population has no access to clean drinking water. Problems of infant mortality are severe. The population growth is 3.9 percent as compared to nationally cited figure of 1.9 per cent.

Natural resources including minerals and coal are under exploited. Most of the locals depend upon subsistence agriculture since there is little industrial development and very few jobs. Livelihood and employment opportunities for the tribal people are very few and far between to the tribal people. There are 80,000 males in the age bracket of 18 to 25 who seeks employment¹⁶⁹. The local economy is chiefly pastoral, with agriculture practiced in a few fertile valleys. Land use data from 2003–04 shows that 7 per cent of

¹⁶⁸ Haider Zaman, "Problems of Education, Health and Infrastructure in FATA," in *Tribal Areas of Pakistan: Challenges and Responses*, Pervez Iqbal Cheema and Maqud-ul Hasan Nuri (eds.), Islamabad Policy Research Institute, 2005, p.156

¹⁶⁹ Khalid Aziz, "Causes of Rebellion in Waziristan," *Criterion Magazine*, April-June 2007

the total geographic area of FATA is cultivated. While more than 82 per cent of the land is not available for cultivation¹⁷⁰. The available farmland supports an average of 18 persons per cultivated hectare and more than 40 persons per irrigated hectare. Some 44 per cent of farmland is under irrigation, with the remaining cultivated area relying entirely on rainfall. Most households are engaged in primary-level activities such as subsistence agriculture and livestock rearing, or small-scale business conducted locally. Largely the economy of FATA is based on a flourishing trade of arms and drugs. Poor law enforcement in FATA's borders with Afghanistan encourages lucrative smuggling of luxury consumer goods.

Governance System of FATA:

Although FATA is part of Pakistan but it functions as a semi-autonomous region. During the days of British India this region and Afghanistan acted as a buffer zone between British India and Russian empire and operated on its own terms. The traditional pattern of governance continued even after these areas came under Pakistan in 1947. This system of governance is embedded in Political Agent (PA) and Frontier Crime Regulation (FCR) 1901. FATA's system of governance is a legacy of colonial era. It has contributed to the current situation which has made FATA a hub of global terrorist activities. Its lack of democratic accountability and failure to observe basic human rights has generated resentment and grievances against the state¹⁷¹.

Political-Administrative Set Up:

Under article 247(2) of the constitution, NWFP governor exercises executive authority in FATA as the president's representative. The president is authorized with

¹⁷⁰ <http://www.fata.gov.pk/subpages/land.php>

¹⁷¹ Daniel Markey, "Securing Pakistan's Tribal Belt," *Council Special Report No. 36*, New York: Council on Foreign Relations Center for Preventive Action, August 2008, p.7

powers to make policies regarding peace and good governance¹⁷². FATA is directly administered by federal government. Each agency of FATA is administered by a political agent who is appointed by the governor. The political agent is also the judicial officer against whose decision there is no right of appeal¹⁷³. Although FATA has elected representatives in National Assembly (NA) since 1996 but national legislation does not apply to FATA. Pakistan's political parties are legally barred from contesting seats from tribal areas (elections in FATA are non-party based).

Backed by *khasadar*¹⁷⁴ and levies political agent exercises a mix of executive, judicial and revenue powers and the responsibility of maintaining law and order and suppressing crimes in the tribal areas. Government relies on services of paid intermediaries called *maliks*¹⁷⁵ and holder of *lungi*¹⁷⁶ system to administer FATA. Political Agent can also arbitrarily cancel or suspend status of *malik* and *lungi* if he thinks individual is not serving the interest of the state. *Malik* receives financial privileges from administration in line with cooperation with the government.

A Political Agent is the all in all of tribal areas as he enjoys absolute powers. He is the administrator, legislator, judge, revenue collector, economic and development planner and implementer. Such unchecked powers over the years have generated unbridled

¹⁷² Article 247 (2) of 1973 Constitution, "The President may, from time to time, give such directions to the Governor of a Province relating to the whole or any part of a Tribal Area within the Province as he may deem necessary, and the Governor shall, in the exercise of his functions under this Article, comply with such directions."

¹⁷³ Robert G Wirsing, "Introduction: Emerging Trends and Developments in Pakistan's FATA- Implications for the United States," *The National Bureau of Asian Research*, Volume 19, Number 3, Washington: August 2008, p.12

¹⁷⁴ *Khasadars* are an irregular force under PA's control to protect roads and other government installations and perform guard duties

¹⁷⁵ *Malik* is a respected tribal elder or influential personality of a local tribe. Political agent appoints *Malik* from different tribes on male inheritance (with Governor's consent) who are responsible to govern the behavior of their respective tribes.

¹⁷⁶ *Lungi* is also a official privilege and recognition granted by political administration, however, it is lower in status than that of a *Malik*

corruption and massive mismanagement of development funds and manipulation of this highly flawed system which has reinforced underdevelopment, suppression, alienation and grievances against the federal government. Political agent and maliks misappropriated funds and used them for their own privileges and interests instead of spending them judiciously on development projects for many decades.

Under the FCR state still denies people of FATA their fundamental rights of political association and assembly. This has resulted in the alienation of local people towards the state and allowed Taliban to exploit their grievances against the central government. In absence of moderate political forces influence of radical Islam has grown since the 1980s. Taliban rule in Afghanistan cemented the hold of extremist in tribal areas and many foreign mujahideen have married in local tribes and wield a great influence. The influence of extremist elements has come at the expense of the erosion of traditional structures.

The electoral system is under firm control of political administration and intelligence agencies, which have manipulated the results of poles to ensure success for pro-government candidates. Until the introduction of adult franchise in 1996, an electoral college of 35,500 Maliks use to elect candidates for national assembly. FATA has 8 seats in the Senate and 12 seats in the National Assembly.

The Mushrraf government drafted a FATA Local Government Regulation 2002 modeled on Local Government Ordinance. Instead of promulgating the Local Government Ordinance of 2002, in December 2004 the NWFP Governor issued orders to establish Provisional Agency Councils to facilitate local participation in development and other important matters. The implementation of local bodies system would have brought

political agents under elected nazim but intentionally this opportunity was denied to already marginalized segments of tribal areas.

Judicial System:

Pakistan Penal Code (PPC) does not apply in tribal areas and these areas are out of High and Supreme Court jurisdictions¹⁷⁷. The judicial system is enshrined in colonial era colonial era legal framework Frontier Crime Regulation (FCR) which was drafted by British in 1872 to control British India's restive frontier belt. After some amendments it was promulgated in 1901 and after independence Pakistan continued with FCR. Unlike FATA which is still under this draconian judicial structure NWFP was governed by this system until 1963 and Balochistan until 1977. FCR is a mix of traditional customs, norms and executive discretion¹⁷⁸. The British created this draconian law to regulate the restive areas and subjugate the locals. It is a parallel judicial system which does not come under the jurisdiction of Pakistan's superior judiciary. FCR concentrates discretionary police, judicial and executive authority in the political agent. This system over the years has generated an atmosphere conducive for growth of regressive elements. Being marginalized from the mainstream this system has reinforced age old system.

FCR Jirga:

Under the FCR, the Pushtun tribal structure of *jirga*¹⁷⁹ (tribal council of elders) in accordance with tribal customs has been preserved. Disputes between tribes, between state and tribes, civil and criminal matters can be referred to *jirga*. *Jirga* system has been

¹⁷⁷ "Building Judicial Independence in Pakistan," *Asia Report no 86*, Islamabad/Brussels, International Crisis Group, November 10, 2004, p.i

¹⁷⁸ "Pakistan's Tribal Areas: Appeasing The Militants," *Asia Report no 124*, Islamabad/Brussels, International Crisis Group, 11 December, 2006, p.6

¹⁷⁹ *Jirga* is a Pushto terms which stand for a decision making assembly of male elders that handle criminal cases under FCR 1901

retained for dispensation of speedy justice in line with Pushtun tradition. But it merits a mention here that British distorted that system to make *jirga* subservient to political agent. Pakistan retained the system with political agent holding ultimate authority of initiating the cases, appointing the *jirga*, presiding over trials and awarding punishments¹⁸⁰. *Jirga* is convened by political agent.

Though *jirga* system is an efficient and speedy way of dispensing justice but the manipulation of *jirga* by political agent has made it controversial under the shadow of FCR. Those cases in which neither the government nor the state has a stake are resolved speedily in an impartial and fair manner. But where political agent or government has a the stake. The *jirga* verdict often tends to favor those with political and economic clout. Because the political agent handpicks members of *jirga* so most of the times decision of FCR *jirga* greatly favor state interests and lacks public credibility. It is a state-manipulated institution used as a tool by political authorities to serve the interest of the state.

Many clauses –many of which are against the 1973 constitution-of FCR are cruel and inhumane and against fundamental human rights as mentioned in article 8 of 1973 Constitution. For instance, under FCR collective punishment clause that empowers the Political Agent to punish a whole tribe for crimes committed on its territory by fines, arrest, property, seizures and blockades¹⁸¹ if one member of that tribe is found guilty of a crime. A Political Agent can order arrest of all or any members of the tribe seize their property or block their access to settled districts if they act in a hostile or unfriendly manner. Though FCR is not operative in NWFP and Balochistan anymore. It is the main

¹⁸⁰ “Pakistan’s Tribal Areas: Appeasing The Militants,” op.cit.,p.6

¹⁸¹ FCR (1901), section 21-24

source of law in FATA. The void created by the absence of democratic, participatory institutions and the suppression of moderate voices is being filled by Islamist radicals.

Reasons of Mushroom Growth of Militancy in Tribal Areas Post 9/11:

While the gap created by controversial FCR not allowing political parties to operate in tribal areas was masterly exploited by militant groups absence of a long term counter insurgency policy, poorly conducted military operations in mad rush, peace deals reached with militants by the state from a position of weakness, Pushtun social code of Pushtunwali and nature of Pak-Afghan border are the factors that lead to unabated growth of militancy in FATA.

Pushtunwali: The Pushtun Social Code

Another reason of Pushtuns provisions of safe havens to Al-Qaeda and Taliban is the tribal social code *Pushtunwali*, a set of values which is unwritten but universally understood. It is a key stone of Pushtuns identity and social structure and it shapes forms of behavior¹⁸². Pushtuns adhere to this social code to maintain their honor and survival, it has been operative in their society for more than 1000 years and it's a way of life. Pushtunwali encompasses four four tenets freedom, honor, revenge and chivalry.

“Freedom”: Pushtuns are furiously independent and they do not accept any interference in their way of life or occupation of any external force. Alexander the Great , the Mughla empire, Mangols, British Raj, Russia all invaded their lands but they were defeated and never able to tame these ferocious tribal warriors. Thus Pushtun society is inherently resistant to externally or internally imposed occupation.

¹⁸²Thomas H. Jhonson and M. Chris Mason, “No Sign Until the Burst of Fire: Understanding the Pakistan-Afghanistan Frontier,” *International Security*, vol. 32, no.4, spring 2008, p.77

Honor: After Personal freedom comes honor. *Pushtunwali* demands a man to an exaggerated sense of honor. A man is obligated under this code to protect his property and his women. In the past this factor has created a great deal of tension between Pushtuns and states attempting to establish their own rule of law. Action taken to preserve the honor that breaks the law of state would seem acceptable¹⁸³.

Third component of this code is “revenge.” It means an eye for eye and tooth for tooth. If a man loses honor revenge for that loss must follow or else he will lose the face and social status in the society. Revenge may take time as a Pushtun proverb goes, “I took revenge after hundred years, and I only regret I acted in haste.”

The fourth and last percept of *Pushtunwali* is provision of “hospitality, protection and refuge” to all who ask for it¹⁸⁴. For the Pushtuns this behavior covers from providing hospitality to anyone coming into his even the enemies if he asks for it. The provider must give shelter, food, drink, clothing and personal protection to the seeker even at the cost of his own life. US officials demanded that the Taliban should turn over Bin Laden after 9/11 but their demand was turned down because Bin Laden was a guest and handing him over was anathema to Pushtun tribal code. This tribal social norm has continued to weigh supreme for centuries and Pushtuns have successfully defended him against all odds. So any attempt by the international community to subdue this Pushtun insurgency outside this code will only add to the long litany of problems. Any conflict resolution has to come from within this tribal social code. So a more nuanced approach which takes into account the sensitivities attached to social values must replace the militarism and forced modernization.

¹⁸³ James W. Spain, *The People of Khyber: The Pathans of Pakistan*, (New York: Fredrick A. Praeger, 1962. p-46..

¹⁸⁴ Ibid.

Absence of Effective National Counter-Terrorism Policy:

The foremost factor that hurt Pakistan's struggle against the militant forces was the absence of a home grown counter terrorism policy tailored to local needs and demands. A policy geared towards quickly addressing the grievances of tribal people thus not allowing the fleeing Al-Qaeda and Taliban remnants to exploit the sentiments of resentments for their own vested interests. A lack of imagination and reflection on the part of strategic thinkers Pakistan dealt a severe blow to the law and order situation. State authorities merely reacted to quickly changing political and social equation in the tribal areas after 9/11. Army's actions against militants were selective and self serving. While law enforcement agencies vigorously arrested and launch a crackdown against Al-Qaeda and sectarian outfits it looked the other way when it came to take action against militants operating in Kashmir and the Taliban.

This dichotomy gave room and space to militant to firmly consolidate their grips in the tribal areas prior to openly challenging government's writ in these areas. Pakistan vacillated between international pressures of do more, and the local demands of adopting the path of negotiation with the militants. Alternating between excessive force and appeasement only helped the cause of extremists. Inconsistent and ad-hoc policies have added to the already complex situation resulting in strengthening militancy and extremism¹⁸⁵.

Military Operations and Peace Deals (Stick and Carrot Approach):

The Pakistani army did not have a policy to tackle the Taliban and Al-Qaeda remnants fleeing into its tribal areas after US attack on Kabul. Pakistan army's forays

¹⁸⁵Daniel Markey, "Securing Pakistan's Tribal Belt," *Council Special Report No. 36*, New York: Council on Foreign Relations Center for Preventive Action, August 2008, p. 9

with militants have been episodic and largely ineffective. Badly planned and poorly conducted military operations are also responsible for the rise of militancy in the tribal belt. The indiscriminatory use of force in haste resulted in loss of lives and property of thousands of civilians which alienated the local population. In June 2002 the Pakistan army moved a division of troops into Teerah valley in Khyber Agency and Parachinar in Kurram Agency to block the on the run Al-Qaeda and Taliban members from entering the country¹⁸⁶.

Kalusha Operation 2004 and Sararogha Peace Deal:

Under heavy criticism of its role in handling militancy in the tribal areas, the first major military offensive in FATA was launched in March 2004 by Pakistan army. Known as *Kalusha operation*. It was a major search-and destroy operation in South Waziristan against the foreign militant organization Islamic Movement of Uzbekistan (IMU) led by Tahir Yuldashev who was under the shelter of local militant commander Nek Muhammad. Nek Muhamamd escaped along with Tahir Yuldashev and the army took heavy casualties and its 14 personnel were taken hostage by militants. The logic and planning was premised on the fact that a quick, surgical strike against the foreign terrorist and their local allies would succeed¹⁸⁷. It was an ill-conceived operation carried out in a mad rush that backfired. This operation was concentrated on 50 square kilometers area near Wana which is the head quarter of South Waziristan. Since this operation was not well targeted it resulted in civilian deaths which combined with arbitrary arrests, alienated the locals. Shortly afterwards the Pakistan Army was forced (due to its inability and after taking heavy causality) to negotiate a peace deal with Nek

¹⁸⁶ "Pakistan Steps up Al-Qaeda hunt," *BBC News*, June 18, 2002

¹⁸⁷ "Pakistan's Tribal Areas: Appeasing The Militants," *Asia Report No 124*, Islamabad/Brussels: International Crisis Group, 11 December, 2006, p.14

Muhammad on April 2004 to get its 14 men released. It was a huge embarrassment for the army.

Wana/ Shakai Peace Deal:

This agreement was brokered by the mediation of *Jamiat Ulame Islam Maulana Fazlur Rehman* groups between the military and *Mujahidin Shura* of South Waziristan. It was signed in the Shaki valley between Peshawer Corps Commander, Lt. General Safdar Hussain and local militant commander Nek Muhammad. The agreement which is an unwritten agreement made it incumbent upon the foreign militant to live peacefully, register themselves with local authorities and not to attack military convoys of Pakistan army or indulge in cross-border militancy in Afghanistan¹⁸⁸. Pakistani government paid Rs. 50 million to tribal militants to pay back their debt to Al-Qaeda and live peacefully afterwards¹⁸⁹.

April 10, 2004 was set as the dead line for registration of foreign militant which was later extended for one week. Militant's failure to register with government and Nek Muhammad's backtracking resulted in breakdown of the agreement. This was followed by a renewed military action that involved use of air force jets and gunship helicopters. Later Nek Muhammad was killed by a missile shot from US predator drone.

Sararogha Agreement February 2005:

When the army thought it had successfully tackled the Waziristan militancy, the Mehsud tribal belt led by *Baitullah Mehsud* revolted against the state in late 2004. This time instead of conducting a military operation, the state preferred negotiations and

¹⁸⁸ Subha Chandran, "War In Waziristan: Implications for Pakistan and India," *Issue Brief No. 23*, Delhi: Institute of Peace and Conflict Studies, June 2004

¹⁸⁹ Imsail Khan, "Payment to Wana Militants: Probe into Missing Millions Initiated," *Dawn*, May 3, 2005

entered into agreement with Baitullah Mehsud at *Sararogha*¹⁹⁰. It was a six point agreement according to which *Baitullah Mehsud* vowed that he and his associates would not attack government functionaries and forces, would not shelter and assist Al-Qaeda and other foreign militants and would aid government's war on terror.

North Waziristan Operations:

Despite signing a peace accord in *South Waziristan* militancy continued unabated and it spilled over from *South Waziristan* agency into *North Waziristan*. Government's writ was confined to official buildings. The sub-districts of Miramshah and Mirali came under Taliban's firm control. *Shura* of North Waziristan banned tribal elders from meeting officials and more than 150 pro-government elders were killed by the militants¹⁹¹. Two clerics Abdul Khaliq and Sadiq Noor from their basis in Miramshah revolted against the state. They posed a stiff resistance to army and clashes continued for over two months. On January 13 a US aircraft attacked a house on suspicion that Al-Qaeda deputy leader *Ayman Al-Zawahiri* was hiding there. On March 1, Abdul Khaliq's madressah was attacked by army helicopters which left 40 persons dead and several injured. In retaliation to this attack, the militants carried out a suicide bomb attack on the US consulate in Karachi on March 2, 2006.

North Waziristan/ Miramshah Peace Agreement:

In May 2006, Mushrraf appointed Lt General (red.) Ali Muhammad Jan Orakzai as the new Governor of NWFP. Orakzai organized a tribal jirga to negotiate a peace deal with tribal elders. As result of his efforts on September 5, 2006 another peace deal was signed between Pakistani government and tribal elders. Government was represented by

¹⁹⁰ Ashok K. Behuria, "The Rise of Pakistani Taliban and The Response of the State," *Strategic Analysis*, vol.,31. no. 5, London: Routledge Publications, September 1, 2007, p.694

¹⁹¹ Zulfiqar Ghuman, "Taliban killed 150 pro-government Maliks," *Daily Times*, 18 April 2006, p.5

Dr Fakhri Alam a political agent from North Waziristan and Taliban were represented by seven members of Taliban *Shura* (advisory council). The signing was witnessed by Major *General Azhar Ali Shah*, the commanding officer of Pakistan army in the region¹⁹².

This accord laid down the conditions that Pakistan would withdraw its troops and stop targeting the Taliban. In return they would not shelter any foreign militants. This truce was extended in July for another month. This ceasefire was endorsed by *Mullah Dadullah Akhund* who reportedly visited Waziristan to persuade local militants to stop attacking Pakistan army¹⁹³. But the fate of this agreement was no different than the previous agreements. Although violence decreased in the immediate aftermath but extra-judicial killings continued and attacks on international coalition forces in Afghanistan increased dramatically. Like previous deals, this agreement lacked credible guarantees and effective monitoring provisions. It was another unconditional surrender by the government to the militants which increased their confidence and bargaining position in future as well¹⁹⁴. There was massive criticism of the accord in the US and international media. It was regarded as total surrender of the Pakistani state. The deal empowered and enhanced the status of Taliban in the tribal society¹⁹⁵. It was termed as a policy of "Hello Al-Qaeda, Goodbye America."¹⁹⁶ This accord broke down when military started operation against Lal Masjid in 2007. Militants called it off to avenge the killings of Lal Masjid operations.

¹⁹² Pazir Gul, "Waziristan Accord Signed," *Dawn*, September 6, 2006, p.3

¹⁹³ Rahimuallah Yousafzia, " We advised Pakistani Taliban not to fight army: Dadullah," *The News*, September 17, 2006

¹⁹⁴ Evagoras C. Leventis, "The Waziristan Accord," *Middle East Review of International Affairs*, vol.11, No. 4 ,December 2007,p.37

¹⁹⁵ Rahimullah yousafzai, "Accord and Discord," *Newsline*, October 2006, pp.29-32

¹⁹⁶ Syed Saleem Shahzad, "Pakistan: Hello Al-Qaeda, goodbye America," *Asia Times*, September 08, 2006, p4

The Lal Masjid Operation:

The Lal Masjid incident indicated the expanding influence of militants outside tribal areas. The students of Lala Masjid and Jamia Hafsa took control of a public library in February 2007 in protest against the government's move to demolish some of the mosques areas illegally constructed on government lands in Islamabad. The administrators of the mosque Abdul Aziz and Ghazi Abdul Rashid were emboldened by the government's approach to deal with militants through negotiations. They created Qazi courts and their students went out of the mosque into city (Islamabad) and closed down music shops, burnt music cassettes and CDs and shut down beauty salons. When the state intervened they took the personnel of law enforcement agencies as hostage. The situation took a dangerous turn when the moral brigade of Lal Masjid took hostage some Chinese lady workers from a massage parlor in Islamabad.

Army started "Pperation Silence" to flush out the militants from the Mosque¹⁹⁷. The Mosque complex was besieged from July 3 to July 11, 2007. The conflict resulted in 154 deaths, and 50 militants were captured. The operation led to the death of Abdul Rashid Ghazi while Abdul Aziz was arrested. In the aftermath of Lal Masjid Operation militants called off North Waziristan Agreement. Subsequent events of suicide attacks and bomb blasts increased throughout Pakistan. More than 600 hundred security personnel and 1300 civilians were killed in at least 28 suicide attacks conducted by pro-Taliban militants after the Pakistan army operation against the Lal Masjid complex. The officials claimed that

¹⁹⁷ M Ilyas Khan, "Pakistan soldiers storm the mosque," *BBC News*, July 10, 2007

the security personnel were ambushed for at least 192 times; there had been 39 bomb blasts and 28 suicide attacks in the country after the Lal Masjid operation¹⁹⁸.

The Swat Operation:

The whole Swat region is under the strong influence of a banned militant outfit, *Tehreek Nafaz-e-Shariat Muhammadi* (TNSM - Movement for the Enforcement of Islamic Laws). The TNSM was founded by the father-in-law of Maulana Fazlullah, Sufi Mohammad in 1992. Sufi Muhammad led roughly 10,000 young people to fight the Americans in the wake of the U.S. invasion of Afghanistan. When a majority of his soldiers had been either killed or captured he returned home and was arrested by the forces. He was convicted on April 24, 2002 and was put behind the bars¹⁹⁹. In his absence his son-in-law Maulana Fazlullah became the leader of the organization. He is known as "Maulana Radio" due to his experience in launching illegal FM Radio stations while using them for militant propaganda.

After the spiraling increase in violence in the aftermath of *Lal Masjid* operation and quickly deteriorating law and order situation country wide Mushrraf declared an emergency on January 03, 2007. Security forces launched a major offensive in Swat. 'Operation Rah-e-Haq' the troops, backed by tanks, armored personnel carriers (APC) and artillery, pounded positions of the militants. Losing control of almost 70 villages of upper Swat and the consequent surrender of security forces to Fazlullah's fighters was a severe blow to the morale of the Pakistani troops. For two weeks there was no sign of a ground offensive to stop the unabated march of Fazlullah's militia. Military operations

¹⁹⁸ "600 Pakistan Security Men Killed in 28 suicide Attacks After Lal Masjid Operation," *ANI News*, November 14, 2007

¹⁹⁹ Hassan Abbas, "The Black Turbaned Brigade; The Rise of TNSM in Pakistan," *Terrorism Monitor*, Vol. 2, Issue 23, New York: James Town Foundation, November 30, 2006,p.4

gained momentum after November 18 when Pakistan's army deployed a fresh contingent of 15,000 troops for what the military command called an imminent military offensive against Fazlullah's militants. Security forces reportedly besieged hardcore militants, including Maulana Fazlullah.

The operation was completed on January 16, 2008. While the government claimed that state's writ in these areas has been restored, however, despite the officials claims of success over the militants, local and ground realities suggested otherwise. To the utter dismay of the authorities, the pirated FM channel was back on the air from an undisclosed location after only a few days. One of Maulana Fazlullah's close aides, *Maulana Mohammad Alam*, declared that the militants had not been defeated but left their hideouts and trenches to avoid civilian casualties in the valley.

Swat Peace Agreement:

After February 18 national election the Awami National Party (ANP) formed the government in NWFP and it adopted the dialogue as the preferred path of dealing with militancy in tribal areas and NWFP. So on May 21, 2008 after three rounds of talks spread over 13 days another peace agreement was signed between the government and militants known as Swat Peace agreement²⁰⁰. It is a 16 point comprehensive document, signed between ANP and TNSM representatives. As a result of the agreement Sufi Muhammad was released as a goodwill gesture. But like all previous agreements Swat Peace Agreement broke down as well. ANP government agreed to the implementation of *Shariah* in *Malakand Division* in return for the cessation of violence by militants: not destroying girls schools and not barring them from attending education institution and not

²⁰⁰ Rahimullah Yousafzai, "Swat Peace Agreement," *The News*, May 24, 2008

to challenge the writ of the government. But violence continued despite the pledges by *Fazlullah* and his aides. This agreement was heavily criticized as militancy entrenched deeply into Swat and militants took back their positions which they had lost as a result of the Swat Operation. It was another time buying tactic by the militant which was provided by the newly elected civilian regime of the country. Militant used it to regroup and reassert themselves.

Bara Operation:

As the policy of vacillation between peace agreements and military operations continued another military operation was launched in Khyber agency of FATA without any proper planning or near or long term objectives in mind. Amidst the fears that Taliban were about to take the control of Peshawar²⁰¹. Pakistan army was given full charge of the operation against militants and without discussion or endorsement of parliament an operation was launched by paramilitary FC personnel backed by the army on June 28²⁰². The way in which operation was conducted and approached by the government evoked multiple responses from media and public circles. It was a replica of erstwhile military regimes ad-hoc policies of on-again off-again military operation followed by peace accords necessitated by government's failure and disability to deal with the militants. It exposed the absence of a viable alternative policy on the part of the government to tackle creeping Talibanisation spilling over into settled areas. A few commentators termed this operation a mere hogwash which was carried out to please the visiting US Assistant Secretary of State for South and Central Asia Richard Boucher²⁰³. It was done in connivance with militants to show Americans that security aid given to them

²⁰¹ Dr Farukh Saleem, "Goodbye Peshawar," *The News*, June 29, 2008, p.4

²⁰² Ibrahim Shinwari and Zulfiqar Ali, "Forces Move in On Militants," *Dawn*, June 29, 2008, p 5

²⁰³ Muhamamd Malick, "The Bara Operation is A Lie, Plain and Simple," *The News*, July 01, 2008, p7

has been utilized appropriately. There are serious question marks over the real motives of this operation, given that key militants like the chief of the Lashkar-e-Islami, Mangal Bagh, were let off.

Another key criticism about this operation that exposes government's confusion and lack of direction in dealing with militancy is its understanding of local nuances, differentiation between TTP and other dissident groups like LI of Mangal Bagh, Prevention of Vice and Prevention of Virtue (PVPV) of Haji Namdar and Ansaul Islam of Mahbulul Haq and the political wisdom to deal with the acute internal security crisis.

Bajur Operation:

On August 06, 2008 another clean up military operation was launched in Bajur agency against Baitullah Mehsud's *Tehrike Taliban Pakistan (TTP)*. Pakistan army, paramilitary Frontier Corps (FC) and Bajaur Levies personnel conducted the operation. The military used jet fighters and gunship helicopters to pound hideouts and positions of militants. According to official figures the military claims to have killed over 1,500 Taliban in Bajaur and lost of 83 its men and more than 300 wounded soldiers. In the process, much of the area was depopulated. This operation triggered an enormous humanitarian crisis resulting in influx of refugees who fled their homes for safer areas. It is the biggest internal displacement of people in Pakistan's history. Overall population of Bajur is slightly under 600,000. The number of internally displaced people according to official figures is around 250,000 people. But agencies involved in relief operations say the number of internally displaced persons (IDPs) is more than 400,000. Unofficial figures reveal that around 50,000 people have taken refuge in slum houses, tents and in

houses of their relatives or friends in different areas of Peshawar, Mardan, Swabi, Charsadda and Buner²⁰⁴.

Pakistan Strategy in Tribal Areas Not well Thought out:

Pakistan does not possess a well thought out strategy when it comes to dealing with militants in its tribal areas. Pakistani action against militants in tribal areas has been haphazard punctuated by confusion and complications. It is aimed at containing the militancy rather than eliminating it. It has been reactive than being proactive. Ad-hoc policies adopted for political expediency by the military regime has strengthened the militants and extremists in tribal areas. There are no quick fixes to FATA puzzle. Pakistan has to rein into these elements otherwise these terrorists will not only put security of Pakistani state in jeopardy but that of the region and international peace and security as well. The concluding chapter will put forth some suggestions in the light of findings of this thesis as how counter-terrorism can be made more effective and meaningful.

²⁰⁴ “Bajaur, Mohmand IDPs reaching Khyber Agency via Afghanistan,” *Daily Times*, November 24, 2008

Chapter 6:

Conclusion:

In the light of foregoing discussion it becomes clear that the counter-terrorism efforts of the US and the allied forces are not yielding the desired results due to ready availability and free flowing funds at the disposal of Taliban and Al-Qaeda. Today Taliban and Al-Qaeda are much stronger and better financed than ever before. All facets of counter-terrorism efforts whether military, nation-building or peacemaking are suffering because insufficient emphasis has been paid on blocking and drying out the sources of the terrorist financing. Though, there exist various instruments and mechanisms like the *United Nation Security Council Resolution 1373* to block terrorist financing but practically very little has been done to implement such mechanisms in letter and spirit. The efforts made thus far are unsatisfactory. These efforts lack consistency, global cooperation and rigorous implementation.

The major impediment in the way of effective implementation of such mechanisms on terrorism financing is the lack of will. All the focus is on military efforts and other non-military means of counter-terrorism have been neglected. A revisited counter-terrorism policy which is not military-centric is direly needed. To begin with, such a policy should devote a greater attention to denying free flow of funds to Al-Qaeda and the Taliban. The terrorist organizations have brilliantly exploited the poor economic conditions of Afghanistan and Pakistan's tribal areas. They have not only offered employment opportunities to unemployed youth of these areas but have provided them with a religious justification. The Taliban are offering more than what a young Afghan would get in the Afghan national army. This exploitation can only be stopped if their finances are blocked.

Furthermore better employment opportunities should be created for young Afghans and people in the tribal areas of Pakistan. .

Some of the counter-terrorist preventive strategies and suggestions offered by this research are: Policing of terrorist financing sources; eradication of drugs; madressah registration and modernizaing their syllabi; media warfare against the terrorist; creating reconstruction opportunity zones; abolishing of FCR from FATA; transforming and training the law enforcement agencies in counter terrorism/insurgency operations

1. Policing of Terrorists Financing Sources:

a. Surveillance of Charities:

Two major sources of Al-Qaeda and Taliban's finances are charities and drug running. Blocking their finances would require maintaining a close look at the charities involved in humanitarian efforts in Pakistan's tribal areas and Afghanistan. An international body under the auspices of the United Nations should be formed immediately which should keep a close watch at the activities of the charities and their funds. Legislation for the creation of such an international body should be introduced in the UN through a resolution. The resolution should make it incumbent upon all member states to provide the lists along with complete details of charities operating on their soil. A robust registration mechanism for these charities with stringent checks and balances should be made involving a re-evaluation of their status on annual basis. All new charities should be registered through a stringent process which should make their close scrutiny possible on regular basis. Any charity found guilty of illegal activities like aiding or helping out terrorist organizations in any capacity should be closed down forthwith. Annual audit

reports of charities should be submitted to international body formed under the UN auspices.

b. Policing of Banks:

Another loophole in international financial system which Al-Qaeda and Taliban have exploited to the fullest is smooth and easy money transfers and transactions of money from one country of the world to another within no time. The transfer of money through traditional *hawala* system in the Muslim countries makes it almost impossible to track down terrorist finances. Internationally coordinated efforts through inter-agency cooperation should be made to encourage transfers of money through authorized dealers like Western Union. Complete details of senders and recipients should be taken prior to transfer or transaction of money to ensure money is not being used for any criminal or illegal activities. All unauthorized dealers for transfers of money should be banned and closed down. These steps if effectively implemented will ensure to a greater extent that the money transactions are not being used for illegal or unlawful purposes. A global inter-agency coordination is required to ensure effective monitoring and policing of such a scheme.

2. Eradication of Drugs:

Another area which requires immediate attention is the generation of exponential illegal lucrative proceeds through the cultivation of opium and drug running. Today more than ninety percent of world's opium grows in Afghanistan. Taliban exploit this crop to maximum use. Drug-running is a lucrative enterprise for Al-Qaeda and Taliban. International efforts to eradicate opium in Afghanistan under United Nations Office on Drugs and Crime (UNDOC) are at best half-hearted and lackluster. These efforts lack the

will to eradicate this crop which would eventually deny terrorists a significant source of funding. Local farmers grow opium because seeds are cheap and easy to buy due to their ready availability. No serious efforts have been made to discourage the local farmers from growing opium. Alternative livelihood options should be explored. One way of doing this could be, by encouraging the local farmers to grow alternative crops like wheat or maize. Subsidies should be given to farmers on seeds, fertilizers, agricultural equipment and pesticides. Such steps will encourage the local farmers to grow wheat and other crops. This will not only help Afghanistan to gain self-sufficiency in food but would inspire confidence and trust of local farmers in international donors efforts in reconstruction and nation building of Afghanistan. This would also generate better employment opportunities for the youth of rural areas. Furthermore roads should be built connecting the fields to the markets for quick transportation of these crops. Such efforts of blocking terrorist financing in tandem with the below mentioned non-military solutions would pave the way for better results in future.

3. Madressah Registration and Modernizing their Syllabi:

Another area which should be taken care of on war footing is the creation of a *Madressah Regulatory Authority* through proper legislation. This authority should work under ministry of religious affairs and ensure registration of all madressahs in this county. There was a boom in the growth of madressahs in Pakistan during the Afghan jihad. These madressahs are incubators of militants and nurseries of jihad. These madressahs were used as training camps for the *mujahideen* during the Afghan jihad against the former Soviet Union. After the disintegration of the former Soviet Union and American departure from this region these madressahs churned out fanatics. Taliban were the

product of some madressahs. Many local militant organizations like Tehrik-e-Taliban Pakistan got their religious education from the same madressahs as well. Most of these madressahs get their funding from Saudi Arabia with a Wahabi interpretation of Islam. Administrators of Lal Masjid and Jamia Hafsa who armed their students and incited them to revolt against the state had their funding sources outside the country. Upon being interviewed on this issue Abdul Rashid Ghazi in as much acknowledged their foreign sources of funding openly in the media.

Registration of these madressahs with complete details of their funding sources would enable the government to keep a track of madressahs activities. This regulatory authority should also devise rules and regulations for madressahs like the criteria of hiring teachers for these madressahs. Education of religious scholars teaching in the madressahs, facilities provided to students and syllabi taught to them should be uniform for all madressahs and without any prejudice to other sects or religions. The curriculum should be revised by eliminating all the sources of hate material. Madressah syllabi should be balanced with modern education so that students reading in these madressahs get a holistic picture of the world along with getting better prospects of employment opportunity after graduating from these madressahs. Providing them with religious education only is denying them better employment opportunities and thus creating obscurantism and fanaticism in the society. Technical education should be provided to them so that they can diversify their options and pursue their modern education after completing their madressah education. Government should actively involve all stakeholders and respective boards of all sects to bring their madressah into mainstream

on war footing. A madressah can also be attached to a poly technique school so that students can get vocational skills.

4. Media Ware against the Terrorists:

The media's attitude in exposing and effectively countering the terrorists propaganda has been at the most lukewarm and lackluster. The terrorists propagate their henios agenda through their FM radios. A counter offensive media warfare should be launched against the terrorists exposing their designs and distorted version of the religion. Media has a mass reach and if properly used and utilized it can be an effective tool in war against the terror. Like America where media channels launch extensive propaganda campaign against anti-US elements. Pakistani media channel should also promote a modern and moderate vision of the world by denying air time to terrorists. Mushrraf government gave lisnces to various TV news channels. These channels still have a positive role to play by launching a counter terrorist media blitz.

5. Creating Reconstruction Opportunity Zones:

Creating manufacturing and industrial units and providing technical assistance and other incentives for agricultural activities will help in bringing these areas back to main fold. A solution to managing the long, porous border is to transform it from a hostile frontier to an economic gateway between Pakistan and landlocked Afghanistan. One way of doing it is through Reconstruction Opportunity Zones (ROZs). The Reconstruction Opportunity Zones promised by America would aim at providing duty-free treatment for certain goods from designated ROZs in Afghanistan and Pakistan²⁰⁵.

²⁰⁵ "The Next Chapter: The United States and Pakistan," *Pakistan Policy Working Group*, Washington: United States Institute of Peace September, 2008, p. 32

America's \$750 million pledge for development of FATA should be released so that these areas could be brought into the mainstream. The number of products receiving duty free access should be maximized. Pushtuns are very traditional and conservative and resistant to change in their life style so the attempts of social engineering going on for last seven years will never succeed until and unless this campaign is geared towards winning the hearts and minds of tribal Pushtun society. If any change has to come it should come from within and indigenously. Such a change should bring positive outcomes in the lives of strife stricken population of these areas. Only then the Puhstun society will embrace such a change. The opening of FATA to media and allowing independent human rights organizations to investigate human rights violations and abuses by the civil administration and law-enforcement agencies.

6. Abolishing Frontier Crimes Regulation (FCR) in FATA:

The Pakistani state over the years has pursued policies in tribal areas which have generated suppression, alienation and a vacuum which was exploited by the militants. Even a cursory review of the history of Pakistan's tribal areas exposes the fact that many of the most serious development challenges faced have their origins in hundreds of years of history. How best to incorporate FATA into Pakistan and transforming of tribal areas must begin with a realistic assessment of past history without repeating it.

Abolishing the colonial era political and administrative structure of Frontier Crime Regulation (FCR) 1901 and Political Agent system would be the first step towards this direction. Removing restriction on political parties in FATA and introduction of party-based elections for the provincial and national assembly should be done immediately to

address the grievances of alienated local masses of these areas²⁰⁶. FATA should be incorporated into NWFP and brought under the jurisdiction of the regular judicial system of Pakistan. Allowing parties to operate in the areas would unleash a plethora of activities which will divert people's attention from siding with militants to bring about a change in their way of living and state of affairs through a healthy process of political participation. To bring these areas into the mainstream Pakistani state has to create stakes for inhabitants of FATA in the center so that they feel part of the system and not left out or neglected. Giving scholarships to students from these areas in higher education institutions and local technical colleges; increasing job quotas in government jobs and utilizing the untapped mineral and coal resources of these areas would create employment opportunities for the locals and would bring a sense of hope and participation in people of FATA. This way they will feel part of the system and empowered to change their state of affairs by remaining the part of the system and not by opting out of the system. It will deny extremist and militants the space and vacuum which they exploit. Creating educational institutions and improving health care facilities will bring an improvement in life standards of tribal people. Just like education other areas like health care facilities, infrastructure, roads, electricity and enhancement of physical and recreational facilities for the youth should be of prime interest to any government that is sincere about countering terrorism in FATA and the tribal areas of Pakistan. In the past these areas have been kept under developed in the name of preserving the peculiar tribal culture and Pushtun way of life. This policy of denying tribal people made these areas vulnerable to foreign agendas and militant organizations operating in these areas.

²⁰⁶ "Pakistan's Tribal Areas: Appeasing the Militants," *Asia Report No 125*, Islamabad/Brussels: International Crisis Group, December 11, 2006, p.ii

7. Transforming and Training Law Enforcement Agencies in Counter Terrorism/Insurgency Operations:

Transforming the security institutions in Pakistan is very essential²⁰⁷. The army, FC and intelligence services need to be networked and operationally integrated in tribal areas. The ownership of operation in tribal areas should be taken by army and instead of perceiving it as a distraction from other responsibilities it should take the lead in effectively evolving a counter-insurgency doctrine and executing it. The Pakistani law enforcement agencies operating in tribal areas have shown lack of training and inability to effectively launch counter-insurgency operations in mountainous terrain. Pakistan army is trained to fight in plains. This inability greatly hampers the drive against militants. Transforming Pakistan's Frontier Constabulary by providing them training in counter-insurgency operations and equipping them with modern weaponry is very essential. This will take four to five years. Both Pakistan and America have to be patient and committed to fight this evil and uproot it.

Most of the American assistance to Pakistan since 2001 has focused on enhancing Pakistani conventional military capabilities; reimbursing the government for military operations in tribal areas through the Coalition Support Funds Mechanism; reducing Pakistan's debt burden and stabilizing macroeconomic indicators. Only one tenth of American assistance to Pakistan has directly done to education, healthcare, governance and other socio economic projects. This has created a perception that the US is interested only in war on terrorism and not in Pakistani people. It appears as if US was buying off Pakistani military. This perception should be removed by increasing the non-military

²⁰⁷ Hassan Abbas, "Transforming Pakistan's Frontier Corps," *Terrorism Monitor*, volume 5, issue 6, New York: James Town Foundation, March 30, 200, p. 4

assistance to Pakistan by strengthening democratic institutions of the country. The recently approved Kerry-Lugar bill designated to shift this paradigm under “Enhanced Partnership with Pakistan Act 2008²⁰⁸” introduced on July 15, 2008 aims to transform the relationship to a deeper, broader level. The main provision of this bill authorize \$7.5 billion in non-military assistance over the next five fiscal years and advocate an additional \$7.5 billion over the subsequent five years shifting the gravity from military to non-military engagement.

The dream of secure and prosperous Afghanistan will remain elusive until the strategy is revisited and a viable alternative strategy is worked out taking all the stake holders i.e. international community, Pakistan and Afghanistan on board. The sole reliance on military means and halfhearted measures for the reconstruction and peacemaking efforts in Afghanistan will only prolong this war which already looks far from being winnable and is endless.

The quickly deteriorating situation in the tribal areas and the growing influence of militant organizations in Afghanistan and Pakistan’s tribal belt is very perplexing and worrisome vis a vis the future of Afghanistan and regional peace and security of the region. Pakistan’s north western tribal belt with Afghanistan and latter’s southern and eastern provinces are raging with a successful insurgency. The security challenges in these areas lie at the center of broader regional and global threats to international peace and stability. The insurgency in these areas is the biggest stumbling block in the way of bringing normalcy and peace back to Afghanistan. Most of NATO-led International

²⁰⁸ “The Next Chapter: The United States and Pakistan,” *Report by Pakistan Policy Working Group*, Washington: United States Institute of Peace September, 2008,p.30

Security Assistance Forces (ISAF) troops are stationed in relatively stable northern Afghanistan. This is counter-productive to the present counter terrorism campaign.

At this stage Pakistan can neither disengage itself from the US nor can it continue supporting it on the same terms. One thing which policy managers of Pakistan should bear in mind is that the US and the international community will never ease their pressure on Pakistan as long as the extremist threat exists. These rogue elements have already undermined international peace and stability in 2001. If their increasing influence and ever growing power is not counter-checked they will continue to pose a grave danger to world peace and stability. Pakistan has continuously featured in American presidential debates and it will continue to be at the forefront of American security and foreign policy. Barrack Obama the new US President has said in unequivocal terms that he will take the war to Pakistan and will carry out military operations inside Pakistan's tribal areas if Pakistan fails to take action against the terrorists. There is not an iota of doubt about intentions and motives of the US if Pakistan fails to weed out these militants once and for all.

The Pak army is waging a ferocious war against the Taliban in Swat, Matta and Buner which has made one million people flee from the region. The population of these internally displaced peoples (IDPs) has opened up a new dimension of problems for the already beleaguered Pakistan. It is not the purpose of this research to extrapolate on the discontents of the Summer 2009 but perhaps it will be worth a while to have a second look at the solutions offered in my conclusion.

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