

# *The* NATIONAL STRATEGY FORUM REVIEW

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## **The U.S.-Pakistan Relationship: Toward a Complementary Strategy**

*A Report by the National Strategy Forum*

### **Executive Summary**

Pakistan is a vital part of U.S. strategy in the Middle East and South Asia. U.S. objectives, including counter-terrorism, access to oil, regional political stability, nuclear non-proliferation, geopolitical balancing, and Islamic secularism are significantly affected by what happens in Pakistan and that country's relationship with the United States.

The issue is complicated by the fact that Pakistan opposes several components of U.S. policy, especially positions that are viewed as pro-India. There is growing concern about U.S. drone attacks directed at Taliban and al-Qaeda elements inside Pakistan that also cause significant collateral damage. The role of American military contractors and the unilateral U.S. raid on Osama bin Laden's compound inside Pakistan are especially contentious. The U.S. is vexed by Pakistan's ties to the Taliban, whether Osama bin Laden was harbored by elements in the Pakistani government and/or security service, charges of endemic corruption in the government, and difficulties coordinating U.S. military policies with Pakistan's army.

To be successful, U.S. strategy must be based on understanding Pakistan's objectives as well as those of the United States. Arriving at a complementary strategy requires identifying zones of agreement and pursuing objectives with negotiations sensitive to the most intense preferences of both parties. This is not to suggest that Pakistan should be accommodated at the expense of U.S. interests, but U.S. policy will be more effective if it is based on an understanding of Pakistani interests.

Our research was conducted principally from February to April 2011, and since that time, a major event has occurred: the killing of Osama bin Laden by U.S. Navy SEALs. We have since reviewed our findings in light of this development, and at this writing there is speculation about a possible rupture of U.S.-Pakistan relations, as the U.S. Congress questions aid to that country, and Pakistan lawmakers and government officials contemplate what, if any, dramatic retaliatory action is needed. There are calls in Pakistan for an independent investigation of what many there consider to be a national debacle, and it is not clear if there will be resignations at high levels in the Pakistani government, army and ISI.

Against this atmosphere of crisis, we have taken a broad view in our research and recommendations, noting the short and long-term strategic importance of Pakistan as a conduit for military supplies into Afghanistan, the potential guardian of whatever endgame emerges in Afghanistan, and a prominent developing Muslim democracy.

In the final section of the report, we provide a number of policy options to help redefine the U.S.-Pakistan strategic relationship. These initiatives include:

- Restructuring American aid to Pakistan by emphasizing targeted project investments that are highly visible to the Pakistani public. Several common sense ideas include power plants and natural gas facilities.
- Establishing anti-corruption controls to facilitate future American aid and support.
- Emphasizing U.S. communications and branding. America must rebrand its image, sense of purpose, and policy actions in the eyes of Pakistan's public.
- Encouraging cultural diplomacy that leverages civilian cross-cultural exchanges and study abroad opportunities.
- Increasing medical collaboration in projects that provide visible assistance to the Pakistani people.
- Setting a new diplomatic tone to make it more likely that the two countries listen to one another.

### **Introduction**

The National Strategy Forum has long recognized the importance of Pakistan to U.S. national security. The contemporary situation for the U.S. and Pakistan is urgent. While U.S. interests are paramount, we need to bear in mind the objectives of Pakistan if our policies are going to be successful.

The killing of Osama bin Laden is a welcome event to Americans, and likely to many Pakistanis as well. Nevertheless, the fact that he was living for some time in a large and conspicuous compound in the heart of Pakistan – very close to a military installation – for some time will be difficult for the Pakistani government to explain. That he could have done so without the knowledge and perhaps assistance of elements of Pakistan's very efficient security service strains credulity.

At this time it appears that civil relationships between the U.S. and Pakistan will continue, at least on the official level. But this event came at a low point in U.S.-Pakistani relations, with the Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen, making very pointed demands that the Pakistanis break off contact with Afghani Taliban elements, and the Pakistan military saying it would prevent future U.S. actions that ignore Pakistan's sovereignty. Fortunately, many realize that a rupture of the U.S.-Pakistan relationship would be a tragedy for both states.

We propose the United States adopt a “complementary strategy,” which takes account of the major objectives of both sides and accommodates them to the degree possible. The U.S. may find that its expectations of Pakistan's assistance in Afghanistan may be unrealistic from the Pakistani perspective; Pakistan may find anti-corruption restrictions on future U.S. funding

difficult to accept, but it is likely that some of these will be insisted upon as a condition of aid. The ideas we propose are designed to create the most effective U.S. strategy possible in support of U.S. objectives – including support of our troops that are facing many dangers in that troubled region. Although the strong emotions stirred up by the death of Osama bin Laden will make mutual accommodation more difficult, cooperation remains essential.

### **Telephone Conference Interviews**

The *National Strategy Forum Review* Editorial Board conducted a series of detailed telephone interviews with eighteen Pakistan VIPs who represent a wide range of political thought and expertise. These included former and current Pakistan government officials, military and ISI officers, economists, business and commerce executives, academics, social service workers, health care and media executives, and journalists. These interviews were conducted on a non-attribution basis to assure candor. There was no consensus on all issues, but zones of agreement among the participants emerged.

### **Pakistan's Problems and Strategic Objectives**

The U.S. must understand Pakistan's most important strategic objectives and problems, whether or not we wish to accommodate them. The following report identifies the major issues and problems expressed in our interviews, and proposes options for U.S. policymakers.

#### **Pakistan's Economy**

A well-functioning economy is the most important factor for long term stability, including investment in critical infrastructure. Electricity, telecommunications, energy, and water resources are very visible and highly important because of the possibility of disruption which would affect the lives of the people and commercial enterprises. Interviewees all noted that Pakistan faces significant challenges in these areas. In addition, Pakistan's economy and logistical infrastructure have been badly damaged by the 2010 flooding of the Indus River and its tributaries. The flood devastation was vast, with farmland over three times the size of Massachusetts destroyed. This had a traumatic effect on the Pakistani economy and infrastructure, with a cost estimated by World Bank and Asian Development Bank sources at \$9.5 billion.

Critical infrastructure problems are major impediments to improving Pakistan's economy. Inadequate facilities for electrical generation disrupt everyday life and the flow of economic activity in both rural and urban areas. Roads in rural, agricultural, urban, and commercial settings are rapidly deteriorating or are non-existent. Natural resources such as gas and water are increasingly scarce. Electrical energy shortages are a problem in wealthier urban areas like Lahore and are more severe in poorer rural areas. Although Pakistan has large natural gas reserves, drilling and pipeline capabilities are either lacking in production capacity or have been sabotaged. Clean and abundant sources for fresh water are also hard to come by. For example, monsoon rains provide Pakistan's fresh drinking water and agriculture irrigation. However, there is poor infrastructure to harvest, collect, store, and distribute water around the country. These infrastructure and service delivery challenges disrupt daily life (such as cooking and heating),

supply chain logistics, the efficient functioning of the economy, and access to education and computer learning.

The lack of basic services increases the probability of extremist influence. As long as the Government of Pakistan is unable to deliver services, particularly in rural areas, the call of the Taliban will be influential, especially for disaffected youth that have limited employment or opportunities. The security and stability of Pakistan, and the success of U.S. foreign policy in the region, may depend on overcoming these basic quality of life problems.

While infrastructure and energy projects could address short-term economic problems, panelists cited the long-term need for improvements in basic, vocational, and higher education as a national priority and a means to personal advancement. The rate of illiteracy is high, and most students do not have access to personal computers or the Internet (a problem that is worsened by lack of electricity). Meanwhile, Pakistan's brightest students are increasingly seeking opportunities to study and work abroad. These students have little incentive to return to Pakistan once they complete degrees abroad, an issue that exacerbates the "brain drain" from Pakistan's economy. Study abroad programs are vital for creating a well-educated, moderate elite, but poor employment opportunities decrease incentives for higher education students to contribute to Pakistan's economy in the future.

Many of the resource and energy problems could be improved through investment and development projects. Our contacts recommended that the U.S. support high level projects that would bolster Pakistan's critical infrastructure. For example, investing in a power plant or natural gas extraction and distribution facility could improve domestic production capacity, provide jobs, and meet the basic needs of the population. Removing protectionist barriers for Pakistan's textile industry was another suggestion. International investment in Pakistan is a key support of economic development, but foreign investors and foreign government aid requires the political, social, legal, and judicial environment to ensure that investment is not squandered.

To improve Pakistan's economic prosperity, there must be motivation and a strategic plan to reduce corruption (it is too much to hope that it will ever be eliminated), support investment, build domestic critical infrastructure, improve education, and enhance the agriculture and manufacturing sectors.

### **Political Challenges and Instability**

The current government is perceived as weak and ineffective, with corruption at the core which is so severe that it damages incentives, hurts national morale, impedes economic development, and hobbles the role of professionals in the government and private sectors. Most levels of society are reportedly involved in corruption activity that some say is a tradition in view of low compensation levels. It is also believed that corruption sustains the lifestyle of the elite in Pakistan society. Rising commodities and fuel prices also have the power to incite a populace that is already losing faith in political parties and institutions.

Corruption has strengthened the effectiveness of forces outside the government. The Taliban insurgency in the North West Frontier Province (NWFP) and the Federally Administered Tribal

Areas (FATA), coupled with its radical Islamist ideology spreading to population centers such as Karachi, Rawalpindi, Islamabad, and Lahore, all targets of bombings in recent years, is a potent force within the country. This is especially troublesome given a January 2011 report of the Congressional Research Service which reported that Pakistan has some sixty to ninety nuclear warheads. Lack of central, unifying political leadership creates a public impression of distrust in elected officials. Overcoming public distrust and perceptions of corruption will be a primary challenge if faith in Pakistan's government is to be restored, and this step is a prerequisite for deeper international cooperation on development initiatives.

Those interviewed view the military as a major stabilizing political institution. It has strong support among the people and is respected by the elite decision-makers. Some of the participants felt that, in the event of political turmoil, the army would intervene to take control of the country and shape political outcomes. Others viewed the army as a primary guarantor of stability, albeit less of a direct political influence in the event of political instability. Both views suggest the extensive reach of Pakistan's military into political issues.

While the U.S. encourages democratization, it must nevertheless support the Pakistan Army, which effectively controls the country from off-stage. As the most respected and capable institution in the country, the Pakistan Army is the "Plan B" contingency should democratization fail, whether the U.S. likes it or not. The Pakistan Army leadership, many trained in the United States, recognizes this and has wisely remained in the barracks in spite of current economic, political, and social problems.

Large amounts of domestic funds and international aid money go directly to Pakistan's military. This was viewed as an obstacle to effective economic stimulus and contributes to a poor perception of U.S. aid in general. There was agreement among the participants that international funds should be diverted away from the military and toward more effective social and economic programs. While NGOs might be obvious resources to manage and distribute funds, the perception was that these institutions continue to suffer from corrupt and ineffective leadership. Reform of both the target of U.S. and international aid and the means by which it is distributed was a notable policy suggestion. Participants noted strongly that any money given to Pakistan should be directed—in as visible a manner as possible—to the public. Bypassing military and government institutions was said to be imperative to effective economic stimulus and improved public perception of the U.S.

There is a continuum of public opinion regarding the severity of the challenge for Pakistan as a nation state, but it seems to have increased markedly since the research of the National Strategy Forum conducted in 2009. Few Pakistani leaders dismiss the threat to the stability of the nation, while some fear a movement toward anarchy. If the current slide and sense of despair are allowed to continue, the status quo may look attractive compared with potential consequences of mass unrest posing an existential challenge to Pakistan.

A recurring theme of discussion was a public sense of hopelessness. This sentiment stems from an ineffective and corrupt government, vast economic devastation, tenuous foreign relations, and physical insecurity. Participants agreed that Pakistan must elevate self-help over handouts from

the U.S. and international community, but stressed that much could be done to create a climate of hope.

### **Domestic Terrorism**

Terrorist attacks in Pakistan have been increasing. Total civilian and law enforcement fatalities since 2003 are estimated at over 12,000, not including those wounded by attacks.<sup>1</sup> There is an acute financial cost to terrorism as well, estimated at well over \$40 billion. This includes costs from damaged infrastructure and the loss of exports, foreign direct investment, and tax revenue.<sup>2</sup>

The rise of domestic terrorism was mostly attributed by our interviewees to the Pakistan government's cooperation with the U.S. in the war on terror and the military campaign in Afghanistan and the tribal regions. We cannot assess the accuracy of these perceptions, but they were expressed passionately.

### **Domestic Political Reforms**

Interviewees discussed some ongoing judicial, electoral, and political reforms in Pakistan. These movements offer encouragement that Pakistan is heading in the right direction.

Ongoing judicial reform is a significant step towards reducing corruption. At both the national level (Supreme Court) and the provincial level (High Courts), Pakistan has made substantial progress to support an independent judiciary. For example, at the provincial level, a large number of judges have been removed for incompetence or corruption. New judges who are competent to prosecute terrorists or to go after corrupt government officials have been appointed in their place. The Supreme Court also has enhanced its independent status. The Pakistan Bar Council is independent and has rallied in support of the Supreme Court when the court was threatened by government interference.

Continuing legal education and international support for the judiciary were noted as areas of cooperation where American Bar Association assistance would be welcomed. Discussants believed that the U.S. and international community have a positive role to play in helping Pakistan develop a professional and independent judiciary. For example, the U.S. could provide legal training and support to new judges, and oversee judicial reform processes to ensure accountability. Much of Pakistan's political reform hinges on the success of judicial reform. Without a transparent, accountable judiciary, electoral reform cannot occur and political corruption cannot be adequately prosecuted.

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<sup>1</sup> "Reviewing the Decade Long Counter-Terrorism Struggle," a report by *Individualland* available at [http://individualland.com/images/stories/recent\\_publications/INDI-CT-Report9march.pdf](http://individualland.com/images/stories/recent_publications/INDI-CT-Report9march.pdf); *International Herald Tribune* article at <http://tribune.com.pk/story/164274/militancy-has-cost-pakistan-9000-lives-24-billion/>; and <http://www.satp.org/satporgrp/countries/pakistan/>. Figures suggest over 9,000 civilian and 3,000 law enforcement deaths.

<sup>2</sup> "Myth vs reality: US aid to Pakistan dwarfed by economic cost of war," by Shahbaz Rena. *International Herald Tribune*. March 20, 2011: <http://tribune.com.pk/story/135156/myth-vs-reality-us-aid-to-pakistan-dwarfed-by-economic-cost-of-war-business/>. See also: [http://www.issi.org.pk/publication-files/1299569657\\_66503137.pdf](http://www.issi.org.pk/publication-files/1299569657_66503137.pdf).

Electoral reform was discussed as another major shift in Pakistan politics. Pakistan has a history of fraudulent vote charges in its general elections. For the election held in 2008, it was reported that 37 million votes, or nearly half those registered for such elections, were fraudulent in some form, as determined by the Election Commission of Pakistan. The Election Commission is engaged in developing new registration rolls as well as a door-to-door validation process, and the matter is under review by the Supreme Court of Pakistan. This perception of election manipulation has given rise to much anger and cynicism, and weakens the moral authority of the present government.

Unless election fraud and corruption are reduced, it will be difficult to convince new moderate leaders to run for elected office. For example, if a prospective leader faces an electoral disadvantage of millions of fraudulent votes even before the election campaign starts, this is a significant electoral and psychological barrier to participation. Moreover, public perceptions of electoral corruption hurt the development of Pakistan's democratic civil society.

Developing new leaders with professional and political skills and good character was noted as an obstacle to reforming the national government. The forthcoming national general election in 2013 will provide Pakistan citizens the opportunity to decide whether to retain the current political *status quo*, to insist on widespread reform, and/or to vote in a fair and free election for sweeping, peaceful regime change.

Interviewees suggested that the increased accountability of politicians is vital. From their perspective, the U.S. should bring its moral influence to bear to urge free and fair elections in Pakistan and call for the use of third-country observers in the next general elections. While the Government of Pakistan might oppose observation of its election process, such a request by the U.S. is consistent with its own values and commitment to enhancing democracy and would be read as a commitment to the Pakistani people.

Pakistan's media plays a key role in judicial, political, and electoral reforms. Interviewees felt that the media generally acted responsibly in reporting the news. However, a lack of follow-up on important news stories was cited as a problem for creating accurate public perceptions of domestic and international issues. Superficial reporting may be indicative of biased opinions within the media.

## **Drones**

Since 2004, the U.S. has successfully used drones to target and kill militants in western Pakistan. The use of drones continues to increase, although popular pressure in Pakistan is calling for a reduction in such strikes. In 2010, there were at least 118 strikes. This compares to only 53 strikes in 2009, and 33 in 2008.<sup>3</sup> As late as April 22, 2011, there have been approximately 23 drone attacks. One estimate of civilian death tolls for 2004-2011 is between 259 to 470; estimated militant deaths are estimated to be from 1,166 to 1,849. If these statistics are accurate, there is a militant to civilian death ratio of about 4-to-1. Militant to civilian death ratios are a marker for policy decisions that involve balancing military objectives with broader policy and

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<sup>3</sup> New America Foundation: <http://counterterrorism.newamerica.net/drones/2010>.

humanitarian concerns, but do little to assuage the criticism that any level of collateral damage is too much.

Although drone strikes have targeted militants successfully, civilian deaths have significantly damaged the U.S. policy image. In a July 2010 New American Foundation poll focusing on U.S. drone strikes, only 16% of Pakistanis in ethnic Pashtun tribal areas (NWFP and FATA) think these strikes accurately target militants, 48% think they largely kill civilians, and 33% feel they kill both civilians and militants.<sup>4</sup> Nearly 90% of residents in FATA oppose U.S. counter-terror activities in their region, and nearly 70% believe that the Pakistan military—not the U.S. military—should be responsible for fighting the Taliban and al-Qaeda.

One option to consider is increased coordination with the Pakistan military and intelligence service for the selection of drone targets. This might decrease political pressure on the U.S. for subsequent collateral damage and lessen Pakistan's anti-drone concern. The costs and benefits of this program will need to be reassessed in view of the Pakistani reaction to the American assault on the compound of Osama bin Laden.

### **Pakistan's Perceptions of the U.S.**

Pakistan's public opinion of the U.S. has deteriorated significantly over the past few years. For example, the Pew Global Attitudes Projects reports that pro-America sentiment in Pakistan was at only 17% in 2010. A combination of U.S. policies and public misunderstandings about U.S. actions are cited as the root causes. Several sources are notable.

First, as just noted, the ongoing Predator drone attacks are a constant source of irritation in Pakistan. Not only has this policy created civilian collateral damage, but it has hurt the image of the U.S. in the eyes of Pakistanis. For example, a large anti-drone protest was conducted in Pakistan on April 22-23, 2011, underlining the increasing frustration with this U.S. policy. An estimated 70,000 to 100,000 peaceful protestors took to the street and blocked NATO supply routes near the border between Pakistan and Afghanistan. While largely ignored by the U.S. press, this was widely publicized in Pakistan.

All of the interviewees expressed doubts about the effectiveness of the drone attacks on the Taliban, and noted the damage to the U.S. image because the public does not recognize their operational value. A number of participants felt that Pakistan's media did a poor job of investigating the collateral damage from drone attacks, which may have been less than reported. A common news cycle following an event would include a report on the bombing, statements made by local eyewitnesses, who are nearly always critical of the operational value and claiming civilian deaths, and little follow-up reporting on the operational value of the attack. While Pakistan's media could improve investigative reporting methods, the U.S. diplomatic mission must share the blame for failing to respond to allegations more thoroughly and effectively.

Second, the recent arrest and subsequent release of Raymond Davis, an American contractor and U.S. government operative accused of fatally shooting two Pakistanis, had the potential to be a

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<sup>4</sup> [http://newamerica.net/publications/policy/public\\_opinion\\_in\\_pakistan\\_s\\_tribal\\_regions](http://newamerica.net/publications/policy/public_opinion_in_pakistan_s_tribal_regions).

flashpoint and ignite much of the country. The U.S. was fortunate to emerge from this crisis without causing a continuing conflagration. The legacy of this event, however, is likely to remain for the short term, contributing to an already poor public perception of the U.S.

Third, the Osama bin Laden event is monumental and has resulted in strengthening Pakistan public perceptions of U.S. arrogance. It is likely that this event will damage the U.S.-Pakistan relationship in the near term. However, it is also possible that domestic terrorism will be reduced.

Fourth, the war in Afghanistan is another source of conflict. The U.S. has made requests of Pakistan for military assistance in its war in Afghanistan, in an effort to identify high value targets and Taliban insurgents that reside in the border areas between those countries. These requests are portrayed as demands that must be fulfilled as a condition of continuing U.S. financial aid. This is a constant irritant that has caused mutual distrust between Pakistan and the U.S. Adding insult in Pakistani eyes is the data (noted above) indicating that Pakistan has suffered over 9,000 civilian casualties in its efforts to support the U.S. and NATO presence in Afghanistan and the war on terror.

Some of the interviewees suggest that the best outcome that the U.S. can expect in Afghanistan is a stalemate leading to an ultimate withdrawal. In this view, U.S. victory is not an option because of time, space, culture, and logistics. Pakistan seeks a stable, friendly Afghanistan. Consequently, the discussions suggested that U.S. involvement should be limited to agriculture, economic, cultural, health, infrastructure, and education assistance, rather than military force.

In general, the Pakistanis feel pressured by the U.S., which is viewed as insensitive and overbearing. Pressure tactics are resented in an environment where time is often seen as a resource and not a constraint. U.S. diplomats are viewed as well-bunkered and without real interaction with the mainstream of Pakistan society. In short, the U.S. is at least as much of a liability as a friend. This partly explains the U.S. vexation over perceived double-dealing by Pakistan's Inter-Service Intelligence (ISI) with the Taliban. JCS Chairman Mullen, for instance, has criticized the ISI over this issue. Nevertheless, it should come as no surprise that Pakistan focuses on its own interests, just as the U.S. does.

Reframing the U.S. image and resetting diplomatic interaction is feasible if the zones of agreement are properly understood by both parties. Interviewees suggested a mix of symbolic and practical policy adjustments. The U.S. image will not be fully re-crafted in the short-term. In addition, U.S. policymakers must also consider the long-term strategies that are congruent with achieving their objectives, improving the perception of the U.S., and complementing the goals and objectives of Pakistan. Mutual adjustment is required.

### **Pakistan's Objectives Regarding Afghanistan**

Discussants described how the Pakistani public believes that the U.S. will withdraw from Afghanistan within the next few years, leaving a weak, ineffective, and corrupt country on their border that cannot deliver social services to its population and that is susceptible to influence by

India. They believe that once the United States leaves Afghanistan, Pakistan will once again have to bear the burden of inadequate U.S. attention to that country.

There is little doubt that the Afghan Taliban will have some influence, and perhaps a lot of influence, on Afghanistan after the United States and its allies leave. Accordingly, it is hardly surprising—although quite troubling to the U.S.—that the Pakistanis would wish to maintain some sort of positive relationship with the Afghan Taliban. In fact, former members of the Pakistan military whom we interviewed expressed a common sense explanation for why the Pakistan Army is ambivalent about further military operations against the tribal regions. Since the army is composed of ethnic soldiers with family and friends in the tribal regions, they argue, “Why would I want to send in my soldiers there to kill kin and loved ones?” This explanation brings into focus the human side of the equation, and also highlights the complex nature of motivating Pakistan’s leaders to carry out an American-centric policy at variance with their strategic interests.

Overall, Pakistan’s strategic objective is to maintain positive relations with Afghanistan, since a free and prosperous Afghanistan, subject to minimal Indian influence, is advantageous to the stability and prosperity of Pakistan. To this end, discussants suggested that increasing cross-border trade relations is a means to improve bilateral relations. In regard to the tribal regions, it was argued that economic development in these areas could be more effective in the long-term in minimizing extremism and battling terrorism. For instance, it was said that “People who become accustomed to luxury will cease fighting.” Perhaps a greater component of U.S. strategy in the tribal regions should elevate economics over military action.

### **Pakistan’s Relationship with India**

India is seen by Pakistan as its primary security threat. Three of four wars between those countries since 1947 were fought over Kashmir. That region has symbolic and emotional value to both countries, as well as strategic value for the control and management of water rights to the Indus River that originates in the Himalayas. However, moderate Pakistani opinion suggests that differences with India, derived from intransigence on both sides, should not be allowed to compromise strategic goals such as developing democratic institutions, negotiating over water rights, and combating Islamist radicalism which affects both countries. While there are voices within Pakistan that advocate rapprochement, there are others that assert India has never accepted the existence of Pakistan and is determined to undermine or destroy it. There is also the familiar complaint that India has never complied with a United Nations resolution for a plebiscite in Kashmir. New Indian consular infrastructure in Afghanistan, as well as perceived Indian agitation in the Baluchistan region of Pakistan, encourage such negative views.

A major grievance noted in the conference discussion was the perceived bias of the U.S. civil nuclear agreement with India. Pakistanis see this as supporting India without providing similar opportunities to Pakistan. In addition, it was mentioned repeatedly that India’s nuclear weapons program, which was stated to be the primary cause of Pakistan’s nuclear weapons program, is not criticized nearly to the degree that Pakistan’s program is. The alleged U.S. bias towards India on both trade and security issues encourages Pakistan to pursue its own interests and minimize cooperation with the U.S. Improving this relationship would generate goodwill and could

improve the chances for U.S.-Pakistan cooperation. In particular, some discussants noted that a civil nuclear deal, such as the one with India, would be much appreciated by Pakistan. Not only would this improve Pakistan's deficient electrical grid, but it would also be a political symbol that would resonate well with both elites and the public.

Multiple opportunities for improving the Pakistan-India relationship were set forth by participants in the course of our interviews. First, deeper economic and trade integration between the two economies was mentioned as a productive policy direction. Second, bilateral respect for national sovereignty is the foundation for improved diplomatic relations. Third, free elections in Kashmir could dampen Pakistan-India political tensions. Fourth, increasing people-to-people interactions and cross-border cultural exchanges may gradually improve the public perceptions of one another. Fifth, the media was described as a tool for improving communication and as a good way to implement cross-border cultural exchange – for example, movies and sporting events are enjoyed by people on both sides of the border. Sixth, joint military pull-backs of both the Indian and Pakistani armies would be a useful symbolic initiative that could create diplomatic opportunities for more discussion on substantive policy issues. Finally, there was disagreement about the role that the U.S. should play in Pakistan-India relations. Some participants argued that nothing could be improved without direct U.S. intervention in moderating diplomatic talks; others argued that the U.S. should let Pakistan and India sort out their relationship privately.

There are certainly finite limits to American influence over Pakistan and India. The U.S. should avoid the Kashmir dispute, an emotional issue over which it has limited leverage with the two principals. Engagement with India in matters such as water rights and cultural and educational exchanges represents a far more practical arena than resolving the decades-old Kashmir dispute. Realistically, the U.S. cannot dictate terms to either Pakistan or India regarding Kashmir, or to India on the extension of Indian influence in Afghanistan and the Baluchistan province of Pakistan, except to affirm the importance of dialogue.

### **U.S. Policy Options and Recommendations**

Based on our conversations and our own analysis, the *National Strategy Forum Review* Editorial Board believes that the time has come for the U.S. to develop an array of initiatives of substance and form that address Pakistan's challenges. Some of these initiatives may encounter resistance from Pakistani government authorities. However, we believe that a restoration of trust will require some combination of foreign aid reform, anti-corruption efforts, communications and branding, cultural diplomacy, medical collaboration, and a new diplomatic tone after a cooling-off period.

A key theme of our interviews was a sense of hopelessness among the people of Pakistan. Such hopelessness stems from domestic challenges to the economy and political system. There is also a sense that Pakistan may be beyond repair, and that the U.S.-Pakistan diplomatic impasse has been made more acute by recent events. Our recommendations are not all-inclusive, but they do deal with some of the most important issues in U.S.-Pakistan relations.

## **U.S. Aid Reform**

**First and foremost is the restructuring of America aid and how it is positioned.** The U.S. should consider high visibility investment and potential trade agreements with Pakistan to strengthen the infrastructure of the country and to benefit the people of Pakistan. This will help reposition the nature of U.S. aid, which has thus far been viewed as assistance to maintain the military and civilian government. U.S. government guarantees of debt and equity and performance risk might be required to induce U.S. multinational companies and contractors to participate and to mitigate their financial and operating exposure. The focus should be on electricity and natural gas which both benefit the people of Pakistan broadly. Rural electrification is a national need to support both households and businesses. Further, Pakistan has natural gas resources, which are used extensively in Pakistan for cooking, space and water heating, automobiles, power plants, and manufacturing. To the extent that industries benefiting are major exporters, the trade account of Pakistan may also improve.

**The U.S. should condition further aid to Pakistan on a foreign aid audit by a leading public accounting firm or internationally recognized source.** There will be resistance to this by Pakistani authorities, but the U.S. wants far more accountability in the current fiscal and political climate.

U.S. aid to Pakistan, which presently ranks third after Afghanistan and Egypt, is mired in charges of corruption and in the complexity of various bureaucratic channels. The \$7.5 billion five year "Kerry-Lugar" aid package is not only inadequate, but it also perpetuates a culture of ineffectiveness, unaccountability, and a distressing *status quo*. On October 19, 2010, the U.S. proposed sending an additional \$2 billion to Pakistan's military to improve their capabilities to fight insurgents in the NWFP and FATA. Historically, much U.S. aid has been used for military purposes. The U.S. should focus more aid on the Pakistani people by improving critical infrastructure and the development of democratic institutions such as parliament, the judiciary, and the election process.

While the intelligentsia of Pakistan acknowledge the benefits of U.S. financial and logistical support, particularly during the latest catastrophic floods, the U.S. has received little public recognition for its good deeds. To the contrary, although U.S. Marines were reportedly engaged in flood relief, the Chinese were given more visibility and credit for this by the Pakistani media. There is a sense of vagueness in mainstream Pakistan about where U.S. financial aid ultimately goes. Like U.S. aid programs, non-government organizations (NGOs), some of which are controlled by the Pakistan Army, are also viewed with skepticism.

There was disagreement among observers about how much—and even if—the U.S. should direct financial aid to Pakistan. Some argued that any funds sent to Pakistan's government or military would be squandered or siphoned off by corruption and never reach to the public. In this view, it was suggested that money be directed either to investment projects with oversight by U.S.-designated contractors, sent directly to private Pakistan contractors for infrastructure projects, or overseen by third-party international organizations. We were advised that aid given to the government or used for military means would not solve strategic objectives, the most important

of which are improving basic quality of life services and altering the perception of the U.S. in the minds of the public.

Others took a very different view, suggesting that the U.S. should withdraw all financial aid and just “let things happen naturally” in Pakistan. The argument was that the more the U.S. spends in Pakistan, the more that it damages its image by being perceived as a “meddler.” In this view, a better course would be to pursue less financially visible engagements such as high level project investment and trade deals, technology assistance and transfers, the infusion of private U.S. business interests into Pakistan’s economy, or support for the development of free markets and a South Asia NAFTA-like structure. These projects were suggested as alternative means of development that minimizes the visibility of U.S. government financial commitments. Pakistan would be aided, but the onus of responsibility would be placed on innovative, industrious Pakistanis, and success would not be a result of handouts from the U.S. This view suggests that overt, U.S. government-centric policies may be counterproductive. Private, market-based approaches may provide more economic stimulus and improve the public’s perception of the U.S.

### **Anti-Corruption Measures**

**The U.S. needs to back a major anti-corruption initiative, noting that much must be implemented by Pakistan itself.** In general, while advisory guidance from the American Bar Association can strengthen the judiciary and judicial process, specific anti-corruption measures such as the following are recommended:

- Revise the tax code by widening the personal and corporate tax base.
- Train a team of auditors and prosecutors at the Federal Board of Revenue (the Pakistani IRS) who are well-compensated based on collection performance.
- Create a taxation enforcement trial section within the independent judiciary.
- Require private contractors doing business with the Government of Pakistan to sign an anti-corruption statement, with penalties and sanctions for violations.
- Assure that foreign contractors similarly doing business are bound by their own states with foreign anti-corruption legislation.
- Revise the Pakistan commercial code to include enforceable anti-corruption sections.
- Focus on civil penalties, including confiscation of tangible personal property for convictions of bribery and graft.
- Initiate rapid and high visibility criminal prosecutions for large scale corruption.

### **Communications and Branding**

**America – a country whose companies can successfully project Coke, Nike, and Michael Jordan to remote parts of the earth – needs to rebrand itself in the eyes of the Pakistanis for its good works.** America’s sense of purpose with Pakistan and its deeds should be communicated, not only to leading English and Urdu media, but also to Punjabi, Sindhi, and Baluchi regional media and to the local press so that rural areas are informed where populations are literate and/or have some access to communication technology.

Further, with an initial target audience of major cities, the U.S. should leverage social media, targeting Facebook, Twitter, and blogs, with timely content relating to military and political events, and prompt disclosure of U.S. perspectives. Such networks shape information and informed opinion. Negative imagery surrounding the U.S. must be offset by positive communications. The world has already seen the power of social media in Egypt and Iran, and effective communications must use those channels, particularly to reach youthful populations.

The network of *madrassas* in Pakistan, estimated at 20,000, should not be feared, but encouraged to deliver positive messages, with the engagement of religious leadership. This is an indigenous channel for distribution of messages deep into rural areas.

### **Cultural Diplomacy**

**There is an opportunity to unite the resources of Hollywood, Bollywood, and the Pakistani film industry to produce movies on profound themes such as youthful identity and constructive competition in athletics, perhaps in cricket, even with a Rocky-like character.**

The U.S. and Pakistan (and India) have various things in common such as English, parliamentary democracy, and a foundation of English common law. However, those bonds are principally ideas, and relatively intellectual ones at that. The popularity of *Bend It Like Beckham*, *Monsoon Wedding*, and the more controversial *Slumdog Millionaire* attest to the appeal and increasing sophistication of films regarding the subcontinent and the immigrant experience. Regardless of the resentment of the U.S. government in Pakistan, there is still much obvious curiosity about American themes, music, and tastes. American outreach to Pakistan needs the type of strategic marketing which is the foundation of the most successful consumer products companies, and talent from the American private sector must be brought to bear.

### **Medical and Health Diplomacy**

**A high visibility medical collaboration in rural areas by the U.S. and Pakistan would be yet another example of commitments that benefit the people of Pakistan.** The risk of infectious disease in Pakistan is substantial, with various diseases transmitted through food and water (dysentery, hepatitis and typhoid fever), mosquitoes (malaria, filariasis, and dengue or “breakbone fever”), and animals. This initiative could include building rural medical facilities and sending educators to train Pakistan doctors and nurses.

### **Diplomatic Approach and Tone**

**Words matter – and patience and forbearance are assets in dealing with Pakistan.** The tone of U.S. interaction with Pakistan needs to be more low key, once a cooling-off period has been achieved. Reprimanding Pakistan in public for its serious shortcomings as an ally should be avoided in the future, with such reproaches made privately—especially in such a politically charged environment.

A delegation of civilian private sector envoys would also convey U.S. interest in Pakistan beyond the framework of government to government relations. The Peace Corps is a good example. Study abroad opportunities and student-to-student cultural exchanges are other methods for improving America's brand while introducing Pakistan's future leaders to moderate, Western ideas. For example, increasing the number of Pakistani students allowed in to study at U.S. universities is an affordable, effective long-term policy that could decrease to anti-American sentiment. Also, the donation of personal computers to Pakistan would receive favorable attention by the media and would be an immediate action that the U.S. could take.

### **Conclusion**

The death of Osama bin Laden has further exposed the frailty of the U.S.-Pakistan relationship. Consequently, Pakistan must rethink its domestic well-being—a predicate to non-traumatic regime and policy change that could serve its self-interest—and its opportunity to stabilize its regional power and relationships. In addition, this is an opportunity for the U.S. to reexamine its policies, and how U.S. policy is regarded by Pakistanis as dysfunctional. Terrorism and counterterrorism, including the killing of bin Laden, are important, but have diverted the current discussion to this isolated issue. This is not the paramount issue that should drive the U.S.-Pakistan relationship.

Pakistan faces many challenges, including domestic instability, an Islamist insurgency, weak civilian and governmental institutions rife with inefficiency and charges of corruption. Nevertheless, it has a vibrant and noisy press, an independent judiciary, and a highly respected and professional military establishment. If there is peaceful regime change in Pakistan in the forthcoming general elections, this would enable the U.S. and Pakistan to begin to negotiate an enhanced relationship with a clean slate. In short, there are causes for optimism as well as pessimism. National Strategy Forum interactions with the highly experienced and thoughtful Pakistanis with whom we spoke give us hope for Pakistan's future.

Despite these positive indicators, there is a series of major strategic disconnects between Pakistan and the U.S. (See the Appendix for some illustrative examples.) The U.S. regards Pakistan as duplicitous and obdurate—they are unwilling to do what the U.S. wants them to do, although the U.S. has given them \$20 billion to do so since 9/11. Pakistan accepts U.S. money because they would become financially bankrupt without it. While public Pakistan protests will likely diminish in intensity eventually, anti-U.S. policy emotion will linger.

The major issues facing the U.S. and Pakistan include the following:

- Nuclear security
- The use of drones for counterterrorism purposes
- Pakistan's support of Afghan and Pakistan Taliban
- Regional stability
- Pakistan's political and economic stability
- Reversal of anti-U.S. policy sentiment in Pakistan and the international Islamic community

Addressing differences on these objectives will require erasing a decade or more of mutual distrust. The U.S. expects Pakistan to comply with its strategic objectives. Pakistan is unmoved by U.S. persuasion and financial aid, and is determined to pursue its own interest as it sees them. Thus, Pakistani support of the Taliban is perceived by the U.S. as duplicitous, and by many in Pakistan as hedging in its self-interest. This analysis can be applied to each side's strategic objectives. The solution can be found in the concept of competitive strategies, which are important for hard but effective negotiation. Without the rigor of this process, mutual expectations will be unreasonably high and they will not be met.

Many of the recommendations in this report will be difficult to implement. If they were not, leaders of good will in both countries would have done so already. However, the status quo is unacceptable, and rapid headway needs to be made.

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## Appendix: U.S. and Pakistan Policy Disagreements

STRATEGIC ISSUE	PAKISTAN	UNITED STATES	ASSESSMENT
<u>Flood relief and humanitarian aid</u>	Commitment	Commitment	<i>Agreement:</i> but Kerry - Lugar \$7.5 BN may be too small
<u>Nuclear weapons safeguards and non-proliferation</u>	Extensive assurances	Concern and skepticism; A.Q. Khan legacy and collaboration with Iran, Libya and North Korea	<i>Disconnect:</i> track record at issue and limited effort to roll up A.Q. Khan's network
<u>Stability of Afghanistan</u>	Engagement of Afghan Taliban as potential allies	Contrary to U.S. military objective	<i>Disconnect</i> over endgame vision: Pakistan need to embrace much of Pashtun population in both Afghanistan and Pakistan
<u>Drone Attacks</u>	Public opposes drones; numerous anti-drone protests	U.S. evaluates drone cost-benefit and thinks the policy is productive	<i>Disconnect:</i> Drones may be beneficial, but only if Pakistan's army directs the attacks
<u>Pakistan-Taliban Relationship</u>	Ambiguity toward the Taliban; Pashtun affinity; Desire for future Taliban incorporation into society and government	Taliban is the enemy of Pakistan and the U.S.; limited interest in Pashtun nationalism	<i>Disconnect:</i> some Pakistan ideological support for Taliban; U.S. views Taliban as the enemy
<u>Domestic Terrorism</u>	Commitment	Commitment	Policy Goal: Joint-resolution of endemic terrorism
<u>Development of democratic institutions (judiciary, elections, governance)</u>	Pakistan Army influence; guarantor of political stability and most revered political institution	Commitment to democratic goals; conflict between human rights and regional security; preference for Pakistan's Army to less emphasize threat from India	<i>Disconnect:</i> practical need to support Pakistan Army; different perceptions on the importance of aid given to the Pakistan military funding versus more aid for social service development

STRATEGIC ISSUE	PAKISTAN	UNITED STATES	ASSESSMENT
<u>Relations with India</u>	Kashmir as independent state or Pakistan affiliation	Status quo or standoff	<i>Disconnect:</i> historical, symbolic and emotional issue; use U.S. leverage to pressure India to normalize relations with Pakistan
<u>Relations with India</u>	India as justification for military influence	Avoidance of Pakistan-India conflict with preference towards resolution; partnership with new ally as offset to China; U.S. has leverage with India	Perception: U.S. viewed as a potential honest broker of relationship.
<u>Relations with China</u>	Viewed as an ally and military supplier during civilian and military governments	Trade partner, competitor and potential adversary; U.S. goal to avoid PRC becoming regional hegemon	<i>Disconnect:</i> Pakistan need to balance U.S. support for India. Policy Goal: targeted assistance and U.S. branding.
<u>Relations with Iran</u>	Ethnolinguistic and historical affinity	Isolation objective	<i>Disconnect:</i> U.S. needs good relations with OPEC. Policy Goal: Pakistan can act as a regional stabilizer
<u>Secularism</u>	Historical secular intent of Founder, Muhammad Ali Jinnah; named Islamic Republic of Pakistan 1956; recent acceptance of Islamic Sharia law in Malakand (NWFP)	General western opposition over union of church and state	<i>Disconnect:</i> contrary to democratization. Policy Goal: secular education in madrassas.