

Strategy Research Project International Fellow

Pakistan: Ascending a Path Through Regional Turmoil

by

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Class of 2013

DISTRIBUTION STATEMENT: A

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REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. **PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

1. REPORT DATE (DD-MM-YYYY) xx-03-2013		2. REPORT TYPE STRATEGY RESEARCH PROJECT		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE Pakistan: Ascending a Path Through Regional Turmoil				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) Brigadier Ikram Ahmed Army of Pakistan				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Professor Edward J Filiberti Department of Command, Leadership, and Management				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Army War College 122 Forbes Avenue Carlisle, PA 17013				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION / AVAILABILITY STATEMENT Distribution A: Approved for Public Release. Distribution is Unlimited.					
13. SUPPLEMENTARY NOTES Word Count: 8827					
14. ABSTRACT Facing a multitude of internal and external challenges, Pakistan has struggled through a turbulent decade with exigent threats to both its external security and internal stability. Within a highly volatile region, Pakistan is sandwiched between an unstable Afghanistan, a hostile India, a provocative Iran and an economically unrelenting China. Pakistan's responses to these and other extra-regional influences and emerging internal challenges have concurrently shaped its social, political, economic and military sectors. Although some progress has been achieved in almost every one of these sectors, the decade has also witnessed the undermining of the credibility of Pakistan's political institutions, further acculturated corruption in many parts of its society, fostered nascent extremism, continued widespread illiteracy and shaken the public's confidence in the governance of both the civilian as well as the military rulers. This paper examines Pakistan's strategic environment, assesses current and future challenges to its external security and internal stability and makes recommendations to guide development and progress into the next decade.					
15. SUBJECT TERMS Stability Prosperity Reforms Security Democracy Militancy Extremism Energy Nuclear Stakeholders					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UU	18. NUMBER OF PAGES 46	19a. NAME OF RESPONSIBLE PERSON
a. REPORT UU	b. ABSTRACT UU	c. THIS PAGE UU			19b. TELEPHONE NUMBER (Include area code)

USAWC STRATEGY RESEARCH PROJECT

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Abstract

Title: Pakistan: Ascending a Path Through Regional Turmoil
Report Date: March 2013
Page Count: 46
Word Count: 8827
Key Terms: Stability Prosperity Reforms Security Democracy Militancy
Extremism Energy Nuclear Stakeholders
Classification: Unclassified

Facing a multitude of internal and external challenges, Pakistan has struggled through a turbulent decade with exigent threats to both its external security and internal stability. Within a highly volatile region, Pakistan is sandwiched between an unstable Afghanistan, a hostile India, a provocative Iran and an economically unrelenting China. Pakistan's responses to these and other extra-regional influences and emerging internal challenges have concurrently shaped its social, political, economic and military sectors. Although some progress has been achieved in almost every one of these sectors, the decade has also witnessed the undermining of the credibility of Pakistan's political institutions, further acculturated corruption in many parts of its society, fostered nascent extremism, continued widespread illiteracy and shaken the public's confidence in the governance of both the civilian as well as the military rulers. This paper examines Pakistan's strategic environment, assesses current and future challenges to its external security and internal stability and makes recommendations to guide development and progress into the next decade.

Pakistan: Ascending a Path Through Regional Turmoil

The events of the last 12 years have had a profound effect on South Asia in general and Pakistan in particular. Driven in large measure by the global war on terrorism, Pakistan finds itself at a strategic crossroads facing a growing threat from violent extremists and Islamic militants.¹ Increasingly mired in emerging internal and external threats and challenges, Pakistan muddled through a turbulent decade which affected nearly every sector (social, political, economic, and military) of its society. These factors combined to produce the twin and connected crises of security and solvency.² While the events of the last decade have brought some progress, Pakistan's response to the associated challenges has also had an adverse effect on the Nation.

Like always, the future portends both threats and opportunities. How Pakistan chooses to pursue those opportunities and address current and emerging threats will have a profound influence on its security and prosperity. Formulating a path into the future begins with an appreciation of the current strategic environment with a clear understanding of what brought the country to its current state. Next the paper will identify strategic trends and postulate associated threats and opportunities. Finally, the paper identifies specific recommendations that may help guide strategic leaders as Pakistan strides into the future.

Overview of Pakistan's Current Strategic Environment

Pakistan's relationship with major external influencers including key regional and extra-regional stakeholders coupled with its internal social, political and military context largely defines its strategic environment. Moreover, an analysis of Pakistan's history provides the foundation for how the environment evolved and insights into how to effectively proceed in the future. This paper sequentially examines both external and

internal factors with an understanding that there exists a close interrelationship in both sets of influencers.

It is beyond the scope of this paper to detail the history of Pakistan's development over the 65+ years of its existence leading to its current strategic context. Notwithstanding, there are a few defining strategic experiences that provide an important backdrop for its current status.

Partition and Current Tension

Pakistan was established in 1947 following the contentious partition of the former British India into two countries along religious lines; one Muslim (Pakistan) and the other Hindu and Sikh (India). Millions of Muslims, Hindus and Sikhs were displaced by the partition resulting in bloodshed and enmity between the newly formed states.³ Continued hostility and disputes over the partition and the sovereignty of the contested areas of Jammu and Kashmir resulted in four wars between the two countries in 1947, 1965, 1971 and the Kargil War of 1999.⁴ Importantly, India continues to claim the entire state of Jammu and Kashmir and currently controls two-thirds of the area⁵ (major portions of Jammu, the Kashmir Valley, Ladakh Range, and Siachen Glacier) in breach of United Nations (UN) resolutions.⁶ Pakistan controls approximately 37% of the region including Azad Kashmir and the northern areas of Gilgit and Baltistan (Karakoram Range). Turmoil and episodic violence continues in the areas administered by both countries. In the Indian area, violence and unrest persists between the Indian security force and active insurgents and separatists who are motivated by India's "forcible occupation" of Kashmir.⁷ The cross-border tension periodically erupts in exchanges of gunfire between Pakistani and Indian security forces. Pakistan continues to view India as a major threat with both nations committing significant numbers of military forces

along their mutual border which have resulted in sporadic shelling, occasional skirmishes and limited incursions.⁸

Governance

Pakistan began as a dominion in the Commonwealth of Nations under two monarchs (British and Pakistani).⁹ In 1956 Pakistan became an Islamic and Parliamentary Republic. Since then, governance has rotated between civilian rule and military dictatorship as internal politics, instability and external threats drove one, then the other.¹⁰ The last military coup occurred in 1999 when General Pervez Musharraf assumed leadership of the country and ended in 2001 when he was subsequently elected President. Democratic governance continues today. Notwithstanding, the historic political turbulence, chronic instability and oligarchic-dominated political order has undermined the development of good governance¹¹ and the creation and maturation of viable social institutions.

Internal Administration

Pakistan's internally administrated political entities consist of four provinces (Punjab, Sindh, Khyber Pakhtunkhwa and Balochistan), the Islamabad Capital Territory, and the Federally Administered Tribal Areas (FATA). Importantly, the FATA is a semi-autonomous region of Pakistan bordering on volatile areas of Afghanistan to the west and north and the remote portions of the Pakistan provinces of Balochistan and Kyber Pakhtunkhwa (formerly known as the North West Frontier Province (NWFP)) to the south and east. The FATA is ruled by the Pakistan central government through a separate and distinct set of laws called the Frontier Crimes Regulation.¹² Within the FATA are seven separate tribal districts and six frontier regions. The population of the FATA is almost entirely Pashtun who are known to be fiercely independent, martial and resistant

to any outside control and governance.¹³ So much so that, although the British originally annexed the area during their rule, they were never able to effectively govern it.¹⁴ The FATA and adjacent areas, owing to their old cold war era ties, were used as refuge when al Qaeda and Taliban extremists were pushed out from Afghanistan. Additionally, Pakistan governance of the Balochistan Province has been contested by what Pakistan believes to be an Indian supported on-going insurgency within that province by various Baloch separatist groups.¹⁵ The administration of the country, although founded on an efficient British administrative framework, is undermined in several parts of the country by tribal independence, on-going insurgencies, and throughout by widespread corruption.

Relationships with Major Powers

Since its inception, Pakistan has developed close relationships with the US and China. However, the relationship with the US has been particularly tempestuous. Initially Pakistan was a close ally joining the US in the cold war opposing the Soviet camp and supporting the US during the Soviet-Afghan War.¹⁶ However, that relationship weakened when Pakistan developed nuclear weapons and the US imposed sanctions during the 90s.¹⁷ Pakistan again became a close US ally in the war on terror in 2001 but that relationship has also weakened over time as both countries have disagreed on a wide range of operational issues.¹⁸ Due to the oscillating nature of the relationship, major portions of the Pakistan populace distrust the US and believe that the US is an unreliable and largely self-serving ally.¹⁹ Conversely, driven by the desire for tangible measure of success and its impatience with the Pakistan's progress against known and suspected extremists in the FATA and in the Kyber Pakhtunkha Province, the US conducted operations (primarily drone strikes) against known or suspected terrorist

locations within the sovereign territory of Pakistan to include the US raid to kill Osama bin Laden.²⁰ These cross-border operations have further strained the US-Pakistan relationship.²¹ Conversely, Pakistan and China have built a very close military and economic relationship that has been uniquely stable throughout its history.²² Significantly, the Pakistan-China relationship is bolstered by their mutual interest in opposing India as a common adversary.²³ The current war in Afghanistan has added to the complexity and volatility of these relationships.²⁴ The US, Pakistan, India and China all have important interests in gaining influence and achieving stability within Afghanistan while concurrently opposing the interests and preventing the influence²⁵ of one or more of each other while all pursuing the same end.²⁶ This complex interaction generates contradictory and seemingly incongruous strategic activities by these stakeholders that many times undermine their bi-lateral relationships.

Internal Development

Pakistan's internal development has also been influenced by its external relationships. Pakistan's abandonment of the mujahedeen following the Afghan-Soviet conflict and its subsequent cooperation with the US in the war on terror also cultivated religious extremism within its own borders.²⁷ The framework emplaced by the US and Pakistan to support the Afghan-Soviet conflict that included a network of madrasas,²⁸ clergy advocates,²⁹ and Jihadist volunteers all backed by funding from Middle East sources was eventually hijacked by extremist movements focused against the US war on terrorism and Pakistan itself (its major ally in the war). Stimulated by economic deprivation, inequitable distribution of resources, unbridled population growth, lack of justice and poor governance, the extremist militancy spread within Pakistan. The first Jihadist group surfaced in Pakistan with the mujahedeen in the early 1980s and by 2002

there were twenty four groups all with separate agendas.³⁰ Correspondingly, as the internal violence within Pakistan grew and accommodating the extremist Tehrik-e-Taliban Pakistan (TTP) became increasingly difficult, the public and the political leadership called for the Pakistan Army to conduct operations to rid the society of this growing menace. These operations are still underway in the Federally Administered Tribal Areas (FATA) and continue with increasing tribal and public support.³¹ However, although support for Pakistan's military operations against violent extremists has increased so has the public's intolerance of US violations of Pakistan's sovereignty. This dichotomy undermines cooperation between the two countries and reduces their combined effectiveness against their mutual extremist adversaries.

Key Strategic Stakeholders

United States

The US interests in Pakistan and the region both correspond and conflict with those of Pakistan. However, both partners have realized over time that their common national security interests in the region outweigh those that diverge.³² Clearly both countries have a vested interest in stabilizing Afghanistan and eliminating the spread of extremism throughout the region. However, Pakistan views the US commitment to the region as transitory with no long term strategy for Afghanistan³³ or commitment to Pakistan's security/prosperity.³⁴ Thus, Pakistan views the US willingness to violate their sovereignty with unilateral actions for short term operational benefit as evidence of US's lack of commitment to the alliance and lack of trust in Pakistan's intentions against extremism. Moreover, Pakistan believes that the US intends to eventually remove Pakistan's nuclear weapons...either diplomatically or by force of arms.³⁵

Conversely, while seemingly disregarding the huge sacrifices made by Pakistan, the US believes Pakistan is deliberately delaying and avoiding military operations against extremist elements of the Taliban operating from secure areas in the FATA against UN forces in Afghanistan.³⁶ The US believes that Pakistan is colluding with extremist Taliban and using proxies to posture itself for 'influence' in Afghanistan following the US withdrawal.³⁷ A Taliban takeover would ostensibly prevent India from accruing a similar strategic advantage based upon their close and growing relationship with the current Afghan government.

Also, the growing energy crisis in Pakistan has adversely affected the lives of the Pakistani people. The increasing frequency of power outages reduces industrial production and disrupts social activities. The US opposition to the Iran-Pakistan-India (IPI) gas pipeline, which is considered vital to mitigate energy shortages, is seen as discriminatory to Pakistan while the US is concurrently extending preferential treatment to India in the form of the Indo-US nuclear deal.³⁸

Within the Pakistan populace psyche, the increases in terrorist activities within their borders, the continued violations of Pakistani sovereignty through US drone strikes, and energy disruptions assume a more US-related character further alienating the populace and undermining cooperative efforts. "Neither side sees a way to bridge the widening strategic and ideological gap"³⁹ while successive crises continue to cause even more damage to the relationship.⁴⁰ It can be safely assumed that greater convergence between Pakistan and the US beyond a very basic working framework is not likely in the short to midterm. However, from Pakistan's perspective, the long term consequences of a failed US-Pakistan relationship are more severe. Should the US

withdraw and leave an unstable Afghanistan and not provide any post-war support to Pakistan, the social, economic, and political consequences could prove disastrous.⁴¹

Management of this complex relationship is a challenge for the policy makers in Islamabad and Washington.

The Americans appear to have made little effort to calculate the repercussions of unilateral military action: that Pakistan could become even more belligerent and that a final rupture could take place. At times, both sides seem to have an underlying death wish-both have had enough of the relationship, both are defiant, yet each needs the other; neither wants to revive the relationship under false pretenses, yet neither can muster enough vision or assume enough responsibility to discuss a new paradigm. At times, each side convinces itself that it can do without the other, which of course is wishful thinking.⁴²

Perhaps the greatest obstacle to improving the US-Pakistan relationship is the US's underestimation of how severe Pakistan views the threat from India. Many differences in interests stem from both countries' conflicting relationships with India.⁴³

India

As outlined above in the brief history, India and Pakistan share a common origin and recently shared colonial experience under British rule that paradoxically provides a common cultural backdrop to their current enmity. The hostility stems from a host of factors including ideological differences, lingering resentment over the four armed conflicts, intransigence in resolving related border disputes, on-going cross-border terrorism, and the specter of nuclear conflict between the two antagonists.⁴⁴ Fueled by a growing economy and its large population, India's growing power and military strength is considered an increasing threat to Pakistan security. As Ian Stephens, the renowned British editor of the respected Calcutta newspaper, *The Statesmen* (1942-1951) commented in his book *Pakistan* published in 1963, "In the average Hindu heart even now, years after a mutually accepted partition, Pakistan as an independent state had no

real right to exist; she must not devise a foreign policy of her own; her destiny was to be an Indian satellite.”⁴⁵ It is this mistrust of India’s apparent hegemonic intentions, coupled with the regional geography that limits the employment of her growing armed forces almost entirely against Pakistan, which makes the Indian threat to Pakistan paramount.

Correspondingly, the US perceives that it is Pakistan’s unwarranted and paranoid fear of India (and mistrust of the reliability of the US) that is causing Pakistan to guard against possible North Atlantic Treaty Organization’s strategic failure in Afghanistan by continuing to engage the Taliban and other jihadist organizations committed to overthrowing Indian rule of the disputed areas of Jammu and Kashmir.⁴⁶ The alleged Pakistani support of insurgents in India-controlled Jammu and Kashmir is used as a pretext by India to take provocative measures against Pakistan in Afghanistan and elsewhere.⁴⁷

For its part, India has taken deliberate measures designed to increase its influence in Afghanistan and exploit the apparent rift between the Afghanistan government and Pakistan. For instance, Indian economic support to Afghanistan has increased to over \$1.2 Billion annually, Indian activities in Jalalabad and Kandahar are perceived by Pakistan as fostering insurgencies in Baluchistan and the FATA, and India continues efforts to weaken Pakistan’s influence with the Afghanistan government.⁴⁸ The overall result is that Pakistan sees a growing threat from India on its western flank that further reinforces its perception of India as a major threat to its security.⁴⁹

Similarly, India is concerned about China’s claims to disputed territory north and west of Jammu and Kashmir (Aksai Chin and Shaksam Valley) and China’s allegedly provocative actions along their mutual border in Tibet. Correspondingly, India sees

Pakistan's close relationship with China and China's increasing presence in Afghanistan and Pakistan as a threat to India's interests.⁵⁰ This dynamic also complicates regional stability. Whereas, India may be acting to thwart increased Chinese influence, it may simultaneously be posing an increased threat to Pakistan with its actions thus further inflaming that relationship.⁵¹

The continuing state of hostility is not without economic consequences for both India and Pakistan. India has increased its offensive capability in the form of mechanized formations whose geographic employment appears restricted to their use against Pakistan. Consequently, those forces compel Pakistan to develop similar capabilities and commit a significant portion of its forces towards its Eastern border with India. Rapprochement with India, on the other hand, could allow Pakistan to leverage its forces against the insurgencies in the FATA and Baluchistan and also provide additional forces and improve counter-terrorism operations nationwide.

It was assumed that if Pakistan-India ties were to improve, it would translate into enormous economic benefit for the region. Moreover, economic interdependence will make it easy to deal with longstanding conflicts, security issues, including matters of water rights. The budding regional trade will cause Pakistan to desist from the unproductive behavior. Furthermore, the improving ties will mean Pakistan could shift more troops from the eastern border to conduct military operations on its western front with Afghanistan.⁵²

Unfortunately, the Pakistan-India relationship continues to be hostile albeit restrained. The development of nuclear weapons by both countries provides compelling rationale to limit the scope of conflicts to less dangerous but more subtle conflict carried out by surrogates.⁵³ Their nuclear capability also allows Pakistan to step away from the conventional arms race with India, but not to a degree where it could rely entirely on nuclear weapons to defend against conventional attacks from India. Thus, Pakistan

continues to sustain its current military forces, notwithstanding it is at an ever decreasing comparative force level to India's.⁵⁴ However, Pakistan still deploys the majority of those forces in areas that defend against potential Indian attacks in order to make the consequences of those attacks, short of a nuclear exchange, still unacceptable to India. Thus, both countries appear to have much to gain by reaching a compromise on Kashmir.⁵⁵ Consequently, diffusing this standoff is problematic but not impossible with some recent negotiations foreshadowing some progress.

Pakistan and India broke ice in their relations during Musharraf's regime and substantial progress was made on the core issue of Kashmir. Diplomacy was conducted primarily through back-channel communications between the two countries and it is believed that the negotiations resulted in some acceptable solution which was to be announced at an appropriate time.⁵⁶ However, the Mumbai attack in November 2008 caused a complete diplomatic breakdown between the two countries thereby highlighting the fragile nature of relations: one that could be hijacked by a few non-state actors. Optimistically, there have been some renewed efforts to revive the peace process through foreign minister-level talks. Likewise, both countries have decided to put in place some confidence building measures like easing of visa formalities to promote tourist and social exchanges.⁵⁷ It is also possible that India's perception of a growing Chinese threat to its own security will provide increased impetus for improved Pakistan-Indian relations and lead to rapprochement.

China

China's relationships with the various countries of the region range from close ally to antagonist. From the beginning, Pakistan and China developed and maintained a close relationship that spanned across economic, political and military areas that contributed

to regional stability.⁵⁸ Cooperation between the two countries continues into the present. Most recently, China provided frigates for the Pakistan Navy and also entered into the joint production of the JF-17 Thunder fighter jet.⁵⁹ China is also improving the Gwadar port that will act as an extension of the Karakoram Highway providing a route through Pakistan and into the Persian Gulf. The improved highway and port should help both Pakistan and Chinese trade.⁶⁰ Importantly, China also supports Pakistan in meeting its energy needs with assistance to Pakistan's nuclear energy program.⁶¹ These activities have further solidified Pakistan's close relationship with China but also caused concerns to both India and the US who are suspicious of Chinese intentions and concerned with China's growing influence. For some, Chinese assistance with Pakistan's nuclear program appears to counter the India-US civilian nuclear energy agreement.⁶² Again the self-interests of the various stakeholders both reinforce regional stability and prosperity and work at cross purposes to the same.

Chinese interests also extend to stemming growing extremism in the region to include responding to several terrorist attacks in the Kashgar Prefecture, Xinjiang, China and acts of violence against Chinese workers in Pakistan.⁶³ The terrorists in Xinjiang were Chinese Muslim Uyghur extremists and members of the East Turkestan Islamic Movement (ETIM) who were reportedly trained and equipped in Pakistan.⁶⁴ Responding to these attacks, Pakistan made provisions to protect both Chinese interests and Chinese citizens working in Pakistan.⁶⁵ Significantly, the growth of extremism in Pakistan adversely affects both Pakistan's allies and its antagonists and further illustrates the insidious influence of terrorism on overall regional stability and on Pakistan itself.

Iran

Perhaps no single nation captures the range of competing relationships of the regional actors as those with Iran. Accordingly, Pakistan's relations with Iran oscillate between coincident and competing, while being marred by suspicions and sectarian issues.

Within Afghanistan, Pakistan initially supported the Taliban while Iran backed both the opposing Shiite elements while also cultivated relations with the Sunni Taliban to counteract US influence and impede Pakistan's growing influence within the Taliban.⁶⁶

Also, the US and Iran have been antagonists since Mohammad Rezā Shāh Pahlavī was deposed in 1979.⁶⁷ Accordingly, Iran relations are juxtaposed to counter US influence in the South-Asia region and elsewhere; to include in Afghanistan where Iran is intent on playing a significant role following the US's withdrawal.⁶⁸ This anti-US posture coupled with Iran's assumed role as the protector of Shiite interests generates contradictory positions within and between the regional actors. Thus, Iran opposes Pakistan's support of the US in the war on terrorism and also attempts to counter any Sunni hegemonic advantages over the Shiite.⁶⁹ Additionally, Iran is critical of Pakistan's apparent tolerance of the presence of Jundollah, an Iranian Baloch dissident group, which operates from bases inside Pakistan but crosses the border to conduct terrorist attacks in Iran.⁷⁰ Additionally, Iran has become an almost global pariah with its pursuit of a nuclear weapons program and the support for Hezbollah and the present Syrian regime in oppressing the Sunni majority.⁷¹ All these factors have Iran walking a thin line with diplomatic maneuvering to avoid a direct showdown with the US. Although Iran disagrees and counters many of Pakistan policies and actions, it cooperates on issues of mutual benefit. For instance, Pakistan has welcomed the Iranian offer to overcome its energy crisis with the building of the Iran-Pakistan-India (IPI) gas pipeline.⁷² Pakistan

also offered to dismantle the Jundollah's sanctuaries and cooperate with Iran to stop cross border terrorist attacks. Conversely, India is aiding in the development of the Iranian Chabahar Port that will give India improved access to gas and oil available from Iran and Central Asia.⁷³ The port can also be used for the transshipment of goods and material to and from Afghanistan and Central Asia. Work on improving ground transportation routes from Chabahar to Afghanistan and Central Asia is already in progress.⁷⁴ Also proposed is the construction of a gas pipeline between India and Iran along the bed of the Arabian Sea and bypassing Pakistan. This would be in lieu of the proposed Iran-Pakistan-India gas pipeline that was delayed due to deteriorating relations between Pakistan and India. The port and pipeline would also allow India to compete with the China-Pakistan Gwadar Port project and would be opposed by both Pakistan and China. Of course all of the projects would undermine the US-sponsored economic isolation of Iran and add another level of complexity to the already difficult and stressed regional interrelationships. Also, the fact that India is aggressively pursuing these projects in the face of UN sanctions indicates the growing depth of Iran-India relations which poses another implied threat to Pakistan.⁷⁵

Afghanistan

Pakistan's relationship with Afghanistan depends on a host of positive and negative factors and issues. On the positive side are their close religious, ethnic, trade and historical affiliations. Both countries are Islamic Republics and both share large proportions of Pashto speaking ethnic and tribal minority populations. Likewise, trade between the two countries improved dramatically in 2010 with the signing of the Afghan-Pak Transit Trade Agreement (APTTA) and the agreement to permit the extension and construction of the Pakistan Railway into Afghanistan.⁷⁶ Importantly, in 2012 Pakistan

and Afghanistan agreed to extend the APTTA into Tajikistan. The extension will permit Tajikistan's imports and exports to pass through to Pakistan's ports and improve the movement of goods. These activities and agreements will likely lead to closer regional ties and better economic integration between Pakistan and Afghanistan and within the region.

Conversely, relations between the two countries are impaired by disputes over the interpretation of the Durand Line as a border, issues regarding past and current conflicts to include refugees, insurgents operating in the border area, on-going border skirmishes and India's increased presence and activities in Afghanistan. A central issue underlying related war incidents is the interpretation of the poorly delineated Durand Line.⁷⁷ The Durand Line was established by an agreement between colonial British India and Afghanistan in 1893 to demarcate the spheres of influence between Afghanistan and British India.⁷⁸ The agreement also allowed the free movement across the line by indigenous Pashtuns who occupy the areas on both sides of the line. This area was historically used as the main trade route between Afghanistan and the Indian sub-continent (the ancient Silk Road). More recently, it has also been a conduit for insurgents, arms and ammunition and war refugees during the conflict with the Soviets, the US war against the Taliban and subsequent operations against the ongoing insurgency in Afghanistan. This remote and largely ungoverned area facilitates the free movement of militants back and forth across the border⁷⁹ resulting in a number of cross-border attacks by both the US and Afghanistan into Pakistani territory. Moreover, past and current activities of the Mujahedeen, militant Taliban, and al Qaeda within this area prompted allegations by both Afghanistan and the US that Pakistan tolerates and even

provides aid to radical Taliban and other militants. Conversely, Pakistan maintains that Afghanistan provides shelter to Pakistani militants who escape from Pakistan operations conducted within the Swat Valley and elsewhere. Operations within and against suspected insurgents within this area provides unique and complex challenges for the US, Afghanistan and Pakistan and can cause dramatic swings in the relations between the countries. Both Pakistan and Afghanistan are critical US Allies in the war on terrorism and favorable relations between the two countries and the US are critical to stabilizing not only this contested area, but the entire region.

Russia

A significant change for development of bilateral relations between Russia and Pakistan is now visible at nearly every level.⁸⁰ Though Indian influence in Russia does impact on Pak-Russia relations, Russia shows a willingness to improve relations with Pakistan. Correspondingly, Pakistan and Russia have coincident opinions on many regional/ international issues. For instance, Russia has a clear perspective about Pakistan's influence in stabilizing the region.⁸¹ Despite being careful not to spoil its relations with India, Russia increased various bilateral exchanges with Pakistan. Importantly, Russia remains concerned about the likely spillover effect of terrorism to adjoining Central Asian Republics (CARs), which Russia considers as its sphere of influence, and recognizes that a stable and pro-active Pakistan can help prevent Afghanistan from becoming a spring-board for launching terrorism into the CARs.⁸² Additionally, Russia has aggressively moved to develop economic ties with Pakistan in the energy, steel and railway sectors with direct Russian assistance in developing Pakistan Steel Mills.

Internal Domestic Challenges

Internal challenges have concurrently shaped Pakistan's social, political, economic and military sectors. Although some progress has been achieved in almost every one of these sectors, the decade also witnessed the undermining of the credibility of Pakistan's political institutions, further acculturated corruption in many parts of its society, stagnated its economy, fostered nascent extremism, continued widespread illiteracy and shaken the public's confidence in the governance of both the civilian as well as the military rulers.

Pakistan's turbulent political history reflects dramatic oscillations between civilian rule and military dictatorships. Although, the takeovers by the military many times arrested the decline of social, political and economic conditions, in the long term, it prevented the maturation and self-development of the displaced governance institutions.⁸³ Consequently, the civilian rule and the related political system remain fragile, subject to constant internal scrutiny, and under the continuous implied threat of a military takeover. The resultant transient nature of the political framework has had a pervasive influence on Pakistan's governance. In many respects, it has inculcated and acculturated a temporal perspective by those who govern that has caused many of the leaders to focus more on immediate self-interests rather than long term public service. "Civilian elite when voted by the people to govern failed to provide requisite leadership owing to lack of responsibility toward the public."⁸⁴ The long term effect has essentially institutionalized societal tolerance of corruption, abuses of power and positions, and caused widespread fraud, waste and abuse that undermined the entire governance process.⁸⁵ Over time, continued inefficiency and corruption becomes accepted modes of political behavior and result in mistrust, cynicism, and dissatisfaction by the governed

who, when conditions significantly decline, clamor for the return to military rule. Thus, the political institutions never develop or mature and the cycle eventually repeats itself. The overall political quagmire contributed to a lack of inter-institutional harmony, trust deficit between state organs, poor governance and the current economic meltdown. The challenge for Pakistan will be to work through the current malaise and reform and develop the corresponding institutions without resorting to a military stopgap takeover. However, the interim consequences are palpable.

Pakistan's economy witnessed a sharp decline after 2007-08 chiefly due to inefficient government, global recession, impact of internal security issues, repeated natural calamities and political uncertainty. Current estimates project that Pakistan's 185 million population will grow to 275 million by 2050 placing additional stress on an already overwhelmed support structure. Today, one-third of Pakistanis lack potable water, 77 million subsist on unreliable food sources, and over half the school-age children do not attend school.⁸⁶ The economy, that experienced record growth mainly during the military and presidential reign of General Pervez Musharraf (averaging 6-7 percent a year from 2000-2007),⁸⁷ has subsequently stagnated and is bordering on financial collapse. Maleeha Lodhi, a former envoy to the US and Britain recently warned in an OpEd in *The News* that:

The deteriorating economic picture is characterized by several inter-related factors that have been reinforcing each other in a vicious cycle. Economic growth is stagnating, inflation is rising, domestic and foreign investment is falling, energy shortages are causing widespread production disruptions, government revenue is insufficient to meet even debt and defence expenditures, bankrupt state enterprises are collapsing, unemployment is increasing and so is economic disparity and poverty. With solvency concerns of their own most foreign creditors are increasingly unwilling to bail out the country.⁸⁸

Importantly, The State Bank of Pakistan clearly attributes the cause of this economic malaise as being “poor governance.”⁸⁹ Likewise, the International Monetary Fund February 2012 report recommended urgent action by the Pakistan government to: “1) strengthen public finances through revenue mobilization; 2) reform the energy sector to reduce power shortages; and 3) undertake financial measures that would reduce inflation and safeguard financial sector stability.”⁹⁰

Inefficient governance notwithstanding, Pakistani society has displayed a marked resilience during the recent natural disaster which provides some optimism for a turnaround for the country.

The floods exposed a paradox that lies at the heart of Pakistan’s predicament today: that of a weak state and a strong society. As the government machinery foundered in responding to the situation, civil society, the business community, ordinary citizens and even the media, organized efforts to help the flood victims. The anemic official response--notwithstanding the Army’s effective rescue and relief efforts--contrasted sharply with the heroic actions taken by private charities and local communities.⁹¹

Unfortunately the enduring three-way struggle for power by the President, Prime Minister, and the Army, has made dramatic reform efforts by the government problematic and unlikely. In certain respects, the government of Pakistan has proved unworthy of the resiliency of its people. It remains to be seen if the government of Pakistan can marshal the will to make the necessary political and economic reforms to improve governance and the economy.

A complex combinations of both external and domestic factors contributed to the internal instability of Pakistan with many related to the use and abuse of sectarianism. For instance, General Zia ul Haq leveraged Islam to gain control of the country that also inflamed sectarian differences and helped legitimize extremism. The US-supported

Afghan war against the Soviet Union established a foundation of Islamic militancy, established a wide network of religious schools (madrassas) that, in many cases, inculcated extremist religious views, and increased and distributed weapons throughout the country. Concurrently, the arrival of over 3 million Afghan refugees undermined economic growth and also scattered a disaffected and militant minority in the country.⁹² The combination of these factors increased the religious sensitivities of the country, encouraged sectarianism, distorted the perception of the general populace and helped generate recruits for fighting against US forces in Afghanistan and against the Pakistan security forces within Pakistan.

The public reactions to widely publicized US provocations, like the violations of Pakistan sovereignty with the raid to kill Osama bin Laden and cross border drone attacks, helped bias public perceptions against the US. A recent Pew research survey (March-April 2012) found that 74% of Pakistanis consider the US 'an enemy' and 38% believe American economic aid is actually hurting the country.⁹³ The depiction of the US as an enemy is then used to justify terrorist activities against the Pakistan Government and its security forces by asserting that they are colluding with or acting as surrogates of the US. The consequences of this increased militancy and terrorism has been severe.

Almost from the outset of the US war on terrorism, Pakistan bore the brunt of violence and extremism. Either from terrorist bombings targeted against innocent civilians and attacks on Pakistan security forces or from casualties suffered from the conduct of military operations against the terrorists, the cost in human life has been significant: "between 2001 and 2011, a total of 36,705 Pakistanis including 3,840

security personnel have been killed.”⁹⁴ Importantly, the human loss also created a backlash against extremism within Pakistan that peaked in 2009. Based upon the terrorist attacks and continued threats by Taliban extremists, the public and the government supported aggressive military operations against the Pakistan Taliban in the Swat Valley and elsewhere.⁹⁵ During the midst of the military operations against the extremist strongholds in 2009, 69% of the Pakistani populace were concerned about extremists taking control of Pakistan. “When Pakistani Taleban were seen as a serious threat in 2009, the army, with the backing of democratic government and the people of Pakistan took decisive action to drive them back and settled the question whether Pakistan will survive the Pakistani Taleban’s assault.”⁹⁶ Correspondingly, there exists little public support for extremist groups. The recent Pew survey determined only 13 % have a favorable view of Al Qaeda or the Taliban and only 5% hold a favorable view of the Haqqani Network.⁹⁷

As previous discussions regarding external relations with the regional stakeholders illustrate, the situation in Afghanistan portends both threats and opportunities that also influence Pakistan’s internal stability. A deteriorating security environment driven by large scale infighting following the US withdrawal could result in another flood of Afghan refugees into Pakistan and further radicalize vulnerable populations in the FATA and the Khyber Pakhtunkhwa Province and worsen the internal stability of Pakistan. Conversely, the planned US withdrawal in 2014 provides a unique opportunity for an amicable resolution of the Afghan problem where all stakeholders have compelling rationale to negotiate a settlement and perhaps diffuse the numerous bilateral tensions that exist between the numerous regional stakeholders. A positive and

constructive role by Pakistan can help bring stability to Afghanistan but could also posture the Region and Pakistan for long term peace and prosperity and allay the fears of growing extremist tendencies in Pakistan.

The unrest and violence in Balochistan began shortly after the partition of British India and the formation of Pakistan that included what became Balochistan Province. Five periods of violence have occurred since partition in 1948, 1958, 1963, the 1970s and most recently in 2003 with a spike in ethnic conflict with the objective of increased Baloch autonomy or even independence.⁹⁸ As previously discussed, numerous external stakeholders such as Iran, Afghanistan, India, China and the US all have interests that seem to converge in Baluchistan and can either help or hinder stability there. The Baloch grievances center on perceived ethnic disparity and the under-representation of Balochs in the military and government. Additionally, the Balochs oppose what they consider economic exploitation by externally funded mega-infrastructure projects that are viewed as internal colonization (from the Government of Pakistan) and economic exploitation by external stakeholders. The insurgents complain that the Baloch local populace are not used as the labor force on these projects and profits from the mining of the rich mineral deposits and the sales of natural gas reserves are not equitably shared with the Balochs. Generally, the government of Pakistan has not effectively addressed these grievances. Moreover, the poor political handling of the Balochistan problem reinforces a general lack of trust in the central authority of the state by the Balochs resulting in poor law and order situation across Baloch dominated areas. However, Pakistan's present central government has recently asked the separatists to negotiate with the government with the intention of increasing Baloch influence in

securing increased employment and economic opportunities.⁹⁹ Importantly, the government has taken a much more malleable approach to accommodating the insurgent concerns in an attempt to stabilize the province.¹⁰⁰ Given the Balochistan Province's key geographical location and extensive mineral and natural gas resources, the stability of this province will be an important factor towards increasing the prosperity of the Nation.

As previously mentioned in the external stakeholder section, Pakistan's relations with India have forced it to maintain an enhanced level of readiness owing to mutual distrust and a tainted history. The resultant defense spending impacts the overall economy and curtailed the use of these funds for social sector development, health and education and needed infrastructure improvements.¹⁰¹ There is much to be gained by both India and Pakistan for resolving their differences...especially in regards to the allocation of those resources towards improving stability (use of the military for counterinsurgency and counter terrorism operations) and diverting security funding towards economic growth, better social programs and improvements in infrastructure. In the recent Pew survey, 59% of the Pakistan populace believed that India was the greatest threat to their country (greater than the Taliban or al Qaeda).¹⁰² Despite this fear, 62% of Pakistanis support improved relations with India. A similar survey in India found the majority there also support better relations with Pakistan, increased trade and more discussions between the countries.¹⁰³ There is clear public support for increasing reconciliation measures. The US's reluctance to play a meaningful role in nudging Pakistan and India towards a peaceful settlement of the Kashmir dispute and the US's

apparent “tilt towards India”¹⁰⁴ has essentially prevented Pakistan from helping itself with the alternative use of the scarce resources postured to counter the Indian threat.

Pakistan’s nuclear weapons program resonates with all segments of Pakistani society; it can perhaps be termed as the unifying factor for an otherwise fractured society. Very simply, it is perceived as ‘the security guarantee’ against all external threats. Primarily, Pakistan’s program is aimed at addressing the growing asymmetry in the conventional forces with India wherein it could not afford to keep pace with either the total forces fielded or the modernization efforts of the Indian armed forces. Based upon the increasing domestic and stability challenges within the country, Pakistan will likely have to rely even more on its nuclear arsenal to deter external aggression.¹⁰⁵ Pakistan’s nuclear weapons are considered by Pakistan as a stabilizing factor in the volatile region by making a large-scale conventional war in the subcontinent unthinkable.¹⁰⁶

Perhaps no single issue crosses over so many sectors and is amenable to almost immediate mitigation than the growing energy shortage within Pakistan. “The crisis in Pakistan’s energy sector is today, the single greatest impediment to economic recovery.”¹⁰⁷ The frequent energy outages in Pakistan affect the way Pakistanis live. People in the cities as well as villages are equally affected and they do not see any respite in the near-term. The power outages have grown from an inconvenience to a source of economic decline to a threat to national security based upon their frequency and duration. Overall there is a 30% difference between the supply of electricity and the demand. In the summer of 2012 (June and July), this gap climbed to 64% with energy blackouts lasting up to 20 hours each day during the midst of punishing summer heat.¹⁰⁸

Usually these power outages are scheduled so the populace can anticipate and compensate for the blackouts; however, they periodically occur without warning which can erupt in public protests and rioting. Additionally, the closure of factories due to frequent power outages impacts the job market where an increasing number of workers are finding themselves out of jobs and where factory operators are unable to meet purchase orders on time. The cost of unreliable energy costs the Pakistan economy an estimated 3 to 4 percent of its potential GDP.¹⁰⁹ With a complex web of 20 federal and provincial entities as suppliers of electricity, there is no integrated long term strategy to increase capacity and resolve the crisis. Tariffs for the users, which are set by the government, are too low to pay for production expenses and unsustainable government energy subsidies continue to add to the federal debt.¹¹⁰ Discontent with the government is rife with 87% of the population dissatisfied to where the country is heading and 89% assessing that the economic prospects are bad.¹¹¹ The government's failure to address this problem disaffects the populace, deprives the country of needed economic growth and essentially provides no employment opportunities for a growing population of young adults who are easily lured into extremist organizations. The energy sector is a key contributor of instability in Pakistan and will require a concerted effort by the government to implement a wide range of reforms to meet its energy needs.

Balancing Priorities Across Competing Domestic and Regional Interests

Pakistan often finds itself hamstrung in balancing its priorities across both domestic and regional levels. While the government and the majority of its population considers the war against militants its own war, a segment of society, including some religious and political elements, still argues that Pakistan is acting as a US surrogate. All moderate political forces will be needed if Pakistan is to work its way through the

challenges posed by overly conservative or extremist elements. As with the military operations in 2009 in the Swat Valley, the armed forces would need the support of the nation to eliminate terrorist organizations that use violence against innocent civilians as a means of furthering their respective agendas.

A cohesive and comprehensive strategy must be formulated with consensus built with the major stakeholders to address religious extremism and militancy. While the government will be expected to forge a greater unity at the national level, it must also work with regional stakeholders to address their role and activities that can help build public support within Pakistan. This will require deliberate measures to build or reinforce trust between heretofore allies, protagonists and antagonists who all have a vital interest in building a stable and prosperous South Asian region. This includes working with the US to dispel their anxiety with Pakistan's relationship with elements of the Taliban, the Haqqani network, its nuclear weapons security and other concerns. Additionally, the US must respect Pakistan's sovereignty and cease all cross-border unilateral drone strikes and operations against known or suspected terrorist targets. All regional stakeholders must seek greater transparency on their respective activities in the volatile areas of the region and work towards identifying vital coincident interests, seek compromises on issues of lesser import, and develop cooperative strategies around effective collective interventions.

Despite all the challenges it faces internally and from the eastern and western borders, Pakistan's future is linked to the viability of its own democracy. Its oscillation between dictatorship and democracy created a host of internal governance challenges. An effective and responsive democracy can resolve many of Pakistan's problems and

can amalgamate public support for difficult or sensitive undertakings like military operations against extremism. On an optimistic note, the current administration is beginning of what looks to be a continuous string of democratic administrations and a long term commitment by the country to democratic governance. The hope is that with this continuity, the institutions will also continue to evolve and reform to establish an equitable rule of law, eradicate corruption, improve the judicial system, and establish a professional police force.

In the regional context, all stakeholders appear to have a vital interest in maintaining stability in Afghanistan after the US withdraws. In many respects, Afghanistan is a catch basin for many of the disparate issues that affect the region. Accommodating non-militant (moderate) Taliban in the post-US Afghanistan will be a challenge for Afghanistan and for many countries that have areas where the Taliban are entrenched. This may serve as a template for dealing with other religious conservative sects whose dogma has yet to turn to violence.

Pakistan will need to create a balance in its defense spending with expenditures on social development including neglected fields like health, education, infrastructure development, access to the justice system and uniform enforcement of law and order. "Defence and debt servicing now take up about 60 percent of its annual budget."¹² It is a ratio which Pakistan needs to reduce to divert funds for the welfare of its people. Owing to a perceived security threat, its earlier quest for parity in the conventional forces with India was understandable; however, as discussed above, Pakistan's nuclear weapons capability has significantly altered the security mosaic in the region. An arms race in both domains i.e., conventional and nuclear including the delivery means, is not

a viable option. Pakistan will have to resource the capability to address only its vital security priorities so as to ease the pressure on its fragile economy.

While there is a need for improved governance in almost every area, Pakistan needs to resolve the energy shortage in the country as a priority and undertake some emergency measures to mitigate its effects. It may have to look both inwards and outwards to overcome this emerging crisis. It will have to carefully develop a viable strategy to overcome its energy needs and secure the planned IPI gas pipeline from Iran which has committed to fund the project. The US opposition to this project will have to be reconciled and overcome in view of the enormous importance of this project for Pakistan's future energy needs.

Pakistan also needs to prioritize its regional engagements with major efforts directed towards Iran, China and Russia. While it is expected to play an important role in Afghanistan, it also needs to improve and stabilize its relations with Iran. Pakistan should seek to address three major issues with Iran: 1) construction of the IPI gas pipeline; 2) Iran's standoff with the West over its nuclear weapons program; and 3) its role in fomenting sectarian strife in the region.

Pakistan also needs to encourage China's support in helping to mitigate Pakistan's energy crisis, foster closer mutual defense cooperation including joint production of JF 17 Thunder, and continue collaboration on a host of infrastructure projects. The recent warming of relations with Russia also needs to expand through more tangible measures. Additionally, Pakistan's observer status with the Shanghai Cooperation Organization (SCO) affords an opportunity for enhanced cooperation with other members of SCO including recently inducted dialogue partner, Turkey. Finally, a

meaningful engagement with India can also expand the recent confidence building measures like the easement of visa processes and draw some much needed tangible benefits for both nations. Some local initiatives by non-government entities have already created the willingness to improve relationships through enhanced people-to-people contacts. This should be continued at the National level.

Conclusions and Recommendations: A Way Forward

The future of Pakistan lies in the hands of its current and future leaders. The challenges are profound. They are confronted by a weak state but one comprised of a resilient people. For this fledgling Democracy, it will no doubt be a rocky path forward but one in which the representatives of people will sort out the problems by responding to and serving the people. The creation of a viable democratic culture will restrain other institutions, including the Army, and simultaneously hold the governance institutions accountable for achieving results. Eradication of rampant corruption should be the initial target of Pakistan's democratic government. This will restore credibility and confidence in the government and bring back the much needed element of transparency.

Pakistan has been fighting the war against militancy for over a decade. It is time to clarify Pakistan policies and reset the strategy. This should include establishing the unequivocal and compelling justification for the war, resolving areas of friction with the United States, and reconciling the competing interests of the various external and internal stakeholders outlined in the narrative above.

Pakistan and Indian rapprochement could be a defining event for regional stability and prosperity. Both countries could re-allocate resources committed for that possible conflict towards improved social and economic benefit or against higher priority threats to their security. Pakistan should press the US to help bring about a resolution of

the Kashmir issue with India. The challenges associated with the US withdrawal from Afghanistan could provide the impetus to begin deliberate negotiations to resolve this important issue.

The way forward in the region requires a stable Afghanistan and the marginalization of militant extremists. This will require delicate negotiations with a host of uncooperative and belligerent tribes, religious sects and ethnic groups...each able to derail the collaborative efforts. Yet progress and cooperation is feasible. A decade of war has hardened some but softened others towards a peaceful resolution of the conflict. Pakistan must deal with each faction fairly and directly if progress is to be made.

Pakistan should aggressively pursue and develop internal and external resources to overcome its energy crisis. Internally, it needs to develop renewable energy sources, increase hydroelectric production and develop nuclear power projects. Chinese assistance should be sought to expedite work on nuclear power plants. Additionally, significant coal deposits in the country should be tapped and coal power plants developed to exploit this natural resource. As previously discussed, the IPI gas pipeline should also be aggressively pursued with Iran as a long term measure to meet future energy needs. Pakistan should work with other regional stakeholders to convince the US to drop its objections to the construction of the pipeline. Finally, it needs to completely revise its power distribution management, modify its tariff schedule and reduce wasteful and inefficient subsidies. Let supply and demand set pricing levels until sufficient capacity can be developed.

Pakistan's participation, as an observer, in SCO allows it to seek and strengthen regional alliances with a host of participating countries. While it may like to expand its existing cooperation with China to include the areas of nuclear power generation and space technologies, it should also engage Iran in areas of mutual benefit. Iran now stands on the precipice of achieving nuclear capability. The response to Iran by the US and other western nations may destabilize the region beyond the scope anticipated in this paper. However, depending upon that response, Pakistan could act to bring the US and Iran towards reconciliation by playing a similar role it once performed in bringing the US and China closer to each other. Pakistan should use SCO membership to also seek stronger ties with Russia as Russia is pursuing an increased role in the region post US withdrawal. Those improved relations should also extend to the Central Asia Republics (CARs) whose projected use of the extended Pakistan Railway through Afghanistan could eventually permit the CARs' imports and exports to pass through to Pakistan's ports and improve the movement of goods between these countries. Russia's likely contribution to revive Pakistan Steel Mills, and other new projects, may not only salvage Pakistan's economy but may also contribute to the factors of growth with impacts on poverty and extremism.

In summary, Pakistan is facing a multitude of internal and external challenges. Within a highly volatile region, Pakistan is sandwiched between an unstable Afghanistan facing the imminent withdrawal of US forces, a hostile India apparently posing a western threat to Pakistan with their activities in Afghanistan and Iran, a provocative Iran pressing for more aggressive Pakistani operations against Baloch separatists operating from Pakistan's Balochistan Province, and an economically unrelenting China.

Internally, revolving democratic and military governments have undermined the credibility of Pakistan's political institutions. Lack of political stability has further acculturated corruption in many parts of its society, allowed nascent extremism to take root, and contributed to widespread illiteracy with inadequate educational programs. Pakistan's responses to these and other extra-regional influences and emerging internal challenges have concurrently shaped its social, political, economic and military sectors and postured their corresponding institutions to meet future demands. The prospects for success are challenging but not unattainable. In fact, as outlined above, many opportunities abound should Pakistan seize on those prospects. What Pakistan does possess, is a resilient people who will continue the struggle towards attaining the leadership and government it so very much deserves.

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¹⁰⁵ Stephen P. Cohen and Sunil Dasgupta, *Arming without Aiming: India's Military Modernization* (Washington, DC: Brookings Institution Press, 2010), 57.

¹⁰⁶ Ibid., 56.

¹⁰⁷ Lodhi, ed. *Pakistan Beyond the 'Crisis State'*, 5.

¹⁰⁸ Annabel Symington, "Pakistan Opposition Take Aim at Energy Crisis Ahead of Elections," *The Christian Science Monitor*, February 1, 2013, <http://www.csmonitor.com/World/Asia-South-Central/2013/0201/Pakistan-opposition-take-aim-at-energy-crisis-ahead-of-elections> (accessed March 2, 2013).

¹⁰⁹ Annabel Symington, "Pakistan Opposition Take Aim at Energy Crisis Ahead of Elections," *The Christian Science Monitor*, February 1, 2013, <http://www.csmonitor.com/World/Asia-South-Central/2013/0201/Pakistan-opposition-take-aim-at-energy-crisis-ahead-of-elections> (accessed March 2, 2013).

¹¹⁰ Annabel Symington, "Pakistan Opposition Take Aim at Energy Crisis Ahead of Elections," *The Christian Science Monitor*, February 1, 2013, <http://www.csmonitor.com/World/Asia-South-Central/2013/0201/Pakistan-opposition-take-aim-at-energy-crisis-ahead-of-elections> (accessed March 2, 2013).

¹¹¹ Pew Research Center, *Pakistan Public Opinion Ever More Critical of US*, Global Attitudes Project, June 27, 2012, 4.

¹¹² Rashid, *Pakistan on the Brink*, 169.