



SOCIO-POLITICAL AND ECONOMIC IMPLICATIONS OF US WAR ON TERROR FOR PAKISTAN

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Abstract

The terror attack on the twin towers in New York, US on the 11th September 2001 proved instrumental in shifting the socio-political and economic paradigms all across the globe. Pakistan's decision to join in as the frontline state in America's War on terror has had tremendous repercussions for the country. This study has undertaken an in-depth content analysis of the implications that Pakistan's allegiance to the US has entailed on the socio-political front. Pakistan has suffered an exponential rise in multiple types of terrorism which include religious, sectarian, ethnic and domestic violence. A simple regression model has been run to see the impact on the economy of the country over the period of thirteen years (2001-2014) ever since the war started. The impact of the terrorist acts has been negative on the FDI inflow in Pakistan; similarly the GDP growth rate has also been unimpressive over these years. One of the exogenous factors responsible for the sluggish economic growth of Pakistan has been the deteriorating security conditions in the country. Repeated acts of terrorism have deterred a smooth economic growth.

Keywords

War on Terror, Socio-political and Economic Repercussions

1. Introduction

The Term "War on Terror"

"War on Terror" is the term which was used for the very first time by Ronald Reagan's administration as a reaction to the bombings in Beirut in 1983. The term explicitly explains the American sentiment against all the actions that go against their interests. This term reflects immediate legislation to sabotage the financial status of the terrorist group and cripple all the sources that fund them. This term resurfaced in 2001 when America came under attack and George W Bush and his administration declared the War on Terror and called on to the world to support America in very strong words saying "either you are with us or you are with the terrorists". War on terror is the America led military operation against the terrorists' groups. The War on Terror began with Al-Qaeda and has not stopped there. It has been going on since 9/11 and there is no authentic analysis projecting as to when it would cease. Primarily it is the military campaign by the US, UK and other NATO and

non -NATO forces showing harmony with the Americans against the terrorists.

Objectives of the War on Terror

In 2003 Bush administration released the National Strategy for Combatting Terrorism that highlighted the basic objectives of the War on Terror which included:

1. To get hold of the masterminds of 9/11 attack i.e Osama Bin Laden and Abu Musab Al-Zarqawi
2. Identification of the terrorist groups functioning in different parts of the world.
3. Complete abandonment of sponsorship support and asylum to terrorists.
4. Persuade, enable and compel the weak states to stand up to the challenge of purging the world of terrorism.
5. To defend the US citizens and interests at every cost. (Press Release , The White House)

Pakistan's Role in the War on Terror after 9/11
Pakistan is a non-NATO member of the UN. The strategic location of the country adds to its significance to the world. It shares borders with three most important regions i.e. Middle East,

Central Asia and South Asia. Pakistan's proximity to Afghanistan has added to its strategic importance. Pakistan was an active American ally in the Soviet War in the Cold war era and has been acting as the front line state against the Taliban and Al-Qaeda in the US war on terror. In 2001, US started its military operations all around the world with the help of NATO and non-NATO allies such as China and Pakistan. Pakistan's role has been more than significant. Pakistan as the front line state did not desist to provide any and every kind of support to the US. Access to the military bases, Sea and air access, intelligence assistance and logistics were offered to US ever since the operations began in 2001. Without Pakistan's unhesitant help it was practically impossible for the US to execute its military operations for the fulfillment of its interests in the region. There was an instant shift in the US policy towards Pakistan. After 1999's coup there were several sanctions and embargoes that had been put on Pakistan: not only did the US ease its stance but also lifted many sanctions in return for the colossal support by Pakistan. Pakistan provided the most pivotal route to the US leading them to the Taliban. The scenario was of added importance for Pakistan because India for the very first time was not getting the limelight. This was primarily because of Pakistan's strategic proximity to Afghanistan and of course because Pakistani government had already been in close contact with the Taliban Regime and were aware of the Taliban dynamics. Not only did Pakistan's support to the US made their task easier but also added cost efficiency. Had America taken any other route through Central Asia things would have been untenable and enormously expensive because of the Russian influence in the region. Although China was amongst the very first countries that condemned the 9/11 attacks, but China was skeptical of providing assistance to the US because of their erratic diplomatic ties with them and also because China could foresee the perils of having the US presence in the region, their reluctance would not have helped the US proceed with its plans. Not only did Pakistan provide the land access to Afghanistan but also since it shares a long coastline with Afghanistan, it facilitated the US presence in the Indian Ocean, which provided American forces with an easy and shorter route to Afghanistan. This cooperation won Pakistan a lot of appreciation from the American media, politicians and Diplomats. Pakistan was upgraded from the key ally to the major non-NATO ally in 2004 in recognition of its support to the US. America's first target was of course Osama bin Laden whom they believed was the architect of 9/11 attacks and the second target were the Taliban who according to the

Americans were equally responsible for giving refuge to Osama bin Laden and despite America's constant emphasis were unwilling to hand him over to them and thirdly America wanted to further its efforts against terrorism at the international level. The Taliban regime was dominated by the Pashtuns who had the same traditions, orientations and culture as the Pashtuns in Baluchistan and KPK. Most of the Taliban leaders had acquired their training in Pakistani madrasahs and the Taliban were on the same wave length as of the rightists factions of the Pakistani government. America asked Pakistan for an immediate abandonment of all kinds of support to the Taliban. Pakistan was commanded to siphon all the diplomatic relations with the Taliban, cut off food supplies, freeze their assets and provide all the necessary information regarding their movement inside and along the border of Pakistan. President Musharraf seized the opportunity for four reasons. Firstly, Pakistan's security was at stake. Since Pakistan share a long border with Afghanistan, unrest there would have affected peace in Pakistan as well. Secondly, Musharraf wanted to revive the economy with the help of continuous inflow of financial aid from the US. Thirdly, Pakistani generals, politicians and intelligentsia viewed this as an exceptional opportunity to apprise the US of the significance that the nuclear programme holds for Pakistan and convince them to lift all the embargoes that had been imposed after the nuclear tests in 1998. Fourthly, Musharraf wanted to draw US attention to the Kashmir issue.

2. Methodology

(CONTENT ANALYSES)

Content Analysis of the socio-political implications

Political Costs

The legitimization of General Musharraf's military rule

On April 7th 1998, Pakistan undertook successful tests of its medium range missile Ghauri. Allegations were leveled against Pakistan for having imported the technology from North Korea. The nuclear tests earned Pakistan and the North Korea, which was allegedly involved with exporting technology to Pakistan, US sanctions. Pakistan termed the sanctions and allegations as unfair and ungrounded. In the mean while India conducted another batch of five tests. US expressed indignation and as per the Glenn Amendment Section 826-a of the Nuclear Proliferation Prevention Act of 1994 that provides for sanctions against the non-nuclear

states that detonate nuclear devices, imposed sanctions on India. Pakistan was warned of the same consequences if it did not stay away from testing the missiles. Bilateral Talks were resumed between Pakistan and the US, China and Japan offered aid if Pakistan prevented further nuclear tests. On 18th May 1998, at summit meeting of the G-8 nations, France Britain and Russia support India and veto all sanctions that were being considered against the world's largest democracy. However on May 28th when Pakistan announced that it had conducted five nuclear tests, President Clinton was quick enough to impose sanctions against Pakistan and this decision was not vetoed by any UN member. According to the sanctions bans were imposed on any kind of financing from Trade and Development Agency, Overseas Private Investment Cooperation and the Export-Import Bank, US exports of high-tech products was restricted, International financial institutions were stopped from giving loans to Pakistan. Japan withdrew most of the development aid and vetoed any further loans by the international members. Tensions between India and Pakistan kept mounting up. Pakistan had to borrow from Jeddah to fill the financial gap. On 12th October 1999, General Musharraf ousted Prime Minister Nawaz Sharif and within a few days, state of emergency was declared in the country, parliament and the constitution were suspended and the general declared himself the Chief Executive of the Islamic Republic Of Pakistan. US department of State condemned the coup and called for "the earliest possible restoration of democracy in Pakistan." (New York Times, 13 October 1999, A1, A10; *Washington Post*, 15 October 1999, A1). Section 508 of Foreign Operations Appropriations Act that requires US aid be cut off to any country whose democratically elected head of government is deposed by military coup or decree and does not renew military and economic aid to Pakistan. (*Inside US Trade*, 15 October 1999; *International Trade Reporter*, 13 October 1999; CRS 2002a, 3; *Washington Post*, 15 October 1999, A24; 16 October 1999, A21) sanctions under Section 508 of the annual foreign appropriations act as a result of which the coup remained in place. (Presidential Determination 2000-04, 27 October 1999; CRS 2002a, 3; CRS 2003, 13). 9th September 2001, Americans came under the terror attacks. Bush Called on the world to either support the US or the terrorists. Pakistan under General Musharraf's leadership offered all kinds of help. The transition from a pariah to a loyal friend was too quick. In return of Pakistan's support, America waived off all nuclear related sanctions that were imposed initially. However, coup related sanctions regarding economic and military aid persisted.

Pakistan and the US signed an agreement for rescheduling a hefty amount of 379\$ million of Pakistani arrears. Negotiations also began for a 3\$ billion three Program. Pakistan received another \$50 million emergency aid which according to Bush was imperative for US security interests. Japan also resumed its ties with Pakistan in recognition of its efforts to fight terrorism. America allowed access to Pakistani Textile Exports worth \$ 142 million to the American market. The US war on Terror and Partisan's role as the front line state helped Musharraf legitimize his rule. He introduced a Legal Framework Order 2002. LFO 2002 was an amendment just like the one made by General Yahiya Khan in 1970. Supreme Court overruled the LFO 2002 saying that there was a requirement of two-third majority to ratify the amendment before it could be incorporated into the constitution. Over a year's constant wrangling between the opponents and supporters of General Musharraf an amendment named Seventeenth amendment was passed.

Pakistan's Economic Performance under Musharraf

Musharraf had inherited an economy that was in shambles. Democratically elected governments of Nawaz Sharif and Benazir Bhutto had failed to control corruption and cronyism and had focused more on extending their own personal interests. Hence the per capita income averaged at around 1% per annum which was dismal. Musharraf had inherited huge public debts, massive fiscal deficits, pathetic situation of distribution of income and a constantly increasing unemployment and poverty rates. Institutional and governance structures were in poor shapes. Musharraf's much criticized referendum made him the president for the next five years. Musharraf and his team riveted themselves to embracing globalization and made reforms to attract FDI. Pakistan's economy increased by 50 % and per capita income went up by 25 %. Although the country was badly shaken by the earthquake in 2005, Musharraf's reforms managed saving him some grace. Growth rate went up to 7%, industry's contribution to GDP increased from 22.6 % in 2000 to 26.7% in 2006. Services Sector showed impressive performance. Different schools of thought interpreted economic performance under Musharraf differently. The Take- Off school of thought gives credit to the reforms of the Musharraf Administration. On the contrary, the Fail-Take off proponents questions the sustainability of the economic expansion during Musharraf's time. There is ample proof that the high economic performance could not be sustained because of disruption of market forces which was due to immense state intervention. Musharraf's regime was criticized for being

extremely non-competitive both economically and politically which resulted in the small take off being reversed. Musharraf's reforms favored the privileged segment of the masses just like it happened during General Ayub. Musharraf failed to enhance the provision of public services such a health and education facilities due to which the condition of the general population went from bad to worse. The tragic incident of 9/11 went in Musharraf's favor. The same general who was rebuked by the Clinton administration in 1999 was applauded immensely by the Bush administration for lending all support in the war on terror. Pakistan has witnessed such episodes in the past as well. The West raises hue and cry initially when democracy is derailed but have always supported the military dictators especially in the case of Pakistan. It is noteworthy to mention here that Musharraf could not have turned Pakistan's fate without the financial aid coming from the IMF. The aid was resumed only because the general agreed to help US track down terrorists in Afghanistan.

Social Costs

Pakistan's War within

Ever since Pakistan became the front-line ally state against terror, there have been almost seven major operations along with innumerable smaller military campaigns that Pakistani forces have been engaged with:

1. Al-Mizan Operation : It was conducted in South Waziristan in 2001-02.
2. Sherdil Operation: It was launched in Bajaur in 2007.
3. Zalzal Operation: It was conducted in South Waziristan in 2008.
4. Rah-e-Haq Operation: It was launched in Malakand Swat in 2008.
5. Rah-e-Rast Operation: It was launched in Malakand and Swat in 2009.
6. Rah-e-Nejaat was conducted in South Waziristan in 2010.
7. Zarb-E-Azb(2014-ongoing)

It is a sad reality that the reason for escalating terrorism in Pakistan is the use of Military forces against its very own people. One has to take a deeper view of the historical perspective here. Pakistan shares a 1500 miles long border with Afghanistan. There are Pakhtuns living on both the sides of the border. These Pakhtuns are people with strong religious orientations. Never was Pakistan army ever had to step on the soil of FATA, because these Pakhtuns were always considered true patriots and were deemed adequate to guard the borders of the country. When the soviets were defeated in 1979. Many Pakhtuns on our side of the border were inspired by the victory of Taliban and opted to become a jihadi. More than 1.6 million Jihadis were trained and manufactured during the Afghan

War. The eruption and spread of militancy was anything but inevitable. There was a huge network of Madrasahs that were set up in FATA and PATA these madrasahs were financed by Saudi Arabia and the US. So there was an element of Talibanization that was present in the tribal areas of the country much prior to the 9/11. But it never caused an upheaval and was never considered to be a threat. In fact Pakistan treasured the presence of Taliban and Pakhtun fighters on the borders as they defied the Indian presence and intervention. So what is now known as militancy has always been viewed as a strategic asset. It was only when Musharraf announced support against the Taliban, that the militants got infuriated and started attacking Pakistan forces. Some significant causes of Militancy and Talibanization in Pakistan:

- a. US constant unabated, unchecked and poorly planned support for the Jihadis in the 80's.
- b. Pakistan's support of the Jihadis on both the sides of the borders for strategic reasons.
- c. The exploitation of the socio-economic similarities of the Pakhtuns on both the sides of the Durand Line at the hands of Taliban.
- d. Pakistan military operations in FATA and PATA.
- e. Pakistan Government's failure to address the pressing issues of FATA AND PATA and integrate them into main stream political system.

Repeated military operations against insurgents have turned the US war into Pakistan's war against its own people. This war within has unleashed sectarianism of unprecedented magnitudes. Maulana Fazlullah with Bait ullah Mehsud's support attacked many shrines in Swat which were held in high esteem by the people of that region. It was felt that there was an imposition of Wahibism by the Taliban which was resisted by the other sects of Islam. Shite killings in KPK which were totally unprecedented earlier have started manifesting in huge numbers. Ahmadis are being targeted, Sunnis are being killed. According to the Pakistan Institute of Peace Studies there were 687 sectarian killings in 2013 which is 22% more than what occurred in 2012. This is an enormous increase.

Implications of the military operations for Pakistan:

Strong feeling of mistrust amongst the tribal natives

All the operations conducted by Pakistani forces in FATA and Swat have given birth to more unrest and chaos in the region and the rest of the country. Khyber Pakhtunkhwa is the worst suffered province in this US war on terror being fought by Pakistan. These operations have

created a lot of mistrust and have raised the feeling of animosity amongst the locals against the Pakistani government and Pakistani Forces. Pakistan Institute of Peace Studies (PIPS) conducted a survey according to which almost 18% of Madrasahs in Pakistan are strongly linked with the Jihadi networks. 80% of Pakistani are totally anti-military operations and 20% of these people are of the opinion that the insurgency in SWA and FATA is a reaction of Pakistan's collaboration with the US in the war on terror. The people of FATA and PATA feel that their identities, culture and ethnicities are threatened by the military operations conducted by Pakistani forces. These tribal people feel that the military is just meddling with their autonomy and are endangering their traditional values and authority. Maulvi Fazlullah in Swat supported the narrative. In 2009, almost three million residents of FATA and PATA regions were forced to leave their homes and move to safer areas.

The Internal Displacement of People:

These IDP's who were once peace loving patriotic citizens of Pakistan were compelled to face the worst fate. Young children were deprived the right to education. As the attacks by the militants and the counter attacks by the Pakistan forces left almost among the Millions of IDP's were almost 69000 pregnant women. The military operations had adverse psychological implications for the inhabitants of FATA and PATA. They felt helpless, abandoned, betrayed. There is a constantly tensed environment that pervades the region. Mental illness, anxiety, depression and suicidal tendencies seem to have increased manifold. Many children witnessed the grotesque scenes of their families dying and their schools being destroyed by the militants. Such acts of terror have affected their innocent minds and have left ineradicable scars for years to come. Almost 60% of the affected are women, who have witnessed the loss of their children and are reported to have lost sanity. They are suffering from fear and post-traumatic stress. More than 54% of the affected population is psychologically disturbed. Most of these people live in far-flung areas, they do not have access to medical facilities and hence cannot get treated. The political and administrative infrastructure in FATA and PATA is totally disrupted. The locals feel abandoned and isolated. They have developed mal feelings for Pakistani governments and Pakistani armed forces. FATA is administered by civil servant who then reports to the governor of Khyber Pakhtunkhwa. The civil servant acts as the liaison between the elderly known as the Maliks and the government of KPK. Now the terrorists are targeting the Malik in order to

disrupt the remaining system. All that the tribal people have ever wanted is peace and security of their lives and property and a proper judicial system. Government of Pakistan has always left their demand on the end of the priority list. Amidst the political chaos, many looters murderers, smugglers have emerged in the region deteriorating the already dismal affairs. Since the inhabitants of FATA and PATA have constantly been denied their political right, there has been a severe sense of deprivation and anger amongst them. These feelings have been exploited by the Taliban to worsen the situation (Fair and Jones 2011) 6 Internal Displacement of people. US War on Terror has entailed consequences of unimaginable magnitude. Apart from burgeoning terrorism, sectarianism, target killings, millions of Pakistanis have been forced to leave their homes, property and move to unidentified destinations. Interestingly, the basic origination of Jihadi trends in Pakistan can be traced back to the Afghan war in 1979. Ironically, it is the same breed of Jihadis that y=the US forces are bent upon defeating now. "FATA the land of tribesmen is home to 3.5 million Pashtuns. It comprises of seven agencies i.e. Bajour, Orakzai, Khyber, Mohmand, North Waziristan, South Waziristan and Kurram agency. FATA is said to be the hub of mutiny in the country by non-state armed forces and militant groups, posing immense challenges to the socio-political stability; security; and most importantly socio-economic prosperity of the country" (FATA Research Centre 2014).

Increase in the sentiment of Anti Americanism

Prior to the 9/11 attacks, Pakistan was encumbered by embargoes and sanctions and was on the verge of being declared the pariah state. Sanctions were imposed as reaction to the nuclear tests conducted by the Nawaz Government in 1998 and of course there sanctions that were imposed to denounce the military coup of General Musharraf. The incident of 9/11 seized an opportunity for Musharraf to rehabilitate the dwindling economy and redeem himself. He seized the opportunity and agreed to support the US in its much rhetorical War on Terror or US struggle against EVIL. Pakistan allowed the US forces access to its naval, army and air basis and willingly acted as the logistical conduit to supply all that was needed by the US and NATO forces present in Afghanistan. Initially Bush Administration went to every extent to acknowledge Pakistan's unflinching support and did not desist from rewarding General Musharraf government. Sanctions pertaining to nuclear and missile proliferation were lifted and loads of financial aid flew into the country. Since 2001 till 2011

the US had disbursed almost \$21 billion which was used for economic uplift and to bolster Pakistan's defense situation. Pakistan was equipped with the most sophisticated weapons which have definitely improved its capability against India. Despite mutual favors to each other from both the sides, there is a grave sentiment of anti-Americanism that prevails in Pakistani society, amongst the general masses and especially in the army. There have been a series of incidents since 9/11 that have aggravated the situation and have added to the ill feelings of the people for the Americans.

Raymond Davis Episode

In 2011, Raymond Davis, a CIA contractor, killed two of Pakistani citizens in broad day light in a very busy city of Lahore. Davis who was declared a brutal murderer was flown out of the country without even being tried for his cold murder on the pretext that he had diplomatic immunity. Analysts from Pakistan believed that the entire episode was staged by the ISI because CIA was unilaterally conducting operations in Pakistan and the two victims were the undercover intelligence officials. The entire episode sent off a negative signal and there was a huge outcry in the media and the anti-American slogans were raised and there was general hatred against America and Americans. (Fair 2007)

Abbotabad Operation killing Osama Bin Laden

2nd May 2011, marked one of the most humiliating days for the Pakistani Civilian and military officials. American Navy SEAL team, without informing or taking any formal consent of the Pakistani government conducted a heliborne raid in Abbottabad the very city that has PMA in it. The operation resulted in the death of Osama Bin Laden. The military was humiliated and offended because they were not informed about the raid and this incident proved their failure in tracking down the most wanted terrorist. Apparently the military officials were not even aware of Osama's abode in Abbottabad. The Civilian government did not desert the military rather supported them all along which aggravated the anger amongst Americans for Pakistan. Pakistani people, media, military and the democratically elected government felt betrayed and there was a renewal of hatred and antagonism for America and Americans. (Fair 2007)

2.2.5.4 Pakistan

Memo gate Scandal:

During the same time period there was another incident that added to antagonistic feelings towards America. Memo gate scandal revealed some unsavory facts. Pakistani businessman settled in America named Mansoor Ijaz had delivered a memo to Admiral Michael Mullen on behalf of the then Pakistan's ambassador to the US Hussain Ahmad Haqqani requesting the American government to help Pakistani Civilian government weaken the interference of Pakistan's military into Politics. According to the research if the US helped the democratically elected government achieve this goal they would promise to extend every help in abandoning Islamist militancy and would also ensure that all nuclear black market activities were checked. Hussain Ahmad Haqqani was put into a house arrest without any charges being filed against him but was freed shortly. This incident was a severe blow to Pakistan's sovereignty. Pakistani media condemned the involvement of Americans into internal affairs and denounced the stages such as Haqqani who could go to any extent in toing the US stance. The timing at which the scandal surfaced was rife with anti-Americanism and this scandal added to the strain between the two countries.

There came an impasse between the two states. This impasse seemed inevitable because the two countries had seemed to develop a lot of differences and disagreements. The series of events that took place in 2011 made it very difficult for the US to keep depending on Pakistan for its engagement in Afghanistan. (Fair 2007)

America could not keep up the three assurances made to Pakistan

The incident of 9/11 took place at times when the US was all set to bolster its ties with India. Time and again President Bill Clinton had expressed how important America felt India was in South Asia and that it was imperative for the US and India to strengthen diplomatic ties. Clinton's administration engaged in many dialogues with India, which were followed by a presidential visit as well. This progress in the US-India ties did suit Pakistan. The newly elected government under the premiership of Atal Bihari Vajpayee conducted nuclear test in 1998 which triggered Pakistani missile tests as well. These tests left the Clinton's administration utterly embarrassed as they had constantly been harping about the strategic importance of India. Although there were sanctions imposed in India but Clinton's administration did not cease the process of strengthening bilateral ties. This situation unease Pakistani military and the government. Because of Clinton's strong stance of Nuclear Non-proliferation his government did not engage in developing military ties with India

but when George Bush sworn in this dream of India seemed plausible too because Bush administration was way too keen to withdraw from Anti Ballistic Missile Treaty and develop a space based defense system and they seek international support and India was more than ready to extend support. Bush Administration had clearly chalked out their policy for South Asia. Firstly they intended to decouple both India and Pakistan. US relations with each country would not affect nor would be affected by its relations with the other country. Secondly, the US strongly recognizes and highlights India's growing importance in the region and would engage with India for greater cooperation. Thirdly, US would recognize that Pakistan was in an utter state of crisis and needed serious help and that the US administration would engage with the Pakistani society than the state. (Fair 2007)

This de-hyphenated policy for India and Pakistan unnerved Pakistani military government, because India was made superior to Pakistan and there was a serious bias towards India and against Pakistan. The improvement of the US India ties demanded removal of sanctions that were imposed because of the nuclear tests. Hence Glenn-Symington Amendments sanction was removed. This called for the removal of sanctions from Pakistan as well who had a plethora of other sanctions as well. The Bush administration played it wise and in order to keep Pakistan content, announced that it would remove the missile related sanctions that is Pressler Amendment sanctions and Glenn-Symington sanctions but the sanctions related to Musharraf military coup would stay in place. These policy changes were to be announced on 13th Septmbr 2001. But when 9/11 happened Bush administration went ballistic and called on the world to be either with them or against them. General Musharraf felt it was the right time to steer the US away from India and towards Pakistan. He announced that Pakistan would support the US. Musharraf vowed to support the US in its war on terror but asked for three assurances in return. Washington assured Pakistan that once Taliban government was brought down, Kabul would not be given over to Northern Alliance a it was not in Pakistan's favor. Northern Alliance was anti Pakistan and was receiving a lot of support from India, Iran, Russia and Uzbekistan. Northern Alliance had a full fleet of helicopters which were provided by the RAW. Pakistan always saw the Northern Alliance as an Indian proxy, stance that was condemned by the US. When Northern Alliance took over Kabul in December 2001, Pakistan felt betrayed. It was inevitable that India would now be able to expand its presence in Pashtun belt

along the southern and eastern belt, area that is the most crucial to Pakistan. (Fair 2007)

The second assurance that was given to Pakistan in return for the support in the war on terror was that the US would take a more serious stance on the issue of Kashmir but on the contrary, US showed little deviation from the previous nonchalance and this promise was flouted as well. (Fair 2007). Thirdly, the US had promised Pakistan's nuclear assets would stay intact. There was not any direct deviation on this stance but when the US signed the Civilian Nuclear deal with India in 2005 and not with Pakistan. It came as a major blow because this deal meant more nuclear prowess to India adding to their comparative advantage. The deal meant missile cooperation more military assistance and provision of high tech weaponry to India. This deal revealed American intention of strengthening India and promoting it as a regional power to counter China (Fair 2007). With such strained relations, Pakistan's position after 13 years of participation in the war in terror has become very vulnerable. Not only has Pakistan suffered huge direct and indirect losses, it has put its sovereignty at stake, and to have India emerge as a major player, the situation poses serious threats for not only Pakistan but for the whole region. The increase in anti-Americanism is inevitably going to reduce America's dependence on Pakistan and especially in 2014 when America plans to roll back completely from Afghanistan. Pakistan is apprehensive about the future of the region as there is going to be more Indian presence in Kabul which is detrimental to Pakistan's security. (Fair 2007)

Emergence of Multiple types of Terrorism in Pakistan Domestic Terrorism

Organizations such as Tehreek-e-Taliban Pakistan, Sipah-e-Sahaba, Lashkar-e-Jhangvi, Mehdi Militia etc, are some of the banned entities that have been involved in creating internal unrest. Sectarianism is another type of domestic violence that has shaken the country badly. D.I. Khan, Kurram and other areas of South Punjab have witnessed an umpteen number of acts of sectarian extremism.

There was exponential rise in suicide attacks on schools, banks, hospitals and other infrastructural set up after 2007. President Musharraf was attacked. Marriot Hotel, Sri Lankan team, Benazir Bhutto's assassination, attack on GHQ, PNS Mehran Base, Police stations are some of the tragic acts that have been committed with International and state sponsorship.

Ethnic Terrorism in Pakistan

Baluchistan and KPK have suffered from repeated acts of ethno-nationalistic terrorism. The nationalists are fighting from within to get their cause recognized and identified with the federation. The sensationalists are supported by the tribal militants as well as India to destabilize Pakistan. Baluchistan's grievances against Punjab, which is the most populated province, keep mounting as the federal government continues to spend on military and civil bureaucracy in Punjab. The Baloch feel betrayed and cheated. They feel their resources are being exploited by other regions without them getting their due share. The level of backwardness in Baluchistan has added to the indignation of Baloch people which is convincingly exploited by the external forces.

Religious and Sectarian Terrorism is rife in Pakistan. The callous act of Gojra in 2009 is one such instance that brought shame to the country. Religious intolerance has caused deaths of thousands of innocents; Hazara community is the worst hit. The sectarian extremism has its origin in the Afghan War, where the hated core Mullahs polarized the Jihadis and trained them in the Sunni doctrines. These religious zealots were funded by Saudi Arabia, US, and Pakistan during the 80s.

Radicalization: Major threat to Pakistan's internal security

Religious fundamentalism entails radicalization. Religious fundamentalism means rigid practice and advocacy of orthodox original religious views. In Pakistan, religion has played more than its due role in shaping the socio-political set up of this relatively young state. Right from the very inception, religion has been used as a tool by the politicians for their political motives. Islamic fundamentalism seeped into Pakistan after the Soviet invasion of 1979. When the Taliban were prompted, supported and facilitated by the US to wage the holy war against the Soviet invaders and their backed ruling government. Sophisticated weapons were provided to the Jihadis by the US through Pakistan. After the war ended there was a huge influx of almost 5 million Afghan refugees in Pakistan who brought with them their own cultural and social tendencies. Most of these refugees were Pashtun who shared the same cultural and social values as the Pashtun in FATA and KPK. So there was no difficulty for them to assimilate into Pakistani society. These refugees set up their Madrassas in Pakistan to accommodate the Afghan refugees and to provide basic religious education to them. (Tariq 2011)

The madrassas were funded by the central government and by Saudi Arabia and many Muslim countries. Jamait Ulema Islam JUI set up many Madrassas in KPK and Balochistan.

The basic objective of the madrassas was to impart religious knowledge to the impoverished rural population most of which were the abandoned Afghan refugees. But ironically the very madrassas have been one of the very sources which have sowed the seed of sectarianism in Pakistan. The victory of Afghan War was claimed by the religious fighters who were trained in the madrassas. Many Pakistanis who participated in the JIH against the Soviet invasion were educated, and trained in the madrassas. With the passage of time, these madrassas transformed from religious institutions to organizations breeding political motives. Hence they started striving for political power. Most of the students of these madrassas have developed hatred and despondency. They feel marginalized and deprived as their lack of formal modern education and inability to communicate in English has kept them from bagging better job opportunities in the society. Most of the Afghans have nourished the feeling of deprivation because they felt they were never given a fair chance to make decent living in Pakistan. All these deprivations and despondencies that have been piling up for more than two decades have turned into a treacherous menace, which we call Islamic militancy, or Islamic Fundamentalism terrorism or Jihadis. (Tariq 2011)

General Zia ul Haq with the support of the US and Saudi Arabia mobilized fundamentalism in Pakistan. This fundamentalism later entailed sectarianism. Zia rallied the support of the religious groups who boycotted democracy and elections facilitating the dictator's long ruling period. (Tariq 2011)

"According to investigative reports for the Washington Post, over the past 20 years the US has spent millions of dollars producing fanatical schoolbooks which were then distributed in Afghanistan. These books were developed in the early 1980's under a US AID grant to the University of Nebraska-Omaha and its center in Afghanistan. "The primers, which are filled with talk of jihad featured drawings of guns, bullets, soldiers and mines. They have served since then as the Afghan school system's core curriculum. This led to the radicalization of Islam as well as through the enhanced interest of the Arab world in the region and the activity of fundamentalist preachers in Pakistan, many receiving funds from Arabian Peninsula: The Islamic nature of the Afghan resistance highlighted the close relationship between religion and politics and encouraged the establishment of approximately

1,000 Islamic madrassas (religious schools) and Dar-ul-Ulum. This was done with aid from Middle Eastern countries to provide an ideological base for Afghan jihad. When Musharraf took over as the military dictator, fundamentalism and sectarianism had strengthened their roots in the society. There were sporadic instances which indicated that there was Lava of religious extremism burning under the surface of an apparently calm society. 9/11 attacks and Pakistan’s allegiance to the US unleashed the radicals and the insurgents and the Jehadis. Many announced their support for the Al Qaeda. After the fall out of the Tliban government in 2001 , many militants fled to Pakistan and there were splintered militant groups which reorganized themselves on our soil. The red mosque incident triggered a new wave of militancy in the country. The mosque was allegedly involved in training of militants. The clerics of the mosque, two brothers Maulana Abdul Aziz and Maula Abdul Rasheed Ghazi had openly declared their support for Al Qaeda. The irony is that the mosque is located at the

centre of the capital city of Pakistan and has been there for many years. If it could be possible for the religious zealots to carry out their tasks in such crucial localities, there couldn’t be any possibility of stopping their activities which are spread all over the country. (Tariq 2011)

In 2009 Maulana Fazalluh took over the beautiful valley of Swat. The reason that was sighted for such an act was the imposition of Islamic Laws in the area which according to him had deviated from the very teaching of Quran and Sunnah. Maulana Fazalluh’s ruling style was identical to that of Taliban’s. His ultimate emphasis was on the oppression of women. Girls’ schools were shut down. CD and Video shops were burnt. Pakistan Army had to conduct Operation in Swat to clear it off but unfortunately it left the most picturesque valley of Swat in the most Grotesque condition. This act of militancy by a radical not only resulted in loss of thousands of human lives, hundreds of thousands of IDP’s but tarnished the already tattered image of Pakistan. (Tariq 2011)

Table 1: *Suicide attacks in Pakistan 2002-2014*

Year	Incidents	Casualties	injured
2002	1	15	32
2003	2	69	103
2004	7	89	321
2005	4	84	219
2006	7	161	352
2007	54	765	1677
2008	59	893	1846
2009	76	949	2356
2010	49	1167	2199
2011	41	628	1183
2012	39	365	607
2013	43	751	1411
2014	18	102	257
Total	400	6038	12565

Source: www.satp.org/satporgtp/countries/pakistan/database/Fidayeenattack.htm

Radicals’ Influx into Border Areas: Impact on Inter-state Relations in South Asia (Muhammad Amir Rana)

Strategic Implications for Pakistan



Figure 1: The strategic location of Pakistan

When the US embarked on its rhetorical war on terror demanded Pakistan to be its ally, it did not evaluate the strategic priorities and implications in the region. Pakistan was given the status of the front line state and a major non-NATO ally, Iran was declared an enemy and Iraq was the major threat. Hence Pakistan managed bagging the monopoly status in the region. The situation seemed quite appealing to General Musharraf at that time who wanted to seize every opportunity to rehabilitate its economy and legitimize his rule. Pakistan became the sole supplier of almost 84% of the material for the US-NATO forces in Afghanistan and ISI was the only agency providing information to the CIA regarding the terrorists’ hideouts in Afghanistan and its affiliates in Pakistan. Ever since the soviet invasion in 1979, Pakistan has had strong ties with the Taliban. Pakistan had always felt that it

has suffered a great deal and rehabilitation of millions of Afghan refugees has had its toll on the internal state of affairs. Afghan refugees however have bred ill feelings for Pakistani for treating the refugees with disdain and reducing them to menial jobs only and accommodating them for white collared jobs. Supporting Taliban has been a priority in the foreign policy against India as Taliban have been giving a tough time to Northern Alliance. In the wake of 9/11 Pakistan pledged to cease its support for Taliban which angered the latter. When Indian Parliament was attacked in December 2001, Pakistan was charged with allegations for having planned and executed the attack with the Taliban. US forced Pakistan to stop their support for the Jihadi proxies. Musharraf complied by adopting a "Moderated jihad" approach. According to this approach the Islamist Jihadis were "allowed to exist, recruit, train and raise funds (Howenstein 2008).

Lashkar-e Taiba who had started getting involved into Pakistani politics with their support for Maulana Fazalur Rehman of the MMA, agreed to comply with Musharraf's strategy, where as other Deobandi groups did not comply. Rather this new strategy angered them and they dealed a war against Musharraf and the State for betraying the Taliban. Musharraf aware of the lurking animosity did not hand over the captured Taliban to the US. This triggered suspicion amongst the American officials and they blamed Pakistan for supporting Taliban and they believed that was the reason that Taliban resurfaced in 2005 in the shape of Tehreek-e Taliban Pakistan TTP whose main target was the Pakistani state and TTP leaders had divided themselves into two groups. One group targeted the Pakistani officials and the other group under the leadership of MaulviNzir and Gul Bahdur riveted their focus on targeting the US and NATO forces in Afghanistan. Because of its unflinching support to the US Pakistan has suffered the most on the strategic front. Firstly, it has triggered the wrath of the Taliban and once allies have been transformed into foes who keep on engaging themselves in creating disturbances within the country. Taliban felt betrayed and have vowed to take revenge from Musharraf by spreading themselves all over the country. Pakistan has conducted many operations against them in Swat , KPK FATA, PATA and the most recent operation Zarb-e-Azab in progress. But there these operations seem to be worsening the situation. Pakistan's law and order situation has gone from bad to worse. The war that was once being fought for the US has now turned into Pakistan's war against allies-tutned-enemies. The irony is that as the operations continue, they leave masses displaced thus creating more

frustration amongst them and thus ending huge majorities volunteering to become Jihadis. With an increased representation of Northern Alliance in Afghanistan, India has managed to increase its presence in the belt which deteriorated the security of Pakistan. India has reopened its consulates n Afghanistan .some is near the Pakistani border. India claims that since there are around 350 Sikh families and 30 Hindu families in the area of Jalalabad in Nangarhar Province, India needs to perform the consular services there. India with Iran's help has successfully linked Afghanistan's ring road to Iranian ports on the Persian Gulf. This infrastructural development has reduced Afghanistan's dependence on Pakistan's ports and has reduced the significance of the Gwadar port. US recognition of India's status as nuclear power and constant condemnation and suspicion over Pakistan's nuclear program, is indicative of the fact that the US wants to establish India's hegemony in the region. Pakistan's cooperation with the US has had serious strategic repercussions for Pakistan. India's increased presence in Afghanistan has deteriorated the separatist elements in Baluchistan. Iran that is Shiite populated country is not on good terms with Pakistan as there is a continuous shatter killing in Pakistan after the sectarianism increased manifold in the post 9/11 era. US has now engaged itself in dialogues with Iran which indicates that America's dependence on Pakistan has gone down further. Now Iran would provide an access to Afghanistan.

RAW agents have allegedly been involved in training Uzbeks, Chechens and Tails and have been expediting acts of terrorism in Pakistan. Killings of Chinese had an alleged involvement of RAW. Reason was to sabotage the ties between china and Pakistan. China is Pakistan's largest investor and is also vying to become the largest investor in Afghanistan. A project worth \$3.5 billion in the Alana copper mines, south of Kabul is in progress. With the completion of the project not only would China's presence increase in Afghanistan but it would also give China access to the Central Asia's warm waters. India disturbed by China's presence is bent upon backwards to halt any further progress and hence is constantly exporting terrorism into Pakistan. Some analysts believe that the US is secretly financing the Al Qaeda and other Islamist jihadist to keep creating disturbance in the region so as to counter China. China is keen to have peace in the region. It has invested heavily on the expansion of Karakoram Highway which has formed a link between China and the North of Pakistan. China's interest in the development of Gadara Port and Karakoram Highway lies in the fact that there would be a corridor through

which trade would be facilitated from Xinjiang to the Arabian Sea ports and also oil and gas pipelines could carry energy from the Persian Gulf and Iran to western China.

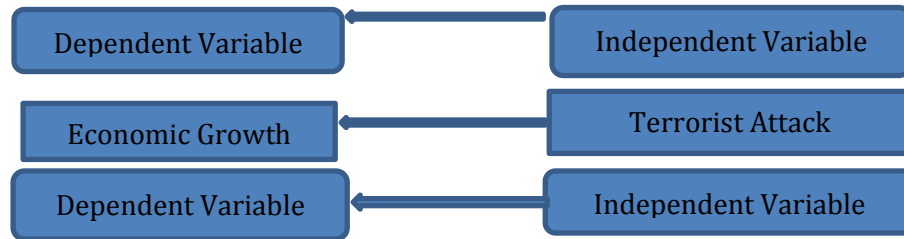
In return China would be more than interested to provide Pakistan and Afghanistan with water and electricity which would promise better future for both the countries. This whole scenario does to suit both the Americans and the

Indians. Hence they are engaged in perpetrating instability in the region. (Rubin and Rashid)

Methodology for the analysis of Economic Implications:

Theoretical Framework:

MODEL 1:



MODEL 2:



Model:

The function for first model has been derived in the following form:

$$GDP = f(TA) \dots (4.1)$$

Where,

GDP = Gross Domestic Product

TA = Terrorist Attack

The function for second model has been derived in the following form:

$$FDI = f(TA) \dots (4.2)$$

Where,

FDI = Foreign Direct Investment

TA = Terrorist Attack

Estimation Technique:

Ordinary Least Squares (OLS) has been applied to see the impact of terrorist attacks on foreign direct investment and economic growth. Test for serial correlation and detection of ARCH in error terms has also been conducted. For serial correlation Breusch-Godfrey LM Test have been applied and ARCH test have been applied for detection of ARCH in error terms.

Variables

Terrorist Attack

All acts of terrorism that includes religious, sectarian, domestic and ethnic terrorism.

Foreign Direct Investment:

Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in

an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This is taken as percentage of GDP, shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

Economic Growth:

Economic growth is measured through Gross Domestic Product (GDP). GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Data:

Annual data ranging from 2001 till 2014 is used in this study for all three variables naming terrorist attacks, foreign direct investment and economic growth. Data for foreign direct investment and economic growth (GDP) are taken from World Bank site (World Development Indicators) and for t Introduction: Under the methodology discussed in previous section, the results of estimation and diagnostic tests; ARCH test, Breusch-Godfrey serial correlation LM test are mentioned and discussed in this chapter. For both the models we have applied Ordinary Least Squares (OLS) separately. First section consists of results for model 1; in second section model 2 results are mentioned.

Model 1:

First model explains relationship between terrorist attack and economic growth (which is measured through Gross Domestic Product). In this model terrorist attack is independent variable and Gross Domestic Product is dependent variable. The results obtained from OLS estimation are mentioned below (t-statistics are given in parentheses):

$$GDP = 5.486787 - 0.001649 TA \dots (5.1)$$

$$(8.590083) \quad (-2.536338)$$

$R^2 = 0.348998$, Breusch-Godfrey LM Test $\chi^2_1 = 0.089772$, ARCH Test $\chi^2_1 = 0.727169$

We conducted test for serial correlation and detection of ARCH in error terms. For serial correlation Breusch-Godfrey LM Test was applied and ARCH test was applied for detection of ARCH in error terms. As it is annual data so we apply LM test on first lag with 0.05 level of significance and result show that the error term is white-noise and there is no autocorrelation in the residuals. ARCH test has been applied on first lag with 0.05 level of significance and result show that there is no evidence of presence of ARCH in the error terms. 5.486787 is the intercept of the equation which is equal to GDP if terrorist attack is equal to zero. -0.001649 is the slope of the equation which shows that if terrorist attacks increase by 1 unit economic growth (or gross domestic product) will fall by 0.01649 units. As evident from the t-values both the intercept and slope are significant.

Model 2:

Second model explains relationship between terrorist attack and Foreign Direct Investment. In this model terrorist attack has been taken as an independent variable and Foreign Direct Investment is dependent variable. The results

obtained from OLS estimation are mentioned below (t-statistics are given in parentheses):

$$FDI = 1693.976 - 0.590236 TA \dots (5.2)$$

$$(3.077093) \quad (-1.053115)$$

As the value of terrorist attacks is insignificant we may drop the constant term to make it significant.

$$FDI = -1.531214 TA \dots (5.3)$$

$$(-2.536858)$$

As we dropped the intercept from the model our variable of interest has become significant as mentioned in the equation above.

$R^2 = 0.637385$, Breusch-Godfrey LM Test $\chi^2_1 = 0.08279$, ARCH Test $\chi^2_1 = 0.093257$

We conducted test for serial correlation and detection of ARCH in error terms. For serial correlation Breusch-Godfrey LM Test was applied and ARCH test was applied for detection of ARCH in error terms. As it is annual data so LM test has been applied on first lag with 0.05 level of significance and results show that the error term is white-noise and there is no autocorrelation in the residuals. ARCH test has also been applied on first lag with 0.05 level of significance and result show that there is no evidence of presence of ARCH in the error terms. -1.531214 is the slope of the equation which shows that if terrorist attacks increase by 1 unit foreign direct investment will fall by 1.531214 units.

1. Discussion

Pakistan's journey of its alliance with the US as its strategic partner in the War on Terror has been anything but easy. Before the 9/11 incident happened, Pakistan was struggling within. The economic and political crisis were at their peak. Because of Musharraf's military coup Pakistan had been declared a pariah state and was facing innumerable economic and nuclear embargoes. The growth rate was dwindling quite low. General Musharraf was rebuked by the Clinton administration who had asked for an instant return to democracy. Immediately after 9/11 Pakistan's status changed from that of a Pariah state to the Frontline Ally. Musharraf was declared the "Man of Action". This paradigm shift was because of Musharraf's instant willingness to offer all kinds of strategic and logistic support to the US against the War on Terror. Pakistan allowed the US forces to use its bases and Pakistan was to act as the corridor for

the supplies to the forces fighting in Afghanistan. Pakistan also agreed to fight militancy on its border and check its cross border movement of Taliban. This allegiance won Musharraf and his administration laurels, removal of nuclear and economic embargoes and an instant inflow of FDI. Musharraf got an opportunity to turn around the economic condition without realizing that the boom was a façade and was to be short lived. Within a short span of 3 years that is from 1999 to 2002, the FDI swelled up from \$ 472 billion to \$800. Basking under the patronage of the Bush administration, Musharraf got intoxicated by the temporary boom. According to the economic appraisal done by IBA Karachi, inflation came down from 5.7% to 3.1%. Growth rate went as high as 7% in 2007. Exports of goods and services shot up from \$ 9574 million in 2000 to \$21202 million in 2007. Workers' remittances went up from \$ 983 millions to \$5500 million. US assistance increased manifold. In a nutshell social and economic indicators presented a rosy picture which encouraged General Musharraf to continue with its support in the US war on terror. It has been 13 years since the War started, it has caused more damage than good to the country. The very first implication of the support that Pakistan offered to the US was the political legitimacy that a military dictator earned. Musharraf was not the first military ruler, like his predecessors he was also the apple of the eye of the West. As long as he toed the American stance he continued basking under their mighty benevolence and when the Americans felt that his presence or absence made no difference, they very conveniently retracted their generosity which led to ultimate removal from the seat. The terrorists groups have very successfully challenged the writ of the state as government establishments. Pakistan's political machinery has been targeted repeatedly. Killings of the former prime minister Benazir Bhutto, Politician Salman Taseer, attack on General Musharraf, and innumerable killings of political workers and leaders implies that Political fallout of the terroristic activities has been enormous. The analysis corroborates the study of Nadia Abbasi. The US war on terror has created an irrevocably adverse situation of law and order within the country. With the tribal natives extremely disgruntled with Pakistan's stance against Taliban and their prompt willingness to let the Americans strike them down with Drones. People of the tribal belt are indignant and feel abandoned. They are disgruntled because the government did not take them into confidence and instead of devising an internal policy to address the issue, Pakistan stood up against its own people which has created animosity, apprehensions and lawlessness. Ever since

Pakistan joined in the US war on Terror, extremism of varied natures had sprung up and increased manifold. Domestic violence that includes suicide attacks, kidnappings for ransom and target killings have increased from Sectarian extremism has witnessed an unprecedented rise. There have been 1093 incidents of sectarian killings from 2004 to 2013. In total almost 54000 people have lost their lives from 2002 to 2014. Human loss is enormous. This analysis is in accordance with the work done by Nadia Mushtaq Abbasi. Interestingly, no one seems safe. With people like Nawab Bugti, Benazir Bhutto, Salman Taseer becoming prey of different types of terrorism, the vulnerability of a common man is even higher. With high profile attacks such as Marriot Hotel, GHQ, Mehran Air Base, Naval Academy Lahore, Chinese tourists at Fairy Meadows, Wahgah border, APS Peshawar, security conditions of the country have gone from bad to worse. Responsibilities of such acts were claimed by the notorious terrorists groups such as TTP and Haqqani Network. The recent attack on Army Public School Peshawar has been the most latest blow to Pakistan's national security and even to its sovereignty. With Indian involvement quite evident, Pakistan is stuck on multiple wars. The internal security is extremely poor. Situation on the western borders is scary with a constant battle with the Talibans irrespective of their ethnicity. Eastern borders are no different; India is constantly creating trouble on the borders and with the country by financing separatist movements in Baluchistan. The Indian consulates in Afghanistan are busy recruiting central Asians and training them to create trouble in the country. The problem is acute because the enemy is not easy to identify. With TTP being notorious for creating terrorism in the country it has become a lot easier for the exogenous factors to play their part and add to our trouble. This finding is supported by Muhammad Irshad.

The soaring number of the internally displaced people is another grave issue. Approximately 5 million have been displaced ever since 2004. Millions still remain unregistered. These tribal nationals are insecure and disturbed not only because they have been forced to leave their homes but particularly because the governments have failed to rehabilitate them respectfully. This maltreatment has added to their misery. Some researchers even say that this massive displacement would be another cause of the increase in the recruitment of locals into Talibans. This analysis is in accordance with the work of Nadia Mushtaq Abbasi. General Musharraf allowed the Americans to conduct drone attacks in the country, there have been 367

drone strikes which have killed approximately 3347 people so far. The drones not only kill our people most of them are innocent civilians, but they have also been threatening our sovereignty. The way the US marines landed in Abbottabad and hunted down Osama Bin Laden is a huge question that is yet to be addressed by the government. Raymond Davis incident also left Pakistani extremely disturbed and even more vulnerable. Pakistan's allegiance to the US has undoubtedly put our sovereignty at stake. We are more prone to foreign interference that we ever were in the past. The repeated and frequent acts of terrorism have had adverse strategic implications for the country. Balochi separatists are striking for their agenda to gain independence from Pakistan. Indian involvement cannot be overruled. Because of this whole War on Terror Pakistan's relations with Afghanistan are shattered. Shitite populated Iran is not too cordial with Pakistan and constant killings of Shittes in the country is adding fuel to the fire. The US is engaging with Iran which would now provide a corridor to Afghanistan. After all that Pakistan has done for this War this is what we get in return. India is hyper active to grab every opportunity to defame Pakistan and to create trouble on the diplomatic front as well on the borders. US constant support for India is testimony to the fact that the US wants to strengthen India's position in the region to contain Russia and China. Obama's recent visit to India on its national day speaks volumes of their partial treatment against Pakistan. China, Pakistan's all times friend wants to invest in Pakistan but constant attacks on Chinese nations working in Pakistan are indicative of the fact the exogenous factors would do every bit to keep Chinese from supporting Pakistan. On the strategic front Pakistan's allegiance to the US has resulted in a complete failure. This analysis supports the study of Rashid and Rubin. Pakistan's image in the world is in tatters. The transition from a pariah state to the frontline ally and now to the failed state has been both dramatic and tragic. Despite all the support to the Americans, Pakistan has been the recipient of constant flak from the West for not doing adequately to counter terrorism. On the contrary, Pakistan has been labeled as the breeding ground of terrorists. This tarnished image has furthered the socio-political and economic crisis in the country. Economic indicators are no different. With constant terroristic activities, FDI has plummeted down. As the results of the regression model indicate forever one unit increase in terrorism FDI gone down by 1.531214 units. Same is the case with the economic growth, for every one unit increase in terrorism economic growth rate comes down by 0.01649 units. These results are in accordance

with the study conducted by Hafeez Pasha. With terrorism increasing rapidly, expenditure on counter-terrorism is increasing too which is an unproductive burden on the economy creating unmanageable budgetary deficits.

Conclusion

This study concludes that Pakistan has suffered immensely because of its participation in the US War on Terror. The socio-political and economic implications have been horrendous. The nation has paid a huge price for America's war imposed on the world. Direct costs in terms of human lives and collateral damage have been extremely high. Indirect costs that include various blows to the economic growth and political machinery have been acute as well. Today's Pakistan is worse than what it was thirteen years back when we embarked upon this treacherous journey with the Americans. Fear is rampant, future seems bleak and unfortunately, the politicians have failed to tackle the worsening situation which leaves the nation in an unfathomable state of confusion and insecurity. Religious intolerance is rife. Lawlessness and weaponization have become extremely common. Nation seems divided on the stance of the military operations conducted in the tribal areas. Pakistan's image in the internal arena is tarnished. We have become an extremely vulnerable country in the region with practically all the neighbors at odds with us.

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