

## **THE STRATEGIC PURPOSES OF THE POST-9/11 US FOREIGN AID TO PAKISTAN AND ITS IMPACTS**

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**ABSTRACT:** *This paper investigates why donor countries/institutions provide foreign aid to South Asian countries, in particular, US foreign aid to Pakistan, and how foreign aids impacts on internal politics of a recipient country based on donor's development strategy, and how US foreign aid on counterterrorism policies in Pakistan. This study also focused on examining how US foreign aid policy changed and shifted towards South Asia after 9/11 terrorist attacks on USA, and how South Asia became a primary recipient of US foreign aid. This study explored that foreign aid's primary focus was military and security-oriented objectives instead of economic development in the recipient country. Additionally, the investigation also revealed that US foreign aid also affected Pakistan's internal politics as it allocated more support to security-oriented purposes to strengthen military rule in the political economy to reduce the effects of terrorism in Pakistan. However, Pakistan faced greater economic destruction and human losses after joining the US alliance for "War on Terror."*

**KEYWORDS:** Aid Philosophy, Pakistan, Strategic tool, Security and economic aid, US, the war on terror

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## **INTRODUCTION**

The donors of foreign aid have severe scrutiny on the recipient countries in the recent decade and scholars have argued and observed that a significant portion of foreign aid flowing from the developed states to underdeveloped countries was wasted and it just increased unproductive public

consumption. Poor institutional development, inefficiency, corruption, and the failures of bureaucratic systems in the developing countries are cited frequently as the reasons for such results. This study examined whether the pattern of foreign aid to developing countries to South Asia in general and Pakistan in particular impacted on the political economy or not. Thus, the study focused on seeing the effects of foreign aid on political economy, security-oriented drives and how it might be useful for political stability and strategic reflections to eradicate poverty? Foreign aid has become a relevant factor of the international system and a significant symptom of relations between states. Today Foreign Aid is used by donor countries as a useful foreign policy and strategic tool to gain desirable motives and interest as well as to make stable relations with recipient states. According to Morgenthau.H.J (1962), there are six different categories of foreign aid, but these have a single same characteristics "transferring of currency, commodities, and services from one country to other", these are "foreign humanitarian aid, survival foreign aid, and security-related aid, corruption, prestige foreign aid, and foreign aid for the development and growth of economy"(Morgenthau.H.J, 1962).

The South Asian countries are relying on foreign aid due to their weak economy. According to the latest statistics of OECD, Afghanistan is the largest recipient of international assistance in South Asia due to its long history of political uncertainty and civil war and Pakistan is the second largest recipient. Like other developing nations, foreign aid is a significant source of income in Pakistan and also plays a pivotal role in economic growth and social development. Pakistan has received an extensive amount of foreign aid since 1947 but observed a little enhancement in socio-economic development(Khan.M.A & Ahmad.A., 2007). Like other developing countries Pakistan is also a recipient of US foreign aid. Pakistan becomes the most important and strategic ally of the US due to post 9/11 scenarios. As a result, US granted \$17.6 billion in subsidies to Pakistan out of this an amount of \$11 billion has been allocated to the military (Hussain.I., 2010). Although such sort of foreign aid by the US has no positive results in poverty alleviation and economic development of the recipient country as historical facts propose(Tabbasum.S.A, 2013).Pakistan is a recipient of US Foreign aid since its independence 1947. Before the September 2001 terror attacks, South Asian region was the smallest recipient of US foreign aid especially food-related US aid. Since the war against terrorism started, counterterrorism associated aids for South Asia were enhanced, particularly Pakistan and Afghanistan, became the large recipients of philanthropic aid and also the second largest military aid recipient after the Middle East. There is a substantial increment in US aid since 2001 even after Pakistan became a nuclear power after testing its atomic bombs in 1999.

The sudden shift of US foreign policy towards Pakistan is a strategy in perspective of the diverse elements of international arena, and this shows that the US was more attracted by guaranteeing that Pakistan served its strategic interests instead of eradication n the latter of atomic arsenals or strengthening democratization. Like earlier years, military aid enhanced rather than economic assistance. In result, a huge amount of security-related aid and Coalition Support Funding between 2002 and 2017 of relief was granted for war against terrorism-related operations. The proposal of foreign aid from the US to Pakistan has been re-evaluating since 2008. The significant action was the declaration of the Enhanced Partnership with Pakistan Act of 2009, or the Kerry-Lugar-Berman bill, which consigns \$7.5 billion in non-security-oriented assistance to Pakistan throughout five

years. The disbursement is primarily on social development projects in education, therapeutic services, poverty reduction, and so on. (Arnoldy.B & Ahmad.I, 2011).

Due to the weak economy and political unrest, South Asian countries received aid from big powers like US, UK, China, Japan, and multilateral organizations like the World Bank, UNDP, etc. for economic development. The donating countries use foreign aid as their foreign policy strategic tool and also have a geopolitical interest in recipient countries. Before the starting era of European colonization of Latin America, Africa, and Asia, states used to deal resources, information, ideas, and even technical support as well. (Smith.B.H., 1990). The developing countries are receiving foreign aid and how the donor countries /agencies gain their political objectives using support? The vast sum of foreign aid has had a tiny impact on the region's economic growth, and a small amount of the advantage for assistance have got by the poor people who compose the immense mass of the population. In developing countries like Pakistan noticeably depends on foreign aid for the development of the social sector. The overarching objective of assistance is to understand the national development plan and succeed over the capability gaps inefficient public service delivery.

### **Aid Philosophy to Developing Countries; South Asia:**

This section investigates that why donor countries/agencies provide foreign aid to developing countries particularly focusing on South Asia, for example, US foreign aid to Pakistan, what are their motives and how they influence the internal politics of a recipient country? All donor countries disburse foreign aid through a bilateral agency that directly responsible for answering the by the government of that country and by multilateral agencies, i.e., World Bank, UNDP, etc. On multilateral aid allocation usually, states have less control, although multilateral organizations can allocate a limited cost of working for a development organization with a specific zone authority and many disbursement positions (Werker.E., 2011). There are some other objectives of foreign aid at the international level to obtain the desired results by big powers indirectly through donor agencies like international Organizations or directly by different developed countries, and these International politics also influenced by foreign aid, governments' trade money for political influence on the international stage.

The most critical aspects of foreign aid are the Colonial background as well as the political coalition. Political nature of foreign aid causes negative impacts, and political landscape of support is not more successful in the development of economic growth and poverty alleviation(Alesina, Alberto, & Dollar.D, 2000). The UNSC membership for voting is also influenced by the foreign aid, and UNSC also gives a window of opportunity to develop a member's pressure by dealing its vote for dollars, which causes the danger for the recipient country(Bueno.B.D.M & Smith.L., 2009). Usually, governments use foreign aid as a foreign policy strategic tool to overcome the weaknesses, and they try to achieve their desired objectives. Some scholars argued that foreign aid is unproductive and exhausted(Krauss.M., 1983). On the other sides, many supporters of foreign aid suggested that foreign aid should be provided for productive purposes. According to Chandrasekhar, S., (1965), foreign aid is an economical and financial, political or ethical matter and it is also a positive aspect of several officials and individuals massive efforts to eradicate the deep-rooted adversaries of poverty, illness, and the lack of proper education (Chandrasekhar.S., 1965). Foreign aid assures mutual advantage of two states that support the flow of money, goods,

and services towards the recipient country. Although, the global geopolitical system and international economic trends impact the flow of aid funds that differ from time to time. Foreign aid also affects the internal socio-economic environment of a beneficiary country, the country with better economic and social conditions enjoys a better level of influence, and the amount of assistance as compared to a state owing the poor socio-economic confronts (Alesina et al., 2000).

Fighting against terrorism in South Asia is the main objectives of US aid, creating bilateral relations with the military, decreasing the societal and financial causes of political uncertainty, radical spiritual and religious philosophy. These causes incorporate the absence of responsible administration, between racial clash, poverty, sickness, and lack of education. Before 9/11, South Asian region was the least territorial beneficiary of U.S. aid. Since the beginning of "war on terror", South Asia especially Afghanistan and Pakistan were the most prominent recipient of US aid. Following Pakistan's interest in "Operation Enduring" opportunity (Sultana.S, Khawaja.S.A, & Farooq.M., 2013) in Afghanistan, the country turned into the biggest recipient of U.S assistance with the region after Afghanistan, trailed by India. The historical and contemporary motives of US aid is "geo-strategic, security and political." The Pak-US coalition on the issue of "war on terror" has resemblances with "cold war period," because at that time the motive was "anti-communism" and currently it is "anti-terrorism"(Ali.M, 2012). It can be argued that regular civilian aid is similarly essential for supporting the legitimization of authoritarian regimes by supporting their customized change strategies. Consequently, the expanded economic aid, alongside the military aid, had been vital to the US in supporting and maintaining US-friendly regimes. As researchers have argued, donors' political, e.g., countries of geostrategic significance and friendly governments and economic, e.g., potential markets for their items abroad interests outweigh real advancement goals in foreign aid strategies (Bapat, 2011). Therefore, the US principle intrigue has been to develop companions paying little heed to their authoritarian policies, and that a lot of militaries and economic aids were given to a couple of strategically significant countries (Wenger, 1990), for example, Israel, Turkey, Pakistan and Egypt, contrasted with that of significantly poorer nations in Africa. From the beginning, the primary objective of US assistance is to strengthen and secure pro-western military or political leaders and governments, as opposed to democratic leaders and governments (Poe & Meernik, 1995).

According to US Congressional research reports the essential motives of United State's foreign aid in the South Asian region are counterterrorism, strong military relation, and economic growth, philanthropic and diminishing of the radical religious mindset. The data shows that US financial aid is insufficient to compare for military assistance to the region. On the other side, the US also grant foreign aid to India to further strengthen bilateral ties which is also the emerging economy in the area and have tense relations with China and Pakistan. In the region, Pakistan's strong and friendly relations with China are also a threat to the US South Asia policy. Due to this US intend to minimize China's influence rule in the region as well as maintain pressure on Pakistan by granting more Aid to India. The USA radically expanded assistance to India in the year 2002 and 2003, generally being a significant aspect of its ally in the war against terror. The primary objective of current US aid to India is to promote India rise and growth because India became a prominent ally of the USA in the global system. (USAID, 2008).

In South Asia, the United States and India have been seeking after a “strategic partnership” given shared esteems, and concurrent geopolitical interests and numerous examiners portray India as a potential stabilizer to China during past decades. Congressional Research Service analyzed these advancements, including their suggestions for bilateral relations, as well as for dynamics in the South Asian region. Besides, as India's economy and abilities have developed, Pakistan, among the primary beneficiaries of American aid with the post-September 2011 era, progressively gives off an impression of being looking to China to counter Indian predominance. Different CRS specialists assessed issues somewhere else in South Asia, including the Islamist aggressor risk in Bangladesh and change and compromise in Sri Lanka, where 2015 presidential and parliamentary decisions brought a local arrangement move toward another period of vote based government, with suggestions for regional geopolitics and U.S. interests (Mary.B.Mazanec, 2016). In Asia, the foreign assistance needs were reoriented due to war against terrorism and quickened a pattern toward enhanced foreign aid to the Asian region that started during 2000. The US military withdrawal from the Philippines, atomic multiplication and different sanctions against Pakistan and the, and the diminished requirement for economic assistance are examples of US aid policies and objectives in different regions of the world. (Boutton & Carter, 2014).

Most of the research findings shows that the critical motives of American foreign aid is for strategic interest as Jacob Grover (2009) concluded that the significant objectives of post 9/11 US foreign aid are mainly for "strategic interest" whereas the charitable purpose of aid is neglected during the same period (Grover.J, 2009). The period after World II until the collapse of Soviet Union the US foreign aid is only for "Strategic and Military interests." "Ideology" was considered as a leading aspect in foreign aid allocating policies by the United States (Schraeder, 1998). Here we want to put the example of US-supported jihad against the Soviet Union in Afghanistan during 1979-1989 with other allies like Saudi Arabia and Pakistan. In this war, Pakistan plays a vital rule by sending "Mujahedeen" to fight against USSR. In my opinion, this war was also fought by "Ideology" where thousands of fighters came from different countries and defeat the Soviet army. For this purpose American intelligence agency CIA launched largest secret action against the Soviet army in Afghanistan 1980s using in “haven in Pakistan” and allocated military aid for Afghanistan to support the militant(Riedel.B, 2010).

Indeed the purpose of US foreign aid is for humanitarian assistance and poverty alleviation in poor and stuck into conflict and civil war countries like Somalia and Afghanistan, but also for rich and geo-politically significant countries like Israel (Grover.J, 2009). These findings show that there are many different interests involved throughout the aid allocation decision-making process. Post 9/11 US foreign aid as defense and financial aid to Pakistan for war against terrorism is an example of this. Where the United States allocates billions of dollars for South Asia (see table 3) especially war-affected country Afghanistan and its strategic and counterterrorism ally, Pakistan. Moreover, the objectives and efficacy of US economic aid are at risk when it is intended to gain security objectives instead of economic growth and humanitarian assistance as well as planning modernization (David.D, Pritchett, & Lant, 1998). The War since 2001 in Afghanistan by the US is an example of this because, after 18 years, US is not succeeded to gain its primary objectives in war and the country is destructed and still mired in civil war.

**Table-1:-Foreign Aid to South Asia from 2007 to 2016: All donor Agencies and Countries**

DAC Countries, Total	
<b>Aid type</b>	ODA: Total Net
<b>Part</b>	1: Part I - Developing Countries



Amount type	Constant Prices									
Unit	US Dollar, Millions, 2015									
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Recipient</b>										
<b>Afghanistan</b>	3090.83	3995.22	5234.51	5444.4	5585.22	5227	3956.1	3766.18	3584.26	3142.3
<b>Pakistan</b>	986.45	902.86	1348.07	2410.3	2445.06	1473.7	1652.1	1654.96	1687.55	1767.7
<b>India</b>	842.06	1386.83	1460.25	1955.3	1687.78	1255.1	1629.5	1687.03	2110.26	1569.2
<b>Bangladesh</b>	624.86	759.42	715.37	844.81	985.37	1149.7	1313.9	1258.88	1200.54	1196.1
<b>Nepal</b>	369.48	406.42	486.62	445.64	432.61	466.81	457.61	492.66	666.47	583.5
<b>Sri Lanka</b>	319.94	368.33	349.44	331.02	300.55	277.5	241.08	254.06	147.53	85.84
<b>Bhutan</b>	42.66	42.64	47.31	60.34	54.75	60.55	50.14	42.16	37.16	28.7
<b>Maldives</b>	16.79	17.85	14.75	44.38	16.63	13.65	11.46	14.07	16.34	12.95

Source OECD: Data extracted by Author on 31 Mar 2018 08:08 UTC (GMT) from OECD.Stat

<http://stats.oecd.org/viewhtml.aspx?datasetcode=TABLE2A&lang=en#>

South Asian countries are relying on foreign aid due to their weak economy. According to the latest statistics of OECD, Afghanistan is the biggest recipient of foreign aid in South Asia due to its long history of political uncertainty and civil war. Table 1 shows the eight recipient countries of South Asia which are receiving foreign aid from different donor countries and agencies. The data is taken for the last ten years of 111 donors out 114 according to OECD, which allocated foreign assistance to South Asian countries. The latest data of 2016 shows that Afghanistan is at the top of foreign aid recipient countries, Pakistan is the second largest country, and India is in the third position of aid recipient country in South Asia.

**Table 2: Pre- 9/11 US Foreign Aid to South Asia; 1990 to 2000: Donor Country USA**

Donor	United States											
Aid type	ODA: Total Net											
Part	1: Part I - Developing Countries											
Amount type	Constant Prices											
Unit	US Dollar, Millions, 2015											
Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
<b>Recipient</b>												
<b>Afghanistan</b>	92.25	94.06	101.3	63.95	79.01	2.92	2.87	..	..	44.07	3.25	10.1
<b>Bangladesh</b>	278.4	205.66	202.6	143.12	226.6	81.78	58.8	42.3	5.64	156.11	84.01	136
<b>Bhutan</b>												
<b>India</b>	-39.54	43.05	17.15	30.45	8.94	23.37	8.6	40.89	4.23	11.17	19.54	156
<b>Maldives</b>	..	..	..	..	..	..	..	..	-0.13	0.27	-0.12	0.07
<b>Nepal</b>	28	22.32	28.06	30.45	29.82	27.75	21.51	29.61	23.59	22.89	21.43	26.6
<b>Pakistan</b>	275.11	181.75	60.79	82.22	-79.01	119.75	-144.9	107.16	-56.83	103	118.83	909
<b>Sri Lanka</b>	123.55	124.35	81.05	117.23	55.16	36.51	5.74	7.05	-0.84	7.08	-5.19	7.88

Source OECD: Data extracted by Author on 31 Mar 2018 08:08 UTC (GMT) from OECD.Stat

<http://stats.oecd.org/viewhtml.aspx?datasetcode=TABLE2A&lang=en#>

Table 2 represents aid recipient position of countries before 9/11. The objective of taking this data is to analyze abrupt enhancement in US aid since 9/11. The information has been taken for ten years w.e.f 1990 to 2000; the data shows during the 90s Bangladesh was the largest recipient of US aid whereas Pakistan was at the second position.

<b>Donor</b>	<b>United States</b>														
<b>Aid type</b>	Grants, Total														
<b>Part</b>	1: Part I - Developing Countries														
<b>Amount type</b>	Constant Prices														
<b>Unit</b>	US Dollar, Millions, 2015														
<b>Year</b>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Recipient</b>															
<b>Afghanistan</b>	475.5	616.09	960.6	1576	1629	1679	2347	3278	3319	3256	2848	1750	1963	1640	1369
<b>Bangladesh</b>	130.8	113.34	117	99.6	90.14	91.81	149	109.7	152.7	145	221.5	181	257.1	230	252
<b>Bhutan</b>	0.94	1.55	..	..	0.09	..	0.27	0.01	0.13	2.83	0.31	0.59	0.32	1	0.2
<b>India</b>	177.6	203.79	208.2	195	220.5	197.3	143	116.8	124.8	126	89.5	103	108.6	92.6	119.8
<b>Maldives</b>	..	..	..	1.41	0.53	0.01	0.06	0.04	1.03	0.1	0.54	0.1	0.55	0.16	1.35
<b>Nepal</b>	42.18	47.96	43.67	62.3	71.4	61.06	86.1	80.85	55.9	68.3	68.04	74	77.07	162	161.4
<b>Pakistan</b>	214.2	1369.5	95.24	396	568.1	498.5	393	675.7	1309	1352	654.4	689	793.2	773	625
<b>Sri Lanka</b>	8.33	21.98	28.08	65.8	69.59	78.16	99.8	77.92	62.76	56.1	40.89	62	37.72	22.3	33.21

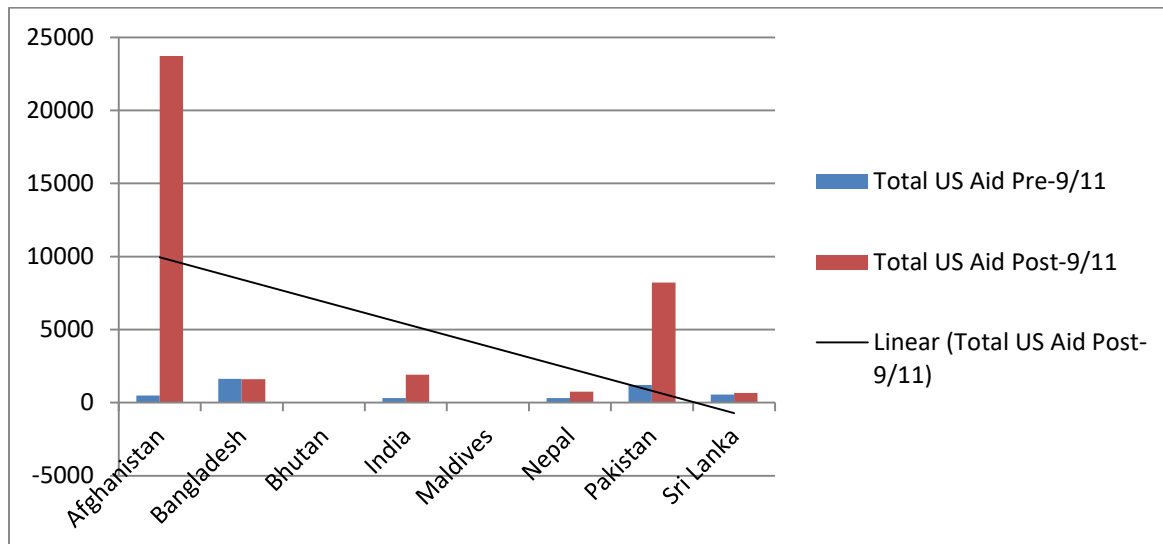
**Table 3: Post-9/11 US Foreign Aid to South Asia; 2001 to 2016: Donor Country the USA**

Source OECD: Data extracted by the author on 31 Mar 2018 07:59 UTC (GMT) from OECD.Stat

<http://stats.oecd.org/viewhtml.aspx?datasetcode=TABLE2A&lang=en#>

All the South Asian countries received foreign from the US; table 3 represents aid recipient position of countries. The above OECD data (Table 3) since the 9/11, Afghanistan is the biggest recipient country of US foreign aid during the last ten years, whereas Pakistan is second and Bangladesh is third largest recipient countries.

(Rounded to the nearest millions of US dollars)



**Figure 1: A comparison of Pre-9/11 and Post-9/11 US Foreign Aid to South Asian Countries**

Sources: Author's calculations based on data extracted from OECD: Accessed on Mar 2018 07:59 UTC (GMT) from OECD.Stat from

<http://stats.oecd.org/viewhtml.aspx?datasetcode=TABLE2A&lang=en#>

To assess the pre-9/11 and post 9/11 US foreign aid to South Asian countries authors use the OECD data for 12 years, i.e., from 1990 to 2001 and 2002 to 2013. The data (See figure1) shows that the US aid suddenly changed and increased towards South Asia after the 9/11 terror attacks in US, and South Asia became the largest recipient of US foreign aid.

### US Foreign Aid to Pakistan

This section analysis that how much foreign aid has received by Pakistan from the US since 2001 to 2016 by using existing statistical data from OECD database, USAID database, and what is the philosophy of US foreign aid, what are the impacts of US foreign on the politics of Pakistan? And what is the role of US aid in the social development of Pakistan?

During 1960 to 2002 Pakistan received approximately an amount of 73.14 billion dollars as foreign aid. 1960-2002 (Anwar.M & Michaelowa.K., 2006), although advantages of foreign assistance have not gained by an entire country, it shows foreign assistance is failed to improve the life of poor people in Pakistan. So foreign aid isn't influenced economic development in Pakistan both at collectively and individually. After the 9/11 terror attack in the US, Pakistan became an essential ally of US against the war against terrorism. For this US provide foreign aid to Pakistan in the form of coalition support fund. In 2010 Pakistan received an amount of \$17.9 million assistance from the US for the use of war against terrorism, and \$75 million for poverty alleviation \$45 million and \$19.5 million respectively were received for educational development (Awan.G.A & Moeen.M., 2015).

### Objectives of US Foreign Aid to Pakistan



The primary objective of US foreign aid to Pakistan is its strong political and strategic interest in the region, especially “counterterrorism goals.”<sup>1</sup> Being a developing country, Pakistan is a recipient of US Foreign aid since its independence in 1947, before the September 2001 terror attacks, South Asian region was the smallest recipient of US foreign aid especially food-related US aid. Since the war against terrorism started, counterterrorism associated aids for South Asia were enhanced, particularly Pakistan and Afghanistan became the large recipients of foreign aid especially economic and humanitarian assistance and the second-largest recipient of security-oriented aid after the Middle East. Pakistan supports the US against terrorist groups in Afghanistan and has launched many operations to eliminate terrorism within Pakistan against Al-Qaeda, Tehreek Taliban Pakistan, Lashkar-e Janghvi and other terrorist operatives. These terrorist groups are security threats for US and Pakistan as well as for the International community. After the September 2011 terror accident, Pakistan became the mainly of the United States and received noticeably increased aid levels from the United States. After 9/11, US Congress passed, and the president of US implemented waivers to nuclear arsenal sanctions that had forbidden armed and economic aid to Pakistan and India. The president George Bush government rearranged \$379 million to Pakistan so the country wouldn't face the 2.7 billion debt to the US, which is a prerequisite for additional aid (Lum.T., 2008).

In South Asia, Pakistan is an essential country due to its significant geopolitical existence. Big powers like the United States had mega interest in the region especially in Pakistan and remained the focus of its foreign policy. After the Russian attacks in Afghanistan in 1979, Pakistan obtained a significant position for the US in the region. On the other side world's second-largest economy China has a border with Pakistan and friendly relations. The USA realizes the strategic and political importance of Pakistan, and Pakistan became the part of American block and provided time to time financial assistance to Pakistan to further strengthen the relations (Sultana.S et al., 2013).

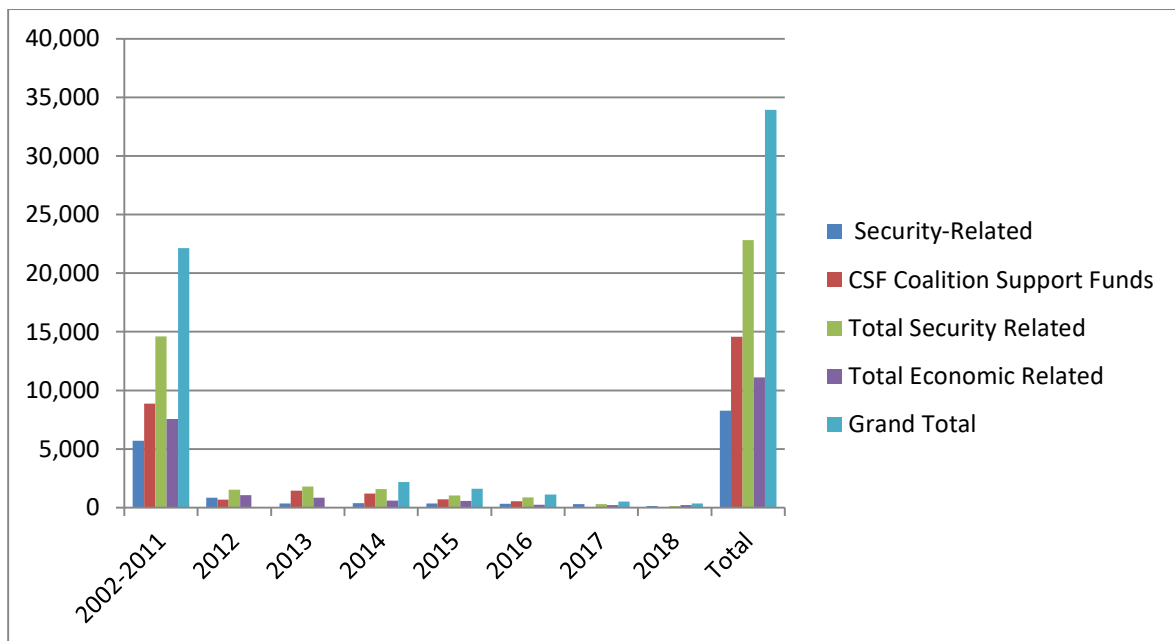
The United States provides mainly three types of aid to Pakistan: which are “Economic Support funds, development assistance and food for peace.” The US also impose sanctions and stop its assistance to Pakistan during different periods. In 1990, 1998 and 1999 US stop its foreign aid to Pakistan due to the nuclear test by Pakistan. This sudden sanctions caused poverty in 1999 and enhanced in the number of unemployment during the decades of 1980 and 1990s (Bhatti, 2002). Most of US military and economic assistance during 1980 to 2002 offered to tow military dictators of Pakistan General Zia & General Musharraf (Sultana.S et al., 2013), this shows that how US aid to influenced the internal politics of Pakistan and supports the militarization in the country. The political history of Pakistan is troubled one, after the independence in 1947 to till now most of the time ruled by the military. In the history of Pakistan, only one political party had completed its tenure of the government, which was Pakistan People’s Party Parliamentarians (PPP) from 2008 to 2014. Currently, another political party Pakistan Muslim Nawaz PML (N) is going to complete its fixed tenure of five years government in June 2018. The United States revised its economic aid policies to Pakistan since 2001 to its efforts of war against terrorism. In 2010 Pakistan received \$15 billion aid from the US in the form of collation support fund. Post 9/11 US aids were to maintain Pakistan's support for US-led war against terror in the region. The US has allocated an estimated amount of 825 million dollars yearly as economic aid to Pakistan (Epstein & Kranstadt, 2012).

**Impacts of US Foreign Aid on Pakistan; Economic vs. Military Aid:**

Pakistan becomes the most important and strategic ally of the US due to post 9/11 scenarios. Subsequently, US granted a considerable amount as foreign aid to Pakistan although such sort of foreign aid by the US has no positive results in poverty alleviation and economic development of the recipient country as historical facts propose. The US Economic aid received by Pakistan formed a "new power equations," and only powerful personals gain the direct advantage of such economic aid (Aziz.M., 2008). Foreign aid isn't implied for the improvement of the majority but instead for the propagation of overwhelming decision elites that look for easy access to assets, for example, foreign, rather than creating assets through advancement and innovation (Ali, 1987). Foreign aid consequently, enables the elite to live extravagance life-to style to the detriment of poor people, while advancement is brought out through loans and help. The postcolonial state, subsequently, is found in the "structural matrix of peripheral capitalism and is subordinate to it"(Alavi, 1990)."Powerful personals" and "elite" means those who are holding a position in government or the persons in power; it may be federal governments or military regimes. Dexter (1970) describes elite as: "A group of individuals who hold...a privileged position in society and are likely to have had more influence on political outcomes than general members of the public (Dexter, 1970, p. 7)" in this case the military and political governments can be considered in "elites in Pakistan." After becoming the first ally of US in its war against terrorism, Pakistan is unable to utilized aid for the benefit of general public or masses, most of the foreign assistance used on defense-related projects instead of economic and social development. For example in the health sector, Pakistan spends more than nine times on the military than on health (ADB & GOP, 2008). In Pakistan, like other developing countries foreign aid is a significant income source but has no effective rule in the economic development of land, If Pakistan receives a large amount of foreign aid, then where this aid does go? All this happens due to feeble organizations, lack of accountability, poor management, corruption, etc. "The positive results of foreign assistance are depends on the better eminence of states organizations, good governance, and transparent policies in low-income countries, otherwise weak and corrupt systems have no functional impact on development or have negative consequences (Burnside.C & Dollar.D, 2004). Many countries and multilateral institutions allocate foreign aid to Pakistan, but the state couldn't utilize the assistance in development. The aid has only benefited a limited number of people in a community and the political monopolies or some elites in the government. Due to this in the 1990sa vast inflow of loans as foreign aid causes financial debt in Pakistan. (Khan.M.A & Ahmad.A., 2007).In the development of Pakistan, foreign aid has not played a key role, because it has been beneficial only for the dominant ruling elites either political or military regimes. A considerable part of Pakistan economy supports well organized and dominant political elites and armed forces because whose maintenance has been an extreme load on the country's economy (Siddiqa, 2007). The data (see Table 3) shows that a substantial quantity of foreign assistance has been allocated for the security-related purpose. Due to colossal security related expenditure other sectors like social and economic development has been ignored which are fundamental factors for the development of general masses. The poor situation of indicators, like education, health, and unemployment in the country also proof this gap.

The United States of America has focused on stabilizing the military regimes in developing countries by providing foreign aid with a vision to modernize these military regimes. US aid also focused the betterment of socio-economic circumstances of people to control communism.

Though, such sort of aid enhances the confidence of military regimes to hinder in the politics of developing countries. Likewise, the military was viewed as pro-Western and a solid accomplice by donor nations, especially the United States (Rizvi, 2000). Such time of foreign aid have less impact on the development of a country like Pakistan and profoundly affects the internal political system by strengthening military regimes. Foreign aid to Pakistan since especially aid from USSA since 9/11 is only considered to support the war against terrorism. Aid from the USA is mainly military assistance instead of economic aid, due to this US has strengthened the military rule in the political economy of the country and unable to assist the democratic organizations and government, but after the 2008 scenarios of changing of governments in both the US and Pakistan, aid purpose moved towards development. This move can light up how aid from the USA to Pakistan can tackle the motives and apprehensions by both countries. (Zaidi.S.A, 2001). Graph 1 shows that in FY 2002–2018, the United States has granted approximately \$34,000, billion to Pakistan, from 2002 to 2018, a huge of amount of aid has been granted to security-related proposes whereas a small amount has been granted for economic and development purpose. Contrasting to military assistance the US financial oriented aid to Pakistan was very low compared to security-oriented assistance until 2009. Central motive of this aid was to support counterterrorism operations in Pakistan.



**Figure 2: Appropriations of US Aid for Military compensations in Pakistan FY2002-2018**

Sources: Author's calculations based on data extracted from Congressional Research Reports prepared by Congressional Research Service, USA: Retrieved from <https://fas.org/sgp/crs/>: Accessed on March 5, 2018

For the USA, security-oriented aid has a fundamental role to obtain foreign policy objectives, although the civilian assistance has also been currently highlighted. An amount of \$2 billion as security-oriented aid was granted to Pakistan in 2010, the objective for Pakistan was to purchase

US arsenals and other security-related equipment. Since 2012 to 2016 USA government expected that the agreement with Pakistan regarding fighting against terrorism and granting aid from the US would help to strengthen its anti-terrorism struggle further. (Schmitt.E & David E. Sanger, 2010).



**Figure 3: US aid to Pakistan since 2001 to 2017**

Source: USAID, US foreign Aid by Country: Pakistan

Retrieved from [https://explorer.usaid.gov/cd/PAK?fiscal\\_year=2017&measure=Obligations](https://explorer.usaid.gov/cd/PAK?fiscal_year=2017&measure=Obligations)

On February 27, 2018.

The graph represents a clear picture of the ups and downs of foreign aid received by Pakistan from the United States of America from 2001 to 2017. The figure shows that there is an enormous enhancement in US aid since 2001 even after Pakistan became a nuclear power after testing its atomic bombs in 1999. This sudden move in US strategy in perspective of the changing elements of an international arena show that the US was more attracted by guaranteeing that Pakistan served its strategic interests instead of elimination the latter of atomic arsenals or strengthening democratization. Like earlier years, military aid increased rather than economic assistance. In result, a considerable amount (\$22. Billion, including security-related and Coalition Support Funding (CSF) between 2002 and 2017 (see Table 3) of aid was granted for war against terrorism-related operations.

The 9/11 attacks and America's ensuing war against terrorism have changed the whole scenario of politics and defense model of the globe. In its so-called "war on terror," United States of America has asserted that which countries of the world have become allies with them in this war and which are against. (Cohen.C & Chollet.D, 2007). By this paradigm, USA makes new alliances, and Pakistan became the main ally of its War against terrorism in Afghanistan as well as within the country against different terrorist groups. In this war, Pakistan lost much more than it received in foreign aid especially aid from the US in the form of huge human losses as well as the economy. Pakistan's alliance with the US in its war on terror benefited its security sector, but on the economic sector, the impact of this alliance remains poor. The fundamental motive of this alliance is not limited to the security sector, but also it had insinuations for all characteristics of politics and economy of Pakistan. There are many other causes of terrorism in Pakistan like unemployment, poverty, lack of education, etc., these problems also cause a person to involve in terrorist activities. Foreign economic aid especially US aid also play a vital role to diminish these problems by launching different development projects in Pakistan as the ex-president of the United States of

America pointed out the link between poverty and terrorism just after 9/11 attacks and stresses to increase development aid for poverty reduction to combat terrorism. As the then president of USA George Bush comments on the importance of US aid to eliminate the poverty;

"The goal of our development aid will be for nations to grow and prosper beyond the need for any aid. When nations adopt reforms, each dollar of aid attracts two dollars of private investments. When aid is linked to good policy, four times as many people were lifted out of poverty compared to old aid practices. The spirit of enterprise is not limited by geography or religion or history. Men and women were made for freedom, and prosperity comes as freedom triumphs. And that is why the United States of America is leading the fight for freedom from terror".<sup>2</sup>

The rationale was that the unemployment and economic opportunity, for the most part, can raise fury and disappointment which terrorist groups can utilize to develop their positions. Regardless of the absence of confirmation for economic aid diminishing terrorism by expanding economic advancement, Burcu Savun and Daniel C contend that foreign aid can even now assume a part in counterterrorism strategies, the civil society and governmental aid can help to reduce terrorism activities by enhancing the political condition of a nation. According to them, by civilizing the recipient's civil society, foreign aid can decrease the country's capability to limit the civil liberties of its people. The aid also reduces the causes of involvement of its citizens in terrorist activities in different community programs by leaders and groups together to tackle local complaints and troubles. (Burcu.S & Daniel.C., 2017) .

S.No.	Organization	Year		Total
		2015-16	2016-17	
1	Exports	0.503	0	0.503
2	Reimbursement to Affectees	13.82	8.06	21.88
3	Infrastructure	777.83	150.92	928.75
4	Foreign Investment	1437.2	559.1	1996.3
5	Privatization	24.15	238.58	262.73
6	Industrial Output	17.49	11.89	29.38
7	Tax Collection	3440	2480	5920
8	Cost of Uncertainty	7.78	7.04	14.82
9	Expenditure Over run	768.58	428.53	1197.11
10	Others	1.15	0.75	1.9
	<b>Total Losses</b>	<b>6488.503</b>	<b>3884.87</b>	<b>10,373.36</b>

Data estimated nine months

**Table: 4: Details of losses during terror Attacks (millions in \$ dollars)**

Source: Ministry of Finance Division, Government of Pakistan, [www.finance.gov.pk](http://www.finance.gov.pk): Access on April 10, 2018

Since 9/11 Pakistan has launched many counterterrorism operations against different terrorist outfits within the country. Pakistan has utilized three kinds of counterterrorism strategies which are peace agreements, counterterrorism operations using forces, and a joint military operation (operation Zarb-e-Azb)<sup>3</sup> and the National Action Plan (NAP)<sup>4</sup>. In the period of post 9/11, these



military operations under the National Action Plan have positive outcomes to diminish the terrorism and have a positive impact on counterterrorism policies (Rehmana.FU, Nasirb.M, & Shahbaz.M, 2017).

The war on terror in Afghanistan causes most severe outcomes in Pakistan like political and security problems, social and economic as well as environmental issues over the years. Due to millions of Afghan refugees in Pakistan, the overall impact on all sectors of economic growth is very poor. General trading and commercial activities were disturbed. Proposed economic development could not rise during the last decades development could not pick up as designed during the previous decade. In this scenario, achievement in anti-terrorism has assumed an important task, building a favorable economic atmosphere and the results have begun showing up as far as development crosswise over various fragments of the economy. (MOF.GOP, 2017).

Foreign aid has always used by the USA for its strategic objectives (Moss.T D, Roodman.S, & Standley.T, 2005), post 9/11 US aid allocated to Pakistan is an example of this, as US aid granted to Afghanistan in current years. Such counterterrorism aid is one of the four basic elements of US counterterrorism strategy, where the United States 'boosts the counterterrorist potentials of those states that work with the US and need foreign aid. The US has achieved its counterterrorism objectives with the help of Pakistan; both countries are fighting against terrorism since 9/11. The intelligence sharing and military cooperation between two countries have been increased to counter the terrorist activities along with its border with Afghanistan. Pakistan has helped the US many times in its military operations like in Afghanistan; Pakistan helps to recover US soldiers captured by Taliban, a terrorist group in Afghanistan. The United States has also shared intelligence reports with Pakistan on the results of US drones intended at gathering intelligence over terrorist vicinities of their country (Barnes, 2009). Pakistan has collaborated with the United States in various fields, by giving logistics facilities especially its war in Afghanistan, intelligence sharing, and arresting and handing over al-Qaida terrorists. U.S. authorities recognize "Pakistan has provided more support, captured more terrorists, and committed more troops than any other nation in the GCTF (Global Counterterrorism Force)." (Fair, 2004, p. 27) .More than 70,000 troops were deployed with its Afghanistan border and launched many successful operations against different terrorist groups.

In these operations, Pakistan has lost more than three hundred-armed force and paramilitary forces, and a much bigger number have been injured. Pakistan is the only country in the region which successfully takes part in different operations with the US like, "Coalition Maritime Interdiction Operations, the maritime component of Operation Enduring Freedom." Many Al-Qaida terrorists were detained throughout the world through intelligence sharing by Pakistan. The country also banned many terrorist outfits and implemented many anti-terrorism laws. (Hussain.T, 2005). The current findings of foreign aid according to the framework of political economy proposes that the donor agencies and countries, specifically USA, assign assistance for acquiring foreign policy objectives, instead of providing aid solely for economic development motives.

## CONCLUSION



The principal focus of this proposed study was to examine the impact of US foreign aid to South Asia in general and Pakistan in particular and how it influenced on the political economy for military-oriented purposes. This study focused on investigating the donors' objectives to reduce poverty and made efforts to improve the infrastructure. The findings of this research revealed the primary focus of foreign aids was military and security-oriented purposes instead of economic development in the recipient country. Additionally, the investigation also revealed that US foreign aid also affected Pakistan's internal politics as it allocated more support to security-oriented purposes to strengthen military rule in the political economy to reduce the effects of terrorism in Pakistan. However, Pakistan faced greater economic destruction and human losses after joining the US alliance for "War on Terror." Besides, this study concluded that the central philosophy of providing foreign aid by different donors to South Asian countries is mostly for political and strategic objectives such as security objectives, access to security-related zones, access to the vital resources, political relationships and position. Thus, these are the attributes of foreign aid strategy for the governments of donor countries and agencies for recipients' countries of foreign aid as their foreign policy strategic tool and also have geopolitical interests. This study primarily emphasized to examine the impacts US foreign aid to South Asia, particularly for Pakistan. Henceforth, most of the literature and data of this study provided clear evidence that the principal objectives of the US foreign aid towards South Asia were focused for security purposes as well as controlling the terrorism as it was for the US national interests from this region. The US policy of foreign aid to South Asia in general and for Pakistan, in particular, was sharply changed and shifted after the incident of 9/11 terrorists' attacks and this region became the major recipients of US foreign aid (Lum.T., 2008). The findings revealed that US foreign aid allocation was mainly military and the security-oriented objectives instead of economic development during the period of 2001-2017. Even to the recent years, the US foreign aid was insufficient and revealed the negative impact on internal politics of Pakistan and this economic support mainly strengthen the military regime in the back-door policy in the political economy. The findings of this specific research also displayed that the volume of foreign aid was tinny as compared to Pakistan's economic destruction and losses of military and civilians' lives after joining the US alliance in 2001 against the war on terror. Moreover, the study discovered that foreign aid kept changing since 2001 to the present scenario according to the changing situation and donors' preferences in the region.

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<sup>1</sup> CRS Report for Congress (2008 U.S. Foreign Aid to East and South Asia: Selected Recipients, Congressional Research Service: USA.

<sup>2</sup> Remarks by Mr. George W. Bush the Ex-President at the International Conference on Financing for Development Monterrey, Mexico March 22, 2002, retrieved from <http://www.un.org/ffd/statements/usaE.htm>, access on 20<sup>th</sup> April 2018

<sup>3</sup> A joint operation conducted by military forces of Pakistan against different terrorist groups in Pakistan including the Tehreek-Taliban Pakistan (TTP), East Turkestan Islamic Movement, Lashkar-e-Janghvi, and many other banned Organizations.

<sup>4</sup> An action plan organized by the Government of Pakistan in 2015 to counter the terrorist activities within the country.