

United States foreign aid to Pakistan and democracy: Rhetoric versus reality

Abstract

This paper examines US bilateral aid flows to Pakistan from 1947 to 2006 to determine the extent to which the assistance has been linked with the strengthening of democracy in Pakistan. Comparing the allocation of American foreign aid (total, economic and military) provided to democratic and dictatorial regimes in Pakistan (in terms of total, average annual, and per capita per year), the paper finds that US aid shows a consistent pattern of high flows for military dictatorships and low or negligible flows for democratic governments, indicating that US aid has not been used to promote democracy in Pakistan; in fact, it has undermined it. The national and regional events responsible for the ebb and flow of US aid are discussed, showing that the US has maintained warm cooperative relationships with military dictators to use Pakistan to pursue its own political, security and geo-strategic goals.

Key words: US, Pakistan, Democracy, military regime, foreign aid

Introduction

After its origin and institutionalisation in the post-War landscape in the light of US President Truman's "Point Four" programme, the concept and form of international aid has evolved a great deal. During his historic inaugural address on January 20, 1949 the President mentioned democracy several times and enumerated its advantages over Communism. The President asserted that a just, fair and peaceful world is possible through democracy where "free nations can settle differences justly and maintain lasting peace"¹. To what extent has the US pursued the cause of democracy and liberty in letter and spirit and how much this

concept has been intertwined in US bilateral aid policies over time? This paper appraises the allocation of US bilateral aid to Pakistan and its linkages with democratic and dictatorial regimes. It explores to which extent the US has been concerned to democracy promotion in Pakistan when allocating foreign aid to it, both economic and military.

Referring to the Marshal Plan for the reconstruction of war-ravaged Europe, President Truman stated that the “purpose of that unprecedented effort is to invigorate and strengthen democracy in Europe, so that the free people of that continent can resume their rightful place in the forefront of civilization and can contribute once more to the security and welfare of the world”². In short, economic development and promotion of democracy in the underdeveloped countries were major themes highlighted by the President during his epoch-making address.

Over the time, various bilateral donors including the US reassessed and readjusted their foreign aid policies in the wake of new challenges and needs by incorporating economic and political conditionalities. Democracy promotion was overshadowed by foreign policy goals and the containment of Communism during most of the Cold War period, especially in the geo-strategically important countries like Pakistan. Most donors prioritised their own foreign policy considerations such as political, security and geo-strategic orientations during these years and a few have continued to do so even up until this day. However, some multilateral organisations and bilateral donors continued advocating the cause of democracy. Organisations such as Asia Foundation and National Endowment for Democracy have been active for democracy promotion since 1956 and 1984 respectively³. Among donors, Germany was the first to prioritise democracy by its generous funds for democracy promotion in the 1980s⁴. Later, most other bilateral donors including the US also started democracy promotion assistance. After the end of the Cold War, democracy began to attract more and more attention, both in terms of the cash amount as well as new frontiers hitherto

alien to democracy. In the 1990s the US foreign policy incorporated democracy promotion agenda sans geo-strategic compulsions of the Cold War interlude. As the threat of Communism no more existed, resulting in the diminishing geo-political and security motives of major donors and renewed focus on issues such as democratisation, human rights, good governance and poverty reduction etc.

In the light of this debate and shifts in foreign aid policies of major bilateral donors, US foreign aid policies towards Pakistan are assessed covering different time periods. The paper argues that how much concern and respect the US has shown for democracy in Pakistan while allocating foreign aid during military and civilian regimes. It concludes that the US always overlooked the aspect of democracy whenever it has needed Pakistan to safeguard and serve its interests.

US aid to Pakistan and Democracy

In this section overall US aid to Pakistan is assessed during different military and civilian regimes to explore how much concern the US has shown to democracy in Pakistan. Table 1 highlights a brief synopsis of different types of regimes in Pakistan and significant regional and international events affecting US aid policies. Table 2 shows US economic, military and per capita aid to Pakistan in constant 2006 US \$ value.

Table 1: Regime Types in Pakistan

Domestic regime types	US aid flows	Significant national and international events	US aid flows
<ul style="list-style-type: none"> - Civilian regimes during 1947-58 - 1st military coup in 1958, General Ayub, the Chief Marshal Law Administrator (CMLA)/president till 1969 - General Yahya replaced Ayub as a CMLA/president in 1969 - Civilian rule between 1971-1977 - Another military coup, General Zia led the country from 1977-1988 as CMLA/president - Civilian/democratic regimes between 1988-99 - Military rule under General Musharraf from 1999-2008 	<ul style="list-style-type: none"> - Modest US economic aid/little military assistance - Ample economic and military aid during most of the period - Sufficient economic aid/negligible military aid - Modest economic/no military aid - Little economic/military assistance till 1982, substantial aid after that - Low economic/military aid - Little economic/military aid till 2001, generous aid since 2002 	<ul style="list-style-type: none"> - Good bilateral relations between the two countries despite military rule during 1958-1969 - Pakistan-India wars in 1965,1971 - US sanctions in April 1979 due to Pakistan's secret nuclear programme - Fall of Shah of Iran and Soviet invasion of Afghanistan in 1979 - Soviet withdrawal from Afghanistan in 1989 - May 1998, nuclear tests to counterbalance India's tests - '9/11' events, Pakistan joins US Global War on Terror (GWOT) 	<ul style="list-style-type: none"> - Pakistan being member of CENTO/SEATO, ample US aid, both economic and military - No/little military assistance despite CENTO/SEATO membership - Low US aid for a few years - US lifted sanctions in December 1979, beginning of huge bilateral aid due to Pakistan's strategic significance for the US - US imposition of sanctions against Pakistan for its nuclear programme, little/no aid - Severe US sanctions, little/no aid - All US sanctions lifted, an increased US aid, both economic and military

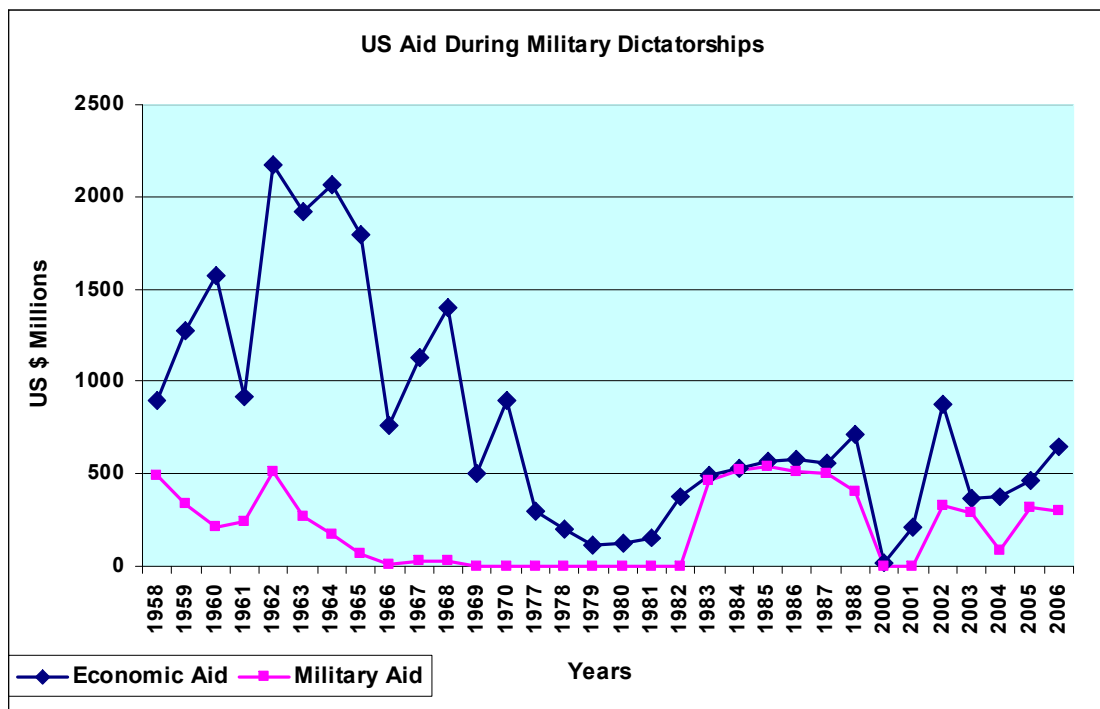
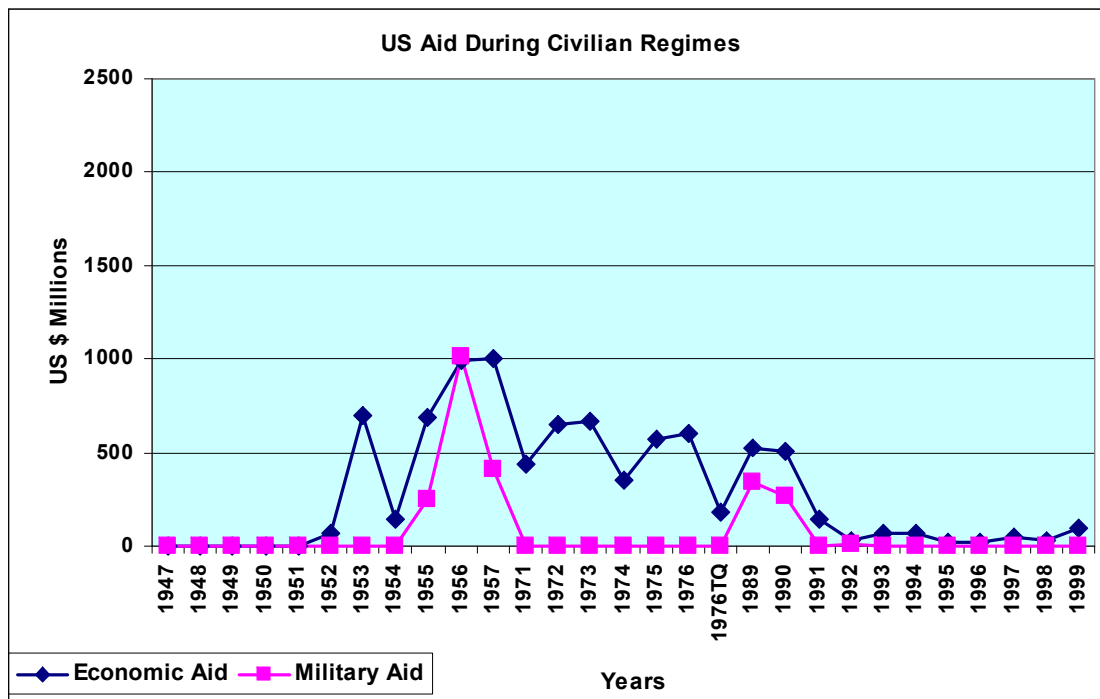
Year	Economic aid	Military aid	Per capita aid
1947	N/A	N/A	N/A
1948	0.7	0	N/A
1949	N/A	N/A	N/A
1950	N/A	N/A	N/A
1951	2.7	0	0.07
1952	69.3	0	1.8
1953	697.8	0	17.74
1954	146.4	0	3.64
1955	683.3	247.9	22.64
1956	992.9	1,012.30	47.65
1957	1,005.40	407.5	32.8
1958	901.5	496.4	31.7
1959	1,272.70	341.3	35.74
1960	1,572.90	214.4	38.64
1961	920.8	242.4	24.54
1962	2,172.10	510.8	55.24
1963	1,922.90	272	44.09
1964	2,067.90	174.5	43.94
1965	1,795.80	72	35.69
1966	759.7	7.8	14.3
1967	1,128.90	24.5	20.95
1968	1,396.90	24.2	25.14
1969	504.1	0.5	8.7
1970	900.2	0.8	15.13
1971	441	0.7	7.22
1972	644.3	0.4	10.26
1973	664.9	1.2	10.31
1974	354.9	0.9	5.36
1975	571.2	0.9	8.38
1976	598.7	1.2	8.54
1976 ^{TQ}	183.8	0.3	2.62
1977	296.7	0.9	4.12
1978	199.8	1.4	2.7
1979	119.7	1.1	1.57
1980	127.9	0	1.61
1981	152.8	0	1.86
1982	372.8	1.1	4.4
1983	497	465	10.91
1984	528.6	517.3	11.44
1985	565	543	11.7
1986	580.1	507.8	11.09
1987	557.6	497.6	10.38
1988	716.4	401.1	10.63
1989	521.3	341.9	7.96
1990	510.3	263.9	6.93
1991	139.3	0	1.21
1992	25.3	6.7	0.27
1993	69.1	0	0.57
1994	63.7	0	0.52
1995	21.5	0	0.17
1996	20.4	0	0.16
1997	52.3	0	0.39
1998	33.2	0	0.24
1999	98.7	0.2	0.71
2000	22.4	0	0.16
2001	212.1	0	1.45
2002	875.8	329	8.1
2003	362.7	287.9	4.29
2004	377.9	89.8	3.02
2005	467.8	322.4	5
2006	643	299	5.84
Total	33,606.90	8,932.00	11.51*

TQ: In 1976 the US government changed the fiscal year from July-June to October-September. The Transition Quarter (TQ) reports the 3-month adjustment period.

* Average per capita aid per year

Sources: U.S. Overseas Loans and Grants (Greenbook) (2006) and US Assistance per Capita by Year (2007)

A graphic comparison of US aid during civilian and military regimes



Source: Based on USAID data available in U.S. Overseas Loans and Grants (Greenbook).

Pakistan is located at the north-western zone of the Indian sub-continent; possessing a strategic position at the meeting point of three important regions: South Asia, Central Asia and the Middle East and has always got global attention in the events of international significance like the Cold War and currently in the US so-called 'War on Terror' (WOT). Historically speaking, it was due to its geo-strategic significance in the Cold War interlude that Pakistan attracted American policy-makers who were aware that Pakistan could play an important role in the containment of communism. It was during these years that Pakistan signed various pacts and treaties involving either the US itself or carved under the US patronage. To name some, for example, the Mutual Defence Assistance Agreement was signed between the US and Pakistan in May 1954. In 1954, the US established the Southeast Asia Treaty Organization (SEATO), comprising several countries of the region including Pakistan to garrison the spread of communism. In 1955, the US-sponsored Baghdad Pact (in 1958 its name was changed to CENTO-Central Treaty Organisation) was signed between Iran, Iraq, Turkey, Pakistan and Britain to contain Soviet influence. Due to these developments, Pakistan emerged an important actor in the region to safeguard the interests of the Western powers hence the US started generous aid to it in the mid-1950s.

There was civilian rule during 1947-58 but the situation was far from stable. After the death of its founder Quaid-e-Azam Mohammed Ali Jinnah in 1948 and the assassination of Liaqat Ali Khan in 1951, the country saw seven prime ministers in a brief span of ten years. To bring stability and get the country rid of corrupt and inefficient politicians, the military overthrew the civilian leadership and dominated the political theatre for more than a decade. First military coup in Pakistan took place in 1958 under the command of General Ayub (1958-69). It was a bloodless coup, "the coup had gone through entirely without bloodshed or disorder, and was obviously welcomed with heartfelt relief by the great mass of the people"⁵. After sensing support of the West for his illegitimate coup, the military ruler took some measures which exhibited his interests for staying in

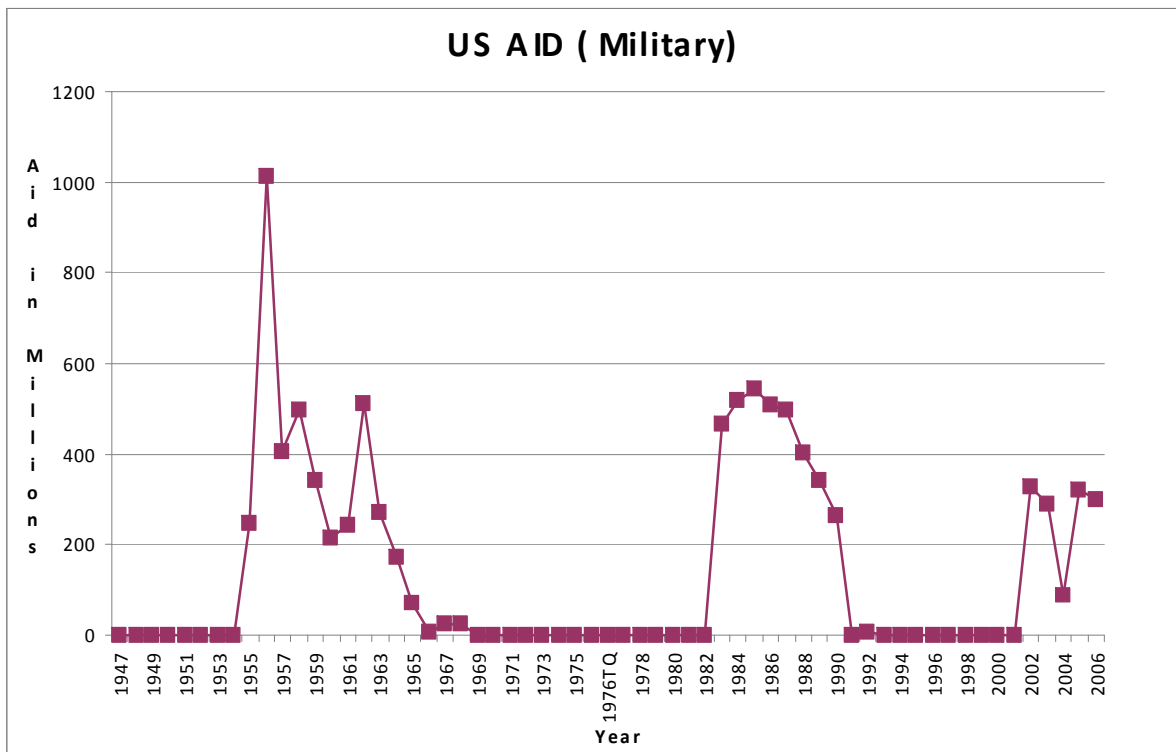
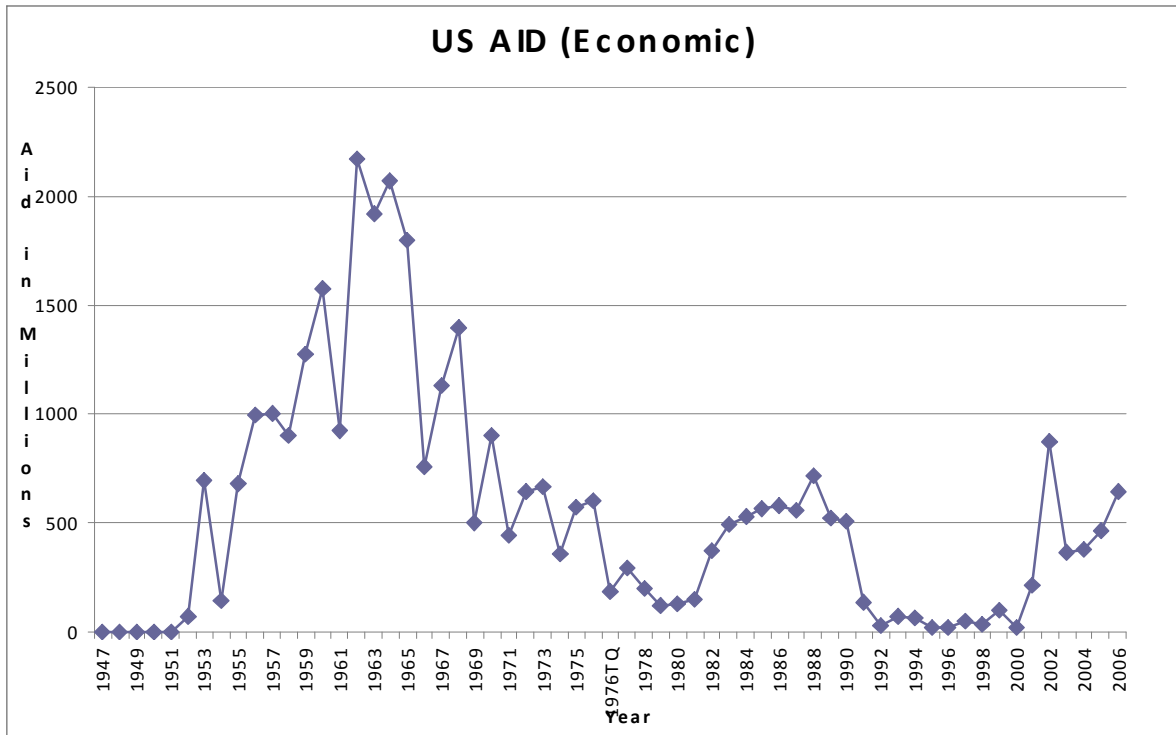
power for long. One such step was the promulgating of Elective Bodies' Disqualification Order (EBDO) thus disqualifying most of the opposition politicians. Marshal Law was lifted in 1962 as President General Ayub introduced a new 'Basic Democracy' system far from real democracy.

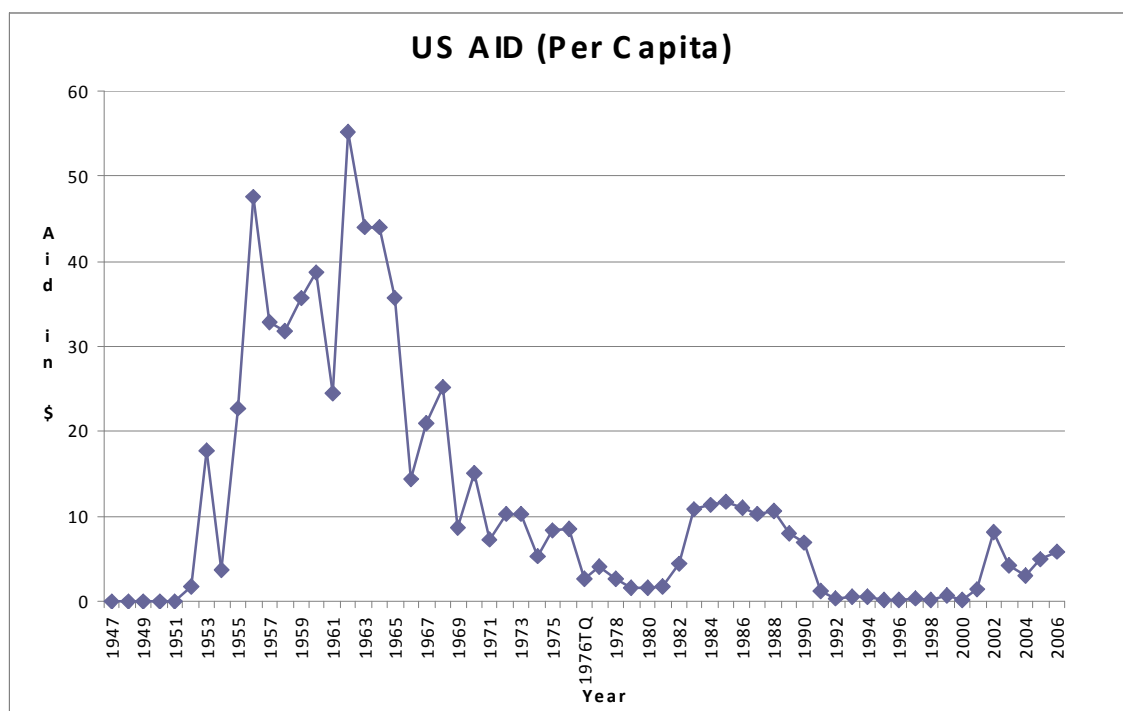
It was a prevalent thought that the coup was endorsed by the US to win the support of the pro-West military in the Cold War scenario⁶. It is pointed out that general elections were the matter of months and it was perceived that the new elected government would alter its policy of Cold War involvement⁷. The US support of the military ruler not only prolonged the illegitimate regime but also played a vital role in further strengthening President Ayub's grip on power. It is evident from Table 2 that Pakistan was getting huge US economic aid besides sufficient military assistance during most of this period. Not only US gave ample aid to Pakistan during Ayub's era but there were about 8,000 American experts working in different fields in the country⁸. However, US military assistance declined sharply after the India-Pakistan war of 1965 and remained negligible for more than decade and a half. US aid pattern remained the same during the short tenure of General Yahya (1969-71) to whom Ayub handed over power after he was forced to resign due to the debacle in East Pakistan. During the civilian rule that followed (1971-77), US foreign aid policies towards Pakistan more or less remained the same. During these years, US economic aid was not as much as in the preceding period and military assistance remained almost negligible in this era.

Democracy, the Russian invasion of Afghanistan and US aid to Pakistan

In the wake of unprecedented turmoil and chaos after losing East Wing of the country (the present day Bangladesh) in 1971 war with India, the military was in utter disgrace and thus unwillingly handed power to civilian leadership. Prime Minister Zulfikar Ali Bhutto's Pakistan People's Party (PPP) remained in power from 1971 to 1977. After the 1977 general elections in the country, downfall of

Bhutto started with countrywide protests against his rigging in the poll culminating in the military coup of General Zia ul Haq in July 1977 (1977-88). American aid to Pakistan had also started declining at the latter's secret pursuit of nuclear technology during the concluding year of civilian regime. But factors such as the trampling of democracy, human rights abuses and the new military ruler's continued pursuit of nuclear arms converted Pakistan into a pariah state during these years.





Source: Based on USAID data available at <http://qesdb.usaid.gov/gbk/index.html>

US secretary of state Henry Kissinger first visited Pakistan to persuade Islamabad to cancel its nuclear technology programme and then Paris to stop it from supplying the required material for which it had struck a deal with Pakistan. Under US influence, France cancelled the deal in 1978 which was a severe blow to Pakistan and its nuclear defence programme which was just in an embryonic phase. Not satisfied with all this and to teach Pakistan a lesson and punish it further for its covert nuclear activities, the Carter administration imposed Symington Amendment in April 1979 on Pakistan thus cutting off most economic and military aid.

However, the year 1979 changed the geo-political landscape altogether and brought some dramatic changes in the US foreign aid policies. The 1979 Islamic revolution in Iran deprived America of one of its trusted allies, the pro-American Shah of Iran. The change of leadership in Iran and the Soviet invasion of

Afghanistan later the same year affected the strategic significance of Pakistan overnight. Under these circumstances the US needed Pakistan's support to stop the Soviet forces within Afghanistan. Now Pakistan was viewed a front line state ally against communism. In December 1979, within a few months of their imposition, Washington lifted all sanctions against Pakistan and offered it generous aid. By 1981, US and Pakistan were discussing a US \$3.2 billion aid package⁹. By 1985, Pakistan became the fourth largest recipient of U.S. bilateral military assistance, behind Israel, Egypt and Turkey¹⁰. "With the approval of the \$ 4.02 billion military and economic aid package in 1987, Pakistan emerged as the second largest recipient of American aid, after Israel"¹¹. Due to its enhanced geo-strategic attraction in the Cold War scenario, the US was no longer concerned with Pakistan's nuclear programme, lack of democracy and human rights violations of the military regime.

The General Strikes Again

After the mysterious plane crash of President Zia on August 17, 1988, killing all on board the plane including top military officials and US Ambassador Raphael. General elections were announced in the country the same year. Democratic rule was restored in Pakistan after eleven years of military dictatorship. Instead of supporting democracy in Pakistan, the withdrawal of Soviet forces from Afghanistan in 1989 changed US bilateral aid policy towards its close Cold War ally. Once again nuclear issue soured the relations between the two countries. With the collapse of the Union of Soviet Socialist Republics (USSR) when Pakistan's assistance was no more required, it was not only left alone but also the discriminatory and country-specific Pressler Amendment was applied only to Pakistan and severe sanctions were imposed on it because of its nuclear programme. With the imposition of the Pressler Amendment and accompanying sanctions Pakistan was faced with a serious economic crisis. Instead of helping the civilian regimes and playing its due role in strengthening the democratic institutions in Pakistan, the US shut all channels of bilateral aid to Pakistan in a

short time. “What had once been one of the largest U.S. Agency for International Development (USAID) offices in the world, employing more than 1,000 staff around the country, shrank to almost nothing virtually overnight”¹². The US-Pakistan bilateral relations went to the level of indifference and covert hostility in the post-cold war period. As is evident from Table 2, after the end of the Cold War during democratic regimes in Pakistan between 1988-99, US economic aid remained negligible while military assistance was almost nil. The May 1998 nuclear tests in response to India’s testing of nuclear devices earlier the same month and the 1999 military coup of General Musharraf further deteriorated bilateral relations and consequently American aid flows touched the lowest level. It is clear from Table 2 that US economic aid lowered from well above \$ 500 million a year to less than \$ 100 million a year in the post-Cold War years of democratic rule in Pakistan in the 1990s. The fate of military assistance was not different as it became virtually nil during these years.

The international community including the US did not welcome the ousting of democratic regime by the military junta in 1999 hence severe sanctions were imposed on it to restore democracy. However, the attacks of September 11, 2001 on the US once again changed the geo-strategic landscape in favour of Pakistan. The US needed the support of General Musharraf for the invasion of Afghanistan to dismantle the Taliban regime for harbouring al Qaeda that was alleged to have carried out these attacks. The military-clad President of Pakistan assured America of the full support of Pakistani government and the Army and thus Pakistan joined the US so-called ‘war on terror’. In the post-9/11 era, the US once again ignored lack of democracy and human rights issues by lifting all sanctions and resuming an enhanced official aid to Pakistan (Table 2).

Conclusion

Looking at different domestic regime types in Pakistan in Table 1 and US aid in Table 2, it can be concluded from the preceding analysis that the US has rarely

linked its bilateral aid to Pakistan with the presence or absence of democracy when its (US) own interests required so. US economic and military aid was high in the mid-1950s and 60s when Pakistan was under military rule. The main motive of most of US aid during these years was the containment of Communism and stopping Pakistan from joining the Communist block. The same trend can be observed during the military regime of General Zia ul Haq when Pakistan was a close US ally in the Cold War. The post-9/11 era of 'war on terror' seems to be the replica of the Cold War interlude when despite military rule and serious human rights abuses; the US has been allocating ample aid to Pakistan for its alliance in the so-called 'war on terror'. US aid to Pakistan amounted to \$382.9 million for each year of military rule in comparison to only \$ 178.9 million per annum for each year under civilian leadership¹³. According to USAID data in Table 2, over the last more than fifty years the US has given Pakistan a total of \$ 33.606 billion economic and \$ 8.932 billion military assistance in constant 2006 US \$. During the military regimes comprising 32 years, the US has given Pakistan an aggregate of \$ 25.894 billion in economic assistance and \$ 7.142 billion in military aid while during the democratic regimes the two categories are \$ 8.612 billion and \$ 2.286 billion respectively. Similarly, on the basis of per capita, the US has provided Pakistan \$ 15.71 dollars per capita per year during military rule and \$ 6.83 dollars during civilian rule. In constant 2006 US \$, US economic aid to Pakistan has remained \$ 781.02 million and military aid \$ 207.69 million per year during military rule and \$ 296.98 million and \$78.83 million per year during democratic regimes. From this analysis of US economic and military aid to Pakistan during different military and civilian regimes, it can be concluded that the US has hardly shown any concern for democracy in Pakistan when its own geo-strategic goals were at stake. This analysis reinforces the assumption that every time the US has required Pakistan's support to achieve its (US) geo-political goals, it has shown no hesitation to embrace dictators dressed in military uniforms. At the same time, this study of US bilateral aid flows towards Pakistan exhibits that the US has not given due consideration to the widely advocated principle of poverty reduction when allocating aid to Pakistan. In this context, it is

relevant to quote Kosack (2003) who has pointed out that aid “is effective when combined with democracy, and ineffective (and possibly harmful) in autocracies. The results suggest that aid would be more effective if it were combined with efforts to encourage democratization”¹⁴ which unfortunately has not been the case with most US bilateral aid to Pakistan. It is due to these factors, that the author has found during interviews with many government officials and think tanks that US aid has neither played a positive role in the socio-economic uplift of the country nor has it played a worthwhile role in the institutional development of Pakistan. If a donor gives aid merely to prolong military regimes and to achieve its own foreign policy objectives; promotion of genuine democracy, human rights, good governance, rule of the law and reduction of global poverty would remain an unrealisable dream.

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