

# Terror's Tipping Point

While the U.S. focuses on Afghanistan, nuclear-armed Pakistan is the far more critical concern.

By Ed Warner

*FOREIGN POLICY* magazine calls it the tenth most failed nation in the world. A “dysfunctional state,” concedes Tariq Ali, Pakistani author of *The Duel*. Yet according to U.S. special envoy Richard Holbrooke, “Pakistan is the most important country in the world.”

In response to crisis, the army—savior and suppressor of the state—rules at the expense of civil institutions. Name a problem and Pakistan probably has it. A fierce insurgency within and across the border (hardly a border) with Afghanistan. A menacing, much larger neighbor to its east, India, with whom it has fought five wars. A nuclear arsenal poorly managed in the past and still susceptible to terrorist infiltration. A secessionist movement in the south complicated by Taliban operations. A shattered economy and spreading Islamism. A monster of its own creation, Inter-Services Intelligence, that maneuvers in the shadows on behalf of the state but also its enemies. The world's most wanted man comfortably holding court. And finally, a superpower that supplies military and economic aid but has promised to bomb the fragile state back to the Stone Age if it doesn't cooperate in a mission that angers its own population.

In many ways, Pakistan is a nation prey to forces beyond its control, perhaps too much to ask of any state. And this one happens to be the world's sixth largest, with a population of 169 million. No wonder rumors of imminent collapse regularly circulate: the Taliban will take over and Osama bin Laden will

have his own nuclear weapon. But that hasn't happened. Pakistan lives.

Zafar Syed, webmaster of Voice of America's Urdu service, tells me, “I don't believe in most of the doomsday theories. Pashtuns [Pakistan's largest ethnic community] are overwhelmingly pro-Pakistan. Corrupt politicians, suicide bombers in the mosques, massive electricity failure, and the threat of your cell phone being snatched in the street are one thing, but the possibility of the country breaking apart is quite another.”

He says, without overdoing it, that there are positive signs. A free, very vocal media keeps people informed and politicians on their toes. To almost everyone's surprise, the legal profession rose up against Gen. Pervez Musharraf's 2007 attempt to remove the chief justice of the supreme court, and he backed down. The Pakistani military is too large and too immersed in civilian life to be removed from power, but its wings have been clipped by a nascent move toward democracy.

Mohammed Hanif, a Pakistani journalist who moved back from London a year ago, expected the worst. On arrival at the Karachi airport, his 11-year-old son Channan saw some Americans and whispered furiously, “What are they doing here? Don't they know it's not a tourist country? They always say it's a terrorist country.”

But Hanif writes hopefully in the *Guardian*, “All the news about Pakistan's imminent demise is premature. It

has its civil wars. It has doomsday visionaries who like to send poor kids to blow themselves up and kill other poor people. But if its peasants and workers shared the doomsday vision, they wouldn't be marching up and down the country demanding better wages and working conditions. Over the past two years, hundreds of thousands of citizens have also participated in the largest peaceful political movement in South Asia in recent history and brought down the most well entrenched military dictator in the world.” He refers to President Musharraf, who was forced out of office in 2008.

Swat, a picturesque area in northwest Pakistan known as “the Switzerland of Asia,” may give cause for hope. Six months ago, it was taken over by Taliban who promptly set up their own style of government: women in burkas or at home, schools burned or shut down, malefactors flogged or executed. The beginning of the end, some said. And indeed, the Pakistani army made two failed attempts to recover Swat.

Then it got down to business. In July, 40,000 troops routed the Taliban and pursued them to their mountain fastnesses. In the past, the Taliban have tended to withdraw from superior forces, bide their time, and then terrorize their way back to power. This time, the army vows that the terrorists will not return. It's their test.

Pakistanis got further good news recently when a missile fired by a U.S. drone killed Baitullah Mehsud, leader of

the local Taliban, who was responsible for many terrorist attacks, including, it's believed, the assassination of former prime minister Benazir Bhutto. His death apparently threw the insurgency into disarray: in what seemed to be a fight to succeed him, one of his top aides was killed. This was a good day for Pakistan, says Richard Haass, president of the Council on Foreign Relations, but not a decisive day: "Getting rid of one or two people is not transformational."

The next challenge for the reinvigorated Pakistani army is mountainous FATA, the misnamed Federally Administered Tribal Areas, which are hardly administered by the central government at all. "This will be a real test of Pakistan's intentions," says Marvin Weinbaum, a former South Asia analyst for the State Department. "Is it a threat to be contained or something to be eliminated?"

The tribal heads are hostile to outsiders, but couldn't repel the Taliban, who killed their way in. Some 200 local leaders have been murdered and more are threatened. They know their time has come when they receive a needle with a long thread intended to sew a shroud.

FATA, the supposed home to Osama bin Laden, is "a multilayered terrorist cake, the world's terrorism central," writes Ahmed Rashid, author of *Descent Into Chaos*. Ingredients include militants from Central Asia, Chechnya, Africa, China, and Kashmir, as well as a cadre of Arabs who form a protective ring around the terror chief. In January 2008, 12 Pakistanis and two Indians were arrested in Barcelona for planning a wave of suicide attacks in European cities. Spanish judge Baltasar Garzón warned, "In my opinion the jihadi threat from Pakistan is the biggest emerging threat we are facing in Europe. Pakistan is an ideological training hotbed for jihadists, and they are being exported here."

With this kind of company, a few tribal leaders have taken the unusual

step of leaving FATA to seek help in Washington, reports UPI editor Arnaud de Borchgrave. When he met with them, they were on their cell phones every few minutes to make sure their families were safe back home. The double-mindedness doesn't surprise: they're turning to one outsider to repel another.

This kind of ambiguity has long characterized the relationship between Pakistan and the United States. Each can push only so far, and the situation is too complicated to give outright orders—which may or may not be obeyed anyway.

**THE TALIBAN ARE, AFTER ALL, A PAKISTANI CREATION. TO RESTORE ORDER TO AFGHANISTAN, ENGULFED IN CIVIL WAR AFTER THE SOVIET DEPARTURE, PAKISTAN SENT A WAVE OF PROMISING STUDENTS, TALIBAN, FROM ITS MADRASSAS.**

The Taliban are, after all, a Pakistani creation. To restore order to Afghanistan, engulfed in civil war after the Soviet departure, Pakistan sent a wave of promising students, *taliban*, from its madrassas. They succeeded beyond all expectations by taking over Afghanistan and imposing their harsh rule. They also furnished defense for Pakistan in case of difficulties with India in the contested Kashmir.

In his recent book, *To Live or To Perish Forever*, an account of two years in Pakistan, Nicholas Schmidle writes that at first he couldn't understand how the Taliban could operate so freely in Pakistan: "Where were they getting support? The more I looked around, the more I realized that everyone, everywhere in Pakistan seemed to be offering help." The pious servants of Allah deserve refuge, reason Pakistanis, since they are making trouble for the intrusive Americans.

Is the parent to turn on the child, even under U.S. pressure? Practicing statecraft worthy of Machiavelli, Musharraf

offered some advice to Hugo Chavez, the America-baiting president of Venezuela: "You are far too aggressive with the Americans. Do as I do. Accept what they say, and then do as you want." Pakistanis have cause for caution because U.S. forces had no sooner arrived than they went off to an inexplicable war in Iraq. Pakistanis felt deserted.

According to Barry Newhouse, VOA's Islamabad bureau chief for two years, there is also a financial element—an incentive to do just enough fighting to

ensure continued U.S. aid. "Significant segments of the Pakistani population see the back and forth between the Taliban and the Pakistani army as orchestrated in part to get more dollars out of the United States," he says. "The army keeps things at a steady boil in the northwest, the thinking goes, and just lets that aid money continue to roll in." Who knows how long the United States will be around? Best to get while the getting is good.

Pakistanis remain puzzled about American plans. They don't see an end game. Akbar Ahmed, chair of Islamic Studies at American University, asks, "What is the long term objective of western troops in Afghanistan? What is the strategy to attain these objectives and please share them with us. A lot of us are plainly baffled as to what is going to be the picture in Afghanistan and Pakistan."

Finding Osama bin Laden seems like an obvious objective. But in nearly eight years of war, the U.S. has failed to capture him, giving rise to no end of conspiracy theories. Do we really want to

catch him? Writes Ahmed Rashid, "None of the intelligence agencies seemed to be capable of carrying out the simplest of procedures, such as intercepting the couriers who delivered the dozens of video and audio tapes sent by al-Qaeda to be aired on al-Jazeera. No courier was ever arrested."

Meanwhile, the Taliban leader and bin Laden's former host, Mullah Omar, remains ensconced in Baluchistan, a large province of southern Pakistan. Though Baluchs constitute just 2 percent of Pakistan's population, they have made continuous trouble and occa-

than optimal solution," a State Department official says, "and this is just one more element of that."

Besides, the more Americans get involved in Pakistan, the more they seem to be resented. Since locals are not sure what the U.S. is doing, they suspect the worst. Zafar Syed says there are even suspicions that the United States wants to destabilize Pakistan and seize its nuclear weapons. More visibly, Pakistanis are infuriated by U.S. drone attacks. Many civilians have been killed by a system that seems too coldly efficient. The man at the controls sits in an

launched a nuclear-powered submarine. The *Times of India* reports that the country is developing the third leg of its nuclear triad—the ability to fire nukes undetected below the sea as well as from land and air.

Israel also looks warily at Pakistan. Even as it augments its own nuclear arsenal, it continues to denounce regional rivals. Foreign Minister Avigdor Lieberman has identified a new axis of evil: Pakistan, Afghanistan, and Iraq. Former Indian prime minister Indira Gandhi told Tariq Ali that Israel once proposed a strike on Pakistan's nuclear arsenal using an Indian airfield. Gandhi refused, but added that if it became necessary, India would strike.

By any account, Pakistan has behaved casually, indeed irresponsibly, with its nuclear arsenal. A.Q. Khan, the father of the Pakistani bomb, engaged in the biggest proliferation up to the present. He believed in safety in numbers—the more Third World countries that have nuclear weapons, the less pressure on Pakistan to disarm.

More ominously, nuclear scientist Sultan Bashiruddin Mahmood met with Osama bin Laden a month before the 9/11 attacks. There's no doubt that they discussed nuclear weapons, which bin Laden desperately wanted. Did he have a chance of getting them? U.S. officials have concluded, somewhat hesitantly, that he did not. Pakistanis, meanwhile, scoffed that men in caves can hardly deliver a nuclear blow.

But according to a report in a journal published by the U.S. Military Academy at West Point, terrorists have attacked three of Pakistan's nuclear facilities in the last two years. It cites a suicide attack on a main nuclear-weapons assembly plant not far from Islamabad. Pentagon Press Secretary Geoff Morrell says the Defense Department is not aware of any such attacks and remains comfortable with nuclear security in Pakistan.

ASKED IN A GALLUP POLL WHAT THEY **CONSIDER THE GREATEST DANGER**,  
11 PERCENT OF PAKISTANI RESPONDENTS SAID **THE TALIBAN**, 18 PERCENT  
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sional war with the government. Beneath "the land of sand" in which they live lie vast untapped reserves of oil, gas, and uranium. That makes them popular with a variety of suitors, including China, which is financing an extensive port development at Gwadar on the Indian Ocean. Besides dredging the harbor and building two berths, Beijing has also sent 600 engineers. The Pentagon's Office of Future Studies says that by establishing a listening post and Indian Ocean naval presence, China may use its power to project force and undermine U.S. and regional security. Is a new Cold War in the offing? Nothing like dreaming up future problems when you can't handle current ones.

Baluchistan also serves as a corridor for the worldwide delivery of opium, refined into heroin, which provides the Taliban with \$60-80 million a year. But American officials say there is only so much they can do. U.S. troops are busy up north. "So much of our strategy in Pakistan has been settling for the less

air-conditioned office many miles, maybe a continent, away—not exactly a heroic clash. Asked in a Gallup poll what they consider the greatest danger, 11 percent of Pakistani respondents said the Taliban, 18 percent cited India, and 59 percent said the United States. Sixty-seven percent said they oppose U.S. military operations on Pakistani soil.

But as long as the Afghan War persists, Pakistan will be in play as Pashtuns, particularly Taliban, flee U.S. troops across the blurry border. And the questionable security of Pakistan's nuclear arsenal radically raises the stakes. Harvard professor Graham Allison, a member of the U.S. bipartisan commission on WMD and nuclear proliferation, says, "When you map WMD and terrorism, all roads intersect in Pakistan."

The only Muslim country in possession of nuclear weapons, Pakistan continues its buildup, testing ballistic and cruise missiles and constructing two new reactors to make plutonium. In this gathering arms race, India has just

Among the 70,000 people working in an expanding nuclear complex evil intent may lurk, and the close ties between members of Pakistan's ISI and the Taliban cannot be discounted. But it's extremely difficult to assemble a nuclear weapon from dispersed parts, and there's the matter of military savvy. A nuclear mishap would redound on the army, says Newhouse. It would be blamed and duly punished, and "The army just have too much to lose from that."

If the war with the Taliban ends, nuclear weapons will be less of a worry. And from almost any point of view, the conflict has reached a stalemate. The United States is adding troops, but the insurgents continue to make gains as they cross the Pakistan-Afghanistan border hastily created by the British in 1893. The so-called Durand line meanders over mountains, through towns and even private homes. The natives know the terrain.

Thus the key lies not in defeating all comers but in refining our objective. Robert Baer, a former CIA field officer in the Middle East and author of *The Devil We Know*, warns that we must never forget that al-Qaeda attacked us, not the Taliban, which is not an international terrorist group. "If we make the all-too-common mistake of reducing the Taliban to al-Qaeda," he says, "it becomes an open-ended and endless war." With that in mind, possibilities for negotiation open. Can the insurgency be broken up?

One key player has suggested that. He is not to everyone's liking. Indeed, his fierce, unyielding temperament is hardly to anyone's liking. Yet Gulbuddin Hekmatyar, now a resident of Pakistan, could play a pivotal role. He was perhaps the most effective commander in the Afghan war against the Soviets. With their defeat, he got involved in the destructive civil war in Afghanistan and when the Taliban arrived, he fled to Iran. Hekmatyar later joined the Taliban in confronting the U.S. invasion, but it's

said to be an uneasy relationship. He is more opportunistic and less *sharia*-bound, favoring free elections and jobs and education for women. The Saudis have been in contact with him behind the scenes. The Americans may have been, too. One possibility is to give him asylum in Saudi Arabia for a period of time, then let him return to public life in Afghanistan with a pardon. On Aug. 17, he issued a statement in which he promised that his Hizb-e-Islami militants would "help the United States and other coalition forces if foreign troops announce the time frame for pulling their troops out of Afghanistan."

What does the postwar future hold for Pakistan? Despite the gloom of some, it is not likely to disintegrate, though it does seem to be headed in an Islamist direction, partly as a trend of the times, partly in reaction to the horrors of war. What comes first, flag or faith? The willingness to subordinate state to God goes against the founding of Pakistan, which was intended to be a secular Muslim state. Now that idea has been overturned by the dogma of Islamic universalism. "At every turn," write Rakesh Mani and Zehra Ahmed, "Pakistanis seem more likely to unite as brothers in Islam than as sons of the same soil." And on that soil, they shed one another's blood.

This state of affairs owes much to the Saudis' well-financed promotion of Wahhabism, the austere, confining version of Islam that made converts of the Taliban. But don't take undue alarm, says Mohammed Hanif, the journalist who recently returned to Pakistan. At first, he was dismayed to see all the women in burkas, even on the beach. But then he took a closer look: "Many of them were on a date. Some were actually making out in broad daylight with men with beards. Covered from head to toe in a black robe, this is quite a spectacle." The real spirit of Karachi, he says, has not been broken.

There are moderate variants of Islam alive in Pakistan, William Dalrymple writes. While the northwest tends to Wahhabism, in the southern province of Sindh the predominant religion is Sufism, which emphasizes human brotherhood and tolerance. "All these mullahs should be damned," an old Sufi complained to Dalrymple. "They read their books, but they never understood the true message of love that the Prophet preached." Can Sufism be the future of Pakistan? It is at least a possibility for a country that has explored so many possibilities in search of national well-being.

This isn't quite the democratic dawn the United States has in mind for the Mideast. But wars do not always end as anticipated—a reason for caution about military intervention overseas, as the acute diplomat-historian George Kennan made clear: "You might start in on a war with certain things on your mind as a purpose of what you are doing, but in the end you found yourself fighting for entirely different things that you never thought of before. In other words, war has a momentum of its own, and it carries you away from all thoughtful intentions when you get in into it."

Let's be realistic, says Afghan UN Representative Lakhdar Brahimi. Our ambitions tend to exceed our abilities: "We seek to promote justice, national reconciliation, human rights, gender equality and democracy, all at the same time, immediately, from day one even in the midst of conflict." Reducing those goals to simple stability—likely served by our distance more than our presence—may be the best hope for this tangled, tragic, "most important country in the world." ■

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# Dr. Doom Runs for Senate

Perpetual bear Peter Schiff contemplates a move into politics.

By Michael Brendan Dougherty

PETER SCHIFF is offended. “Nobody has ever contacted me from any of the congressmen to say, ‘Hey, you saw this financial collapse coming, you nailed it exactly,’” he says, adding impatiently, “I pretty much got it exact.”

If nobody from Washington wants to call him, Schiff figures, he will call Washington. “I don’t seem to be able to make a difference as a private citizen. No one there seems to care what I say,” he complains. He plans to make them care by challenging Sen. Chris Dodd in 2010. “People say things can’t be changed in there,” he says. “If they’re right, then the country is finished.”

Schiff is president and chief global strategist of Euro Pacific Capital, a brokerage firm in Westport, Connecticut, one of the richest towns in the richest county in America. Over the past five years, he has achieved notoriety as a talking head on financial news outlets like CNBC and Fox Business. TV bookers began to like him for his contrarian views on the economy. He was “Dr. Doom,” a “perma-bear,” a “doomsayer.” He served as a punching bag for the pin-striped optimists telling us to buy, buy, borrow, then buy some more.

Now he is offended because he was right. After Bear Stearns collapsed and AIG had to be rescued shivering in a financial alleyway, a video emerged on YouTube entitled “Peter Schiff Was Right,” compiling clips of his predictions of financial disaster and the dim-witted hosts who laughed at him. The video

was broadcast on “The Daily Show,” making him a minor Internet celebrity.

According to Schiff’s own estimates, however, his bookings are down 75 percent. The financial networks lost ratings as the gloom settled on them, and now they are filling the airwaves with talk of impending recovery. But where Art Laffer and Larry Kudlow see “green shoots,” Schiff finds rot. He believes that the bad times are going to get much worse: “This was just a financial crisis, a symptom of the economic crisis to come.”

In his 2006 book, *Crash Proof: How to Profit From the Coming Economic Collapse*, Schiff compares the world economy to an island on which five Asians and one American have been stranded. The castaways get hungry and devise a system in which the Asians divide up the work of hunting, farming, cooking, preparing, and serving the food, while the American is assigned the job of eating. “Modern-day economists,” Schiff writes, “would have you look at the situation just described and believe that the American is the lone engine of growth driving the island’s economy, that without the American ... the Asians on the island would be all unemployed.” In the real world, Schiff speculates, the only reason Asians have not voted Americans off their economic island is the stubbornness of Asian central banks that continue to accept America’s dollars, or as Schiff calls them, “worthless IOU’s.”

He predicts that Asia will decouple

itself from the debt-ridden caboose that is the American economy and turn its savings into domestic consumption. That process will leave America in a heap while Asians play with their new toys. The financial strategy of Euro Pac is designed to protect Schiff’s clients when the dollar drops to zero. He does not welcome America’s collapse, but he will be ready. He’s been preparing for his whole life.

Schiff’s parents divorced when he was young. He and his brother Andrew often moved as their mother changed jobs, from Connecticut to Manhattan, then to Florida and southern California. But their father, Irwin, still exercised considerable influence on his boys, particularly when it came to understanding economics.

Irwin Schiff was born into a large, middle-class, Roosevelt-loving Jewish family. His father immigrated to the United States after living in Russia and Poland at the turn of the century. “He came here with nothing,” Peter says. Irwin’s father made a living as a carpenter, and Irwin attended the University of Connecticut, earning a B.A. in accounting and economics. The brothers still don’t know when and how their father became so ardent a follower of the Austrian school of economics, a free-market philosophy that detests central banks and wants to see a return to a gold-backed dollar. “We know where we got our economics,” Andrew says, “But we can’t explain how our father came to it.”