

Global Economic Crisis and Insecurity in Afghanistan, Pakistan and Tajikistan

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Introduction

There is one truth that is not open to denial. The global financial crisis initially emerged from the United States (US) and quickly spread in the global financial institutions. In the context of an integrated global economy, the consequences of disaster became clear to all. However, the global financial crisis had diverging impacts upon countries with different forms of governing institutions and geopolitical locations. Moreover, damage in terms of economic deficit, social welfare and human development were extremely different among the developed, developing, and special condition and post-conflict countries.

People-centric democratic states and state-centric authoritarian countries implemented policy responses in order to reduce the impacts of the global economic crisis and strengthen their economies, whereas the least developed, special condition and post-conflict countries mostly failed to take effective measures to tackle the financial crisis. These countries were mostly concerned with internal and external problems such as corruption, weak governance, political instability and geostrategic issues. Usually these kinds of countries are heavily dependent on multilateral and bilateral foreign aid and remittances from the developed world.

In the contemporary integrated global economy, particularly the presence of a strong interdependent economic structure within the orbit of developed world led the developed countries to be the prime target of the global financial crisis. Due to their dependency on remittances and financial aid assistance from the developed world, the economic recession negatively impacted on

security and political stability of special condition and post-conflict states. Research from the Human Development and Public Services Team of the World Bank (2009) indicated that aid flow following the crisis fell an average of 20 to 25 per cent.

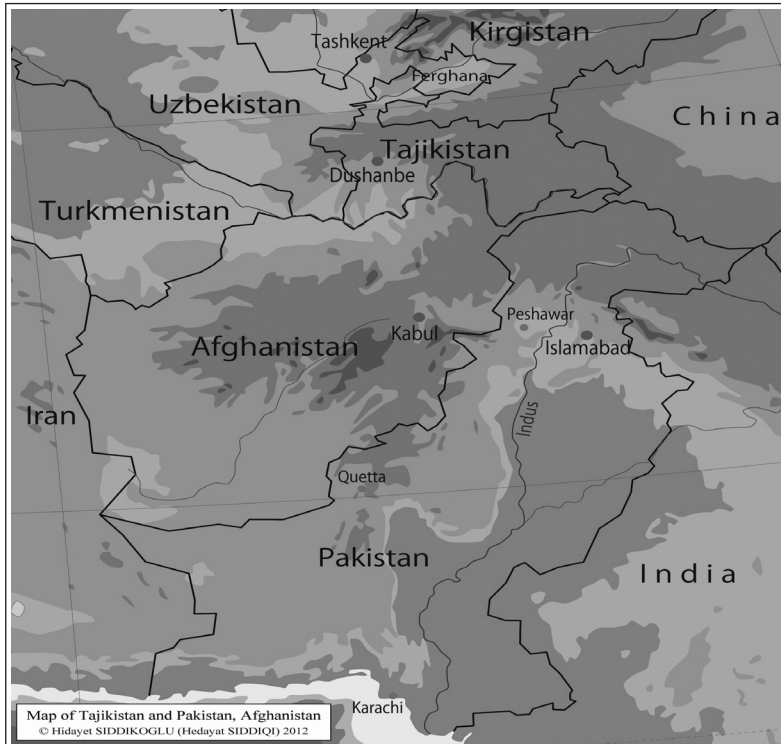
In the globalized society, borders of states no longer create barriers for social activities penetrating distinct societies of different countries. Thus, events in one society profoundly impact other societies across the borders. The intra-state conflicts, radical extremism, terrorism in the global South, particularly in the developing, special condition and post-conflict states, are spreading across the borders. The main factors inducing such a phenomenon are economic underdevelopment and the failure of weak and poor states to protect their citizens and provide them with social services.

The 11 September 2001 (9/11) terrorist attacks in the US led to a paradigm shift, which entirely changed the world order. The attacks led to the start of new international war 'the global war on terror'. The terrorist attacks were considered as masterminded in the Al-Qaeda bases stationed in Afghanistan. In October 2001 the US and its allies started invading Afghanistan. Under the umbrella of the global war on terror, Pakistan and Tajikistan, which share their longest borders with Afghanistan (see Map 10.1) became very important countries to facilitate the route and turned out to be frontline countries in the so-called Operation Enduring Freedom in Afghanistan. Thus, in the current era of global war on terror, this region plays a central role in global security related to international terrorism.

According to the United Nations' geographical region classification, Afghanistan and Pakistan are located in South Asia and Tajikistan is part of Central Asia. From the onset of 'great game' politics in the contemporary global war on terror, Afghanistan and Pakistan played significant role in the global political arena. After the dissolution of Soviet Union, Tajikistan became a conduit for the expansion of terrorism and drug-trafficking to Central Asia and beyond.

The history of drug-trafficking and opium production in Afghanistan goes back to the late 1970s. After the Soviet invasion of Afghanistan, under auspices of the Central Intelligence Agency (CIA) and Pakistan's Inter-Services Intelligence (ISI) opium economy became the backbone of the war economy in Afghanistan. Opium production flourished in the regions where Afghan *Mujahidins* (Afghan guerilla fighters) backed by the West had their strongholds. According to Goodhand (2005), CIA and ISI developed the narcotic trade in Afghanistan and Pakistan. Today, there are a series of reasons for opium production in Afghanistan. Lack of economic opportunities, insecurity, corrupt state actors, and high demand of opium lead poor marginalized farmers in conflict-torn regions (south and southwest) to produce opium for household incomes.

Map 10.1: Geographical Location of Afghanistan, Pakistan and Tajikistan



Source: Author's own elaboration

The first section of this chapter deals with elaborating the impacts of global economic crisis on security and political stability of Afghanistan. In the second section it examines how the global economic crisis burdened government of Pakistan's capability in providing adequate social services for its citizens in order to halt the rapid expansion of radical extremism and terrorism in the country. The third section deals with the negative impacts of the global financial crisis on the degraded economy of Tajikistan. Extreme dependency on foreign economies left Tajikistan vulnerable to the global financial crisis. This is particularly so, considering the fact that Tajikistan shares the longest mountainous border with conflict-torn Afghanistan.

Lastly the section deals with policy implications and evaluates the importance of building collaborative and sustainable bilateral, economic and political relations between these three countries. Such a relationship will play a central role in eradicating terrorism and solidifying economic and

political stability in these three states. Accordingly, this chapter rationalizes the inevitable role of regional cooperation empowered by the international community, including governmental and non-governmental development organizations in eradicating terrorism and extremism and strengthening economic and political stability in Afghanistan, Pakistan and Tajikistan.

Methodology

The importance of the region covered in this chapter for the international political arena enabled this research to engage with unlimited qualitative resources. This research was based on secondary data collection. A qualitative evaluation of data under a substantive method of selecting relevant qualitative bibliography was utilized in this study.

Moreover, due to the importance of region for the global security relevant to extremism and terrorism, daily news from the local and international media was a special point of interest for this study. Additionally, journals, e- journals, published articles, official documents, official reports and newspapers provided an opportunity to work at the cutting edge of the descriptive method of this research.

Conceptual Framework for Impacts of Global Financial and Economic Crisis on Political and Security Instabilities

In the contemporary world, states have become crucially interdependent. The role of non-state organizations and multinational corporations is overwhelmingly prominent in the global multipolar society. Accordingly, states have become extensively embedded in the international system.

The relationship between the international financial crisis and political instability associated with the insecurity emanating from radical extremism and terrorism is quite complicated. Each phenomenon has a different structure and characteristics. It is important to note that global economic recession is not a direct cause of the political instability and insecurity of a given state. Moreover, the impacts of global financial and economic crisis can be distinctively seen in developing countries (Fukuda-Parr 2008). The main goal of this study is to analyse the specific impacts of global economic recession on security and political stability of developing countries, particularly on special condition and post-conflict states.

According to Acharya (2011), poverty and the lack of economic opportunities can cause insurgency and terrorism. The impact of a global financial crisis on the least developed countries can be devastating, but its impacts in terms of political instabilities associated with insecurity emanating

from terrorism and extremism are relevant to geostrategic and political situations of a state. According to Kiras (2011), the link between terrorism and poverty vary between the regions – for example, despite being a very poor region, sub-Saharan Africa does not favour terrorism.

The impact of the global financial crisis on developing countries, particularly the special condition and post-conflict states such as Afghanistan, Pakistan and Tajikistan is key for studying the relation between the crisis and instability. Throughout history, Afghanistan and Pakistan played a pivotal role in the global political arena. The political stalemate over border issues between Afghanistan–Pakistan (Afghan–Pak) fostered the cold war politics in South Asia. The involvement of the East and West blocs in Afghan–Pak border disputes internationalized the bilateral conflict. In the context of cold war politics, both the US and the Soviet Union indiscriminately exploited every single opportunity in thwarting the expansion of rival ideologies. Accordingly, the concept of exploiting religion for the interest of cold war led to a paradigm shift. This shift empowered and militarized religious extremists and led to the formation of non-state terrorist and extremist organizations in Afghanistan, Pakistan and Tajikistan.

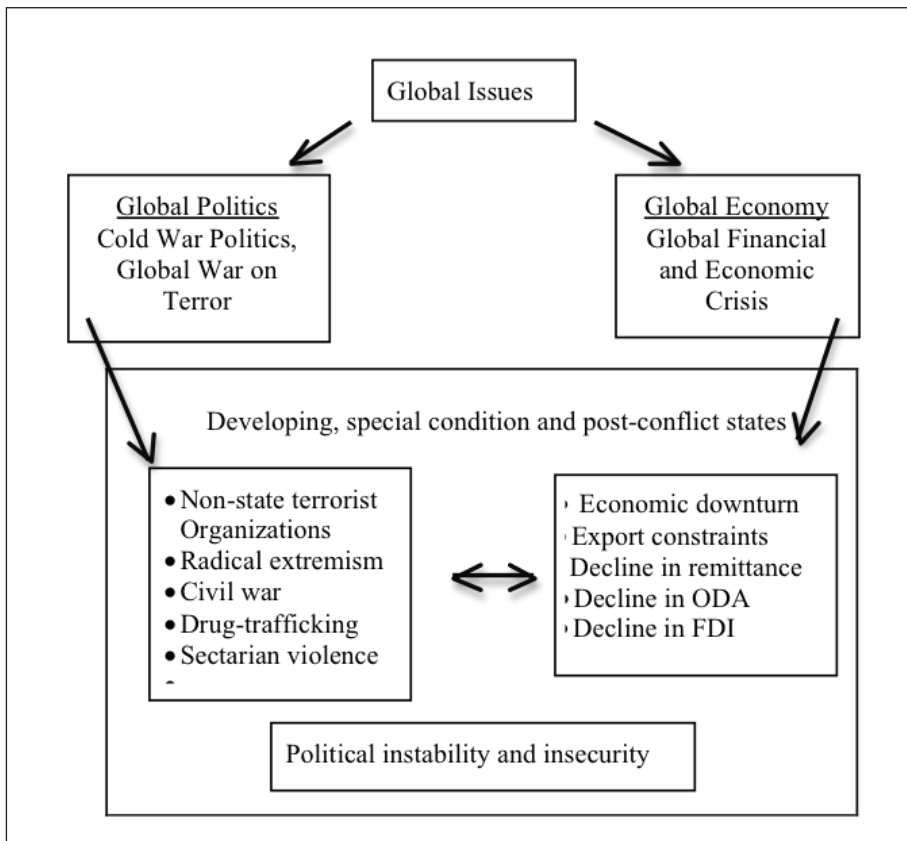
After the dissolution of the Soviet Union in 1991, each of Central Asian States (CAS) was born as an independent entity entangled with a set of socioeconomic and political problems. Russian isolation of CAS further intensified economic distress and exacerbated unemployment ratios in each state. Tajikistan, having a long mountainous border with a conflict-torn country, Afghanistan (see Map 10.1) lurched into a civil war in 1992. A joint military operation by Russian, Uzbek and Tajik forces ended the civil war in 1997. However, Tajikistan as a post-conflict state remains as a fragile state under serious threats of radical extremism, terrorism and drug-trafficking.

With the end of the cold war era, the international community led by the US disengaged from this region. This kind of phenomenon facilitated the expansion and empowerment of non-state terrorist organizations. This development resulted in cross-border terrorist activities, which led to a new era of global war on terror. On the other hand, regional states, crippled by precarious political and economic situations, failed to curb the expansion of terrorist networks.

Non-state terrorist organizations and radical extremists are profoundly active in underdeveloped marginalized remote regions. A weak economy is one of the main factors hindering regional states in providing social and economic security in these regions. In such a precarious situation, these states faced contagion impacts of the global financial crisis. The negative impacts of global economic recession on these states have been harsh in terms of Foreign Direct Investment (FDI), migrants' remittances and Official

Development Assistance (ODA). All these factors contribute to government incompetence in handling issues of political stability and security, particularly in countries where the risk of post-conflict relapse is high. The causal path of impacts of global economic recession on political instability and insecurity associated with extremism and non-state terrorism in post-conflict states can be traced in Figure 10.1.

Figure 10.1: Impacts of the Global Financial and Economic Crisis on Developing, Special Condition and Post-conflict States



Related Literature

There is vast literature available on the global financial and economic crisis and its impacts on both developing and developed countries. However, empirical studies elaborating on the impacts of financial crises on developing, special

condition and post-conflict countries particularly in relation to state security and political stability, are scantily available.

Fukuda-Parr (2008), emphasises the contagion impacts of global financial crisis on developing countries, stating that the impacts of global economic crisis on developing countries are several such as domestic economic downturn, constraints in exports, decline in ODA and a decrease in remittance. Most of the authors like Rashid (2012), Felbab-Brown (2010) Muzalevsky (2009) and Majidov (2011), emphasize that state failure in providing adequate social services due to economic backwardness is one of the main reasons of insecurity associated with terrorism and political instability in a country.

Bakken (2007) states that terrorist acts bring social status and economic prosperity for perpetrators; and suicide bombings benefit families economically. The author mentions findings by Shaked (2000) that the 'family usually receives a cash payment of between US\$1,000 and US\$2,500'. However, according to Paizza (2006) poverty and underdevelopment cannot be a direct cause of terrorism, but can exacerbate it.

There is a shortage of empirical studies on the impacts of the global financial crisis on political instability and insecurity of a state associated with radical extremism and terrorism. Thus, this chapter will analyse the role of the global financial and economic crisis in exacerbating political instability and state insecurity particularly in relation to terrorism and radical extremism. In this perspective, this chapter examines the impacts of the global financial and economic crisis on political instability and insecurity of Afghanistan, Pakistan and Tajikistan. Each state has diverse political institutions and different socioeconomic developments; however, they share concerns over insecurity associated with radical extremism, terrorism and drug-trafficking.

Afghanistan: Emerging out of Ashes

Afghanistan is a multi-ethnic landlocked country located in South Asia (see Map 10.1). It is bordered to the north by Turkmenistan, Uzbekistan, and Tajikistan, to the southeast by Pakistan, and to the west by Iran. It has a population of about 31 million people. The multi-ethnic society of Afghanistan comprises 42 per cent Pashtun, 25 per cent Tajik, 10 per cent Hazara, 10 per cent Uzbek, and remaining other minorities such as Turkmen, Baloch and Aymaq (Katzman 2013).

The enduring contemporary conflict in Afghanistan has its roots back in the Soviet invasion of Afghanistan in 1979. Decades of protracted war in Afghanistan destroyed almost all of the civil service institutions in the country. As a result of man-made and natural disasters, Afghanistan remains one of the world's poorest countries. According to the World Bank, Afghanistan is

one of the least developed countries, with more than a third of its population living below the poverty line and more than half on the brink of falling into poverty (World Bank 2012).

Despite the installation of a new government after the collapse of Taliban regime in 2001, after more than a decade Afghanistan has to tackle a series of acute challenges regarding security, economic downturn, corruption and absence of the rule of law. In terms of economic growth, Afghanistan remains the poorest country in South Asia in comparison to its all neighbours in the region, including the post-conflict state of Tajikistan (see Table 10.1).

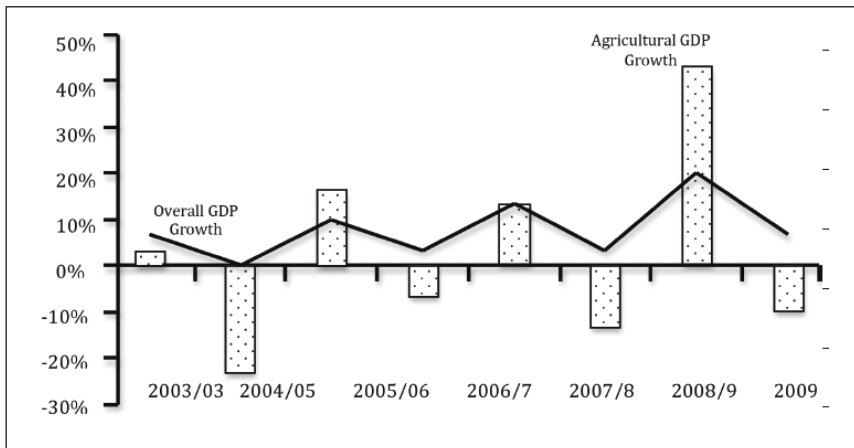
Table 10.1: Regional Comparison of Gross Domestic Product (GDP) per capita

	Afghanistan	Pakistan	Tajikistan	Uzbekistan	Turkmenistan	Iran
GDP per capita (2011 current US\$)	542.9	1,189.4	934.8	1,545.9	5,496.6	4,526.9

Source: World Bank 2009

Note: All data is for 2011 except Iran, which is for 2009

Foreign aid and agriculture, the pillars of the Afghan economy, shape an economy in perennial crisis. Worse still, there are the effects of unstable, undependable climate change and natural disasters like floods and drought. Consequently, the agriculture sector alone cannot support the country's economic prosperity. The driving force behind the development programmes relevant to the construction of mega projects, such as highways and airports to support public and private sectors, is foreign aid. These two sources of funding form the leading labour-producing sectors in Afghanistan. As can be seen in Figure 10.2, the evolution of Afghan GDP is highly linked to the evolution of GDP growth.

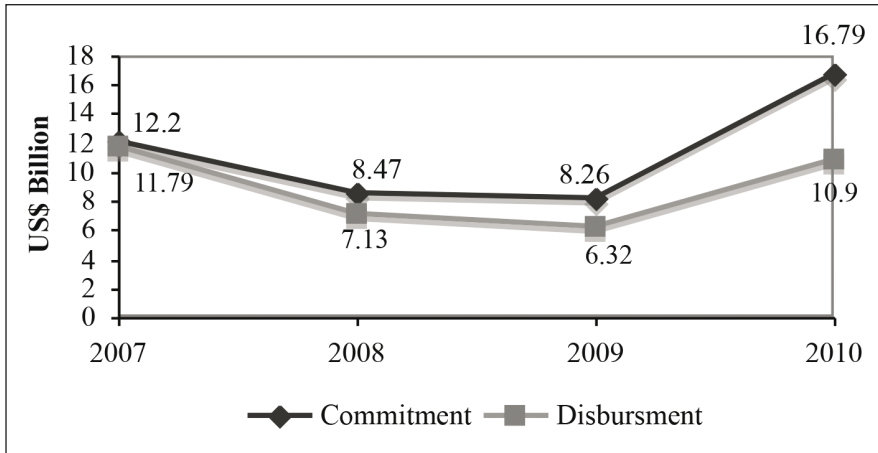
Figure 10.2: Volatile GDP Growth of Afghanistan

Source: World Bank 2011

Due to its political and strategic problems, Afghanistan remains almost totally dependent on foreign aid. According to the World Bank (2012) almost 90 per cent of the Afghan budget comes from foreign aid. Most of the donors were hit by the global financial crisis, and had to reduce expenditures. Such measures had a deleterious impact on their commitments on ODA. According to the Organisation of Economic Cooperation and Development (OECD 2012), major donors' aid to developing countries fell by 3 per cent in 2011.

In long-term policy, these cuts have negative impacts on developing countries like Afghanistan. The World Bank (2012) estimated that the impacts of a decline in foreign aid on Afghanistan would be devastating, as they would impinge upon security and the political stability of the country. According to the development report issued by Ministry of Finance Afghanistan (2010) there is an increasing gap between the commitments and disbursements of ODA to Afghanistan (see Figure 10.3).

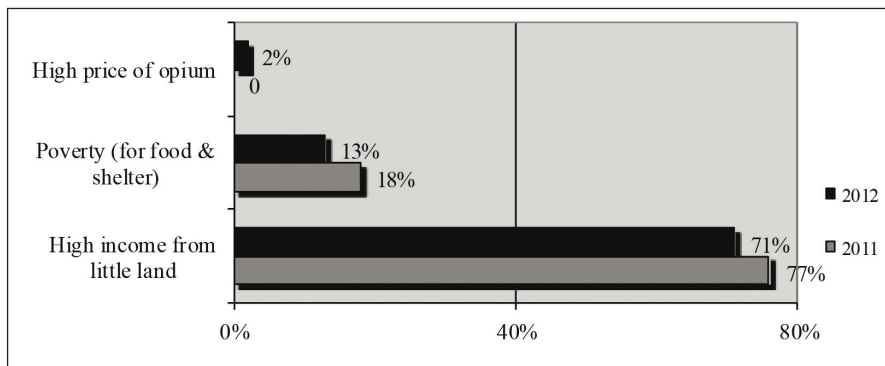
Figure 10.3: Afghanistan, Gap between Commitment and Disbursement of ODA, 2007-2010



Source: Ministry of Finance Afghanistan (2010)

There are several reasons why Afghanistan remains nearly exclusively dependent on foreign aid. After a decade of the presence of Western troops led by the US, security in Afghanistan remains highly volatile. The enduring Taliban insurgencies against the Afghan government negatively impacted on economic activities such as investments and industrialization. Thus, insecurity is the key factor for economic downturn in the country. Some of the other factors strengthening Afghanistan's dependency on foreign aid are weak governance and the prevalence of corruption in governmental institutions, including international non-governmental organizations.

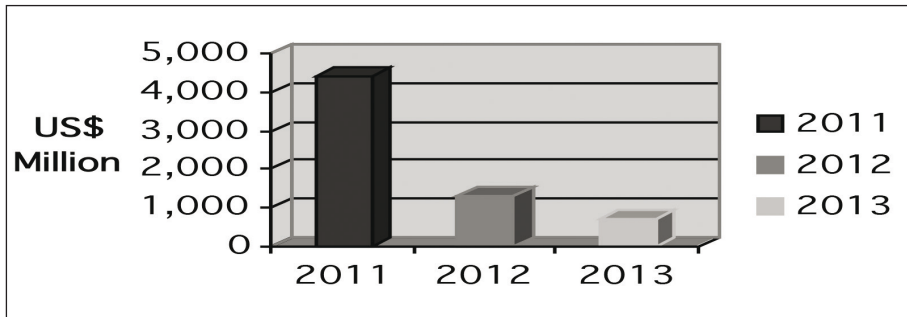
The absence of security and the rule of law left most of the rural areas in Afghanistan untouched by the reconstruction and development programmes. Underdevelopment and lack of economic opportunities, particularly in volatile regions led people to rely on poppy cultivation for their household needs. According to the United Nations Office on Drugs and Crimes (UNODC 2010), Afghanistan produces about 85 per cent of global opiate. As Table 10.4 shows, the main incentive for Afghans' poppy cultivation is a better source of livelihood. As Narayan et al (2009:446) observe, 'farmers regarded poppy as an important source of income in the absence of alternative livelihood, as no other crop could command such a high price.'

Figure 10.4: Reason for Poppy Cultivation 2012

Source: UNODC 2012

Historically, there were no traces of high poppy cultivation in Afghanistan prior to the Soviet invasion in 1979. Poppy cultivation flourished as the Afghan Jihad thrived in Afghanistan. Currently, poppy cultivation is prevailing mostly in regions where Taliban have their strongholds. Southeast Afghanistan is the most volatile region in the country. The United States Institute of Peace (2009) stated that the Taliban received about US\$50 million in 2008 as tax revenue (10 per cent of raw output) from the southern regions of the country. According to a news report by the British Broadcasting Corporation (November 2012), the Taliban profits greatly from the drug business in Afghanistan.

Incompetence of the government to provide economic and social security for its citizens favours the role of extremists, drug traffickers and criminals in the country. Inadequate wages for governmental employees is one of the main causes of the prevailing corruption in governmental institutions, especially in the security sectors. Both the Ministry of Finance of Afghanistan and the World Bank predict further decline in ODA disbursements to Afghanistan (see Figure 10.5) due to the financial and economic crisis. If this scenario materializes, insecurity and political instability of the country will bloom.

Figure 10.5: Forecast of Aid to Afghanistan for 2011-13

Source: Ministry of Finance of Afghanistan 2010

Afghanistan is heavily dependent on foreign aid to function. The presence of the North Atlantic Treaty Organization (NATO) and US forces in Afghanistan directly or indirectly contributes to the household incomes of many Afghans. However, international forces were scheduled to leave Afghanistan by the end of 2014. There are deep concerns about socioeconomic and political stability of Afghanistan in the post-2014 period.

Pakistan: Dwindling Economy with Rising Radical Extremism

Pakistan is a multi-ethnic country located in South Asia. It is bordered to the east by India, to the west by Iran and Afghanistan, to the north by China and to the south by the Arabia Sea (see Map 10.1). The government-estimated population as of 2004 was about 152.8 million people. The multi-ethnic society of Pakistan comprises 44.2 per cent Punjabi, 15.4 per cent Pashtun, 14.1 per cent Sindi, 10.5 per cent Saraiki, 7.8 per cent of Muhajirs, 3.6 per cent of Baloch. Six per cent are other minorities such as Brahui, Hindu and Persian-speaking Hazara (Library of Congress 2005).

On 14 August 1947 the British Raj over the Indian sub-continent was ended. The Indian sub-continent was partitioned into two distinct and hostile states: the Islamic Republic of Pakistan and the Republic of India. Pakistan was born as a conflict state. In the wake of its creation, it was crippled by a set of border and ethnic disputes with both of its main neighbours, respectively India and Afghanistan (see Map 10.1).

The precarious political, strategic and security environment in South Asia after the British withdrawal from the Indian sub-continent forced Pakistan to look for allies. According to Rizvi (2004), security concerns regarding India and Afghanistan were the catalyst for Pakistan's alignment stance with US. In the context of cold war politics, Pakistan played a very important role in American foreign policy on South Asia. The geographic and strategic location

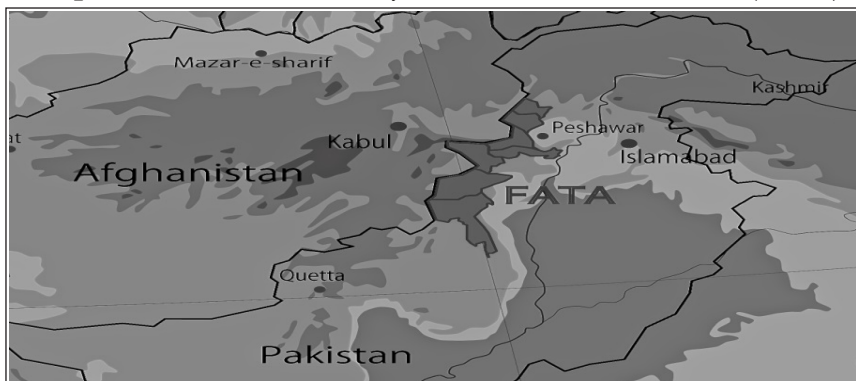
of Pakistan connecting the Indian sub-continent with the Middle East and Central Asia best suited the American interest in this region. According to McMahon (1994), the British and American politicians and strategists considered the Middle East a very important region for their economic and political stability. To protect this region from Soviet influence, they considered Pakistan as an important ally in South Asia.

Pakistan received massive aid from the US on two important occasions: first during the cold war period when the Soviet Union invaded Afghanistan and second, after the 9/11 atrocities when the US led the global war on terror. On the one hand, this aid played a pivotal role in the country's economic growth and military expansion. On the other hand, it catapulted the country into a set of challenges associated with sectarian violence, radical extremism and terrorism. According to Malik (2008) in the context of the global war on terror, the US provided Pakistan US\$10.5 billion in aid between 2002 and 2007.

Upon the outbreak of the Soviet invasion of Afghanistan in 1979, Pakistan welcomed the influx of millions of Afghans to Pakistan. Most of the Afghan refugee men were trained and sent back to fight against the Soviet forces in Afghanistan. On observing the strong faith of Afghans in Islam and their fearless fight for the sake religion, the CIA of the US and the ISI of Pakistan fabricated the notion of international Islamic Jihad against Soviet 'infidels' in Afghanistan. This kind development attracted hundreds of thousands of militants and radical extremists from all around the world. Consequently, Pakistan became a global nest for religious radicalism and extremist militancy.

Most of the training camps in Pakistan were located in the Federally Administered Tribal Areas (FATA) and on the periphery of Peshawar city (see Map 10.2). FATA is controlled under the inherited British regulatory law known as the Frontier Crime Regulation (FCR).

Map 10.2: Pakistan, Federally Administered Tribal Areas (FATA)



Source: Author's own elaboration

The political impasse over the border and Pashtun tribal issues between Afghanistan and Pakistan fostered the geostrategic and political interests of the United States and the Soviet Union during cold war era. Particularly, the belligerent tribal rivalries in FATA society in Pakistan went through grandiose changes under the Afghan Jihad. The absence of state law, the presence of tribal skirmishes among distinct Pashtun tribes and, moreover, the accumulation of thousands of international militants in the context of Afghan Jihad shifted this region from being a federation of neglected, marginalized tribal areas to the one of the most dangerous region in the world. Economic and political marginalization, heavy involvement in Afghan Jihad left FATA severely underdeveloped and highly vulnerable to extremist exploitation (see Table 10.2).

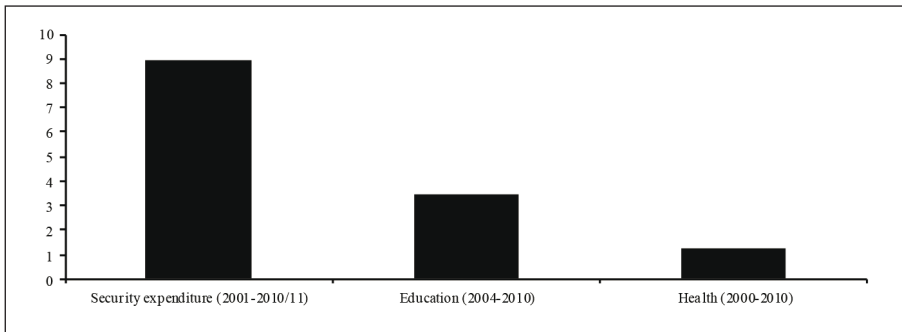
Most of the economic revenue from the US and other bilateral aid has been mainly used in military expenditures (see Figure 10.6), depriving development programmes in the country. According to the World Bank (2013) Pakistan is the poorest South Asian country. Pakistan allocates the lowest budget for child nutrition and education remains a serious challenge for the country. Rashid (2012) states that between 2001 and 2010 Pakistan received about US\$44 billion including military aid (US\$14.4 billion) from the US, Germany, Japan, the World Bank and other donors. Government officials and the Pakistan army sucked out most of the aid and there was little allocation to human development programmes.

Table 10.2: Development Indicators of Pakistan, Khayber Pakhtunkhwa (KP) & FATA

Indicators	Pakistan	KP	FATA
Literacy rate	54.4%	50%	17.4%
Literacy rate (female)	44.7%	31.1%	3.0%
Literacy rate (rural)	33.4%	27.4%	NA
Access to clean drinking water	86%	56%	41.5%
Population to doctor ratio	1,341	1,594	2,179
Roads per km ²	0.26	0.13	0.17

Source: Government of Pakistan 2008, 2011

Figure 10.6: Comparison of Pakistan Government Expenditure on Different Sectors



Source: Shahbaz et al 2012

The Federally Administered Tribal Areas (FATA), historically involved in militancy and extremism, is turning into a still more dangerous region. Religious leaders and tribal elders control the region in the absence of state law. Widespread illiteracy, unemployment and a wrong understanding of Islam made the region into a source of extremism, terrorism and drug-trafficking. With the onset of the global war on terror, this region became predominantly under the control of extremist groups, hence leaving the youth population highly prone to extremist exploitation. According to Qazi (2011) most of the local recruitment by extremists in the FATA was not because of ideological radicalization, but because of economic and political marginalization.

In the last ten years, Pakistan was hit by heavy natural and manmade disasters such as the Kashmir earthquake in 2005. As a result of such an earthquake 73,000 people died and 3.5 million people were left homeless (UNICEF 2008). Additionally, in 2010 a flood exacerbated this situation; 20 million people were affected, 1.6 million homes were destroyed and over 14 million people became highly vulnerable (Oxfam 2011).

This is worrisome as the flood destroyed most of the country's arable land. Agriculture is a strong pillar of the national economy in Pakistan. According to the Food and Agriculture Organization (FAO) of the United Nations (UN), agriculture accounts for 24 per cent of the GDP and employs 48.4 per cent of total the labour force in Pakistan (FAO 2004). These two massive natural disasters profoundly exacerbated a high level of poverty and underdevelopment in the country. Already beleaguered by these natural disasters, Pakistan was severely hit by the global financial and economic crisis in 2008.

Due to the global financial crisis, the high cost of imported oil brought new calamities into the country. Oil and food prices increased, unemployment soared, daily public protests started, and extreme power shortage devastated the limited industrial output in the country. The textile industry plays a vital role in the manufacturing sector. It employs 38 per cent of workforce in the industrial sector. Severe shortage of power and decreasing demands from the international market due to the global financial and economic crisis negatively impacted on the industrial sector.

According to the World Bank (2011), in 2009-10 Pakistan's exports stood at US\$19.7 billion mainly contributed by the textile and the agriculture sectors. Its imports stood at US\$31.2 billion mainly due to oil purchases. Thus, the trade deficit was recorded at US\$ 11.5 billion. Additionally, Table 10.3 shows that foreign direct investments and remittances also declined. However, due to recurrent aid from the international community some improvements have been seen in economic growth. Conversely, the decline in FDI due to insecurity, shortage of power and the reduction of remittances due to the global financial crisis heightened tension in Pakistan's economy.

Table 10.3: Pakistan External Sector (2009/10-2010/11)

	US\$ billion	
	2009/10	2010/11
Export	19.7	13.2
Import	31.2	19.6
FDI	2.1	0.9
Remittances	8.9	6.1

Source: State Bank of Pakistan 2010, 2011

The IMF (2010) reported that the percentage of people living in poverty was 22 per cent in 2005/06; however, the global financial crisis in 2007/08 further exacerbated the level of poverty in the country.

The 9/11 terrorist attacks once again made Pakistan an important frontline country in the contemporary global war on terror. However, the US-led invasion of Afghanistan forced the non-state terrorist organizations stationed in Afghanistan to move their camps outside the country. Under the Afghan Jihad, FATA, which had earlier served geostrategic and political interests of the cold war, once again became an important region for the non-state extremist and terrorist organizations to shelter in. With the onset of the global war on terror, operations of distinct extremist groups from Kashmir, Afghanistan and Central Asia overlapped and formed a united front against Western troops in Afghanistan.

The US started operating drone attacks in 2004 in order to demolish terrorist bases in FATA. Pakistan, a strong US ally in the global war on terror, also started military operations against its formerly trained militants. All those who once fought for the strategic and political interest of Pakistan and the US now reversed as a strong enemy, creating insecurity not only for Pakistan, but also for the entire world. Collateral damage caused by Pakistan military operations and US drones has resulted in thousands of civilian casualties. Continuation of military operations in this region has aroused people's resentment against the government of Pakistan and the US. This development fostered the extremists' role in FATA.

For terrorist and radical extremist militants to keep the flame of war going, it is essential to have ample economic revenues. The economic income from drug-trafficking, arm deals and associated crimes, including human trafficking, give an upper hand to terrorists and extremists to offer the illiterate, unemployed population in such places as FATA high wages for high and respectful posts to recruits into their ranks. Hence, in the public perception, the recruiters became godlike saviours.

There are two main reasons for the rapid expansion of radical extremism in Pakistan, particularly in FATA: first, Jihadi rhetoric is prevailing in the religious educational institutions (*madrassa*) of Pakistan, and second, due to socioeconomic distress. Bakken (2007) states that after suicide attacks, both the perpetrators' and their families' social and economic statuses rise. According to Paizza (2006) terrorism is the expression of socioeconomic desperation. Local gangs and drug traffickers became religious leaders and radical militants and formed organized groups linked with bigger international terrorist groups such as Al-Qaeda and Islamic Movement of Uzbekistan (IMU) (Kronstadt and Katzman 2008).

The day-to-day increase in terrorist and radical extremist activities, economic downturn and social unrest are leading Pakistan into political instability. From the onset of its formation, Pakistan was concerned about security challenges emanating from Afghanistan and India; thus, the Pakistan Army and ISI (Pakistan's spy agency) have dominated the foreign affairs of Pakistan. Here it is important to note that the urgency of defeating the Soviet Union in the context of cold war politics led the international community to overlook the importance of growing radical extremism in the region.

Pakistan's bad political relations with its two main neighbours and the failure of civil government to tackle these issues have been responsible for frequent military coups. General Ayub Khan was the first general who came to power in 1958. Khan served as a military officer in the British Empire and was the first native Chief of Army Staff of Pakistan prior to becoming the President of Pakistan. Khan's good relations with Britain, and later with

the US, led Pakistan to be a strong ally to the US during cold war era. As a result, Pakistan and the US signed a series of bilateral agreements including the South East Asian Treaty Organization (SEATO) and the Mutual Defense Assistance Agreement in 1954.

Another military coup was carried out led by General Zia-ul-Haq in 1978. From the onset of General Zia's presidency, Pakistan was placed under economic embargo. However, the Soviet invasion of Afghanistan in 1979 entirely altered Pakistan's fortunes overnight. In the context of cold war politics, Zia received billions of dollars of aid from the international community led by the US. According to Rashid (2000), Zia received about US\$ 5 billion as aid from the US during the Afghan Jihad. After Zia's death in a mysterious plane crash, the civilian government led by the Pakistan People's Party (PPP) and the Muslim League (later the Muslim League Nawaz) could not fulfil their terms due to series of mismanagement and corruption charges.

Such a political situation invited another important military coup in 1999 led by General Pervez Musharraf. Musharraf's era was as important as Zia's period. The September 11 terrorist attack on the US once again fueled American interest in Pakistan. This time, Pakistan, with good experience of American conditional aid, demanded plenty of economic and military assistance in comparison to the cold war era. With such political background, Pakistan is under dire thread of fast expanding militarization and radical extremism. Since Pakistan is a massively populated nuclear power, its destabilization would lead to chaos in the region, which in turn would endanger international security.

Tajikistan: A Gateway of Drug-trafficking, Extremism and Terrorism

Tajikistan is a small landlocked country located in Central Asia. It is bordered to the south by Afghanistan, to the north by Kyrgyzstan, to the east by China, to the west by Uzbekistan. In 2006, Tajikistan's population was estimated to be about 7.3 million people. The ethnic composition of population is 79.9 per cent Tajik, 15.3 per cent Uzbek, 1.1 per cent Russian, and 1.1 per cent Kyrgyz (Library of Congress 2007).

At the time of their independence, each Central Asian State was entangled in a series of socioeconomic and political problems. Soviet isolation of CAS and their poor economies under authoritarian communist rulers became one of the main causes for the growth of the mass of unemployed youths, particularly in the densely populated Ferghana Valley (shared among Uzbekistan, Tajikistan and Kyrgyzstan), where these youths are widely exploited by the extremist groups (see Map 10.1). The World Bank (2000) has estimated that about 33 per cent of the Tajik population is unemployed. The extremists had been

previously infiltrated in this region during the Afghan war. Through the activities of the fast-expanding madrassas in Ferghana Valley, the breadth of extremist power grew larger every day. The background of this was the tremendous support from the Deobandi and Wahhabi schools of thought, which were centred in the Arabian Gulf States, Pakistan and Afghanistan.

The Republic of Uzbekistan, a densely populated dominant country among the CAS, became the prime and the main target of extremism in Central Asia. However, the passing of the repressive Act by the Uzbek parliament against the freedom of religion gave a free hand to the President of Uzbekistan, Islam Karimov, to suppress Islamic movements. As a result of strict counter measures, radical leaders such as Tohir Yoldashib and Jumma Namangani fled to Tajikistan and later to Afghanistan.

On the other hand, Islamic movement gained power in Tajikistan. Uzbek militants joined the Islamic Renaissance Party of Tajikistan and participated in armed conflicts against the Tajik communist regime. Thus, a civil war erupted in Tajikistan in 1992. Protracted civil war in Tajikistan threatened Central Asian security and increased tensions in Moscow and Tashkent. Consequently, a joint military operation by Russian, Uzbek and Tajik forces ended the civil war in 1997. However, Tajikistan remains entangled with small-scale insurgencies led by the radical religious groups that are strongly active in the Ferghana Valley and in the regions adjacent to the Afghan border.

The Ferghana Valley is located in one of the worst enclaves of the world. Demarcation of borders between Uzbekistan, Tajikistan and Kyrgyzstan by the Soviet Union in the early twentieth century became one of the causes of regional political conflict among the CAS. Thus, Tajikistan suffers a series of challenges in terms of economy, social services, political instability and volatile relations with its neighbours. One of the main challenges the country faces is insecurity emanating from radical extremism and drug-trafficking, which is rooted in Afghanistan. Tajikistan's unstable economy and weak governing institutions face serious obstacles in securing its long mountainous border with Afghanistan.

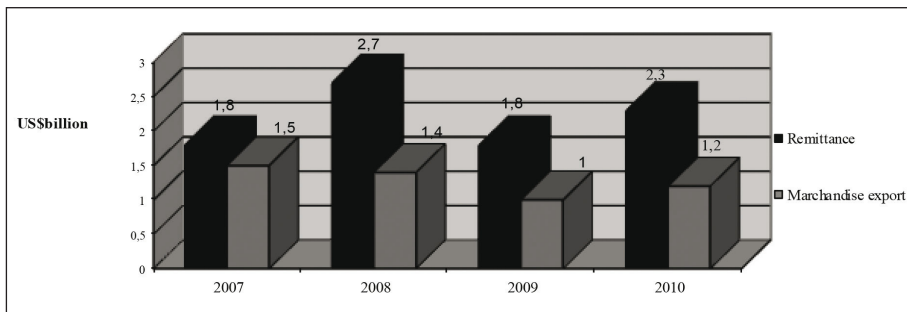
Tajikistan is the main route for Afghan narcotics trafficking. Almost all of the Russian and the main portion of the European drug supply can be tracked through this route. According to the UNOCD (2010), 25 per cent of total heroin manufactured in Afghanistan is smuggled through Tajikistan to CAS, Russia, China and Europe. Drug-trafficking in Tajikistan has become a prominent problem for the government. A weak economy and widespread corruption are the main obstacles in fighting against drug-trafficking. Excessive dependency on foreign economies, particularly on Russia, causes the country to be fragile in terms of the global financial crisis.

The decline in national revenue, mainly due to the global financial and economic crisis, trimmed government expenditure on security sectors. Low wages are incentives for widespread bribery among security personnel, thus leaving the long porous border with Afghanistan as an easy passage for extremists, narcotic traffickers and other criminals to cross in and out the country.

On the one hand, the government is stricken by an economic crisis, and unable to create a robust economy, jobs or provide sufficient wages for government employees. On the other hand, drug lords offer lucrative jobs with high-income salaries to the young unemployed population. Consequently, a substantial part of the unemployed workforce is left exposed to either criminal exploitation or migration abroad.

The high level of unemployment has led Tajikistan to become one of the top labour-exporting countries in the world. The Tajik economy mainly relies on two sectors; first remittances, second exports (see Figure 10.7). Almost half of the country's GDP relies on remittance flows from workers abroad mainly in Russia (Danzner and Ivaschenko 2010). According to the World Bank Remittance Fact Book (2012) in 2011 remittance inflow to Tajikistan was equivalent to 47 per cent of Tajik GDP. Tajikistan's exports are mainly aluminum and cotton. A fall in price for commodities on the global market undermined the country's main export output. The United Nations Development Programme (UNDP 2010) reports that Tajikistan's trade deficit stood at US\$1.6 billion in 2011; that is 38 per cent higher than the deficit level recorded in 2010. The gap was covered by remittances from Russia.

Figure 10.7: Tajikistan, Merchandise Exports and Remittances (2007-10)



Source: UNDP 2010

The Tajikistan economy is inextricably linked to the Russian economy. The global financial crisis that hit Russia in 2008 provoked a 31 per cent decrease in Tajik remittances. This trend created serious economic problems in the country. Continuous mass labour migration from Tajikistan led Russia to gain political leverage and exploited the Tajik labour force. A weak economy, high unemployment level and excessive dependence on foreign aid impacted negatively on political stability, human security and human development programmes in the country.

Labour migration is essential to keep the Tajikistan economy on track, especially to cover up the economic shortfalls. However, extreme migration abroad causes deleterious side effects on the social life of Tajiks who are left behind in the country. Particularly, those labour migrants who settle down to a new life in Russia usually leave thousands of women and children deprived, psychologically ill and poor in Tajikistan. According to a news report by the BBC in October 2012 there were several negative impacts on children of Tajik migrants. They became depressed, psychologically ill, dropped out schools and started working at very early ages.

As in the case of Afghanistan and Pakistan, the unemployed young population inside the country is vulnerable to exploitation by the radical extremists and drug traffickers. To expand their recruitment, the extremists and drug traffickers have two strong weapons; one is religion; the second is the economy. Despite having been under Soviet communist rule for decades, Tajikistan remained a Muslim nation. However, people have very limited knowledge of Islam, particularly in rural areas with higher unemployment levels and strong faith in Islam which has made them prone to recruitment by religious extremists and exploitation by drug cartels.

During a meeting of Tajikistan's Security Council on 10 February 2011, President Emomali Rahmon, expressed concerns about 'the growth of religious extremist feelings in the society'. According to the President, these 'feelings threaten national security and stability in Tajikistan' (Majidov 2011).

The extremists, who collect high revenues from drug-trafficking, offer high wages to recruits. As mentioned above, the Tajik government, lumbering under loads of economic problems, particularly after the global financial and economic crisis, failed to tackle security challenges. These challenges not only threaten the national security of Tajikistan, but also endanger the security of the whole of CAS. Hence, rising unemployment levels in the country due to the economic crisis strengthened the role of religious extremists and drug traffickers.

The Islamic Movement of Uzbekistan (IMU) is the most powerful extremist organization in CAS and is very active in Tajikistan. Other than IMU, there are also smaller associate groups of IMU such as Hezb-ut-tahrir and Islamic Jihad

Union that are mostly active in Tajikistan and the Ferghana Valley. According to Rashid (2002), weak government and an unstable economy are providing a safe nest to extremists in Tajikistan. The government of Tajikistan has taken strong steps against religious groups, banning several religious schools that were active around the country. Yet large numbers of the young unemployed population are highly prone to recruitment by extremists.

For the government of Tajikistan, it is far more difficult to strengthen the economy and create jobs while their primary concern is to fight against radical extremism and drug-trafficking without meaningful support of the international community. The problem Tajikistan faces today is not just national or regional. Rather it is international; therefore, Tajikistan should not be alone in the responsibility for tackling these problems. While there is some active participation by international and regional aid organizations, Tajikistan still needs strong support from the international community to break away from the global economic recession in order to sustain economic and political stability, which would promote peace and socioeconomic prosperity in the region.

Conclusion and Policy Implications

The impact of the global financial and economic crisis is severe in developing countries with weak governance and unsteady economies. The developing countries, and more particularly the special condition and post-conflict countries, are prone to becoming politically destabilized.

For countries such as Afghanistan, Pakistan and Tajikistan, getting economic assistance will not be an absolute remedy to overcome economic and political problems. However, regional cooperation and collaborative economic and political relations with the neighbouring states can play a vital role in sustaining political and economic prosperity. The uneasy relations of Afghanistan, Pakistan and Tajikistan with their neighbouring countries and the absence of cordial relations among them are some of the main obstacles to economic and political stability. In particular, Pakistan's geostrategic and political disputes with India and Afghanistan force it to allocate a big portion of its revenues to the security sector.

Tajikistan has a territorial dispute over its border with both of its neighbours, to the north with Kyrgyzstan and to the west with Uzbekistan. This political milieu has intensified Tajikistan's political and economic challenges. A weak economy, lack of resources, excessive dependency on foreign cooperation and geographic proximity with conflict-torn Afghanistan has made the country highly vulnerable. In order to tackle these problems, it is in Tajikistan's vital interest to effect reforms in its domestic and foreign policies.

The failure of governments in Afghanistan, Pakistan and Tajikistan to provide basic social services for their citizens gives the upper hand to the radical extremists and terrorist groups. They provoke continuous instability against the states and expand their radical ideology and recruitment.

One of the reasons behind focusing on these three countries in the context of this topic is their shared concern over the spread of extremism, drug-trafficking and government incapacity to create jobs and provide adequate social services for their citizens, especially for those who are affected by the global financial and economic crisis, natural disasters and internal conflicts.

Problems emanating from insecurity such as direct violence and structural violence are correlated to the economic backwardness of a country. The negative impacts of the global financial and economic crisis due to the integrated international economy and their dependency on foreign aid have made these three states unable to sustain political and economic stability, which has in turn undermined their ability to eradicate the root causes of extremism and terrorism from the region. Regional and international cooperation is fundamental to eradicate radical extremism, terrorism and drug-trafficking from this region.

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