

Sectarian Terrorism in Pakistan: causes, impact and remedies

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Abstract

This study examines the geopolitics of sectarian terrorism in Pakistan. The study, particularly, analyses the role of Pakistan's regional foreign policy towards neighbouring India, Afghan wars, and the relations with bi-polar fundamental Muslim Block, the Kingdom of Saudi Arabia (KSA) and Iran, on sectarian (religious) terrorist incidents for the period 1973-2017. The findings suggest that economic cooperation with India which drive peace-making relations partially increases the sectarian terrorism. Both the bilateral loans disbursed by the KSA and trade relations with Iran, significantly increase the chances of sectarian terrorism in Pakistan by activating extremist (proxy) groups. However, the Afghan Wars that call for Pak-US strategic partnership helps Pakistan to control the religious terrorism.

Keywords: *Geopolitics, Foreign Policy, Sectarian Violence, Terrorism.*

I. Introduction

Academically, the phenomenon of terrorism received more attention after the 9/11 incident and the War on Terror that consequently increased the terrorist attacks globally, especially in the Western Europe, Middle East, South East Asia, as well as in South Asia (specifically Pakistan). There is a reasonable amount of literature that determines important demographic, socio-economic, and political factors influencing terrorism in Pakistan (for example, See, Looney, 2004; Murphy and Malik, 2009; Nasir *et al.*, 2011; Shahbaz *et al.*, 2013; Ismail and Amjad, 2014; Syed *et al.*, 2015). Similarly, a number of studies have been conducted to measure the impact of terrorism on Pakistan's economy, which it is estimated, has suffered

more than a \$123 billion loss during the War on Terror¹ (for example, see, Alam, 2012; Mehmood, 2014; Raza and Jawaid, 2013; Estrada *et al.*, 2015). Apart from determining economic, social and political factors, less attention is given to foreign policy, military and strategic factors to empirically examine the geopolitics of (religious) terrorism in Pakistan. This study contributes in literature by primarily investigating the geopolitics of sectarian terrorism through Pakistan's regional foreign policy particularly towards India and the Afghan Wars that call for Pak-US regional strategic partnership. Importantly, this paper adds in the empirical literature by determining the role of fundamental bi-polar Sunni and Shia Muslim world, the radical *Sunni (Wahhabi/ Salafi)* Kingdom of Saudi Arabia (KSA) and the *Shia* Islamic Republic of Iran for (potentially) staging proxy-wars, leading towards the sectarian terrorism in Pakistan.

The recent literature places a more important role on foreign policy in influencing the terrorism. Savun and Phillips (2009) determine the positive relationship between active foreign policy variables and (transnational) terrorism. They argue that democratic regimes are targeted by transnational terrorists because of their active foreign policy rather than nature of the regime. The active foreign policy that may make countries vulnerable to terrorism has been measured by three basic indicators: involvement of a foreign policy crisis due to conflict with other states, active foreign policy by making an alliance with US, and the frequency by which states intervene in civil wars.³ Following this, we consider the bordering conflict with neighbouring India as well as an important role played by Pakistan as a US ally in the Afghan wars. The remainder of this paper is organized as follows. Section II presents the stylized facts of terrorism in Pakistan. Section III describes the data and methodology while IV presents the results. Section V discusses the empirical findings whereas Section VI suggests the policy implications respectively.

¹ Source: Economic Survey of Pakistan, 2016-17

³ Savun & Phillipis (2009)

Pakistan is the sixth largest populated country in the world with majority (96 percent) Muslims (75-80 percent Sunni Muslims and approximately 20-25 percent Shiites)² while other 4 percent include Ahmedis, Christians, Hindus, etc. Undoubtedly, the KSA has long been supporting Pakistan not only in bilateral assistance (loans and grants) but also in providing oil on deferred payment plans. In retrospect, neighbouring Iran used to provide economic assistance before the Islamic Revolution. However, the regime shift leading to long-lasting economic sanctions over the decades resulted in aid suspension and called for enhanced trade relationships that faced fluctuations over time. The Islamic Revolution of 1979 in Iran has had severe repercussions on neighbouring Pakistan by promoting Shiite voice and movements demanding own *Fiqh* rights (Mohammad-Arif, 2004; Waterman, 2014). General Zia ul Haq, then military ruler of Pakistan, received a great amount of support from KSA to control the Shiites by promoting Wahhabism through establishment of madrassas across Pakistan and supporting radical clerics (Mohammad-Arif, 2004; Steinberg and Woermer, 2013). Further, the Shiites of Parachinar and Gilgit-Baltistan were disconnected through illegal settlements of the *Salafi / Wahhabi (Deobandi)* radicals in Hangu and Kohistan areas respectively.³ This broke out the verbal and physical abuse and violence amongst various Muslim sects with one *Salafi / Wahhabi (Deobandi)* radicals having security agencies support led to unequal and unfair role of religious radicals in mainstream politics and proxy defence line (for example, See, Riaz, 2005; Abbas, 2006; Ashraf, 2012).

The Russian (former Soviet) invasion in Afghanistan further fuelled the sectarian violence situation when the United States called for support from Pakistan to fight against Soviet (Waterman, 2014). The US assisted Pakistan to establish *Jihadi* madrassas (seminaries) producing Sunni (*Salafi / Wahhabi*) radicals to fight in the name of Jihad in Afghanistan by providing financial assistance and weapons. Equally, the KSA provided funds to Pakistan

² International Religious Freedom Report, 2017.

³ See, Salami, I. (2012). *Carnage of Shia Muslims in Pakistan*, Press TV (September 6, 2012).

matching with each US dollar assistance, to establish the radical madrassas recruiting the children from under-privileged areas along the Pak-Afghan border, Balochistan, and Southern Punjab (Steinberg and Woermer, 2013; Racimora, 2013). After the withdrawal of Russian troops from Afghanistan, the Washington suspended its support on account of Pakistan's drive for nuclear capabilities. The cold distant US-Pak relationship during the 1990s (named as 'lost-decade') pushed Pakistan to decommission the radical madrassa's *Jihadis* itself.⁴ The establishment of Taliban government in Afghanistan further strengthened the relations between Sunni (*Salafi / Wahhabi or Deobandi*) radicals in Afghanistan and Pakistani security agencies. Later, radicals established different armed organizations (*Lashkar-e-Tayeba, Sipahi-e-Sahaba, Lashker-e-Jhangvi, etc.*) involved in cross-border terrorism in Kashmir and sectarian killings of Shiites, Sunni (*Sufis/ Barelvis*) and minorities including Ahmedis, Christians and Hindus.⁵ This led to uprising of armed Shiite movement (*Sipah-e-Muhammad*) and Barelvi organizations. It is perceived that both KSA and Iran have been involved in staging soft proxy wars in Pakistan promoting the sectarian terrorism. On other hand, security agencies' support to (*Salafi / Wahhabi/ Deobandi*) radicals and the space provided to them by governments in different levels of religious affairs, results in their participation in mainstream politics.⁶ This raises question about the state's response to terrorism since militant organizations have long been perceived as a proxy front-line defence, playing roles both along the Western and Eastern borders with Afghanistan and India respectively.

The United States that once helped Pakistan to produce radicals against Soviet later made fundamental shift in its policy from supporting to target *Jahadis* in connection with Al-Qaida footings in Afghanistan after September 11, 2001 attack. The 9/11 incident pushed Pakistan to rethink its policy of promoting *Salafi / Wahhabi/ / Deobandi* radicals affiliated with

⁴ Perkovich, G. (2006). Could Anything Be Done to Stop Them? Lessons from Pakistan. *Non-proliferation Policy Education Center*, 26.

⁵ Shapiro & Fair, 2009; Ashraf, 2012; Waterman, 2014.

⁶ Cohen, 2004; Riaz, 2005; Ashraf, 2012.

Taliban and Al-Qaida as well as their role in religious affairs, policies, politics, and consideration as a proxy front-line defence.⁷ The important front-line role of Pakistan (as a strategic ally of US) in the War on Terror (WOT) providing intelligence, surveillance, military operations, land routes for NATO supplies, and airbases for US fighter jets created backlash to face enormous amount of high-visibility terrorists attacks while combating Al-Qaida, and Taliban networks. Moreover, the drone attacks inside Pakistan along the Pak-Afghan border resulted in civilian killings especially children, is perceived to escalate the terrorist attacks.⁸ As mentioned earlier, the intense waves of terrorists' attacks led the economy to suffer more than a \$123 billion loss.

Pakistan's relations with India have remained fluctuated due to Kashmir. Historically, this permanent bordering conflict escalated three wars, limited sectoral wars (in Kargil), countless crossfires along the line of control (LOC) and numerous cross-border terrorist activities from both sides. The Indian government accuses Pakistan for training and facilitating infiltration of *Salafi/ Wahabi* radicals' armed organizations in Indian occupied Kashmir (IOK) supporting local Kashmiris' freedom movement against Indian security forces.⁹ India has pushed Pakistan repeatedly to control its banned outfits or armed wings acclaiming Jihad in Indian occupied Kashmir. Resultantly, the domestic policy towards Sunni (*Salafi / Wahhabi or Deobandi*) radicals was revisited to reduce their role subsequently during the WoT, especially after the Mumbai attack that accused Pakistan for its non-stake military actors' involvement in conducting terrorist attacks in India. Conversely, Pakistan alleges India for its role in strengthening rebel movements in Balochistan and conducting terrorist activities controlled through Afghan land.¹⁰

⁷ Murphy & Malik (2009)

⁸ However, Johnston & Sarbahi (2016) argue that counter-terrorism policy of drone attacks reduces the capacity of Taliban to conduct terrorist activities by examining a negative impact of drone attacks on terrorist attacks.

⁹ Firdous, 2009; Bano, 2013; Racimora, 2013.

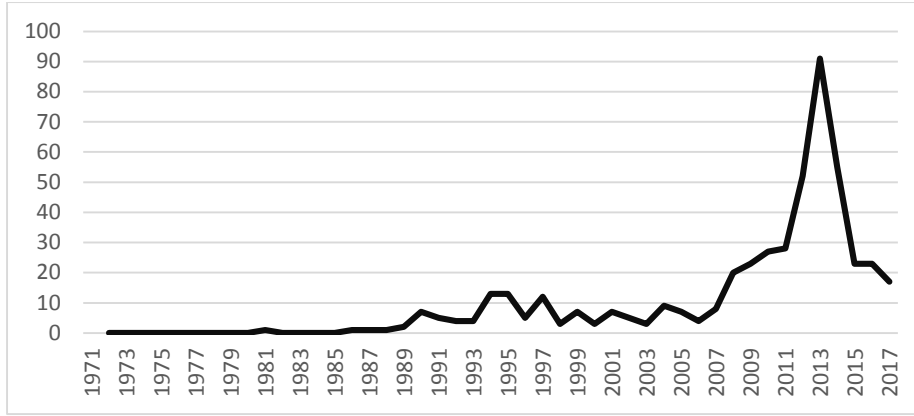
¹⁰ Ganguly & Howenstein, 2009.

II. Terrorism in Pakistan

The Cold War and inter-war eras have had a significant effect on developing and promoting *jihadi* culture through Talibanization, nurturing fundamental *madrassas* (seminaries) and religious extremism across Pakistan that lead to sectarian and ethnic violence and cross-border terrorism (for example, see, Mohammad-Arif, 2004; Ashraf, 2012; Racimora, 2013; Waterman, 2014). However, the WOT has an important role in promoting large-scale terrorism in Pakistan. It is argued that reversing the regional and domestic foreign policy in line with US policy shift after the 9/11 against Taliban, Al-Qaida and extremists' facilitators in Afghanistan and along Pak-Afghan border, increased terrorism exponentially. As discussed earlier, the 9/11 incident is considered as an important landmark in strategic policy shift that pushed Pakistan to face historically severe wave of terrorism. It was not just sectarian or ethnic terrorism but stretched out to target military barracks, defence installations, security personnel, logistics, infrastructure, tourists, public places and even school children.

Figure 1 presents the sectarian (or religious) terrorist incidents in Pakistan for the period 1972-2017. As shown, religious terrorism started increasing after the end of Cold War during late 1980s. Later, religious terrorism amplified by the end of Afghan Jihad during the 1990s while increased phenomenally during the WOT. Subsequently, it started falling after reaching a peak in 2013.

Figure 1: Sectarian (religious) Terrorist Incidents in Pakistan (1972-2017)



Source: Global Terrorism Database

III. Data and Methodology

This study uses the number of religious (sectarian) incidents as a dependent variable for the period 1973-2017. We apply a negative binomial regression model to count the religious terrorism incidents considering the nature of dependent variable.⁴ The most commonly used regression for count data is the Poisson regression model as given below:

$$\Pr(Y_i = y_i | X_i) = \frac{\exp(-\mu_i) \mu_i^{y_i}}{y_i!} \quad (1)$$

$$\mu_i = \exp(X_i \beta) \quad (2)$$

where X_i is a covariate vector and β is a vector of unknown coefficients to be estimated. When there is an overdispersion or heterogeneity in population, a gamma mixture of Poisson variables is often assumed. Let v_i represent an independently distributed error term, with $\exp(v_i)$ that follows a gamma distribution with mean 1 and variance α . The Poisson model

⁴ These regression models are based on the Negative Binomial Probability Distribution (NBPD) functions. It is considered more suitable to count the data than the Poisson probability distribution functions. In NBPD, the variance is always larger than mean compared to Poisson probability density functions (PDF) that assumes equality between mean and variance. The NBPD can be written as: $\Pr(Y_i = y_i) = \binom{r+y_i-1}{y_i} p^r (1-p)^{y_i}$; $\mu > 0, r > 0$

where α represents variance, μ denotes mean while r is a parameter. As $r \rightarrow \infty$ and $p \rightarrow 1$, the NBPD assuming the constant mean approaches the Poisson PDF. In NBPD, we look for the number of failures (contrary to success in binomial probability distribution) before the r th success in n trials, where p is the probability of success.

requires a modification with mean:

$$\mu_i^* = \exp(\mathbf{x}_i \boldsymbol{\beta} + v_i) \quad (3)$$

This leads to a negative binomial regression model:

$$\Pr(y = y_i | \mu_i) = \frac{\alpha(\alpha + 1/y_i)}{y_i! \Gamma(1/\alpha)} \left(\frac{1}{1 + \mu_i} \right)^{1/\alpha} \left(\frac{\mu_i}{1 + \mu_i} \right)^{y_i} \quad (4)$$

where α is an additional parameter indicating the degree of overdispersion. This model converges to a Poisson model if α approaches zero. This study considers the geopolitical variables, i.e., dummy for Afghan Wars (1 representing a strategic alliance with US against Communism and later against Terrorism, 0 otherwise), the role of bi-polar fundamental Muslim block (KSA and Iran), and the state conflict with neighbouring India as the main explanatory variables of interest. We also introduce the Pak-US relationship measured by economic assistance disbursed by the Washington. Further, we consider another strategic variable of military's role exhibiting the control over terrorism through its strength in conventional and non-conventional capabilities measured by the military expenditures (as percentage of GDP).

To examine the role of bi-polar fundamental Muslim block in influencing sectarian terrorism, we use bilateral loans extended by the KSA to Pakistan as a proxy for its influence that not only strengthen the Pakistan economy but may also potentially supporting the Sunni (*Salafi / Wahhabi or Deobandi*) radicals, extremist madrassas and militant organizations.¹¹ The data for outstanding debt of Pakistan from the KSA (in US\$) is taken from various editions of Economic Survey of Pakistan. On other hand, we consider trade ties with the Islamic Republic of Iran to promote Shiite hard-liner clerics or organizations. The data for Pak-Iran trade relations (measured in US\$) is taken from the International Monetary Fund (IMF)'s Direction of Trade statistics.

¹¹ Jaffrelot (Eds.), 2002; Mollazehi, 2008; Hegghammer, 2010; Steinberg & Woermer, 2013; Waterman, 2014.

The trade relations between two neighbouring countries, India and Pakistan, remained much volatile due to periodic border tensions, war-like moments, and sometimes the peace-making situations. The strengthening trade with neighbouring India indirectly indicates less infiltration of non-state armed organization in Indian occupied Kashmir or their reduced role in cross-border terrorism and more control of state over extremist armed wings spreading hatred and violence in country against other sects and religions. This study follows Pak-India trade relations as a proxy of foreign policy relations between two neighbouring countries. The data for Pak-India trade (measured in US\$) is also taken from the IMF's Direction of Trade statistics.

The literature demonstrates the significant detrimental influence of military expenditures on terrorist incidents (for example, See, Drakos and Giannakopoulos, 2009; Freytag *et al.*, 2011). Beside strategic and geopolitical variables, the literature survey suggests us to introduce some socio-economic and political controls like GDP per capita growth, inequality measured by Gini coefficient, the political globalization index, political rights, and a dummy for dummy for political regime (1 for democratic rule, 0 otherwise).

A large amount of literature suggests the significant role of socio-economic and political variables in influencing the terrorist attacks. Many studies acknowledge that high (per capita) income increases the incidence of terrorism (for example, See, Blomberg *et al.*, 2004; Tavares, 2004; Lai, 2007; Krueger and Laitin, 2008; Freytag *et al.*, 2011) while many researchers are of the view that people become better off with a rise in income that reduces the chances of terrorism, indicating a negative relationship between them (for example, See, Bravo and Dias, 2006; Blomberg and Hess, 2008; Dreher and Fischer, 2010). The literature also reveals the non-linear (quadratic) relationship between income and terrorism when examine the terrorist incidents symmetrically (Enders *et al.*, 2016). Income inequality is also considered to be an important source of terrorism. The literature suggests that the rise in

inequality produces grievances, anger and distress among the deprived segments of society that leads to violence and terrorism (Lai, 2007; Salvatore, 2007; Krieger and Meierriecks, 2011). Political instability, another important factor, is reported to positively influence terrorist activities (Fearon and Laitin, 2003). The weak democratic political systems are considered as incubators for terrorism while strong autocratic regimes reduce terrorism. The literature suggests mixed evidence on the effects of (autocratic or democratic) regimes on terrorist activities. Some believe that political variables have a greater influence rather than economic on political violence and terrorism.² Lutz and Lutz (2014) examined the role of political globalization in influencing terrorism over the last few decades. They found a negative relationship between terrorism and political globalization during the 1970s but no significant relationship during 1980s and 1990s while a positive impact of political globalization resulting in higher number of incidents during 2000s. Political freedom is also considered to be an important factor associated with terrorism (Abadie, 2004). Li (2005) examines the non-linear relationship between political freedom and terrorism. However, Dreher and Fischer (2010) find a negative relationship between political freedom and terrorism. Conversely, the political freedom positively affects the domestic terrorism while no significant impact is examined on trans-national terrorism (Bandyopadhyay and Younas, 2011).

The data for GDP per capita growth and Gini coefficient is taken from the World Development Indicators (WDI), the World Bank database. The political globalization data (from 0 to 100) is taken from the KOF Globalization Index while political rights data is retrieved from the Freedom House database, ranging from 1 (most free) to 7 (least free). The data for US economic aid is taken from USAID statistics. The military expenditures data is retrieved from the Stockholm International Peace Research Institute (SIPRI) statistical

² Abadie (2004)

database. The debt from KSA, Pak-India trade, Pak-Iran trade, and US economic aid are taken in natural log forms.

IV. Results

Table 1 presents the negative binomial regression estimates when a number of sectarian (religious) terrorist incidents is taken as a dependent variable in the model. As can be seen, coefficients except the Gini coefficient and political rights, all other variables in the model are statistically significant.

The KSA's influence (measured by its bilateral loans disbursed to Pakistan) and Pak-Iran trade relations positively affect the sectarian terrorist incidents in Pakistan. Hence, both the fundamental Muslim countries appear to have a strong impact on religious terrorist incidents with approximately same coefficient magnitude. However, trade relations with India appear partially significant in affecting sectarian terrorism when some of the controls are dropped from the model. The (dummy for) Afghan Wars appears significantly negative indicating the

Table 1: Religious Terrorism Estimations, 1973-2017

<i>Dependent Variable: Number of Religious Terrorism Incidents</i>		
<i>Independent variables</i>	<i>I coefficient</i>	<i>II coefficient</i>
<i>Afghan Wars (dummy)</i>	<i>-1.157***</i>	<i>-0.784**</i>
<i>Debt from KSA (US\$)</i>	<i>0.418***</i>	<i>0.382***</i>
<i>Military Expenditures (% of GDP)</i>	<i>2.676**</i>	<i>2.717**</i>
<i>Military Expenditures (% of GDP) (Squared)</i>	<i>-0.253**</i>	<i>-0.251**</i>
<i>Pak-India Trade (US\$)</i>	<i>0.039</i>	<i>0.253*</i>
<i>Pak-Iran Trade (US\$)</i>	<i>0.401***</i>	<i>0.344***</i>
<i>Political Globalization</i>	<i>0.132***</i>	<i>0.114***</i>
<i>Political Rights</i>	<i>-0.097</i>	<i>-0.197</i>
<i>US Economic Aid (US\$)</i>	<i>0.391**</i>	<i>0.308**</i>
<i>Democracy (dummy)</i>	<i>0.489*</i>	
<i>GDP per capita Growth (%)</i>	<i>0.134***</i>	

<i>Gini Coefficient</i>	<i>-1.677</i>	
<i>constant</i>	<i>-37.819**</i>	<i>-37.169**</i>
<i>Shape</i>	<i>-3.102</i>	<i>-2.594</i>
<i>R-squared</i>	<i>0.868</i>	<i>0.809</i>
<i>Log Likelihood</i>	<i>-83.034</i>	<i>-85.371</i>
<i>AIC</i>	<i>4.513</i>	<i>4.482</i>
<i>Jarque-Bera (J-B)</i>	<i>2.871</i>	<i>3.848</i>
<i>Prob. (J-B)</i>	<i>0.238</i>	<i>0.146</i>
<i>No. of Obs.</i>	<i>43</i>	<i>43</i>

***, **, and * represent significance at 1, 5 and 10 precents respectively

Debt from KSA, Pak-India Trade, Pak-Iran Trade, and US Economic Aid are taken in natural log forms.

effective role of Pak-US strategic partnership in reducing the sectarian terrorism. However, the US economic aid significantly increases the probability of sectarian terrorist incidents potentially due to its dominant role in the global politics and military actions in Muslim populated counties/ regions. The military expenditures appear in a non-linear (quadratic) form, significantly affects the sectarian terrorist incidents, i.e., it increases the chances of sectarian terrorism at lower level of military expenditures, however, at higher level, it reduces the religious terrorist attacks.

The findings indicate a positive role of (per capita) income growth in influencing the sectarian terrorist incidents, in line with literature (for example, see, Ismail and Amjad, 2014). The democratic political regime (which has remained much weaker in case of Pakistan) also significantly increases the chances of religious terrorism. The political globalization (that entails overall diplomatic relations, membership of international organization and treaties, as well as participation in UN peacekeeping missions) significantly increases the religious terrorist attacks.

V. Discussion

The negative binomial regression models suggest that improvement in trade ties with India that indicates the normalization (or peace-making) relationship between two neighbouring countries (partially) influence the sectarian terrorism. This implies that control over the cross-border activities of banned outfits in IOK may increase their chances to conduct the internal terrorist activities against other Muslims sects or religions inside Pakistan.

Beside the economic support, the KSA also extend financial support to many *Deoband / Wahhabi* religious seminaries (*madrassas*) in Pakistan.¹² It is argued that KSA (either directly or privately) funds 100 million dollars to religious *madrassas* and their respective welfare organizations, having a sizeable network across Pakistan.¹³ The results suggest that greater the influence of KSA through bilateral support (loans), greater are the chances of religious terrorism in Pakistan. The extremist organization (or banned outfits) linked closely with extreme ideological *madrassas*, conduct more terrorist activities against other sects (especially *Shiites*) and minorities by misallocating the financial support.¹⁴ The Shiite community claim to bury more than 23655 community members in Pakistan on account of sectarian violence since 1980.¹⁵ Many comprehend the high level targeted and frequent organized terrorist operations against Shiite community over the last decade, as a Shia Genocide epoch in Pakistan.¹⁶ A recent report by Global Extremism Monitor led by former

¹² Greenberg *et al.*, 2004; Waterman, 2014; Bennett-Jones & Hughes, 2018.

Also See, *KSA financially supports approximately 24000 madrassas*, says US Senator Chris Murphy (Source: The Economic Times). <https://economictimes.indiatimes.com/news/international/world-news/tsunami-of-money-from-saudi-arabia-funding-24000-pakistan-madrassas/articleshow/50781972.cms>

¹³ The Dawn newspaper (May 22, 2011).

¹⁴ Majority of sectarian and sizeable proportion of overall terrorist activities in Pakistan have been carried out by extremists belonged to Salafi/ Wahhabi or Deoband school of thought or have had *madrassas* backing to same schools. It is argued that between 1990 and 2009, 90.5 percent of 2344 people convicted by police on account of terrorism belonged to Wahhabi/ Deobandi School of thought (Source: London Review of Books (2016). *The Overlooked*, Vol. 38, No. 17, September 2016)

¹⁵ Let us Build Pakistan (LUBP) Report (2015). [Since 2001, 2693 killed, 4847 injured, 471 injured till December 2018; source: South Asian Terrorism Portal]. According to Portal, since 1980, a total of 23655 Shia Muslims, 45000 Barelvis and Sufis, and hundreds of Ahmedis, Christians, Hindus and other minorities have been killed to date.

¹⁶ Asian Human Rights Commission (February 8, 2012); The Dawn, (August 27, 2012); HuffPost (September 11, 2012); HuffPost (September, 25, 2012); Al-Jazeera (November 26, 2012); Genocide Watch Pakistan, 2012;

British Prime Minister, Tony Blair, claimed that '*95 percent of sectarian violence worldwide focused on Shiites only*'.¹⁷

On other hand, ideologically different Iran, potentially providing little financial assistance to Shiite madrassas and religious jurisprudence support to Shiite community. The trade relations with Iran have also been influenced by the Washington's policy to damage Iran, remained fluctuated over the last few decades after the Islamic Revolution. The improvement in trade ties with Iran indicating less control of US on Iran through Islamabad or government's balanced policy to promote religious harmony. However, the findings indicate that it also increases the likelihood of sectarian terrorism in Pakistan.

Notably, this paper does not indicate any direct involvement of both KSA and Iran in hosting or promoting terrorist activities but the effect of close ties with two fundamental Muslim countries, perpetuating the (sectarian) violence by strengthening different extreme organizations to gain *religio-political* space in Pakistan. Yet, it is unclear that terrorist incidents occur in response to increased trade ties with Iran aimed to punish Pakistan by damaging economic and social ties with neighbouring country. Moreover, this study limits to identify the terrorist activities carried out either in response to bilateral ties with two fundamental Muslim countries supported by opposite fundamental proxy groups or by another regional force(s)/ extremist groups.

The US economic assistance conceived as an increased influence of US in regard to favouring its regional foreign policy (similar to role of political globalization), influencing the terrorist activities carried out by extremist groups working against US and allied forces in the region. The strategic alliance between US and Pakistan (measured by a dummy variable)

Human Rights Watch Report (June 29, 2014); HuffPost (October 27, 2015); HuffPost (June 2, 2017), The Express Tribune (September 14, 2018).

¹⁷ Global Extremism Monitor Report (2017), forwarded by Tony Blair (former British Prime Minister), Institute for Global Change, London.

during the Afghan Wars significantly reduces the religious terrorism. It could be due to military assistance (both hardware and professional training) that strengthens Pakistani forces to better control borders as well as by improved internal networking and intelligence sharing to counter terrorist attacks.

Military's strength (measured by its funds) indicates a non-linear (polynomial) relationship with sectarian terrorism, i.e., the low levels of military spending increases the chances of religious terrorism, however, the sectarian terrorist incidents are likely to be reduced at higher level of military expenditures incurred to improve conventional and non-conventional capabilities. Importantly, the military funds (on average) remained 6.4 percent of GDP during the Soviet War, however, during the War on Terror it reduced to 3.4 percent (source: SIPRI Statistics). The low military spending overall (relative to GDP) during the WOT could also be the reason for extreme waves of terrorism in Pakistan.

VI. Policy Implications:

Terrorism has hit Pakistan badly in last one and a half decade. Historically, the regional geopolitics shows significant impact on religious terrorist activities. The policy actions taken in past resulting in large scale terrorism pushed Pakistan to rethink and formulate the National Action Plan to counter terrorism. Past experiences of unplanned *madrassa* factories producing radicals, exercising hatred and violence, must be taken seriously to reduce religious or sectarian terrorism. The rigorous *madrassa* (seminaries) reforms should be implemented while their curriculum, funding, and linkage with non-state actors must be consistently scrutinized. The National Action Plan should be implemented rigorously with its true essence and spirit. The state, security organizations and political parties should stand

neutral and disassociate themselves from extremist organizations and armed banned outfits that may influence the foreign policy to gain space in political climate.

The strategic power-play in the region and alliances with external powers should be reinforced to make economic partnerships. The results suggest the balanced and neutral policy for bi-polar Muslim world to control the terrorism in Pakistan since some extremist (proxy) groups get activated and strengthened in response to improved economic ties with both Iran and KSA which results in more terrorist activities. Again, the paper does not show any direct involvement of these countries in inducing terrorism. Within the Muslim world, Pakistan should strengthen economic cooperation with other emerging and strong economies in the Africa, Central Asia, Gulf, Southeast Asia and Western Asia regions. The funding of banned organizations privately channelized from Saudi Arabia and other Gulf countries to perform both on-shore and off-shore terrorist activities as well as social welfare operations, must be controlled to reduce their social impact especially in sub-urban and rural areas. The economic ties with neighbouring India should be strengthened keeping a strong control over the banned outfits' scale of internal and external activities since their reduced cross-border activities may influence the internal religious (sectarian) terrorist attacks.

Summing up, this paper suggests the neutral and balanced bilateral relationships with fundamental Muslim block, increased economic ties with other regional Muslim and emerging economies as well as strengthening economic relationships with neighbouring India by reducing the role of extremist organisations, can help Pakistan to reduce the scale of violence, militancy, and religious terrorism.

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