

## OPINION

## Pakistan Needs Its Own Nuclear Deal

By C. CHRISTINE FAIR

Pakistan terrifies the United States because it is a unique nexus of nuclear proliferation and Islamist militancy. But with success in Afghanistan elusive, Washington needs Islamabad more than ever, and vice versa. The two countries have never been able to achieve a durable relationship based on mutual trust. That could be fixed, however, if the U.S. were willing to consider a radical new approach: a policy centered on a conditions-based civilian nuclear deal.

**Such a pact could finally offer the right set of carrots to ensure Islamabad's counterterror cooperation.**

Nuclear cooperation could deliver results where billions of dollars of American aid have failed. Pakistan has long benefited from Washington's largess—including more than \$15 billion in aid and lucrative reimbursements since 9/11—while only marginally delivering on U.S. expectations. Islamabad has refused to work against the Afghan Taliban and home-grown terror groups like Lashkar-e-Taiba, or provide Washington access to A.Q. Khan to verify that his nuclear black markets have been dismantled.

Pakistan has bristled at U.S. attempts to tie better behavior to security assistance, such as the Kerry-Lugar-Berman legislation. That law provides for \$7.5 billion in civilian aid. But it conditions unspecified amounts of security as-

sistance on Pakistan's continued cooperation with Washington to dismantle nuclear supply networks such as Khan's. And it demands a sustained commitment to combat terrorist groups such as Lashkar-e-Taiba.

More so than conventional weapons or large sums of cash, a conditions-based civilian nuclear deal may be able to diminish Pakistani fears of U.S. intentions while allowing Washington to leverage these gains for greater Pakistani cooperation on nuclear proliferation and terrorism. This deal would confer acceptance to Islamabad's nuclear weapon program and reward it for the improvements in nuclear security that it has made since 2002. In the long shadow of A.Q. Khan and continued uncertainty about the status of his networks, it is easy to forget that Pakistan has established a Strategic Plans Division that has done much to improve safety of the country's nuclear assets.

In exchange for fundamental recognition of its nuclear status and civilian assistance, Pakistan would have to meet two criteria. First, Pakistan would have to provide the kind of access and cooperation on nuclear suppliers' networks identified in the Kerry-Lugar-Berman legislation. Second, Pakistan would have to demonstrate sustained and verifiable commitment in combating all terrorist groups on its soil, including those groups such as Lashkar-e-Taiba that Pakistan often calls "freedom fighters" acting on behalf of Kashmir and India's Muslims.

Such a civilian nuclear deal could achieve the goals that Kerry-Lugar-Berman could not because it



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would offer Pakistan benefits that it actually values and which only the United States can meaningfully confer. Finding means of addressing these joint concerns is critical to U.S. international and regional interests. Pakistan currently operates on the assumption that its possession of nuclear weapons confers a degree of protection against American or Indian attempts to crack down on Pakistan's home-grown terror groups. Ample experience has shown that "jihad under the nuclear umbrella" is a reliable means to secure Islamabad's interests against a larger and more powerful set of adversaries.

In the future Pakistan is likely to become more reliant, not less, on nuclear-protected jihad to secure its interests. Pakistan's fears of India are chronic and are likely to deepen as India continues its ascent on the world stage. Despite India's past restraint, a militant attack in India remains one of the most likely precipitants of an Indo-Pakistan war. The specter of further nuclear proliferation to states or non-state actors remains a serious concern.

That's where a civilian nuclear deal between the U.S. and Pakistan

could prove so important. The U.S. is currently limited in its ability to shore up Pakistan's confidence against India because Islamabad fears that Washington, perhaps working with India or Israel, seeks to dismantle Pakistan's nuclear weapons program. Fundamentally, Pakistan believes the U.S. rejects its status as a nuclear-armed state, whereas Washington has accepted and even supported the other two states that have acquired nuclear weapons outside of the Nuclear Nonproliferation Treaty, Israel and India. With a civilian nuclear deal, Washington can trade the nuclear acceptance Pakistan craves for the cooperation the U.S. needs.

A nuclear deal will not be an easy sale either in Washington or in Islamabad. Details of the India-U.S. deal are still being negotiated more than five years after the idea was initially floated. A deal with Islamabad will be even more protracted because of A.Q. Khan's activities and the clout of domestic lobbies in Washington. It is possible that even this deal may not provide Pakistan adequate incentives to eliminate terror groups or provide access to persons like A.Q. Khan.

Yet there is value in putting this on the table now. Ties between Washington and Islamabad have never been more strained, yet are critical to key interests of both states. Washington needs a plan that is as bold and as the challenges that Pakistan presents.

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## Applesoft

[ Business World ]

By HOLMAN W. JENKINS, JR.



Don't look now but this may be the year when Apple's market cap does the unthinkable and surpasses Microsoft's. Congratulations will be in order but so will condolences. For a company preoccupied with products is in danger of becoming a company preoccupied with strategy. And by "strategy," we mean zero-sum maneuvering versus hated rivals.

Take the iPad, which instantly shed the moniker "Jesus tablet" once it saw the light of day. It's a blown-up iPod Touch, rolled out not to be insanely great but to give Apple an entry in the netbook derby. The iPad may not be the best Web-browsing machine simply because Apple refuses to support Flash, which delivers 75% of the video on the Web. But the iPad (an anagram for paid) looks like a good device for consuming the e-books, music and video sold through Apple's online service.

And what about Apple's decision to exclude Flash? Apple and its supporters stake out aesthetic and philosophical grounds: Flash is buggy. Flash is a power hog. Flash is "proprietary" (horrors). Flash is used to create those annoying Web ads (never mind that advertising is what pays for most of the Web).

Uh huh. Flash would also allow iPhone and iPad users to consume video and other entertainment without going through iTunes. Flash would let users freely obtain the kinds of features they can only get now at the Apple App Store.

Apple may be succumbing to the seductive temptations of "network effects," in which the all-consuming goal becomes getting its mobile devices into more and more hands simply for the purpose of locking more and more users into iTunes. Enter nemesis in the form of Google.

Widely circulated have been remarks by Mr. Jobs at a meeting with Apple employees late last month in which he unceremoniously dumped on Google's "don't be evil" mantra. Apple had played nice, he reportedly said, while Google traitorously plotted to launch its own mobile devices in order to "kill the iPhone."

Google won't kill the iPhone. What's really threatened is Apple's ability to keep convincing tens of millions of consumers to lock themselves into iTunes. Not for nothing Google flaunted a mockup of its own slate-like device a few days before the iPad unveiling. And Google's mobile devices support Flash—i.e., they allow users to patronize the Web goodies that Apple users can't.

Network effects can be a path to power and riches, but (as Microsoft has shown) much of the proceeds can also end up being squandered on defensive and paranoid attempts to secure the privileged position. Pundits have wondered what might become of Apple once its chief aesthetic and perfectionist is no longer calling the shots. An Apple that rolls out increasingly junky devices merely to lock more and more customers into the iTunes-App Store mall is one gloomy possibility.

## Greece Is Bankrupt (Morally, At Least)

By TAKIS MICHAS

In Greece, as elsewhere, if the management of a company reports misleading figures about the company's financial situation to boost the price of the shares or to support the sale of securities, it risks criminal charges. Around the world, including in Greece, this is securities fraud.

But in Greece, unlike elsewhere, if those responsible for the deception are members of a (previous) government and if the victims are "foreigners" (*xenoi*, in Greek) they run no such risk. The most they can expect is slap on the wrist and a mild "Please don't do it again!"

This in a nutshell describes the Greek financial situation. Although it is certain by now that the former New Democracy government fiddled with the statistics to boost Greece's economic image with investors, no legal charges have been brought against either former Prime Minister Costas Karamanlis nor his economic entourage.

Yet the conscious distortion of the figures concerning Greece's fiscal deficit clearly constitutes deception of the prospective buyers of Greek debt. The latter were led to demand a much lower risk premium than they would have, had the true facts of the situation been

known to them. And although the present Prime Minister George Papandreou was brave enough—by Greek standards—to reveal the magnitude of the financial misdeeds of the previous administration, he nevertheless shied away from ordering a full-scale investigation into this fraud.

**Blame the government that lied to bondholders about the deficit, not the investors who bought the bonds.**

The unwillingness or inability of the Greek legal and political system to seek out and punish the perpetrators of this act of disinformation has created a moral vacuum in which all kinds of conspiracy theories flourish. They all have in common that they blame the victims—the holders of Greek debt—for Greece's present predicament. The Greek media are filled with stories about the despicable "speculators," "profiteers," "bankers," "financiers," and "Shylocks" that are to blame for the economic mess the country is in.

According to the dominant conspiracy theory, Greece is engaged in a gigantic fight to save

the honor of the euro zone—believe it or not. The "attacks" of the "foreign speculators" against Greece in effect represent an onslaught against the euro by all the "dark forces" (read: Americans) who do not wish Europe to prosper and assume its rightful place on the international scene.

This is a discourse that goes down extremely well with the majority of the population. For 30 years, all of Greece's political parties have fed them a steady diet of "anti-imperialist" rhetoric, according to which the causes of Greece's misfortunes are always the *xenoi* and the machinations of "neoliberal profiteering." So it comes as little surprise that such conspiracy theories are so popular.

Indeed, when one does hear an average Greek say, "We can blame only ourselves" for the crisis, what he usually means is that Greeks hurt themselves by revealing to the "foreigners" the true size of the fiscal deficit. If only the present government had not revealed to the world the deception, Greece, according to this narrative, could continue to milk the "stupid Franks," as they say in Greek, for years to come. In other words, the problem is not the size of the deficit per se but the fact that the present government of Greece chose to tell the world

about it.

In other words, Greece's problem is not only economic. It is also moral.

"The fudging of statistical data," says Prof. George Bitros of the Athens University of Economics and Business, "has been a long tradition in Greece and not just because of interventions on the part of the government." He goes on: "It is a serious systemic failure that has its roots in the failure of the political system as well as the structure and lack of transparency in the public sector. This is to say that the cancer has spread deeper into the structure of the system and would turn even saints into Rasputins."

Failing to punish those who bear the political responsibility for this massive deception will do nothing to restore Greece's credibility among international investors. On the other hand, instituting legal proceedings against those responsible may not necessarily pacify the markets but will definitely show the world that deception is not tolerated in Greece—even if the victims are the *xenoi*.

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