



**Testimony before the
Subcommittee on Asia and the Pacific
House International Relations Committee**

“STRATEGIC TRENDS IN SOUTH ASIA”

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A Statement by

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Mr. Chairman, members of the committee,

I appear before you today at a time of great change in the South Asian region. Danger is now tempered by hope, driven in large measure by the recent moves by India and Pakistan to develop a peace process.

Mr. Chairman, in your letter of invitation, you asked me to speak about the strategic trends and challenges facing the region. The United States is dealing with four major issues in South Asia:

- Securing and strengthening peace. This is largely a function of the India-Pakistan relationship, which today is moving in the right direction. Discreet, imaginative, and persistent U.S. diplomacy needs to nurture this process.
- Controlling and, we hope, ending terrorism. In the South Asian context, and indeed in the world, this depends primarily on Pakistan. The U.S. government has placed great stress on Pakistan's cooperation in anti-terrorism policy. I believe it needs to pay more heed to Pakistan's need to develop stronger civilian institutions and a healthier political system, without which the anti-terrorism effort will fail.
- Preventing the spread of nuclear weapons and knowhow. The administration has accepted the Government of Pakistan's assurances that it will fully cooperate in closing down the nuclear black market. It has a credibility problem, however – and so does the United States.
- Developing a concept of regional security that fits the changing face of Asia. Here the U.S.-India relationship, and India's own development in the next decade, is key, and current U.S. policy is serving our needs well.

Let me discuss each of these issues in turn.

Securing peace: a hopeful moment

India and Pakistan made a dramatic decision last January to re-start their peace process. I believe this created a significant opportunity. We may be witnessing a moment of strategic change.

Many peace overtures have been launched in the past decade, and several within the past few years. The factors that led earlier efforts to fail have not gone away. The India-Pakistan dispute is still a stubborn one, bound up with both nations' sense of identity, symbolized for both in different ways by the Kashmir issue. My recent discussions in India, in Pakistan, and on both sides of the dividing line in Kashmir lead me to be cautiously hopeful that this peace opening may be different.

In India, the government appears to have wide popular support for its decision to agree to talks with Pakistan. Though opinions vary, the predominant sentiment is guarded optimism. The Indian government has made considerable efforts to avoid scoring debating points in the media, even when deeply troubling issues came up, such as the revelations about the activities of Pakistan's nuclear scientist Abdul Qadeer Khan. Prime Minister Vajpayee has clearly

concluded that having a peace process is good politics. His opponents in the Congress Party apparently feel the same way, since they have not criticized the peace moves even in the heat of the election campaign.

In Pakistan, even a frequent visitor like me was overwhelmed by the sense that the Pakistani government has made a far-reaching policy change, one that may turn out to be strategic. People representing many shades of opinion spoke consistently of the need for Pakistan to base its policy on “relentless realism.” They welcomed incremental steps to improve India-Pakistan relations, including opening a bus route between the two sides of Kashmir and expanding India-Pakistan trade. These ideas may seem obvious, but in the past Pakistan has regarded incremental measures with suspicion, fearing that they would sideline its central concerns over Kashmir. Suspicion of India remains, and India’s and Pakistan’s ideas on how to address their major disputes are still far apart. What is new and encouraging, however, is this more practical, process-oriented approach to addressing them.

Perhaps most interestingly, I found people from many shades of political opinion on the Indian side of Kashmir uncharacteristically hopeful about the détente moves between India and Pakistan. In a place where cynicism is both common and understandable, separatist political parties spoke with hope about the potential for creating human links across the line if the bus service was established. They were more worried about the future of their talks with the Indian government, which they felt could only continue if the government was able to significantly reduce the human rights problems stemming from military operations in Kashmir.

On the Pakistan side of Kashmir, the mood of hope was weaker. This is not surprising: this is an area where creative thinking about Kashmir has been entirely absent for fifty-plus years. Even the modest economic progress one finds on the Indian side is lacking. But even there, it was clear that significant progress between India and Pakistan would be well received.

India and Pakistan have evidently both concluded that moving toward peace suits their interests. This creates today’s positive mood. But progress depends on more than a good atmosphere. India and Pakistan will need to show great flexibility, imagination, and forbearance, and their determination will have to overcome periodic setbacks. Pakistan will need to continue preventing militants from crossing the Line of Control to feed the violent movement in Kashmir. As the security situation improves, Kashmiris will be looking for signs that the Indians are thinning out their security presence. Some way will have to be found to connect Kashmiris themselves to the peace process, and to bring real change to their relationship with the Government of India. The governments’ work is also vulnerable to the actions of spoilers, including hard-line militant groups who have used terrorism in the past.

I believe that the United States needs to help nurture the progress that has been made and encourage both parties to keep the process moving. In this election year I do not expect a major, high profile diplomatic initiative. But U.S. interests in the success of this enterprise are enormous, so our attention and our discreet, sophisticated support for India’s and Pakistan’s work must not flag.

Pakistan is the key to controlling terrorism:

The renewed U.S.-Pakistan relationship after September 11 was built on cooperation against terrorism, and on the understanding that this was a goal both countries needed to pursue for their own reasons. Pakistan's decision to end its support for the Taliban government in Afghanistan and to facilitate U.S. anti-terrorism operations in Afghanistan rested on this foundation. So did Pakistan's efforts to develop a decent relationship with the new Afghan government.

As you know, Mr. Chairman, the Pakistan government tried for at least the first two years after 9/11 to balance this objective against other long-standing Pakistani goals, including supporting militancy in Kashmir. It also tried to balance the U.S. interest in putting Al Qaeda out of business against the domestic pressures it faced from militant groups with historical ties to the Pakistani intelligence services. The result was a Pakistani policy beset by internal contradictions, and one that was not always in harmony with ours.

Compounding this problem was the weakness of the institutions representing the civilian side of the Pakistani state. The Pakistan Army has dominated politics there for years, but especially for the four-plus years since General Musharraf took power. The election of October 2002 brought in an elected civilian government. However, this government has remained weak in relation to Musharraf. The parliament took 15 months to reach agreement with Musharraf on the constitutional amendments he wanted to bring in by decree. Political parties remain weak, internally autocratic, and at loggerheads. I believe that this institutional disarray in Pakistan has left the government with no instruments to use in dealing with the militant movements other than the army itself, an army that remains ambivalent about ending the militants' lawless behavior.

In the past two months, following two well-publicized attempts on President Musharraf's life, there are indications that his government is making a new and more serious effort to cut back the role of the militants in Pakistan's political life. I hope this represents a strategic change. We will be better able to gauge that in the next few months. This would be the first step toward a far-reaching change in Pakistan's domestic political system that is essential, I believe, to ending the threat of terrorism in and from Pakistan.

But the change needs to go further. In the past four years, there has been much talk about the importance of restoring democracy in Pakistan. The big opportunity to do that was the election, but Pakistan missed that opportunity and, I would argue, the United States government did little to take advantage of it. Without a more balanced political scene in Pakistan, however, it is hard to see how the Pakistan government can get a handle on the terrorist "nests" that have moved into the ill-policed and shadowy parts of Pakistan's cities. And without healthy political institutions, it is hard to see how Pakistan's population will be able to give a government the legitimacy it needs to overcome the country's deep-seated problems.

At this point, it is hard to imagine a scenario in which the military would leave the center of Pakistan's political stage in the next five years. The United States needs a

democracy policy, but one that recognizes the very difficult circumstances in which democracy needs to develop in Pakistan. The heart of such a policy, in my view, is support for strengthening Pakistan's institutions. At least half of the economic aid the U.S. has promised Pakistan should be specifically programmed for activities that will help Pakistanis rebuild the institutions on which decent government rests – both the political ones and the administrative machinery they need. The most urgent candidates for institutional rebuilding include the judiciary, the government's major administrative services, and the police. Restoring the vitality and credibility of the parliament is also essential, though countries with a parliamentary system may be better placed to provide this support than the U.S. Pakistan's civil society also needs support from its friends outside the country.

Many people have argued that our top priority in Pakistan should be educational reform, and specifically reform of the madrassahs. I agree that education is an urgent priority. However, I believe that strengthening institutions is a prerequisite for effective educational reform. At present, the education ministry is ill equipped to undertake the massive task of registering thousands of madrassahs, let alone imposing curriculum reform and monitoring the results.

The important point is that rebuilding institutions and educational reform are not alternatives to our anti-terrorism policy. They are requirements for it. Without more vigorous institutions, I do not believe Pakistan will be able to restore a healthy political and economic life, and without that transformation, I see no prospect of its sustaining an effective anti-terrorism policy.

Nuclear proliferation

The recent peace moves between Pakistan and India offer the hope that these two nuclear-armed countries may ultimately eliminate the risk of nuclear war in the subcontinent. Recent developments make clear, however, that Pakistan has already contributed to the spread of nuclear weapons beyond this region, a grave setback for U.S. interests and for global security.

The administration has decided to accept the Pakistan government's explanation that its nuclear scientist, Dr. Abdul Qadeer Khan, engaged in a nuclear black market solely on his own, without government authorization. The administration is focusing its efforts on obtaining full Pakistani cooperation in rolling up the network for illicit sales and preventing future transfers.

Obviously, the transfers that have already taken place cannot be prevented, and closing down the "nuclear bazaar" is of enormous importance. The U.S., as so often in the past, has a long list of important issues it is pursuing with Pakistan, and this is not the first time that an administration has found it necessary to make difficult choices among them. And this administration undoubtedly recalled, as it put together its response to Dr. Khan's activities, that punitive policies have a poor track record in bringing about major changes in Pakistan government policies, as witnessed by our inability to prevent Pakistan from developing nuclear weapons in the first place.

But by letting bygones be bygones, we risk creating once again the kind of awful misunderstanding that has gotten the U.S. in trouble in its relations with Pakistan in the past. The theory that Dr. Khan conducted all these nuclear transactions without the knowledge or authorization of anyone in the government or army is out of keeping with the way the Pakistan government normally works. How can we be sure that we are receiving full information on the operations of the nuclear black market? And how can we avoid having the Pakistan government conclude that the U.S. will overlook future actions that cross U.S. “red lines” in nuclear policy? A serious discussion of those issues, and of the policy options available to the United States, would get into intelligence issues that only the administration can address, and these would in any case not be suitable for discussion in this setting. But given the scale of Dr. Khan’s activities, and the dangerous character of his customers, I believe that U.S. willingness to act in the event of future problems needs to be made both clear and credible.

A new regional security paradigm

In the past, South Asia has been looked at as a set of problems and relationships separate from the two areas of major U.S. concern that flank the region, the Middle East and East Asia. I believe that the time has come to look at the region as part of a broader Asia/Middle East security continuum.

Looking at the Asian part of this picture, which is the concern of this subcommittee, consider the changes that have taken place in the past decade. China, already a major regional power from the security point of view, has become a global economic powerhouse, and its strength in both categories is likely to grow in the next decade provided its domestic stresses are skillfully managed. Japan has undergone an extended economic slump. This committee is well aware of the challenges U.S. policymakers face on the Korean peninsula. Indonesia’s political fragility is well known. The rest of Southeast Asia has been through a decade of economic ups and downs.

These circumstances make it important for the United States to extend the network of strong friendships beyond the East Asian countries that have historically been the core of U.S. relations in Asia. The dramatic deepening of U.S. ties with India in this administration and the last one reflect in part our recognition that as Asia changes, we need to be involved in the entire region.

India has been one of the world’s fastest growing countries in the past two decades. Its economic growth may exceed 7 percent this year. It has deepened its political, economic and security relations with the countries to its east. While Indian strategic thinkers still consider China to be India’s principal strategic rival in the long term, both governments have decided to work toward a transformation of their bilateral relations. Evidence of this includes a more serious approach to their border dispute and a dramatic expansion of economic ties. Two-way trade is now estimated at \$7 billion, nearly half India’s two-way trade with the U.S. and four times its trade with Russia. India’s world-class information technology companies are creating business connections in China that will surely be a force to be reckoned with in that global market.

India's economic expansion, together with the end of the Cold War and the linkages created by the Indian-American community, was the foundation for the expanded U.S.-Indian relations. However, in recent years, the most dynamic aspect of government-to-government relations has been in the security area. Increasingly, Indian and U.S. interests in Asian regional security are converging.

Current U.S. policy has responded effectively to these changing circumstances. Our dialogue with India has expanded beyond the traditional focus on South Asian problems. I believe this trend needs to be encouraged. The U.S. and India should be systematically comparing notes on trends in East Asia and the Middle East. And as the U.S. considers its security interests in Asia, it needs to get rid of the traditional "curry curtain" that has placed South and East Asia in separate mental categories. With much of the world's oil supply moving through the Indian Ocean, with India's increasing interest in the security of the area to its east, and with our own unique global role, we need to factor India explicitly into the way we look at Asia.

This subcommittee's responsibility for Asia and the Pacific gives it a unique role in maintaining the broad regional perspective today's world demands. I hope that you will continue to focus, as you are doing today, on the way the dangers and opportunities that confront the United States today in all of Asia.