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Teresita C. Schaffer
Director, South Asia Program
Center for Strategic and International Studies
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Mr. Chairman, members of the Subcommittee, I am delighted to share some thoughts on the strategic environment in Asia and the Pacific and the implications of key regional trends for United States policy toward the region.

While most of my remarks will address southern Asia, I think it is essential to look at this region in a larger Asian context. South Asia today is shaped by three principal trends: first, the rise of India and China, Asia's two giant powers; second, the continuing danger of violent extremism; and third, the rather mixed track record of the India-Pakistan peace dialogue.

I believe U.S. policy has been reasonably effective in addressing the rise of the two Asian giants. On the India-Pakistan relationship, U.S. impact has been modest but positive. U.S. policy has been much less successful in dealing with violent extremism in the region. On this last subject, our task is made much harder by the news that the U.S. administration is looking for ways to continue abusive interrogations of detainees, and by the perception that U.S. calls for democracy are highly selective. Let me look at each of these areas in turn.

The most important U.S. policy addressing India's rise to greater global prominence is the development of a strategic partnership with India. This is still a work in progress, but its chances of success are excellent.

The Administration describes the partnership as a long-overdue understanding between two democracies. I agree, but it has a hard strategic justification as well. With China on the rise, Japan in economic trouble, the Korean peninsula volatile, and difficult relations between Seoul and Washington, the United States cannot afford to treat the other Asian giant as a secondary player. Moreover, India has a new strategic convergence with the United States. Both countries have a strong interest in the security of the Indian Ocean, from the straits of Hormuz to the straits of Malacca. Some 65 percent of the world's oil supply goes through this area. Nothing in this partnership implies hostility to China; indeed, India is currently expanding its political and economic ties with China at an unprecedented rate, a development that can only contribute to the U.S. goal of a peaceful Asia.

The U.S. and Indian governments have built much of the bilateral infrastructure they need. Their security relationship has grown in ways I could not imagine during my government career. The two navies, which were the services most suspicious of one another fifteen years ago, now have the closest strategic outlook. This reflects the strategic interest both countries have in protecting the oil lanes; it also reflects a very effective expansion of military interaction. Economic ties have grown as well. Two-way

trade has risen by a factor of almost five since India introduced market-oriented economic policies in 1990; U.S. exports were up by over 20 percent last year.

The best current illustration of the partnership the U.S. is trying to develop is the proposed U.S.-India agreement on civil nuclear cooperation. I am delighted that the enabling legislation passed the House with such a large bipartisan majority, and hope it will soon pass the Senate.

There is still work to do. New Delhi and Washington have barely begun to develop some elements of a common vision of the world. This will involve tough discussions on some issues on which we differ, notably Iran. And while democracy is a bond, democratic politics can be a complication. But our partnership has two key strengths: first, it is based on common strategic interests, especially those touching Indian Ocean and Asian security; second, it has been developed and supported by both major parties in both countries. That makes me very optimistic about its prospects.

Moving to the second trend, dealing with violent extremism is at the top of the Administration's foreign policy agenda, but U.S. policies have been less successful. Sadly, there are at least half a dozen relevant examples in the region, from the growing violence and danger of state failure in Afghanistan to the renewed war in Sri Lanka. But I will focus on Pakistan.

Our partnership with Pakistan is important, and President Musharraf has provided very important support for the vital U.S. anti-terrorism effort. However, I believe we have not succeeded in getting all of Pakistan's policy instruments lined up behind this effort; anti-terrorism runs into powerful resistance even among some of Musharraf's political allies; and we have not given enough support to the rebuilding of Pakistan's battered political institutions.

The tangled relationship between Pakistan's Afghan policy and its domestic politics illustrates the first two problems. President Musharraf wants Hamid Karzai's government to succeed, and this is one of the highest priorities for the United States. However, Pakistan intelligence sources continue to maintain links with the Taliban insurgents who today represent the greatest threat to Karzai's government.

Ending this involvement has now been complicated by the recent eruption of two longstanding problems. The first is the agreement ending the Pakistan army's effort, under U.S. pressure, to move into the tribal area in Waziristan. The agreement leaves our adversaries with considerable freedom of action. It makes the government and the army look weak, and it fuels domestic political opposition to critical anti-terrorism policies. The second recent crisis stems from the death of the Baloch leader Akbar Bugti, apparently killed by the army, and the government's decision to keep his family at arms length during the funeral. These actions have added to the existing alienation in that troubled but resource-rich province. A political reconciliation, coupled with improved mechanisms for giving Balochistan a higher share of revenues from the province's gas,

would be the best backdrop for increasing the effectiveness of Pakistan's anti-terrorism efforts. That seems farther away than ever. I hope that the planned meeting among Presidents Bush, Musharraf and Karzai will address these issues with candor and determination.

To make things worse, U.S. actions in the region and worldwide have led both supporters and opponents of the Pakistan government to conclude that U.S. calls for democracy in the Muslim world are cynical – and that they don't apply to Pakistan. The United States has lost important opportunities to help Pakistan strengthen the institutions on which decent government depends. We looked the other way as Musharraf rode roughshod over his country's established political institutions. Pakistanis of all political stripes drew their own conclusions. Will next year's elections reverse this trend? The U.S. should insist on much better performance than we saw in the local elections.

Anti-American sentiment is also at an all-time high, even among those who have traditionally been our friends. The current debate on detainee legislation, in which the U.S. administration is working hard to retain the flexibility to conduct abusive interrogations, is doing terrible damage. It leaves Pakistanis (and many others) with the impression that our calls for human rights are hypocritical, and that our adversaries' condemnations of the U.S. have a point.

The final trend I'd like to address is the India-Pakistan relationship. The two countries have kept a ceasefire in Kashmir for nearly three years. For over 2 ½ years,

they have kept a peace dialogue alive, but in recent months it has been far from healthy, and it badly needed an infusion of energy from the two leaders. The joint announcement of President Musharraf and Prime Minister Manmohan Singh following their meeting in Havana could not have come at a better time. The specific steps the two leaders have pledged to take would all be valuable steps forward. I am optimistic that some form of dialogue will survive. U.S. diplomacy has been effective in reinforcing the two countries' determination to keep it going. But I do not expect dramatic results. Both India and Pakistan would face domestic opposition if they made any significant policy changes; and without significant policy changes, there will be no significant results.

The U.S. is the most influential outside country in Asia. I believe we can influence how the balance of power develops in that region. We can and should use that influence to make Asia a more peaceful and prosperous region. The fight against extremism needs to be carried on by the governments and the societies of the region. The U.S. needs to support the development of stronger political institutions in the region, and to be much more sensitive to the widespread perception of U.S. hypocrisy. A breakdown in India-Pakistan relations has greater potential for harm than almost any other contingency. The U.S. has been effective in crisis management in the past, but should not assume that the techniques of the past will work in the future. This is the hardest trend to influence, and will need more sustained attention in the future.