

# U.S. Relations with South Asia

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Good afternoon, Mr. Chairman. I'm delighted to have this opportunity to testify before your Subcommittee. In years past, when I was in the State Department and testified before your predecessor, I always wondered what happened when the government witnesses finished, breathed their sighs of relief and sped out the door. I guess this is my chance to find out.

I will not attempt to duplicate Assistant Secretary Inderfurth's overall description of events in the region. Instead, I would like to make some observations on the dramatic developments in Pakistan in the last week, and then to share my recommendations about U.S. policy priorities for the region.

### **Pakistan: A Disappointing End to a Disappointing Government**

Pakistan has lived under a stressed and seriously flawed democracy for the past eleven years. None of the four changes of government since 1988 has taken place through the normal electoral cycle. Each has involved serious charges of corruption and abuse of power.

The disillusionment with Nawaz Sharif's second government started about six months into its tenure, when his supporters stormed the Supreme Court and he forced out in rapid succession the Chief Justice, the president, and the Chief of Army Staff, installing people he thought more pliant in their place. With his two-thirds majority in the National Assembly, this gave Nawaz Sharif control of all the constitutional levers of power.

Unfortunately, he used his power to gain more power, not to address Pakistan's devastating systemic problems: corroded national institutions, pervasive corruption, sectarian strife and urban violence fueled by Islamic activists returning from Afghanistan, a crisis in the government's finances. Long term social problems like high population growth and widespread illiteracy have gone untended, casualties of the government's cash crunch and of mistaken priorities. Perhaps most worrisome of all is the disaffection in Pakistan's smaller provinces at what they consider domination by the larger Punjab province. As much as a year ago, many Pakistanis were ruefully concluding that democratic government couldn't deliver the goods. This long catalogue of serious ills explains why Pakistanis greeted the coup with relief rather than outrage. That is perhaps the saddest commentary on last week's events.

The military coup is yet another blow to Pakistan's struggle to develop effective democratic institutions. Pakistan's prior experience with army regimes suggests that beyond a brief honeymoon period, they have a bad effect on both army and country. We are right to call for democratic government in Pakistan. In the final analysis, that is the only way that a government can acquire the legitimacy the country craves. Furthermore, all the problems I cited a few minutes

ago need to have their solutions enshrined in representative institutions. The dangerously frayed relations among Pakistan's provinces, in particular, cannot be put right without a genuine political process, real elections, and an accountable parliament in which the people of all four provinces find their voice.

But I would argue that if democracy is an absolutely vital goal, it is not the only one. Ultimately, Pakistan needs not just an elected government, but one that can deliver the goods. Among the country's problems are several which can begin to be addressed by better management, more transparent administration of justice, sound financial policymaking, and renewed attention to long term development needs. These are tasks that the new government can and must begin. A civilian transitional government will be far better placed than the military to take on these tasks, and a serious deadline for the next elections would help avoid being tempted to hang on.

### **U.S. Policy:**

How should the United States respond to this situation? Our basic principle should be to judge the regime in Pakistan by its actions. The burden of proof is on General Musharraf to show that he is actually fulfilling the agenda he sketched out. We should watch in particular two areas:

- reestablishing decent governance, as he promised in his speech last Sunday; and
- management of relations with India. The army high command, having initiated the dangerous Kargil adventure, bears a large measure of responsibility for the current downward spiral in relations with India. By the same token, they are in a unique position to reverse it if they wish. General Musharraf's announcement that he will thin out forces along the international border is a useful olive branch. Stopping infiltration across the Line of Control in Kashmir would be a good next step.

If the current leadership meets these high standards, and if it then moves swiftly back to the barracks, America's democratic values and its strategic interests could both come out ahead. History does not leave one very optimistic - but we should watch what actually happens.

For the duration of this military government, current law rules out most U.S. aid and military sales, and a high profile political embrace will be out of place. That is a fitting response to the overthrow of an elected government. But we should remain in close touch with Pakistan, including a serious military-to-military policy dialogue. We have other issues to pursue - regional security, stopping terrorism, control of narcotics. Similarly, if the new government is able to meet the IMF conditions (as their predecessors were not), I see no reason for us to prevent international institutions from funding financial stabilization and other related programs.

### **Policy toward the rest of the region:**

I would like to leave you with five thoughts about American policy in the rest of the region.

First, the U.S. should encourage India and Pakistan to find a real settlement to their differences - but recognize that the work of settling has to be done by those countries. I oppose naming a special envoy on Kashmir. The Administration is right, I believe, to conclude that a U.S. third party role can be effective only if both countries accept it.

While it is up to India and Pakistan to work out the terms of a settlement, both countries need to come to terms with some difficult realities. For Pakistan, this means recognizing that they will not be able to wrest Kashmir from India and may need to build a political consensus around a solution that doesn't significantly change today's territorial allocation. This was probably true

before nuclear weapons came to the region. It is even more true now; ironically, in this respect nuclear weapons may have limited Pakistan's options. For India, the difficult reality is that genuine self-rule for the Valley of Kashmir, including a large measure of autonomy, is indispensable if they wish to get out of the nasty cycle of insurgency and repression.

Second, the U.S. needs to reexamine its nonproliferation priorities in light of the experience of the last 18 months. All the issues the U.S. has been pursuing are important. However, the most crucial ones are avoiding nuclear conflict and preventing export of nuclear materials or knowhow from India or Pakistan. The fighting last summer in Kargil demonstrated that India and Pakistan do not want a nuclear confrontation. It also showed, however, how easily tensions can grow when conventional forces are engaged. To me, this makes a compelling case for increasing the margin of safety through risk reduction measures. Failure in this area would not only risk the peace of the region. It would also send a dangerous message to "nuclear wannabes". As for exports, both India and Pakistan have declared that they will not export the products from their programs. Strengthening this resolve, formalizing it, and sharing information on its implementation are critical to ensuring that unintended leakage doesn't occur.

I strongly support signature and ratification of the CTBT, and hope that despite the Senate's action last week the U.S. will ratify the treaty in time. But in all candor, I believe that the CTBT matters less to the safety of the world than these two other issues. Moreover, having failed to ratify, we would probably enhance our credibility by giving top billing to other aspects of nonproliferation.

In all these areas, once again, our primary concern is with performance. Commitments are important, but not as important as behavior.

Third, delink India and Pakistan policy where possible. The military regime in Pakistan clearly will inhibit major U.S. policy initiatives toward Pakistan. There is no need to subject relations with India to the same inhibitions. Waiving sanctions on India makes sense even if Pakistan is now under new sanctions. Developments in Pakistan should not lead the President to cancel his plans to visit South Asia; a visit to India and Bangladesh could still serve U.S. interests.

Fourth, in much of the region, the greatest potential lies in economics. This is especially true in India, where economic reforms launched in 1991 are beginning to bear fruit. The existing level of economic reform has been accepted across the political spectrum. Growth rates for the past decade are markedly higher than in previous decades, and with a new government with a more stable majority the prospects of sound economic policies are much improved.

In Bangladesh, a country already well known for its effective efforts to improve the lives of the poor through bootstrap programs and microcredit, the discovery of commercial quantities of natural gas offers the prospect of having a resource in addition to people to develop the country. In Sri Lanka, despite the ravages of the ethnic conflict, economic growth rates have been encouraging for most of the decade. Encouraging economic trends in all these countries represent a base on which to build more robust relations with the United States, as well as a brighter future.

Now that economic and commercial sanctions waiver authority is in place, the job of exploiting this economic promise is back where it belongs - with the private sector, and with the governments in the region. It is important to note, however, that the cuts in the U.S. aid budget over the past fifteen years fell disproportionately on countries like those in South Asia, and especially on Sri Lanka. When I was ambassador there in the mid-1990s, development assistance figures were in the \$12-15 million range, with food aid providing an additional \$40-70 million per year. This year's Congressional Presentation calls for \$3 million in development assistance and no food aid. Countries whose poverty doesn't make the front pages and whose

economic management is reasonably decent are at the end of the line when scarce aid resources are being doled out. I support the idea of a gradual and planned "graduation", with the host country taking over financial responsibility for important development activities as the donors phase out. But an over 90% cut in overall aid funds in four years seems a high price to pay for success.

Finally, don't lash the rest of the region to India and Pakistan. Given the problems between those countries and the potential dangers if policy is mishandled, both the Administration and Congress rightly devote most of their South Asia energy to India and Pakistan. However, I would urge you as well as the Administration to reserve a little "air time" for the other countries of the region. Their political and economic health is not determined by India's and Pakistan's troubles. Economically, they offer smaller but still attractive markets for American business. And all have problems whose resolution would contribute to regional peace - and whose continuation poses dangers. Each of them has a more important and more troubled relationship with India than with Pakistan, reflecting India's larger size and central location. A bit of effort on our part to tend our relations with these countries can contribute to healthier regional relationships - which in turn can provide a better context for India and Pakistan to manage their problems.

In closing, I would like to reinforce the plea I know you have received from others for more generous funding of the nation's diplomatic business. Taken all together, the U.S. government's international affairs budget is less than one percent of the total budget. But look at what you get for that one percent. Think of it as a vaccination against the international scourges of chaos and war. When diplomacy is working properly, you don't see it in action, and everyone wonders what the fuss is about. But when it breaks down, or when America's diplomats do not have the tools to do the job properly, the world and the U.S. taxpayer pay the price.

South Asia is a good example. Our diplomatic missions and aid programs there are well established, and we are benefiting from the accumulated political capital of half a century of patient work. But funding has been drastically cut for the tools that helped build relationships in the past - economic aid, public diplomacy, international visitor grants, military education and training. Diplomatic establishments are shrinking - and still lack the state-of-the-art communications that might mitigate that loss. The stakes in South Asia include both traditional diplomatic concerns, like regional peace, and newer ones, like the health of the global environment. A properly staffed and equipped diplomatic presence in the region is a cheap way to ensure that we're giving it the attention it needs.