



# SPECIAL REPORT

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## ABOUT THE REPORT

While much depends upon the nascent peace process between India and Pakistan, there are many reasons to believe that the prospects for a breakthrough are greater than those for a breakdown. To assess such prospects, the United States Institute of Peace convened a roundtable of South Asia experts. This Special Report, written by program officer Christine Fair of the Institute's Research and Studies Program, draws upon the roundtable discussions, as well as interviews with other regional analysts—particularly Shahid Javed Burki, Stephen Cohen, Husain Haqqani, Dennis Kux, Polly Nayak, Terasita Schaffer, Ashley Tellis, and Marvin Weinbaum.

This Special Report considers means by which the India-Pakistan peace process can be sustained in at least a minimally positive way. In particular, the report explores the utility of the United States in ensuring the momentum of this opening; it also considers the role for other key players in the area, such as Russia and China.

**The views expressed in this report do not necessarily reflect those of the United States Institute of Peace, which does not advocate specific policy positions.**

## India and Pakistan Engagement

### Prospects for Breakthrough or Breakdown?

#### Summary

- Over the past year, India and Pakistan have been taking tentative steps toward improving their bilateral relations. The foreign ministers of both countries met in early September to review the progress made on the Indo-Pakistani “roadmap to peace,” which the two sides agreed on in mid-February. While still deeply divided over the issue of Kashmir and in agreement that the tangible outcomes have been minimal to date, both reaffirmed their commitment to the ongoing process. Despite changes in India’s leadership, this process is still lumbering forward.
- This emerging détente is worthy of attention for several reasons. First, South Asia is the only region in the world where two nuclear-armed neighbors are in active conflict; the most recent crisis came during 2001–2002, when close to a million troops faced off for nearly a year along the Indo-Pakistani border. Second, Pakistan is a critical—if imperfect—partner in the global War on Terror. The United States wants to ensure Pakistan’s active support in counterterrorism activities along the Pakistan-Afghanistan border and within Pakistan. Third, one of the few means that Pakistan has developed to coerce concessions from India has been the use of militants—generations of which Islamabad has nurtured to secure Pakistan’s interests in Kashmir and Afghanistan. These so-called mujahideen threaten the security of South Asia and beyond.
- Given the complexities and challenges facing both states, what motivated both to undertake this process? Observers generally agree that both India and Pakistan were confronting several internal political changes during this initial period of rapprochement, and that the commencement of this process reflected both countries’ internal political dynamics. For India’s part, the past two years of sustained dissonance with Islamabad has strained its ability to continue an internal dialogue with the various groups in Kashmir. Further, the ongoing discord with Islamabad has frustrated India’s efforts to improve its economic growth and expand its political influence beyond South Asia. India understands that the resolution of this conflict will be necessary to achieve its ultimate goal of becoming an important global power.

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- Regarding Pakistan's motives, some analysts suggested that this initiative would give both Pakistan's armed forces and the militants a much-needed respite from the last two years of persistent confrontation. Although Pakistan has endured its standoff with India, it has also confronted numerous threats along its border with Afghanistan, and its own internal security environment continues to deteriorate. Sectarian violence and organized criminal activity have racked Pakistan's commercial and financial hub, Karachi, for decades with no relief in sight. Domestically, May 2004 was Pakistan's bloodiest month since Pervez Musharraf came to power in 1999.
- Both India and Pakistan were also believed to have undertaken this peace offensive with the United States and other international actors as the main intended audience. The 2001–02 crisis rattled nerves in Washington and beyond as the two nuclear-armed enemies wavered on the brink of war. Following the 1998 nuclear tests and the 1999 Kargil crisis, the confrontation of 2001–02 left the United States and others weary of playing referee in these recurrent conflicts. In addition to both states' incentives for normalization of relations, there is an increasing tendency within U.S. and international circles to press for a *resolution* of the conflict rather than just its *management*. More active mediation or facilitation by the United States would be welcomed in Pakistan, which has long sought international intervention in this dispute. India would likely resist such overtures, maintaining that this is a strictly bilateral issue, as enshrined in the 1972 Shimla Accord.
- Although the grounds for optimism are tangible, there are equally compelling reasons to be doubtful about a settlement of the Indo-Pakistani dispute in the near future, the most fundamental of which is the inherent asymmetry of desired objectives with respect to the disposition of Kashmir: India seeks to engage Pakistan to legitimize the territorial status quo by finding some means to formalize the Line of Control (LOC) in Kashmir as the legal international border. Pakistan seeks to engage India to find some means of altering, in various ways, the status quo and publicly rejects the possibility of transforming the LOC into the international border as a viable means of dispute resolution.
- Both countries' internal constraints also do not bode well for a fundamentally new approach to resolving their conflict. On balance, the political and security dynamic in Pakistan is not comforting, suggesting that even if India is able to accommodate Pakistan's demand on *process*, it is far from obvious that Islamabad would be capable of packaging this and marketing it to its citizens and other stakeholders (the army, for example) as a form of "progress" on Pakistan's core concerns. This factor is a central element in keeping Pakistan engaged in the process and creating a public demand for a just peace. In addition, a *resolution* of the Kashmir issue means that Pakistan's extensive and formidable militant infrastructure would have to be dismantled.
- India also has a number of domestic compulsions of its own: it is a rich and vibrant—if imperfect—democracy, and reaching consensus on contentious issues such as relations with Pakistan can be perhaps even more of a challenge in its diverse and active polity. Since the Kargil crisis and the ongoing attacks within Indian-administered Kashmir and within India proper, many Indians have grown weary of Pakistan's tactics. Hard-liners feel that they should not have to reward Pakistan for ceasing activities that Islamabad should not have started in the first place. The results of India's April–May 2004 general elections have also added an additional layer of uncertainty to this analysis: the electorate dismissed the Bharitya Janata Party (BJP)—the party that spearheaded the recent peace overture. Although the new Congress Party government affirmed its commitment to the peace process, it is far from certain that it has the domestic clout to continue the engagement.
- If history is any guide, the likelihood that this process will break down is high, and the probability of a meaningful breakthrough is quite slim. USIP roundtable

participants agreed that the outcome of this round of engagement ultimately will turn on the understanding held by New Delhi and by Islamabad on the core issues of the engagement and the concomitant progress made on each. Many participants felt that while breakthrough is certainly not likely, neither is a breakdown of the kind witnessed after the 1999 Lahore Declaration, whose resulting engagement suffered many onslaughts, the ultimate of which was the Kargil offensive in the spring of 1999. In light of these considerations, the roundtable participants generally concurred that stalemate is the most likely outcome of the current engagement process.

## Introduction

Over the past year, India and Pakistan have been taking tentative steps toward improving their bilateral relations. The foreign ministers of both countries met in early September 2004 to review the progress that has been made thus far. While still deeply divided over the issue of Kashmir and in agreement that the tangible outcomes have been minimal to date, both reaffirmed their commitment to the ongoing process. This opening began when India's then-prime minister Atal Vajpayee met with Pakistan's president Pervez Musharraf on the sidelines of a January 2004 regional summit. Later, in mid-February, India and Pakistan agreed on a six-month "roadmap to peace," which ostensibly would address all outstanding bilateral concerns. Despite changes in India's leadership, this process is still lumbering forward.

This emerging détente is worthy of attention for several reasons. First, South Asia is the only region in the world where two nuclear armed-neighbors are in active conflict. Their most recent crisis was in 2001–2002, when the two wavered on the brink of war for nearly a year, with more than one million troops lined up across the Indo-Pakistan border. Finding some means to resolve—rather than manage—their bilateral dispute is crucial to minimizing the likelihood of conventional conflict between the two and the possibility of either country's resorting to "the nuclear option."

Second, Pakistan is a critical—if imperfect—partner in the global War on Terror. The United States wants to ensure Pakistan's active support in counterterrorism activities along the Pakistan-Afghanistan border and within Pakistan. Consequently, the United States was disconcerted by the strategic distraction posed by the near war of 2001–02 as Islamabad swung some of its forces from the Pakistan-Afghanistan border to defensive positions along the border with India.

Third, one of the few means that Pakistan has developed to coerce concessions from India has been the use of militants—generations of which Islamabad has nurtured to fight Pakistan's proxy wars in Kashmir and Afghanistan. Consequently, Pakistan has established an expansive infrastructure to recruit, train, and deploy militants organized under various Islamist rubrics. These so-called mujahideen threaten the security of South Asia and beyond. Once trained, these militants ostensibly could operate anywhere in the world given adequate logistical support. Therefore, Pakistan's militants are not simply a regional problem, but potentially a threat with global reach—members of one of Kashmir's main militant groups, Lashkar-e-Taiba, were recently arrested in Basra, Iraq.

## Background: A Bitter Past of Failure

Since their overt nuclearization in 1998, India and Pakistan attempted to make peace three times—including this most recent effort. In 1998 and 1999, optimism soared as the two adversaries embarked upon a much-lauded "bus diplomacy" campaign, culminating in the historic visit of Indian prime minister Vajpayee to Pakistan and the penning of an important agreement with his Pakistani counterpart Nawaz Sharif. Speaking beneath

## A brief history of Kashmir

As British India was partitioned into Muslim Pakistan and Hindu India in 1947 as part of the independence process, Britain allowed the nominal rulers of the subcontinent's "princely states" (essentially tax collectors for the British Crown) to decide their allegiance to either of the new, independent countries. The Hindu ruler of Kashmir did not decide until the following year, when he acceded to India's rule in exchange for an Indian force that halted an invasion by Pakistani "tribesmen" and established a de facto partition, known as the Line of Control, dividing the geostrategically important region into Pakistani-controlled and Indian-controlled portions.

India then took the Kashmir issue to the UN Security Council, which passed a resolution in 1948 requesting Pakistan to withdraw its "tribesmen" from the area and that a plebiscite be conducted to determine Kashmiris' desires for rule. Neither action has been taken to date.

In the 1962 Indo-Chinese border war, the People's Republic of China occupied the northwestern Ladakh region of Kashmir. Three years later, India and Pakistan fought another border war, which stretched to the Line of Control. A UN-brokered cease-fire agreement was affirmed by India and Pakistan at a 1966 summit.



Following the Indo-Pakistani conflict of 1971, India's Indira Gandhi and Pakistan's Zulfikar Ali Bhutto signed the 1972 Shimla Accord, agreeing "to settle their differences by peaceful means through bilateral negotiations or by any other peaceful means mutually agreed upon between them." They affirmed that neither will try to unilaterally alter the Line of Control.

In the late 1980s, militancy increased in Kashmir, as the Soviet Union withdrew from Afghanistan and many mujahideen relocated to Kashmir with support from the Pakistani government. The territorial conflict was increasingly infused with religious ideology, as mujahideen in Kashmir viewed the conflict as a "jihad." At the same time, Hindu nationalism continued to gain strength in the Indian heartland.

Violence rose in Kashmir during the 1990s, as Pakistani-supported Islamic militants launched sporadic assaults on non-Muslims, who fled mainly to the southern Jammu region. India responded with repression. Both sides were accused of mass human rights abuses. In 1998, the Hindu fundamentalist Bharitya Janata Party came to power; both India and Pakistan declared themselves nuclear powers after conducting overt weapons tests. The following year, Indian prime minister Atal Behari Vajpayee met with his Pakistani counterpart, Nawaz Sharif, in Lahore; three months later, Pakistan-based militants invaded Kargil in the Indian-controlled portion of Kashmir. President Clinton convinced Sharif to withdraw Pakistani forces from Kargil; Sharif was overthrown by General Pervez Musharraf, the chief advocate of the Kargil offensive, shortly thereafter.

On October 1, 2001, a terrorist attack on the Kashmir legislature in Srinagar left 38 dead. Two months later, 14 were killed in a terrorist attack on the Indian parliament on December 13; India responded by massing hundreds of thousands of troops on the Pakistani border, including along the Line of Control.

More than 30 people were killed in another terrorist attack on the families of Indian troops in Kashmir on May 14, 2002. In response to India's announcement of retaliation, Pakistan hinted at the use of nuclear weapons. U.S. diplomats managed to defuse the crisis, and Pakistan pledged to stop cross-border infiltration.

the Minar-e-Pakistan, a monument in Lahore commemorating the founding of Pakistan, Vajpayee signaled to many Pakistanis that India finally recognizes the legitimacy of the Pakistani state. The statement was doubly important because Vajpayee's base of support was among Hindu nationalists, who historically espoused the goal of "Akand Bharat," or a "greater India" that includes Pakistan. Such rhetoric naturally has fueled Pakistan's persistent belief that India desires the collapse of the state.

Despite the promise of progress signaled by the Lahore engagement, all hopes were dashed upon the Himalayan peaks of Kargil in the spring of 1999: Pakistan launched a limited territorial war in the Kargil-Dras sectors of Kashmir under the military leadership of Chief of Army Staff Pervez Musharraf. Many believe that the planning for this operation was concurrent with the Lahore Peace Process, confirming many Indians' conviction that Pakistan is inherently duplicitous and an unworthy negotiation partner. This belief in Pakistani perfidy was exacerbated when the chief advocate of the Kargil offensive, General Musharraf, executed a bloodless coup and deposed Prime Minister Sharif.

Despite tremendous Indian misgivings and mistrust, both sides again tried to make peace in July 2001 in the Indian city of Agra. Few were optimistic about the prospects for that effort as neither side could even agree on how to describe the central issues of their dispute. In the run-up to the summit, the Indian government expressed concern about how Indian protocol would handle a visit by a Pakistani chief executive, which was unprecedented. Musharraf rendered this concern moot by declaring himself president. The Agra summit broke down amid mutual recriminations and disappointment without so much as a joint statement or a commitment to reconvene discussions at a later time.

With two recent disappointing failures under their belts, both states again are attempting to forge peace. This current round began in early January 2004, when Vajpayee traveled to Pakistan to participate in a summit convened by the South Asian Association for Regional Cooperation (SAARC). While speculation was rife that Vajpayee would meet with Musharraf on the sidelines, neither confirmed or denied the rumors until a meeting was imminent. On January 5, the two heads of state met in what the Indian Foreign Office deemed a "courtesy call." This was the first formal encounter between the two leaders since the failed Agra Summit of 2001.

The event was significant because it signaled a formal end of a ten-month crisis that unfolded following the December 2001 terrorist attack on the Indian parliament and another terrorist attack on family members of Indian troops in Kashmir's Kaluchak in May 2002. New Delhi alleged that the perpetrators were militant groups backed by Islamabad and responded with a massive mobilization of forces along India's border with Pakistan. In turn, Pakistani troops were amassed to check the Indian deployments. With more than a million soldiers confronting each other along their shared border, India and Pakistan were in a near state of war that persisted through October 2002.

Given the level of bitterness and distrust that permeated Indo-Pakistani relations, this meeting between Vajpayee and Musharraf has generated considerable optimism among international observers. Yet many questions loom about the durability of this nascent process and its prospects for even limited degrees of success.

Many South Asia analysts are doubtful that substantive progress is likely in large part because the desired outcomes of India and Pakistan are fundamentally at odds: Pakistan seeks a means to engage India to *alter* the status quo with regard to the disputed disposition of Kashmir. In other words, Pakistan does not accept the current de facto border (the Line of Control, or LOC) that divides the disputed territory of Kashmir into distinct portions administered by Pakistan and India. India, conversely, seeks a negotiation process that will eventually *ratify* the status quo in Kashmir, principally through transforming the LOC into the international border. In the absence of significant change in these tightly held positions, it is difficult to envision meaningful progress being made toward sustainable settlement. These conflicting objectives are discussed in greater length below.

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### ***Motives for Moving Toward Peace Now***

Given the complexities and challenges facing both states, what motivated both to undertake this process? Several prominent analysts believe India had the initiative throughout: Prime Minister Vajpayee consented to participate in the SAARC summit in Islamabad, but he provided no assurances that either discussions with Musharraf or renewed bilateral talks with Pakistan were on the table. Brajesh Mishra, Vajpayee's trusted national security adviser, laid the groundwork for a potential meeting between Musharraf and Vajpayee. The SAARC summit was well underway before the Indian side announced its consent to a bilateral meeting. Many believe that the Indians were responding to the noticeably different tone used by Pakistani prime minister Mir Zafarullah Jamali at the summit, where he refrained from criticizing India. This likely reflected a conscious decision on behalf of Islamabad to signal to New Delhi its willingness to engage India constructively.

Observers generally agree that both India and Pakistan were confronting several internal political changes during this initial period of rapprochement, and that the commencement of this process reflected both countries' internal political dynamics. For India's part, the past two years of sustained dissonance with Islamabad has strained its ability to continue an internal dialogue with the various groups in Kashmir. Such normalizing of relations between Srinagar (the political epicenter of Kashmir) and New Delhi is fundamental to bringing about some degree of peace to the embattled valley. Further, the ongoing discord with Islamabad has frustrated India's efforts to improve its economic growth and expand its political influence beyond South Asia. India understands that the

resolution of this conflict will be necessary to achieve its ultimate goal of becoming an important global power.

Some observers were cynical about India's opening to Islamabad and dismissed it as a mere tactical move to woo the country's Muslim electorate and ensure a victory for Vajpayee's Bharatiya Janata Party (BJP) in spring 2004. Others, more optimistically, believed that Prime Minister Vajpayee was truly a man of peace who genuinely sought to end his career with a major breakthrough with India's long-standing nemesis.

Pakistan's motives are even more shrouded in uncertainty. Some analysts suggested that this initiative would give both Pakistan's armed forces and the militants a much-needed respite from the past two years of persistent confrontation. Although Pakistan has endured its standoff with India, it has also confronted numerous threats along its border with Afghanistan, and its own internal security environment continues to deteriorate. Sectarian violence and organized criminal activity have racked Pakistan's commercial and financial hub, Karachi, for decades with no relief in sight. Domestically, May 2004 was Pakistan's bloodiest month since Pervez Musharraf came to power in 1999.

Both India and Pakistan were also believed to have undertaken this peace offensive with the United States and other international actors as the main intended audience. The 2001–02 crisis rattled nerves in Washington and beyond as the two nuclear-armed enemies wavered on the brink of war. Following the 1998 nuclear tests and the 1999 Kargil crisis, the confrontation of 2001–02 left the United States and others weary of playing referee in these recurrent conflicts.

## Reasons to Be Hopeful?

The confluence of motives for Indo-Pakistan détente suggests there is room for guarded optimism. Both countries have a stake in normalization. Commentators within Pakistan maintain that since coming to power in 1999, Musharraf has come to appreciate the toll Pakistan's policies have taken on its social, political, and economic development. They argue moreover that Pakistan's reliance on Islamist militant proxies poses greater risks to the integrity of the Pakistani state than it does to the Indian state; this argument has become more salient in the post-9/11 world. Many observers recognize that without a workable settlement with India, Pakistan will be unlikely to abandon its strategic reliance on proxy elements. Finding ways of dismantling militancy in Pakistan is beginning to gain traction among some circles, creating constituencies for conflict resolution.

India also would prefer to redirect the energy and resources it invests in the confrontation with Pakistan and use them to pursue its long-sought-after quest for great-power status. Because achieving these objectives requires resolution of Kashmir and all other significant outstanding concerns with Pakistan, India is motivated to find some means of putting these issues in the past as a prerequisite for a more promising future.

In addition to both states' incentives for normalization of relations, there is an increasing tendency within U.S. and international circles to press for a *resolution* of the conflict rather than just its *management*. Many policymakers and analysts openly question how long the United States and the international community are willing and able to play "crisis manager," suggesting a requirement for resolution rather than management.

More active mediation or facilitation by the United States would be welcomed in Pakistan, which has long sought international intervention in this dispute. India would likely resist such overtures, maintaining that this is a strictly bilateral issue, as enshrined in the 1972 Shimla Accord. Yet India's position has not prevented it from using the United States to coerce desired behavior from Islamabad. Many note that this use is tantamount to a form of intervention and exposes the contradiction between what India says and what it does. Further, this reliance may represent some degree of willingness to permit some form of "facilitation"—a term that India prefers to mediation.

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Despite Indian opposition, advocates of the conflict's resolution rightly point out that even if the *nature* of the dispute is bilateral, the *consequences* of any major conflict between the two states undoubtedly will be far reaching. In the event of a nuclear exchange (whether by accident or by design) the region will be severely affected and the international community will have to mobilize and deploy vast resources to address the humanitarian crisis following what would be the postwar era's first nuclear war. Thus a resolution of the conflict is of concern to the international community at large and merits third-party facilitation (or some other substitute form of mediation).

## Even More Reasons to Be Doubtful

Although the grounds for optimism are tangible, there are equally compelling reasons to be doubtful about a settlement of the Indo-Pakistani dispute in the near future, the most fundamental of which is the inherent asymmetry of desired objectives with respect to the disposition of Kashmir. In addition to this basic barrier to a breakthrough, both states have their own internal constraints and problems that may well frustrate the prospects for a fundamentally new approach to resolving their conflict. Each of these concerns will be discussed below.

### *Objectives of Engagement Are Structurally in Conflict*

India and Pakistan disagree over the centrality of the Kashmir dispute in their historically bitter relations. For Pakistan, Kashmir is a pivotal dispute that precludes normalization with India. New Delhi is loath to concede that there is even a valid dispute over Kashmir, claiming that the 1947 accession of the Princely State of Kashmir to India during Partition is as an indisputable fact; thus it prefers to place the Kashmir-related tensions within a basket of several other issues—the so-called “composite dialogue.” Indeed, one of the central problems that has undermined past Indo-Pakistani détente efforts has been the simple fact that both states approach the issue for reasons that are in fundamental conflict:

- India seeks to engage Pakistan to legitimize the territorial status quo by finding some means to formalize the LOC as the legal international border. Thus for India, the status quo is a basis for a solution to the ongoing dispute over the disposition of Kashmir.
- Pakistan seeks to engage India to find some means of altering, in various ways, the status quo and publicly rejects the possibility of transforming the LOC into the international border as a viable means of dispute resolution. For Pakistan the status quo is the problem, not the solution to the problem.

These diametrically opposed objectives are typically reflected in the ways in which both states engage each other. For example, Pakistan historically has sought to place the Kashmir issue at the top of the bilateral agenda. As the weaker state, Pakistan cannot surrender the primacy of the Kashmir issue because it fears that it may never be resolved. Or, worse yet, Pakistan fears that the dispute over Kashmir may be permanently deferred while India seeks a separate peace with the Kashmiris; such an accord between New Delhi and Srinagar could be presented to Islamabad as a *fait accompli*, with the expectation that Islamabad simply acquiesces. Both of these options disconcert Pakistan because they disregard any acknowledgment of Pakistan's interests in the final disposition of Kashmir.

Pakistan has been supporting militant elements operating within Indian-administered Kashmir and, in recent years, in the Indian hinterland to compel India to acquiesce on the disputed territory. Consequently, Pakistan has resisted (and in all likelihood will continue to resist) Indian demands that it end its support for militants in Kashmir as a prerequisite for engagement. From Islamabad's perspective, there are few benefits to be had from

shutting down the militancy, as Pakistan believes that this is the *only* card it can play against its much larger adversary. Yet if Pakistan remains unwilling or unable to seriously address its own internal security concerns and permanently abandon militancy as a tool of foreign policy, it may well find itself diplomatically and politically isolated.

Conversely, India has moved substantially from its Cold War preference for economic isolationism and political nonalignment. Since the mid-1990s, India has pursued a sophisticated foreign policy that includes comprehensive “Look East” and “Look West” initiatives. Currently, New Delhi enjoys better relations with Pakistan’s immediate neighbors and regional allies (for example, Iran, Afghanistan, the Central Asian states, and Israel) than does Islamabad. Ominously, Pakistan’s sense of insecurity will only deepen as India continues to develop into a global—rather than just a regional—power.

India for its part has no compunction about walking away from a process that prefigures Kashmir as the primary focus of negotiation; in the near and long term, it principally seeks an end to Pakistan-supported militancy. Although India has paid a high price for fighting the insurgency there, it is confident that it can sustain the status quo indefinitely. It also believes that Pakistan may not be able to continue in the same manner ad infinitum; in a war of attrition, New Delhi is confident that it will prevail over its reckless adversary.

With these conflicting objectives and strategies, it is easy to understand why previous efforts at rapprochement between the two countries have failed and why the current initiative merits a great deal of skepticism. Pessimists point out that the objectives held by India and Pakistan have not changed substantially, and that this elemental asymmetry is likely to persist as a structural barrier to substantive engagement even if procedural engagement continues. In other words, although New Delhi will episodically engage in “talks” with Islamabad on a variety of issues (perhaps including Kashmir), it will continue to seek internal solutions to the Kashmir problem.

### ***Pakistan’s Internal Constraints and Challenges***

Pakistan faces several immediate challenges that jeopardize the viability of this emerging peace process. Musharraf has survived numerous attempts on his life, and future attempts cannot be dismissed. He rebuffed the various pressures to step down as Army chief of staff in December 2004 and has announced that he would remain both president and Army chief. Furthermore, Musharraf’s moves to oust Pakistani premier Jamali exposed the fiction that power lies anywhere but within Army headquarters in Rawalpindi. This revelation raises a few questions. First, to what extent is the peace process dependent upon the interests of President Musharraf and his ability to keep control of the levers of power? Second, what are Musharraf’s interests in pursuing peace with India? Third, what would compel him to abandon the peace process?

Since the December 2001 and May 2002 attacks, the United States has tried periodically to persuade Islamabad to cease and desist from its reliance on proxy elements to prosecute its foreign policy objectives toward Kashmir and to refrain from trying to redraw maps with force. However, Islamabad has consistently maintained that it can go only so far in dissociating itself from the militant elements based in Pakistan. The recent attempts on Musharraf’s life have legitimized claims that additional concessions will further jeopardize him. Instead, Pakistan has chosen to calibrate the activities of the insurgents under its control with the fluctuating intensity of U.S. pressure. This carefully balanced strategy has allowed Pakistan to retain U.S. support while preserving the use of militants as an instrument of state power.

Because of the attempts on his life, Musharraf has been motivated to take *aspects* of Pakistan’s internal security much more seriously while remaining unwilling to systematically and permanently dismantle the militant infrastructure in the country. Instead, Musharraf’s regime has attempted to disaggregate Pakistan’s militants into two groups:

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the good *jihadis* (freedom fighters in Kashmir) and the bad (for example, sectarian groups, al Qaeda, and Taliban remnants). While the latter have become targets of state elimination campaigns, the former have been given considerable leeway. The fact that Pakistan's militant groups are still operating, recruiting, and publishing—despite various bans—suggests that there is more bark than bite to some of Pakistan's policies.

The Pakistani Army is also a serious impediment to movement away from militancy in Kashmir. For all intents and purposes, the army dictates Pakistan's foreign policy and is the single most important institution domestically. The centrality of the army in the Pakistani state casts doubt on the sincerity of Islamabad's intent to abandon its strategic use of proxy warfare in the near or distant future. The Pakistani Army gains legitimacy to interfere in the country's domestic affairs in part from the ongoing security competition with India over Kashmir, so the army has little incentive to resolve outstanding concerns with its principal adversary to the east.

Clearly, Islamabad's approach contains several contradictory elements. First, its tenacious support of militancy in Kashmir stands in opposition to Musharraf's own recognition that militancy is a diminishing asset in the post-9/11 world. Few countries now are willing to distinguish between "freedom fighters" and "terrorists" and between "terrorist movements" and "insurgencies." Second, given the ongoing morphing of groups that operate in Kashmir and the sectarian groups that target Shi'a individuals and organizations in Pakistan, pretending that such distinctions really exist continues to pose innumerable internal security challenges. Third, in light of the various attempts on Musharraf's life, there can be little doubt that he appreciates the reality that continued support of this militancy poses a greater danger to himself than to India. Fourth, Pakistan is experiencing an Islamicization of criminal activity and a criminalization of some Islamist activities. All of this bodes ill for Pakistan's ability to make the transition into a robust state with a stable civil society for its citizens.

One recurrent theme in Pakistan's various offers to temper its militant elements is the insistence that India "create space" for Musharraf to do more to counter them. The term "create space" sometimes implies specific action to be undertaken by New Delhi, such as a partial troop demobilization. More often it suggests that India take a hiatus from publicly criticizing Pakistan or placing demands on it as criterion for engagement. Islamabad argues that it has gone about as far as it can go with respect to containing jihadist groups, and that it needs such space—however defined—in order to contain them further. Cynics suggest that this is just another tactic with which Musharraf justifies keeping the militancy option open.

While Islamabad's *intentions* with respect to the jihadists are uncertain, so is its ability to meaningfully contend with them. Even if Islamabad were wholeheartedly devoted to tackling these internal security challenges, it is doubtful it has the resources to do so: Pakistan's police are corrupt, ill equipped, poorly paid, infiltrated by a variety of nefarious elements, and incapable of performing the most elementary aspects of criminal investigation and evidence gathering. In addition, Pakistan's judicial system has suffered because of the swift reprisals of militant groups targeting judges who convict their cadres or leaders. As a result, Pakistan's entire internal security apparatus remains largely ineffectual.

Pakistan's domestic political environment provides further sources of pessimism for the likely outcome of Indo-Pakistani engagement. Musharraf's credibility has suffered in recent years. Musharraf has weathered all pressures to step down as Army chief and has announced that he will remain in that position. Further, Pakistan recently has had a change in the patina of its domestic leadership. In the waning days of June 2004, Prime Minister Jamali "resigned," amid all-too-adamant assertions that he had not been pressured to do so by the Musharraf regime. Prime Minister Chaudhry Shujaat Hussain became the interim premier to warm the bench for Shaukat Aziz to take the helm of the soon-to-be reconstituted civilian institutions.

Pakistan's internal dynamics could have significant implications for its foreign policy initiatives toward India. In the event that Pakistan's domestic security situation con-

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tinues to degrade, Musharraf may find himself in even greater peril. His ability to exert influence on Islamist elements may wane, putting himself and his corps commanders at risk. In the event of future attacks on his life, Musharraf may choose to let rapprochement with India slide. Should he not survive such an attack, his successor would also likely desist from pursuing an opening with India. The attempted assassination of Corps Commander Lieutenant General Ahsan Azeem in June 2004, suggests that Musharraf is not the only target in the sites of the militants. Such attempts to target Musharraf's principal bastion of support may soften the resolve of the army to support Musharraf's policies writ large—particularly those toward New Delhi and Kashmir.

On balance, the political and security dynamic in Pakistan is not comforting, suggesting that even if India is able to accommodate Pakistan's demand on *process*, it is far from obvious that Islamabad would be capable of packaging this and marketing it to its citizens and other stakeholders (the army, for example) as a form of "progress" on Pakistan's core concerns. This factor is a central element in keeping Pakistan engaged in the process and creating a public demand for a just peace.

### ***India's Internal Sources of Resistance to Engaging Islamabad***

Ironically, although Islamabad demands understanding of its deeply complex and convoluted domestic situation and its fundamental constraints on policy innovation, India also has a number of domestic compulsions of its own: it is a rich and vibrant—if imperfect—democracy, and reaching consensus on contentious issues such as relations with Pakistan can be perhaps even more of a challenge in its diverse and active polity. Since the Kargil crisis and the ongoing attacks within Indian-administered Kashmir and within India proper, many Indians have grown weary of Pakistan's tactics. Hard-liners feel that they should not have to reward Pakistan for ceasing activities that Islamabad should not have started in the first place. Such hardened positions likely will dictate how far New Delhi can go in creating the kind of "space" Islamabad demands.

The results of India's April–May 2004 general elections have also added an additional layer of uncertainty to this analysis: the electorate dismissed the BJP—the party that spearheaded this peace overture. To the astonishment of most onlookers, the Indian voters returned the Congress Party to power (along with several allies) after a long hiatus in opposition to the BJP. Although the new Congress government affirmed its commitment to the process, it is far from certain that it has the domestic clout to continue the engagement.

In the several days following the May 2004 Congress Party victory, many observers on the subcontinent and beyond wondered about the fate of the nascent engagement process. Some of these apprehensions, however, may have been misplaced: the Congress government is perhaps even more eager to explore the possibilities of détente with Pakistan. Despite its best intentions, concerns persist that the Congress Party has no "hard-line" constituencies, which may render it vulnerable to domestic critics. Will the Congress Party have the heft and credentials to carry the complex and fissionary Indian populace along the process of engagement? With such burdens of credibility, will India be able to provide Pakistan's minimal expectations to keep the process alive under a Congress government?

### **Making the Most out of a Stalemate**

If history is any guide, the likelihood that this process will break down is high, and the probability of a meaningful breakthrough is quite slim. USIP roundtable participants agreed that the outcome of this round of engagement ultimately will turn on the understanding held by New Delhi and by Islamabad on the core issues of the engagement and the concomitant progress made on each. Many participants felt that while breakthrough is certainly not likely, neither is a breakdown of the kind witnessed after the 1999 Lahore

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Declaration, whose resulting engagement suffered many onslaughts, the ultimate of which was the Kargil offensive in the spring of 1999. In light of these considerations, participants generally concurred that stalemate is the most likely outcome of the current engagement process.

India's domestic compulsions regarding Pakistan and the intractable Kashmir problem will preclude it from satisfying Islamabad's basic requirements for "progress" in order to permit the engagement to continue. Absent such progress, Pakistan has very little reason for strategically abandoning militancy. For its part, Islamabad's fixations on its own domestic constraints without a realistic appraisal of India's will encourage it to have unrealistic demands of New Delhi. Few of the USIP roundtable participants saw any prospects for breaking out of this pernicious—if predictable—circle.

More than his Indian counterpart, Musharraf faces incentives that predispose him to prefer stalemate to any other outcome. Certainly, he has every reason to want to avoid another damaging episode on his watch: not only will such an episode aggravate tensions with India, it will also distract Pakistan from its problems with Afghanistan and its efforts to sustain its relationship with the United States. Yet Musharraf has no reason to truly solve the Kashmir issue, even if it were his to solve. Such an overture would be perilous for him personally and disastrous for the institution of the army, which is thoroughly vested in conflict with India. It is important to appreciate that it is the *institution* of the army, perhaps more than any of its senior leaders, that many army officers seek to protect: the army is seen as one of the only functioning and competent institutions in Pakistan, a status that the military will act to cultivate and protect over the long term. On balance, Musharraf likely seeks a series of small steps towards normalization, each with its own opportunity for renegeing.

Several roundtable participants believed that if New Delhi could reach some sort of resolution with the Kashmiris, Islamabad could be presented with a *fait accompli*; many other participants rejected this scenario out of hand: any solution without Pakistan's fingerprints would not be palatable to Islamabad and would have no takers among Pakistan's elites. Rather, New Delhi needs to work out a package that would give Islamabad something to sell to its general public, which has been fed a steady diet of propaganda about attaining Kashmir for the past fifty years. If meaningful steps could be made on addressing Kashmiris' welfare and full enfranchisement, Islamabad could claim movement on these issues as victories of sorts. In other words, Islamabad could claim, with varying degrees of legitimacy, that these various improvements for the lives of the Kashmiris would not have happened without Pakistan's insistence.

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### ***Keeping the Momentum Going***

If stalemate is the best likely outcome of the current Indo-Pakistani engagement process, what can be done to make the best of this less-than-optimal situation? What can be done to prevent any backsliding while simultaneously creating a climate that could enable forward movement in the future? To achieve these modest objectives, all relevant parties must creatively devise several tactical means by which both India and Pakistan can be persuaded to stay at the bargaining table, even if meaningful progress is not being made on their respective core strategic issues. As one prominent South Asia analyst explained, for this to succeed, essentially two minimal conditions must be met simultaneously:

- Pakistan must suspend its conclusion that no meaningful progress is happening on Kashmir and that the only resort at Pakistan's disposal is the continued calibration of the intensity of the insurgency.
- India must also suspend its conclusion that it is not seeing a meaningful decrease in terrorism, that there is little positive utility from engaging Pakistan, and that it should kill militants while seeking to deal with the Kashmiris independently.

Clearly, success in keeping this engagement alive will require both sides to be much more invested in the peace process than they are at present. Both states need to begin

an internal dialogue process whereby their respective peoples can begin to appreciate the benefits of peace. In Pakistan, this process may mean authoring and promulgating new national narratives that do not singularly rely on the acquisition of Kashmir as a prerequisite to completing the Pakistani state. India must seriously engage the dilemma of how it treats Kashmiris: How can the state deny them basic rights while simultaneously claiming them as citizens? Both countries must do more to create constituencies for peace.

Roundtable participants offered more concrete means by which the process may be encouraged, even if movement is not being made on core issues. Many of these means could constitute a tactical form of engagement that could, in principle, satisfy the two above-noted constraints. Key proposals are discussed below.

- *Expanding the contacts of Kashmiris on both sides of the Line of Control.* One of the ways of doing this is establishing bus service linking Muzaffarabad in Pakistan-administered Kashmir to Srinagar in Indian-administered Kashmir; another “bus option” would link Suchetgar in Pakistan-administered Kashmir and Jammu in Indian-administered Kashmir. Many families on both sides of the LOC have been separated for decades. Provision of such a service may make movement within the disputed territory more feasible, facilitate the reunion of families, and even encourage marital and other family alliances across the LOC. Kashmiri proponents also maintain that this service would permit Kashmiri political leaders to forge contacts across the divided territory. While USIP roundtable participants acknowledged that there are technical challenges in this proposal (for example, required paperwork, security issues, and so forth), all agreed that these concerns could be resolved if the political leaders made this proposal a priority.
- *Expand population contacts within India and Pakistan.* Although the Muzaffarabad-Srinagar bus idea has captured the attention of many, some participants cautioned that this is not the only area worthy of attention. Rather, population contacts should be expanded and reunions of families scattered across India and Pakistan should be encouraged. To increase the ease of obtaining visas and facilitate travel between the two states, consulates could be established in Karachi and in Bombay. Another means of expanding people-to-people contacts is the development of educational exchanges. Currently, many Pakistanis must go abroad to receive quality higher-education opportunities. India’s excellent postsecondary institutions may be a cost-effective alternative for Pakistanis seeking high-quality education while encouraging interpersonal contacts among Pakistani and Indian citizens.
- *Pipelines for peace.* Several roundtable participants were hopeful about the benefits of a natural gas pipeline through Iran, Pakistan, and India in fostering confidence between the two states. Some believed that cooperation could be worked out through the auspices of the World Bank, whose role in negotiating the Indus Water Treaty was raised as a potential template. However, the involvement of Iran in the project would likely complicate such an initiative, given the antipathy that exists between Tehran and Washington.
- *Expanding markets to build confidence.* Despite the gravity and importance of the pipeline scheme, the option poses many significant conundrums. For this reason, the pipeline proposal should not singularly focus the attention of policymakers. Arguably, bilateral efforts could be more profitably spent legalizing and regularizing the trade that already exists between the two countries. Currently much of the movement of products between India and Pakistan is facilitated through the black market and includes food products, engineering equipment, tires, entertainment media, and so forth. Legalizing this trade would do much for both states’ coffers.
- *Integrating Kashmir into extant South Asia trade agreements.* Former World Bank vice president Shahid Javed Burki has proposed that Kashmir be thoroughly integrated into the South Asia Free Trade Agreement, bringing economic benefits to all three

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parties, while leaving the status quo intact. Such economic integration would require massive infrastructure projects (for example, roads, lines of communication, fuel transport), integration of electrical grids, and possibly even a reworking of the Indus Water Treaty, which governs bilateral water sharing from the waters of the Indus River Basin. Burki believes that this project could create constituencies for normalization while deferring the nettlesome question of Kashmir's ultimate disposition.

***Roundtable participants discussed the manifold costs and benefits of various forms of U.S. involvement in the Indo-Pakistani engagement process.***

### ***What Role for the United States and the International Community?***

Roundtable participants discussed the manifold costs and benefits of various forms of U.S. involvement in the Indo-Pakistani engagement process. Some contended that a fundamental long-term component of peace in South Asia will be determined substantially by the character that Pakistan assumes over the next several years, and the United States, they noted, has a highly debated, but nonetheless important role in shaping the country's future. To this end, many suggested that efforts must be directed toward encouraging Pakistan to democratize and develop functioning and accountable civilian institutions.

However, participants contested the role of the United States in facilitating a bilateral rapprochement. A small but vocal minority countered that the United States has no positive role to play. Opponents of such a role contended that the status of the United States has diminished in India because of flagging attention to the Indo-U.S. security relationship and because of the renaissance in U.S.-Pakistan relations. Despite robust intergovernmental relations between the United States and Pakistan, anti-U.S. sentiment is rife among Pakistan's general public, with no visible signs of waning in any policy-relevant

### **Pressler Amendment sanctions against Pakistan**

The 1985 Pressler Amendment (after former U.S. senator Larry Pressler, R-SD) to the Foreign Assistance Act of 1961, bans most economic and military assistance to Pakistan unless annual U.S. presidential certification finds that the country does not possess a nuclear device and that U.S. aid would reduce the risk of Pakistan possessing such a device. During the 1980s, ample evidence suggested that Pakistan was enriching uranium for a nuclear device and that the country could assemble a weapon; however, Pressler Amendment sanctions were not invoked until 1990.

The Pressler Amendment joined the earlier Symington Amendment and Glenn Amendment to the 1961 Foreign Assistance Act, which invoked sanctions against countries that elude International Atomic Energy Agency safeguards on nuclear materials and technology, or against non-nuclear countries that conduct nuclear tests. Although India conducted a "peaceful" nuclear explosion in 1974, and Pakistan was accelerating its nuclear program, the Symington and Glenn amendments did not apply retroactively to India or Pakistan.

Since the mid-1990s the Pressler Amendment sanctions have found many exemptions and waivers—most notably under the Brown Amendment and especially the two Brownback Amendments, the latter of which give the U.S. president permanent authority to waive the sanctions under the Symington and Pressler Amendments that banned all military and economic assistance to Pakistan since 1990.

Shortly after the 9/11 terrorist attacks against the United States, President Bush signed an executive order that lifted economic and military sanctions against India and Pakistan for their nuclear tests, in advance of enlisting Pakistan's assistance for Operation Enduring Freedom and the routing of the Taliban and al Qaeda redoubts in Afghanistan.

future. This dual trend of antagonizing both Islamabad and New Delhi has compromised the utility of the United States in facilitating any movement toward normalization, opponents contend.

Proponents of a positive U.S. role countered with alternative views, pointing out that the United States now enjoys better relations with both governments than it has in decades. As a consequence of the U.S. position on the 1999 Kargil crisis that came down in favor of the status quo, India no longer reflexively rejects any role for the United States. Moreover, since December 2001, India has implicitly relied upon the United States to exert its influence over Pakistan in order to gain concessions from Islamabad. Pakistan, for its part, is enjoying renewed relations with the United States, which it has not enjoyed since 1990, when Pressler Amendment sanctions were invoked.

If a primary role for the United States is questionable, is there any space for key states in the international community to keep India and Pakistan productively engaged? China, Russia, and the United States have all played significant roles of crisis manager throughout the past five decades of security competition between India and Pakistan, and all three states, for their own various reasons and with varying intensity, have an interest in South Asian deterrence stability. Perhaps the time has come for these and other states to seriously ponder how they may help ensure that this process moves, even if only procedurally. Rather than undertake action unilaterally, perhaps the key crisis managers in the past can act in concert, devising collective security guarantees that will permit both India and Pakistan to continue talking at the tactical level, even if strategic issues are deferred.

As the foregoing discussion suggests, without creativity and commitment to dispute resolution, it is difficult to imagine normalization of Indo-Pakistani relations in the policy-relevant future. However, the stakes have never been higher. Not only do the peoples of India and Pakistan deserve a livable peace with minimized risk of conventional or nuclear exchanges, the South Asian region—indeed, the international community as a whole—also deserves some respite from this ongoing conflict.

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