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**SOUTH ASIA:
A STRATEGIC ASSESSMENT**

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Americans have long viewed our involvement in South Asia as peripheral to the pursuit of our vital interests. As a consequence, the region excites little interest in American policy or academic circles, and is regarded as an area of hopeless poverty, primarily important as a center of nuclear weapons and missile technology proliferation.

This paper reviews U S national interests in South Asia, and threats and opportunities related to those interests. We present an evaluation of current U S strategy and develop policy recommendations. We focus exclusively on Pakistan and India, and analyze national interest from the point of view of leaders of those states. Despite the complex problems we face in structuring policies toward South Asia, we will argue that the United States can take advantage of positive trends in the region and significantly enhance its position at low cost through well-focussed application of our global influence.

In working to achieve U S policy objectives, we take into account the history of mistrust and hostility between the two major nations, marked today by on-going insurgencies fueled by covert cross-border support from both sides, and a nuclear arms race of limited, but troubling, proportions. With a legacy of three wars and near-constant tension over Kashmir, India and Pakistan have expended significant diplomatic and military resources constraining each other. The legacy of domestic strife within each of these two huge, diverse populations, however, also forces leaders to devote considerable resources to maintaining internal stability, and is fostering a strong desire to spur economic growth as a means of easing internal tensions.

U S strategists must also take into account New Delhi's long-held feelings of distrust in India's relations with the United States. The Indians consider increasing their

nation's global influence as an *important* national interest. While this interest ranks behind its *vital* interests in internal stability, economic growth, and security from external attack, it has complicated past U S efforts to cooperate with India on trade and economic issues, nonproliferation initiatives and many other areas. Pakistan's vital interests are similar to India's, but Islamabad's Cold War legacy and strong concern over the long-term threat to state sovereignty posed by India make Pakistan much more interested in seeking closer relations with Washington.

The end of the Cold War created an international environment which is altering Indian and Pakistani conceptions of how to best pursue its national interests. The vision of national economic performance as a foundation of state power, and the view that liberalization of the domestic economy, foreign direct investment and exports are prerequisites to fast growth, have spurred reform efforts in each nation. With the collapse of superpower competition, each nation has also seen an end to the day when obtaining support through choosing sides could be used as a means of gaining external support to bolster national security.

U.S. Interests in the Region The end of superpower competition, characterized in the region by Moscow's disengagement in Afghanistan, reduced South Asia's significance in our global security strategy. There are, however, three multi-faceted interests that are for us both clear and important. One is regional stability. History has shown that war or serious tension in the region leads to U S diplomatic intervention and can even result in U S military moves. Despite the collapse of the Soviet Union, each side in a future conflict anticipates U S involvement in bringing an end to hostilities in the Sub-Continent. While the likelihood of active U S military involvement in the region

is not great, it is clearly in our interest to seek to prevent hostilities, as we last did in 1990. Similarly, if stability is threatened by civil unrest, natural disaster, environmental catastrophe or health crisis, both humanitarian and strategic impulses will lead us to expend considerable U S resources.

Our interest in regional stability will increase to the extent that we successfully pursue a second area of interest – economic advantage. India already boasts a huge middle class of potential consumers of U S products and services. Recent experience has shown that, despite echoes of “anti-colonialist” sentiment, the Indian government is now intent on pursuing economic liberalization. As the world's most open major market, an exporter of goods and services, and a source of capital, the United States has a large potential stake in the growth of Indian, and also Pakistani, markets. We have a corresponding interest in the speed and scope of market-opening reforms and the improvement of the investment environment.

The last basket of interest can be broadly characterized as reaching “strategic consensus,” primarily with India, as a means of ensuring stability and enhancing our position in the region and the world. Success presumes a reshaping of the basic conception of the United States in the minds of Indian elites and policy makers. In particular, we will find it strongly in our interest to be perceived in New Delhi as a less threatening actor in the region and the world. We would also benefit from consensus with South Asian elites that free and open economic interaction as the key to stability and influence in the post-Cold War world. Such a shift in thinking would not only benefit us in bilateral dealings with India and Pakistan, but also enhance stability by encouraging greater regional economic cooperation. Of course, a shared view of the importance of

strong democratic institutions and human rights will also promote stability and foster broad-based interactions between the United States and these nations

Following from the above, the “best case” scenario for the United States and the region would involve much-decreased tensions between India and Pakistan, which would include an end to cross-border efforts at destabilization, and hopefully an agreement on the status of Kashmir. India and Pakistan would also be trading with each other at much higher levels, and both committed to enhancing regional economic cooperation as well as increased economic interaction with the United States. Accepting a common vision of national strength through stability and economic achievement could foster enhanced U.S. cooperation with these states on perceived shared threats to security. Confidence in the benign intent of the United States in world affairs would promote access to military facilities and a broad-based security relationship to the benefit of all.

Threats and Challenges There are barriers in both the region and within the United States which will complicate the realization of a “best case” scenario. In this section, we examine other possible futures and the very real threats and challenges we face. For both India and Pakistan, decades of competition and continuing armed struggle have created a legacy of violent conflict that will be difficult to ignore. Despite our confidence that neither side now feels it could benefit greatly from war, tensions could easily escalate, as they have repeatedly, even in the recent past. With the introduction of nuclear weapons over the last twenty years, and the uncertainties of deployment doctrine and command-and-control arrangements, the dangers of mass casualties in any conflict cannot be discounted.

Both India and Pakistan face challenges to liberalizing their economies. For both states, but especially for Pakistan, the fiscal drain of maintaining large and capable armed forces remains a heavy burden that restricts investment in other sectors. New Delhi faces entrenched bureaucracies and vested interests hostile to privatization of state sector enterprises and labor laws. The caste system -- which is still alive and well in the region -- represents a challenge to economic liberalization, as do some traditional Islamic and tribal forces at work in each society. In India, military and commercial relations are still constrained by New Delhi's mistrust of our perceived aspirations of hegemony.

For the United States, the fact that the region is considered of relatively low strategic importance has frustrated efforts to deal with India and Pakistan in a comprehensive and coherent manner, especially in recent years. In the post-Cold War context, our interest in "global issues," especially non-proliferation, has driven U.S. relations with both Pakistan and India. At present, our ability to conduct normal security relations with Pakistan is compromised by our resort to sanctions that punish Islamabad. The tensions this causes restrict our ability to carry on relations in other areas, such as trade and investment, both as a direct consequence of our actions, and by creating hostility which creates a negative climate and can even spur terrorism. A major threat to our ability to maximize our national interests in the area will continue to be our tendency to condition our overall relationship through single-issue initiatives.

In a "worst case" scenario for the United States, tension between India and Pakistan leads to misunderstandings which spark an extensive war. The resulting emotions and financial burdens exacerbate internal tensions, which frustrate efforts to limit the conflict, and make it impossible for the United States to broker a diplomatic

settlement. The weaker power, Pakistan, resorts to desperate measures and deploys weapons of mass destruction. The resulting exchange not only creates mass civilian casualties, but leaves Pakistan's political and government structures in shambles, and India reeling.

The implications of this war-induced "failed state" scenario are well known to the leaders of Pakistan and India. The possibility of intensified armed conflict between the two states, while unlikely, certainly exists. In particular, the difficult problems in solving the Kashmir problem lead most observers to conclude it will remain a point of contention for decades to come. Any resumption of war would destroy chances of a "best case" situation for a long time.

U.S. Means of Influence: In pursuing strategies to achieve a "best case" scenario, the United States boasts an impressive array of tools. Access to, and success in, our markets has transformed former enemies into states which see their national prospects tied to a strong American economy and good relations with Washington. This has led to strategic shifts in Asia, Europe and Latin America of great and continuing benefit to us. Both India and Pakistan are awakening to the fact that they, too, could benefit, and this is already affecting their behavior. As tools, market access, along with private direct investment and trade "facilitators" like the Trade Development Program and EXIM bank, are most effective when not manipulated as "carrots and sticks." As "natural" benefits of enhanced economic interaction with U.S. companies, they can have an incremental, but extensive, impact on the policies of beneficiary states.

The United States can also use its influence and leadership in multilateral organizations as an effective tool to affect foreign states' policies. Our clout in the World

Bank, APEC, the United Nations, and the World Trade Organization, for example, is apparent to all. The conviction of a nation's leaders that "good behavior" will be rewarded with consistent U.S. support in these bodies is a powerful instrument of statecraft.

The United States also has the capability to provide states with tremendous resources for humanitarian relief, and we have established an impressive track record of responding to major environmental and health challenges. U.S. resources tend to flow most quickly and in greatest quantity to states we consider significant for either political or strategic reasons. The U.S. President and his Administration, however, can fairly easily build American public support for relief work in almost any corner of the globe. The confidence of elites in other states that the United States will quickly facilitate aid if they face difficulties can constitute an important incentive to maintain good relations with Washington.

Achieving Progress: Despite entrenched hostility, neither India nor Pakistan sees its national interest served by the single-minded pursuit of the destruction of the other. In addition, leaders in each nation realize the opportunity costs of past and current tensions, which have complicated the achievement of the vital interests. Already, the states have agreed to confidence-building measures, such as the agreement not to target the other's nuclear facilities, which indicate a desire to reduce the likelihood of conflict.

In constructing a strategy to take advantage of these trends, the United States should actively seek better relations with both nations, but with a special emphasis on India. India not only boasts the larger economy, more stable democracy, and most attractive pool of middle class consumers, but Pakistan can also be counted on to respond

to changes in India's policies in ways we desire Islamabad has long claimed that it will follow New Delhi's lead on proliferation issues and in easing tensions, and our ability to influence Pakistan's policies -- were we to make an active effort -- is inherently greater due to Pakistan's desire to renew our "friendship "

The end of the Cold War has already begun to set the stage for our success No major state in the post-World War Two period has grown rich without the U S market and at least good relations with Washington We must reinforce this message in the minds of all South Asians To the extent that Indian leaders now view national strength as a function of economic strength, the benefits of active U S -Indian efforts to increase bilateral trade and investment become clear and serve to refute the traditional view that America stands in the way of Indian achievement

To reinforce a sense of benefit to India in improved relations with the United States, we can move to reassure New Delhi that closer ties would bring enhanced Indian "global influence " In particular, Washington could, publicly and privately, indicate that we would strongly support Indian inclusion as a permanent member of an expanded UN Security Council in the context of a "stable" Sub-Continent While avoiding explicit discussion of U S "expectations," our statements should signal that the world community anticipates New Delhi would increase efforts to reduce tensions with Pakistan as it prepares to assume its more responsible international role Islamabad will be discomforted by any U S move to recognize Indian preponderance, and we may have to "lean on" Pakistani leaders to prevent them from trying to actively frustrate any move by India to gain greater U S favor This should be possible, however, as we assure

Islamabad that Pakistan's positive behavior will be rewarded through closer relations, including a renewal of limited military contacts and sales

The "UN Card"* should be played in both capitals in conjunction with strong support for expanded economic ties with each state and promise of a closer, and respectful, overall relationship based on broad interests, not single issues. This will require Executive Branch vision and leadership that has been lacking. The realization that India is an important future trading partner, the preponderant state in the region, a thriving democracy, and soon the world's most populous nation, however, will allow a national security team with any vision to convince key American players that a low-cost strategy to bolster U.S. influence in South Asia is an "important," if not "vital" interest worth pursuing. Specific U.S. objectives would include confidence building measures, such as

- assurances and explicit caps in various nuclear weapons-related areas,
- a reduction or elimination of cross-border efforts at destabilization,
- greater U.S. access to markets and improved investment environments for Americans and others, to include increases in regional trade and capital flows, and
- an incremental, but constant, increase in security ties, both among states within the region and bilaterally with the United States

Conclusion: Our strategy hinges on forging a comprehensive approach which integrates and leverages current U.S. initiatives, and on Executive Branch leadership to maintain our focus on the overall relationship. It represents a low-cost attempt to take

* This strategy is in effect, an attempt to take advantage of something that will probably happen anyway in the course of time. When expansion of the UN Security Council occurs, it is hard to contemplate the world's second largest nation by population not being included. The United States should not make any commitment on timing or the question of the "veto," which involve a multitude of players. Our statements

advantage of positive trends. Our goal is to alter views of the United States in the region so that we are perceived as a supportive partner in South Asian economic development and security. Problems abound, economic, cultural and ethnic difficulties cannot be solved by Washington. Being seen as part of the solution to both India's and Pakistan's pressing strategic and internal problems, however, is the key to fostering a common strategic consensus, and thus fundamental to the achievement of our interests in the region.

rather, would constitute our explicit recognition of India's future importance. The goal is not to spur the UN process but to impress and reassure Indian elites.

South Asia Strategic Assessment Framework: 1998-2008
Potentially lucrative markets, pretensions of nuclear influence, huge populations
Far side of the world.

	From India's Strategic Perspective	From Pakistan's Strategic Perspective	From America's Strategic Perspective
1 <u>Context</u> what important political economic social, cultural, military trends and developments are apparent? How will they affect security environment? affect statecraft?	-Democratic diversity -Huge population -Nuclear clout -Deep mistrust. Kashmir, China -Post Cold War no standing allies, economic forces dominate	-Indian preponderance -Domestic unrest -Military and authoritarian flavor to democracy -Post Cold War No standing allies economic forces dominate	-Indian/Pakistan mistrust and hostility -Indian insecurity -General desire for economic growth & reform in region -Continued low priority for US foreign policy
2 <u>National Interests</u> How would you prioritize them? Does our policy/their policy reflect these interests and priorities?	-Internal stability -Economic growth -Security from external forces China and Pakistan -Increased global influence	-Internal stability -Economic growth -Security from external forces India -Internal political commitments to succeed in Kashmir	-Regional stability border clashes -Benefit from economic growth -Develop a strategic consensus with India benign US influence economic interaction
3 <u>Regional transnational Interests</u> what interests (religious, cultural, ethnic, economic, other) link or divide sets of players in this region?	-Water -Environmental quality -Drugs	-Water -Environmental quality -Drugs	-Nuclear proliferation -Missile proliferation -Drugs
4 <u>Threats.Challenges & Opportunities</u> what are the critical challenges or threats to their/our interests What are the opportunities available to them/to us for promoting those interests Are they recognized in our/their current policies?	-Cross border tensions war -Impact of caste system upon economic growth -Large educated population and middle class -Source of low cost labor -Global trade liberalization	-War -Questionable economic potential -Economic drain of maintaining military forces -Obtaining allies	-Participation in regional conflict -Indian nationalism -Changing views on the importance of economic growth -Domestic pressure to take countries to task on human rights issues
5 <u>Trends & Scenarios</u> take the themes of #1 and the challenges of #4 out 10 years and sketch a 'best', 'worst' and mid case, assigning probabilities (e.g. 40% 20% 40%)	<i>BEST</i> - 25% -Lower tensions and lower military expenditures redirected resources enhance infrastructure and growth -Regional forces on economic cooperation lower trade barriers -Common security vision based on stability and economic growth -Greater economic interaction with US	<i>WORST</i> - 25% -External security issues result in war -Internal security issues result in failed state/states desperate measures to maintain power high cost for humanitarian relief	<i>MIDDLE</i> - 50% -Continued slow growth -Continued mistrust, no Kashmir resolution -Environmental and health concerns continue
6 <u>Policy Objectives</u> what are their/our current policy objectives? In what priority order What should ours be in light of #4 and #5? Specify Risks	-Increase exports and foreign investment -Minimize Pakistan's threat and influence -Enhance internal security	-Ensure external security -Foster economic growth	-Enhance regional stability -Open regional markets
7 <u>Means of Influence/tools</u> what means of influence do they possess/do we possess to advance the interests and objectives in #3 and #6? What tools of statecraft does current policy rely upon? What mix of instruments is most likely to be effective in the future considering #5?	-Access to large and growing market -Military strength and potential in region (nukes) -Heritage of diplomatic activism and democracy -Assertiveness	-Potential nuclear capability -Military special operations asymmetric impact -Leverage cooperation on drug issues	-Access to US markets and investment -support in multilateral institutions UN, WTO, WB, APEC, etc -Humanitarian resources -Global military and economic influence honest broker -US arms sales
8 <u>Policy Choices & Risks</u> what overall policy recommendations flow from #s 1-7 Identify a preferred policy package which identifies interests, objectives, and instruments, and considers resource implications Specify risks	-Accelerate economic reform domestic political impact -Robust police & military capability internal stability and economic impact -Improve relations with US cultural and economic influence -Enhance global influence by seeking UNSC permanent membership alienate present members and other contenders	-Seek threat reduction and military expenditure reduction loss of power -Initiate economic reform competition -Use multilateral & bilateral channels to improve regional economic cooperation interdependence -Offer nuclear roll back applying pressure to India India might agree -Manage relations with US to minimize damage credibility	-Promote economic involvement trading advantages for reforms -Increase cooperation and programs targeted toward environment and infrastructure detract from economic advantages -Leverage our global influence in multilateral organizations to trade influence to India for positive behavior on nukes, economics, and Kashmir bolster and uncooperative giant