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**THE PERILS OF PEACE:
RE-IMAGINING RISK AND REWARD IN SOUTH ASIA**

STEVE COLL
President, New America Foundation

A Nand & Jeet Khemka Distinguished Lecture
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CENTER FOR THE ADVANCED STUDY OF INDIA



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DEVESH KAPUR: I am Devesh Kapur, the Director of CASI, and it is a great pleasure to welcome you all to our annual lecture. Our speaker this evening is Mr. Steve Coll, who is president of the New America Foundation, and I'll invite Mr. Marshall Bouton, who is the president of the Chicago Council of Global Affairs and the Chairman of the International Advisory Board of CASI to introduce our speaker.

MARSHALL BOUTON: Thank you Devesh. Well first, I want to say both those who are familiar with CASI, involved with CASI one way or another, and to those who of you who are not, and for whom this may be a first encounter with CASI, it is a remarkable organization, and I have believed ever since it was created and I believe even more today that it is quite literally a unique institution in the United States. It is the only university-based center for the advanced study of contemporary India in our country. There are India studies programs around the country in many institutions, but no university has made the commitment to dedicate a graduate level and senior research level focus on contemporary India in the way Penn has. It has been an inspired vision from the beginning, and Devesh Kapur has taken it to extraordinary new heights. I keep in pretty regular touch with what is going on at CASI for obvious reasons, but I was reading the materials coming in on the plane today, and I was once again immensely impressed, Devesh, with what you have accomplished. I want to thank you for your leadership of CASI, especially on this occasion.

It is a privilege and a pleasure to introduce Steve Coll. I've been an admirer of Steve's work ever since he was *Washington Post* correspondent in the late 80s/early 90s, and I became even more deeply so later on when I read his book which I will speak of in a moment. He is going to talk to us today on the Perils of Peace: Imagining Risk and Reward in South Asia. Steve Coll is a very rare combination even in American life. He is a highly accomplished journalist having been with *The Washington Post* for twenty years, six of them as its managing editor. He is an extraordinarily gifted author of six books. He is an astute, deeply thoughtful commentator about a very wide range of international, political, economic affairs, and domestic for that matter as well.

It is really that latter quality that led Devesh and me to think of Steve for the CASI lecture, and we are deeply grateful for the Khemka family for making this possible. It is a time of further transition in India and in the India-U.S. relationship, and we thought it would be particularly interesting to have someone with Steve's breadth, as well as his depth of insight, to talk about India and South Asia at this moment. Those six books include, one for which he won one of his two Pulitzer Prizes; the title is *Ghost Wars: The Secret History of Afghanistan, the CIA, and Bin Laden, from the Soviet Invasion to September 11, 2001*. For those of you who have not read it, I want highly to recommend it to you. Not only because it is an extraordinary piece of research and writing – it is 600, 550 pages – something in that order of magnitude, and it is a page-turner; you just rip through it because it is so beautifully written and such a gripping story. I recommend it not only because it is such a fine book, and I said to Steve before I

came in here, it is not meant to be gratuitous flattery, but a genuine sentiment on my part. I think for me *Ghost Wars* is one of the two or three best books I've read in the last twenty-five years, and I like to think not just because of my interest in that part of the world. It is, of course, a piece of work of extraordinary relevance to the situation we are now in in South Asia, and to the challenges and problems the United States and India faces as they look ahead and the President and Prime Minister discussed at length this week. So if you really want to understand how we got where we are in South Asia today, in Afghanistan and Pakistan in particular, read this book. And with that, I would like to ask Steve Coll to come and speak to us.

STEVE COLL: Thank you, Marshall. That was extraordinarily kind and generous, and undeserved, but appreciated nonetheless. I am grateful for it, and thank you Devesh and CASI for making this possible, and I am pleased to be with you and honored to be part of this lecture series. I do have a personal connection to this subject, as Marshall referred to. I was assigned to Delhi in 1989 by *The Washington Post* and went out there with my family. My son was born in Delhi, and I have been coming and going all the years since, initially as a sort of traveling reporter devoted just to bearing witness and trying to make sense of very complicated events both in India and Pakistan as well as Afghanistan; increasingly as the years have passed trying to think a little more analytically and a little more over the horizon about the pattern of events that we all have seen come and go.

There is a repetitious quality to some of the events that we are going to talk about together tonight, and Marshall said something funny about it being a roller coaster in the sense that you go over the track five times before you get to the end of the ride. And I certainly feel as someone who started writing about the problem of Islamic militancy, transnational militancy in 1989, who wrote his first newspaper story about Osama bin Laden in 1993 when he was in Sudan, that who has now written in effect two books about bin Laden and al-Qaeda and the problem of transnational jihad in South Asia, that there comes a point where the repetition of the subject matter reaches a stage of absurdity. Just to give you a flavor of it, I was out on the road promoting the paperback version of *The Bin Ladens*, which is a book that came after *Ghost Wars* about Saudi Arabia and the history of the bin Laden family in the twentieth century. I was doing a radio show in San Francisco as an AM talk radio show through the morning, and the host was one of those old school radio hosts who warned me as we went on the air to take calls from listeners, that he might do a live commercial during the interview, and I should just go with the flow. So we were on the air taking calls from callers around the Bay Area, and somebody called in and asked the question that inevitably comes up about where is Osama bin Laden, and I gave a “Well, I don’t know” sort of version of the answer. And then he turned to me and said, “Do you think he is in a cave?” And I said, “No, I don’t really see him in a cave. I think he is probably in North Waziristan. He might be in one of those big mud fortresses that the Freedeeds build up on the border. And I imagine if he’s got a little compound of his own that he is sleeping pretty comfortably.” And then he looked at me and he said, “What kind of mattress do you think he is sleeping on?”

Because you know folks, if it is a Sealy posturepedic...And I thought OK, this is what it has come to. I am out on the road selling mattresses with Osama bin Laden, and we're still talking about it.

But I think the loop of familiar challenges and patterns does move forward. And in the more serious way that I want to talk about with my thirty or forty minutes here, I think we are moving forward, but we are still searching for the next narrative about security and politics in South Asia. And I was reflecting as I was preparing for this talk about this notion for this need for new language and new ways of framing the future of South Asia. We've been working on this at the foundation over the last few months, and certainly one becomes aware after a long engagement with these subjects that there is a pattern, certainly in American engagement with the region, of American policymakers constantly having to trade off short term security goals for long term sustainability. And this has been a pattern dating back to the Cold War, certainly it was present when I arrived in 1989.

There is always a short term emergency that seems to demand compromises in American engagement in the region at the expense of what intuition and knowledge tells us is required to build a more sustainable, prosperous, middle-class driven future for the region. And we struggle to find the language to change, to break out of that pattern. And one reason I am pleased to be speaking to you about this and thinking with you about it is that I think the new narratives have generally come from the outside, both in India and in Pakistan. That it is has

been the business community, it has been the Diaspora, it has been the academic community, that has started to think ahead and then to pull through democratic politics in India, politicians and government along, and I think the next generation of narrative about the future of South Asia is probably going to have to come from the outside as much as from the dealmakers and the diplomats and insiders, and I would encourage all of you who are part of investing in the future of India to think of yourselves as architects, not just of the economic future of the country, but also of solutions to these dilemmas.

I was thinking back to when I arrived in 1989, and as the Berlin Wall fell, India struggled to define itself in the post-Cold War transition. At that time, there were two competing narratives. On the one hand, there was the old narrative of state-dominated socialism, of anti-colonialism, the hangover of the suspicion of the colonial powers and the West, the language of the Cold War. And on the other hand, there was a new narrative rising, a competing narrative, and its most important source of articulation during my time came from the Finance Minister in India at that time who was Manmohan Singh. He was the first to stand before the Indian public as an elected politician, and put himself at risk by challenging the old narrative, by saying it is time to throw off this hangover of suspicion and isolation and to start to engage in a way consistent with India's way of engaging in the world and with India's values and national interests, but to really stop relying on the old clichés as a defensive mechanism. And I remember being struck as a young reporter by the raw display of rare political courage, knowing that he was an academic and that he could afford to think beyond the election

cycle perhaps more than some other professional politicians might. But he really did start to change the narrative within India and gave political space to colleagues to compete over what was rising naturally out of the business classes in the cities and universities and the sources of innovation at the time.

So twenty years later I think we face a similar pair of narratives that compete with one another. On the one hand, after 9/11, after the terrorism that India has endured, the attack on Parliament in December of 2001, after the Red Fort, after Mumbai, after 7/7, we have the very real challenge and the narrative associated with that challenge, security, conflict, threat, and fear. And competing with it is another narrative, not necessarily an exclusive choice, but a rising narrative that is grounded also in material facts, observable facts, the extraordinary transformation in India's economy, the extraordinary transformation in the lives of many tens of millions of Indians, the transformation of personal and generational experience in one of the most important civilizations in the world giving rise to a vision of economic integration and prosperity and normalization in the region, and a vision of aspiration. And not to over-romanticize the Prime Minister of India, because I learned through a long career of journalism never to romanticize politicians, but once again, the language, the articulation of the alternative narrative, does belong to Manmohan Singh and his vision of a world without borders, a region where borders don't matter. He was able to construct in his discourse about a settlement with Pakistan in his earlier administration. I thought, as he did in '91, some crystallizing language that was both accessible and profound, breakfast in Delhi, lunch in Lahore, Rawalpindi, and dinner in Kabul,

that that should be the world that he lived in, much as it is now the world that East Asians and Europeans and increasingly residents of Latin America live in.

So we have these competing narratives. As in '91, it seems daunting to think about how they will ever be reconciled. I think there were many, even as I was leaving in '92, who never believed India would open up and prosper the way it has. I felt that it would, and that was based just on the sense of what was happening in Mumbai at the time. And the changes that were so palpable, not in the elites, but in the lower middle classes and in the urban classes that were so dynamic at that time. And I do believe that the aspirational narrative will again prevail, but I find this competition between narratives more daunting and more worrisome because of the nature of the problem and the presence of so much peril in the conflict and in the arsenals of the competing states.

So let's talk about these two competing narratives and what it might take to reconcile them, or what it might take to engineer the sort of change that would be analogous to the kind of change that occurred within India after the Cold War's end, this vision that Prime Minister Singh has articulated and that his government reiterates as India's goal. Ambassador Singh was down at the New America Foundation this week and gave a lunch time talk that sounded very much like the Prime Minister's original vision so it is still sort of declared policy in the Government of India. It is not fanciful. It is not aspirational. It is a concrete set of potential agreements and arrangements. It is consonant with concrete interests that are measurable, the interests of the government and people of India

and the interests of the government and people of Pakistan for that matter, and I don't just mean the interests that nation-states have in prosperity and stability, but also material interests, such as the plausibility of energy supply for power generation over the next thirty or forty years, which is really a natural gas story that is a little bit difficult to imagine solutions for if the transit spaces are conflict zones for the next twenty years.

So I want to bring us down to the concrete aspects of this vision and talk a little about the engineering problem that now lies ahead because it is my sense, increasingly, that we are past the point of visualization; the framework of a normalized South Asia, a more open border. I don't mean peace, love, and understanding in every sphere of the subcontinent's life, but a region that looks more and more like Latin America today. And that in twenty years, we will look like as East Asia does today; a place where civil-military relations once troubled have been overtaken by the rise of civilian governments committed to open borders and eternal markets, and political pluralism, and where residual conflicts are increasingly marginal in the region. And where state competition exists as it does today in East Asia but where the field of competition is shifting to the pace of innovation, the quality of national education, the tools of monetary policy, rather than physical and territorial conflict.

So if that is the framework, if that is what we visualize together, and as I said, I give the Prime Minister credit for encapsulating for public consumption, a sense of what that world would be, by choosing his words and also choosing his

analogies to other regions that have benefitted from such integration. Then what is the engineering problem? How do we get from here to there? And I don't propose to answer that question for you tonight with a blueprint, but I want to walk us through some of the engineering efforts that have been made, the sketches that are half-done or three-quarters done. And then analyze some of the reasons why it has been difficult to date to pull this blueprint all the way forward. What are the obstacles? What are the choices? What are the ways of thinking about overcoming the obstacles?

So I want to go back to the origin of the peace process between India and Pakistan. I am not going to walk through a detailed diplomatic history, but I wanted to make one point about the origins of the compulsion that led the Governments of India and Pakistan to come so close as they did, and I will talk a little about that in early late 2006 - early 2007. In my experience of India, I start not with political leadership, but often what I think moves democratic leaders, which is the donor base. And in the United States when politics change in some profound way, it may be constituent politics, grass roots movements that move political leaders to change direction. But it is also sometimes where the funding is located, and in India, you could sense being around the donors and the politicians who work with them that starting in the early and mid '90s, during the Narasimha Rao period, the donor base started to shift into a vision of Indian policy that was distinct from what the donor base had wished for in the past. And the competition that grew up between the BJP and later the Congress Party, to define India's role in this next era, created a context in which political leaders

started to think more creatively, and to take more risks in integrating India's potential into the global economy than they would have done in the '80s or the '70s.

In any event, we know where it began. We know the false starts: Agra and the bus tour to Lahore. What developed in my mind over that period was a cross-party consensus within the Indian elites and one that began increasingly to encompass the bureaucracy, the civil service, and the foreign service, so that it was no longer a competition, just a political competition, but increasingly a national consensus, that this outcome if achievable was desirable. I remember being at *The Washington Post* fairly early on in the first BJP government when L.K. Advani came and visited *The Washington Post*. He came for breakfast and I hosted the breakfast, and I was just becoming animated by these ideas; maybe Agra had just happened, something along those lines. He sat down next to me, and the first question I asked him was, before he even had any tea was, "Is a stable, modernizing, democratic Pakistan in India's national interest?" And he said, "Yes!" right away. And I thought, OK, if you can snap that answer together at 8:15 in the morning, I am starting to be convinced that at least this pattern of thinking is being distributed in the elites. And it built up, and it built up.

Now it is not mysterious why a consensus that a stable, modernizing, democratic Pakistan, economically integrated with India would in broad brush in India's national interest. Or why broad constituencies within India would come to that conclusion. It makes sense. A more interesting question is why, gradually, did

Pakistan's fractured and army-dominated elites come to the same conclusion? And that is a tougher nut to crack. It makes sense, of course, for the civilian democratic parties in Pakistan to see economic integration with democratic, prosperous India as in their interests because, for one thing, it creates space for them to pull away from military domination.

But why would President Musharraf gradually move in the way that he did? Now, I had dinner with him last night. It was off the record so I can't talk about the content of it, but it was just a stunning reminder of who this person was and is during such an important period. The man, now without reference to the dinner, a man of extraordinary self-belief and bluntness and determination in some ways, a commando by training, and to some extent an accidental leader, to some extent once in power a very determined sort of organizer of his own authority; not someone who took a lot of counsel. One of the poorest politicians in Pakistan's checkered history as a coalition builder, as someone who listened, as someone who had the deftness to build coalitions of his own self-interests, that's why failed in the end. He was a fine general and a commando but a very poor politician.

I do believe that his willingness to take risks, and he was taking risks, even in the context of the relative stability of 2006 in Pakistan, even in the context of his relative control over the Corps Command and over the political scene in Pakistan which he enjoyed and reached its peak in 2006. Even in that context he was taking risks to consider the agreement that he was moving toward. Now why?

Well, I think he did want a Nobel Prize. He was “Davos man,” as his colleagues in the army accused him of being. He did appreciate the recognition that he sometimes received on the global stage as a modernizer, as a sort of balancer, as someone who could define Muslim political identity for the West in the post-9/11 world. I think he loved all of that adulation and those reviews when they came in. But that would not have been enough to bring the Corps Command around, I don’t believe.

And I want to talk a little bit about the final debates as best we understand them within the Corps Command. So let’s review the bidding. We have the civilian parties with a natural interest in a settlement. We have a president, an army chief with a personal narrative of success and aspiration that maybe takes him into a risk-taking territory. But what about the institution of the army? Why would they come in? And let’s remember what they actually did in 2006. The full record of these negotiations and the agreements that were reached in the back channel and so forth, is still to be discovered by historians, but we have a pretty good approximation of it. And one of the elements was a demand of conditionality on the Indian side before Prime Minister Singh was himself willing to take the risks of a settlement, a broad settlement, or any sort of comprehensive agreement. He wanted proof that the Pakistani military would deliver along the Line of Control, and in the repression of militant groups that they had fostered for so long. And during 2006, the Pakistan army did deliver along the Line of Control. Infiltration rates fell to virtually nil. And that is one reasonable measure, I’ve always thought, of Pakistani state will, because while we can debate forever with our Pakistani

colleagues about the full capacity, the full measure of capacity of the Pakistani state to repress Islamic insurgents on its own soil. What is it reasonable to ask this weak state to do? One thing that is quite reasonable to ask them to do is to ask them to control the security zone along the Line of Control, especially in the disputed territory of Kashmir, because if you travel on the Pakistani side of that line of control, it is an army-dominated security zone. Nobody moves there without the army's permission. It is not possible to perpetuate the fiction that infiltrations across the LoC are beyond the capacity of the army to control. Ones and twos, occasional things yes, but the pattern of infiltration that persisted was clearly state policy, and the best measure of that was that the state ended it. So, the fact that they could pull that switch said something.

Now I think that contributed in some modest way to the Prime Minister's office's willingness to take risks in 2006 on the Indian side. But we still have the mystery of what was the interest of the Corps Command in such a settlement. After all, it is common among Pakistani civilians, and for good reason – political leaders, media leaders, civil society, human rights activists, women's activists – to perceive that the narrative of threat, the narrative of perpetual conflict is fundamental to the corporate interests of the Pakistan army. That absent that narrative of threat, it has no claim on political life in the proportions that it has made, and it certainly has trouble exacting the rents from the international community that it does to arm itself to build up its conventional deterrent. And so there has always been a presumption that the army would never take a step that would jeopardize its possession of this narrative of perpetual conflict.

So why in 2006 and 2007 did it do so? I think India's success is the primary reason. The rates of economic growth that were unfolding by that time, wrote us a story in and of themselves that the army had to take account of in thinking about its own corporate plans for the future. If, from the Pakistani army's perspective, the gap between Indian GDP growth and Pakistani GDP growth was going to persist at four or five points for the next twenty or thirty years, and if the defense, if the deterrent that Pakistan had constructed – yes asymmetrical in the form of a nuclear deterrent and in the form of jihadi militias – but also a conventional deterrent, to be able to at least hold off an Indian force for a couple of weeks for the international community to intervene, which I think is more or less Pakistani defensive doctrine. For them to maintain their own modernization plans, they needed to close this gap in economic and social performance. It simply was not plausible to believe that the Pakistan army could defend the territory and the national integrity and the national culture of Pakistan in twenty years if the current pattern of separation and economic performance persisted. Neither the Chinese nor the Americans were likely to fund that gap in modernization terms. And so that was, I think, a very powerful argument.

Now, there were others. We can achieve our regional goals by political means more effectively than we can by military means. We have failed to achieve a military victory in Kashmir. Let's be honest with ourselves. Perhaps once in a while, some of that honesty surfaced. You never would hear it as an outsider, so it is hard to know whether that level of self-knowledge was wide spread. But it was certainly observable that the military campaign had failed, and that political

negotiations might actually achieve an honorable solution, a solution that would both relieve Pakistan of the burdens of this perpetual conflict, but also allow it to feel morally and politically satisfied, that it had achieved a reasonable outcome.

Now, the settlement that was being discussed was not complete. It had started in a kind of zig-zagging fashion, as best as I can sort it out. The two territorial disputes that were most fully resolved by the end of 2006 were Sir Creek, where the two navies, I think, had carried out a joint survey to map how the map would be drawn, and that deal was essentially done. And then Siachen, the war at the top of the world, where, I think, quite a lot of agreement had been reached about the final positions that the deployed troops would take. And there was still some work to do about the exact sequencing, the trust-building modalities by which you would get to the final positions, but that is the sort of thing that seemed achievable.

And then Kashmir, where I think it's ambiguous how much was agreed and how much was left to be done, but essentially the vision articulated by Prime Minister Singh in so many forums was the framework. There were sources of ambiguity about what local body would have the authority to do or not do, and what its role would be. And there was work to do, and as we've seen in post-Oslo, post-Madrid, Middle East, sometimes that work can prove much to be harder than you think than at the outset. But the agreement that was meant to be announced on a visit that Prime Minister Singh was going to pay to Pakistan in early 2007 was never consummated because right at the moment when Prime Minister Singh's visit

was going to occur; in fact at a time when the two back channel negotiators were, on the day that they were in a hotel in Dubai negotiating the final timings of Prime Minister Singh's visit in Islamabad – what he would do at each increment of the visit – so they were down to that level of final agreement, President Musharraf decided to fire the Chief Justice of the Pakistani Supreme Court. And it really is tragic in some respects, but also literary in a sort of Elizabethan or Shakespearean sense; the protagonists' flaws undo him just at the moment when he is about to triumph on the field. Here, the flaws of course are his extraordinary degree of self-belief and his tin ear for Pakistani politics. The structural problems that he had created around his own presidency were much deeper than the conflict he engendered with the lawyer's movement and the Chief Justice and failed to build an alliance with the Pakistan People's Party. That was a natural alliance for him. He had failed to locate allied politicians that were more skillful than the Choudharys. He had failed to understand what his problem was, and so he was consumed by it. He had failed to manage the balancing act with the militias, the Kashmiri militias that he continued to hold in reserve, but who were increasingly enchanted with his rule and etc.

So, think about 2007 and 2008; such a cataclysm from the time of the dispatch of the Chief Justice to the Red Mosque to the return of Benazir, her assassination, and finally the sort of internal move within the Pakistani military to replace Musharraf. And so we've lost that moment. And it took a couple of years, even for the public to understand or to begin to understand what the moment was that was missed. And I want to talk a little bit now about what we do now that that

moment is lost. How do we think about the choices going forward? Obviously, the framework, the engineering blueprint that could start to construct a practical version of Prime Minister Singh's vision of a region where borders don't matter, but where nation-state preserve their integrity, is now sketched. We can talk about how firm the pencil drawing is, but it's there in outline. It's been tested by time and by leaderships on both sides of the border.

But how now to bring it into being? Obviously on the Pakistan side, the equation has changed dramatically. And for better and for worse, the unity of Musharraf's rule has been replaced by that familiar period, that episode in Pakistani history when weak civilian parties shared power with an ambivalent army, uncertain about its satisfaction with its retreat from national politics, continuously pinching the space in which civilian politicians work, constantly defining its prerogatives, concentrating on its corporate interests, not yielding the possibility of a return to power and so on, a familiar period in Pakistani politics. And the partners of that army on the outside continue to enable all of its pathologies through the short term imperative of a security crisis that is a real security crisis. It is a security crisis for the United States. It is a security crisis for Pakistan. It is a security crisis for India. We're not inventing it, but it is an enabling crisis for this debilitating pattern of the Pakistani army's role in national life.

So I want to offer, as I finish, a couple of hypotheses about how to engineer the blueprint that responds to Prime Minister Singh's vision. And before I get to my specific hypotheses, I want to recognize that these choices are extremely perilous

and complicated. What would happen if, for example, the two governments announced a bold peace? What could you reasonably forecast would be the reaction inside Pakistan? This is a country that is already facing an internal insurgency, motivated by the argument that the Pakistani government has betrayed the principles of Islam and the founding principles of the country. And is illegitimately enthralled to – choose your conspirators, India, United States, Israel. If that government were to identify itself with a settlement with India, it would invite even more recruiting, even more intensified engagement with that narrative.

Now, if the government were unified in opposition to that narrative, if it were committed fully to the proposition that these groups themselves are illegitimate and must be eradicated with every ounce of strength that the admittedly weak Pakistani state can bring to bear, that would be one thing. But that is not the case in modern Pakistan. We have a divided state, a divided security establishment. We have people divided within themselves. We have people who compartmentalize their thinking and activity from hour to hour in some cases. And in such a divided polity, if you bring this kind of pressure to bear on it, you are taking a considerable risk.

Now, failing to act, persisting in this pattern, this debilitating pattern of security over economic integration, of the crisis over the long run, also presents an enormous risk so that doesn't let us off the hook. Now, one question that has to be resolved is, what is the best way to think about the role of the Pakistani army

in this equation? I think if I were the Indian government, I would be tempted to wish for its return, only for the reason that it provides coherence. There is a kind of Nixon to China argument about the elusive prospect of peacemaking across the border; that ultimately only the BJP and the army could defend this kind of risk-taking settlement against their domestic constituencies. I think there are people who believe that, but my own hypothesis is the opposite. I think in the long run only the civilian parties in Pakistan can deliver the kind of sustainable peace that is required. I think that increasingly, they are committed to it. I think the declaratory positions of all four major parties – the PPP, the PML-N, MQM, and the AMP – essentially endorse this vision. It is in their interest to pursue it, more importantly. And their constituents want it as much as the comparable community on the Indian side does. How to strengthen them is, I think, more the challenge. And ultimately, the only way to do that is to create economic growth, in my estimation.

When I think about the model to engineer this blueprint into being, I think about other countries with troubled civil-military relations, internal violence, and a seeming narrative of dead-end repetition of military intervention against nascent democratic politics: Indonesia, the Philippines, Columbia, and Turkey in another era. How was it that the militaries in those four countries were eventually removed as an obstacle to regional economic integration and political settlements? Obviously all analogies are flawed, but I think I am going to extend my engagement with these four. How was it that that pattern of civil-military coup making, intervention, and this narrative of threat as an obstacle to economic

and political integration was resolved? It was actually not in any of those cases by the wand-waving act of a bold peace pronouncement. It was by the gradual development of alternative incentives inside the political economy as a result of trade and economic integration. Once the economies began to grow at a certain rate, once borders were open, the borders of political space began to shift internally to the point where, without ever declaring the day, there came a day where the Indonesian military and the Turkish military and the Philippine military woke up in a position to which they were unaccustomed, one in which they were no longer the predominant institution in their polity.

The only way that such an outcome can be constructed in Pakistan is to engineer the kind of economic openness and trade agreements bit by bit. It has to be, I believe, increasingly, an undeclared peace rather than a declared one. It has to be engineered through economic agreements that take the \$18 billion dollars in undocumented trade between the two countries and find quiet ways to continue to build on that. I think the time horizon is probably more like five to ten years than five to ten months. And I think that the mechanism has to be the recovery of the Pakistani economy after the floods and the emergence of economic integration and prosperity in Pakistan that the military enjoys sufficiently as it did in Indonesia, the Philippines, Columbia, and Turkey – so that the goalposts shift without anyone watching. It is a story of tides, rather than of instant transformations, I think. But I offer that to you as a hypothesis, and not a declaration, and welcome your thinking and questions. Thank you for your patience, I appreciate it.

QUESTION: If I could pose to you a question, assume that the two narratives you talked about are not even valid, and there is a third narrative that is going on today. And that narrative concerns neither Islamabad nor Delhi. And it truly concerns Peshawar, the capital of Paktunistan. What if, and this is something we hear from people in Pakistan, what if what we are seeing here is a struggle for re-unification of the Paktuns away from the Punjabi-dominated Pakistan, essentially the territory north of Adda, to go back to the pre-Iran treaty of 1893 and unite with Afghanistan?

STEVE COLL: Well, I don't think that's what's going on in the West of Pakistan. I think Pashtun nationalism is a factor in the resurgence of the Taliban, but the potency of that revival on both sides of the border is not primarily a function of unifying Pashtun nationalism. That land has been so fractured by violence and change over the last thirty or forty years. I think only ideological narratives can unify even small groups of people at this stage. The economic incentives, the role of remitted money, the role of Diasporas, the number of Pashtuns living outside traditional Pashtun territory, whether they are in the Gulf or elsewhere, the role of the international community in pouring money and programs and political competition into the region. Those are the factors that shape violence there, and the ideology of revolt within Pakistan; its danger to the Pakistani state is not that it will pull Pashtuns together in violent revolution at this stage. It's that it will spill out of Pashtu-speaking areas and become a southern Punjabi revolt as well, as it is in part. And it's true that a prophecy of Pashtun nationalism and radicalism could come into being. That would, in my judgment, most likely follow

a renewed civil conflict in Afghanistan. If there were post-NATO, a repeat of the formations of the '90s, with the Northern groups having even more strategic depth than they did and the number of and potency of weapon systems around and the proclivity of outside powers to get involved be much greater, well then you could have a kind of conflict of existential threat, as Pashtun-speaking people saw it, and that could blow back into Pakistan for sure. But I don't think it is fundamentally about ethnic or language group identity.

QUESTION: Thank you. This is just a follow up to your comments there. What do you think is the reason behind the violence, as you said, in NWFP amongst the Pashtuns? Can you take us back historically to help us understand a little better?

STEVE COLL: Yes, well, *Ghost Wars* is a good book to read. Essentially you have, after the Soviet invasion, Peshawar and the Federally Administered Tribal Areas were a staging ground for a political-military campaign, run by the Pakistani security services, with aid at times from the United States, Saudi Arabia, China, and others. Then on their own, more in the '90s, then back again with the United States after 9/11. There's essentially a machinery, a political-military machinery of war with an ideological overlay that was constructed there by state and non-state actors, and it radicalized the population essentially. What's remarkable is that it hasn't radicalized a majority of the population. The last free election in NWFP, which occurred in early 2008 after Benazir's assassination, the MMA government that had been installed, that is the religious parties' coalition that had been installed by Musharraf, had to stand on its own, and it was swept away.

Because as ever, ordinary Pakistanis found that the religious parties were just as lousy as professional politicians in office as were the secular parties. So, they had to keep throwing them out every time they have an opportunity; a pattern familiar in many democracies, including this one.

QUESTION: Do you think it is in China's interest to have India and Pakistan have close relationships commercially and otherwise, and if not, do you think they could be a substantial bloc towards the two countries coming together?

STEVE COLL: Well, it should be in China's perception that it's in its interest to have prosperity across Asia, including all the way to Central Asia and into the surplus countries of the Gulf, but I think China is thinking that the nature of the balance between its economic and territorial interests is divided and immature, and that this is a question that is still being resolved within the Chinese decision-making elites. And there is certainly important factions that think of the territory to China's west in a traditional way, as ground across which to draw resources, as a sort of phalanx, and in that sense, the relationship with Pakistan is of importance. Could they prevent economic integration between India and Pakistan? I don't believe so. I believe that they might, in a tactical sense, collaborate with the army in various ways as they have done in various ways in the past. But the momentum for economic integration and political settlement, normalization, let's call it, between India and Pakistan, is innate to the history of the region and the peoples and is too powerful for any outside government,

including those of China and the United States, to prevent it if the peoples and governments wish to bring it into being.

QUESTION: I really liked your focus on the army as the pivot and the engineering solution that you proposed, but then you got to the end and it seemed as though you were almost assuming the problem away by saying, “Look, in time, economic interests will pre-dominate. It will be in everyone’s interest to have détente and understand that that is in everyone’s interest.” And that kind of just assumes the problem away. You just kind of reiterated that a minute ago. So could I take you back to the issue of the corporate interests of the army, and ask you a two-part question? The first one is, how deep is the feeling within the army itself, not merely at General Musharraf’s level or two or three Corps Commanders, but how deep is that feeling that there is or was innate interests, and looking long-term, that there was weakness, that disparity between the growth rates was really going to cause a strategic problem for the army itself? How deeply understood or perceived is that? And the second part is, again, focusing on the corporate interests of the army; what is the set of incentives, carrots, sticks that could be engineering both by India but also by the U.S. and the international community and Europe, who have a great interest in controlling things in that part of the world? What is the set of these carrots and sticks that could be effective and effectively devised that you could recommend?

STEVE COLL: So those are both outstanding questions, and you went right to the weakness in my presentation. You asked a fact question first: What is the scope of

the thinking about this corporate interest within the army? Let me approach it first by saying that if a representative, modernizing, internationally-minded Pakistan three star were in the room, and he heard my account of Pakistani Corps Command discourse about the army's corporate interest, which was inflected with cynicism really, he would have responded by saying, "You're wrong. The army wants normalization. The army recognizes that we are a modern institution in a big wide world, and we want respect as a modern army." Now that might be disingenuous, but I mention it because it would be sincerely felt, and it would be quite emotional. And what it tells you is something important, which I think is sometimes underestimated about this army and probably many armies. There is an enormous degree of professional pride in the Pakistan army, and esprit. This is an organization that sees itself as the finest institution in the country, as the guardian of the country's integrity, as one of the finest militaries on a per capita income basis in the world, as an institution that has fought above its weight. Now is it self-deluding in some respects? Yes. Is it corrupt in other respects? Of course. But this pride is a very powerful source of esprit, and remember, as recently as 2008 when the Islamists came out of Buner and started walking towards Islamabad, all of civil society that had been rallying against the government – the lawyers movement, the political parties – they melted away. They did not have the esprit to stand against the Taliban. It was one thing to throw rocks at the police. It was another thing to be beheaded on video by a bunch of teenagers. Well, the army stood and fought. They've taken casualties. Those casualties are not a propaganda story. It's a reflection of the pride. And the reason I emphasize this is that, and I didn't mention this in my litany of reasons of why Musharraf

brought the army to the table, but I think it's important. The Pakistan army would like to be recognized as a globally legitimate institution, that the narrative of legitimacy and illegitimacy is important to its leaders and to its officers. They are people like in modern India who are almost all connected by one or two degrees of separation to an international family or an international world. They live in the wider world. Their brothers are doctors. Their kids in universities elsewhere. They have travelled. And they recognize that the Turkish army is seen as a legitimate, credible, progressive force in its space; that the Malaysian army is seen in such a way. And they believe they deserve their reputation. I mention that because that sense that we belong to a wider world, that the world is moving towards economic growth, economic integration, innovation, that technology and education, rather than territorial conflict, are the story of the twenty-first century, that narrative is available to the army. So they understand that. They may not understand the PowerPoint slides that were put up in GHQ about exactly what the consequences were for certain weapons systems' acquisition would be if GDP separates, but the broader narrative that surrounded that, that India is about to undergo transformational prosperity – it may be a middle income country in its cities within ten or fifteen years, and we are not – that is very widely distributed in the army. And that that has implications for the corporate health of the army is also very widely understood, but it is not just a numbers game. It is also a narrative of identity, and what is our place in the world.

And I think that is also one of the answers to your second question. If you ask, and I have tried to think over the years, about where American conditionality has

successfully coerced the Pakistani security forces' behavior and where it has provoked the opposite of its intent, because that would be one political science exercise that you could run. And I think we need a Ph.D. student to actually do this to have a thorough grid to look at. But in my experience, one area where American conditionality and European conditionality has been successful is where it has challenged the legitimacy of the army in the world among its peers. So sanctions that involve weapons systems, sanctions that involve material punishments have tended to be provocative. Sanctions that affect your legitimacy, to travel, to participate in all of the international institutions, to be seen as something other than – the gap between Pakistan and Sudan in the performance of the military in facilitating cross-border violence, I mean frankly, objectively, but if you came down from Mars, you'd say "Why are these people in front of the ICC and these people are major non-NATO allies?" If you looked at the record of facilitating what would be regarded under international law as illegitimate cross-border violence, there's not a great deal of difference in the record, but one army is legitimate, or on the cusp of legitimacy, and the other one is not. And when the United States has threatened that legitimacy in the '90s, I think the Pakistanis have tried to move the needle as aggressively as they can, to get out from under the cloud at least as a tactical thing. So I think you have to get to fundamentals. I'm convinced increasingly that you have to tell the truth to the Pakistani people. You have to tell the truth to Pakistani political formations. Incrementalism, private negotiations, material threats, the threat of withholding, all of that has been tried. It's failed. The Pakistanis, if you were on their side of the negotiating table, in the context of 2010, why would you regard these threats as credible? I

mean really, what is it that the United States is preparing to do? And I would say fundamentally, your second question is the most important question for the United States and India as partners, and there's a lot more advanced and detailed thinking than I'm offering in reply that needs to be done. It's absolutely critical. It doesn't get enough focus. But it will require courage because I'm not sure that incrementalism is available over the next five or ten years. So anyway, I guess this problem is, at least now, well diagnosed by both the governments of India and the United States. And the second question you asked, what is the right mix of carrots and sticks? How do we muster the most effective international coalition to deliver those messages? That that's the conversation that is underway. Perhaps it's not as intimately collaborative at every instance as it should be. Perhaps it's not on the top of the to-do list as often as it should be, but I think it's underway. And one puzzle for me is, and I'll just end on this – I've been really thinking about this subject for the past few weeks – the United States has had a lot of unreliable allies in the twentieth century. And really, go back into the Cold War period and into the Second World War, and of course the United States has learned that in an alliance in a war or conflict, you and your ally may be fighting the same enemy for entirely different reasons and that that may provide conflicts in the way you conduct the campaign. But I'm trying to think of an instance of American history in the twentieth century as a modern power, when an ally of the United States, in receipt of billions of dollars of aid, or its equivalent, was actively facilitating the deaths of American soldiers in combat, which, not to put too fine a point on it, would be the finding of any Inspector General who looked at the record of the Pakistani army and security services along the border. Now, they are doing many

other things too. They are fighting their own war. They are taking casualties. They are cooperating with the United States. But a jury of American civilians, presented with all of the best evidence, would find that the Pakistani security services have facilitated the deaths of Americans in combat, while in receipt of billions of dollars in taxpayer aid. Now, I can't think of an analogy where that developed. Maybe there is one and I haven't gotten to it yet. But it leads you to the next question: Why would a weak state believe that it could get away with that? The gap between its capacity and American capacity is obviously considerable. So, why would such a state believe that it could do that? Not "why are they bad people?" because they are pursuing their interests. They are doing what states do. But why would they believe it? And I think, yes, American enabling, bad patterns, bad habits, and bad assumptions are a part of the picture, but fundamentally there is a puzzle there. Why would they believe they could do that? And I think the answer is, to some extent, because they possess nuclear weapons.

QUESTION: *[inaudible]*

STEVE COLL: Well, I think the administration; these subjects are not only here at Kirkland and Ellis. People are wrestling with these subjects. If you've been around government, I've never served in government, but I'm around it enough to see that the momentum of it, just day-to-day operations is so overwhelming, that the space in which people can think seriously and take these kinds of intellectual leaps and risks is very pinched. But the stakes are very high. The

problem with the answer to that question is that the most likely scenario in which the United States would reconsider its policies is one in which something like the planes attack of September 2006 succeeds, hundreds of Americans, Britons, and other citizens are dead in the Atlantic Ocean or someplace else, the forensic evidence immediately traces back to Pakistan, it turns out that some element of the security services had contact with the forensic trail, and now American politics is a runaway train. And unlike Indian politics after Mumbai, I don't see, in the current landscape, a winning politics of restraint. So at that stage, you may get an answer to the question, but it will not be a thoughtful one.

QUESTION: You leave me a bit confused. On one hand, you talk about us giving legitimacy to the Pakistani army, and then on the other hand you tell us they are taking money from us and killing our troops. It seems to me there is something inconsistent. I'm also very confused by what role you see for the U.S. government in this, if there is any role at all, in terms of bringing about the normalization that you described. On one hand, it sounds like we do everything wrong, and that may well be. I think we've witnessed quite a bit of that over the last years. Are you saying we should adopt a policy of just perhaps getting out of the region?

STEVE COLL: No, I don't believe that at all. I think the United States has limited leverage, limited influence. I think the good news is that its influence and leverage is not really required because of the history that I was describing during my talk, the bilateral framework that was set up after Simla, has created an adequate forum for this blueprint to be sketched. I have my own views that

American silence and complicity in a dysfunctional status quo is not constructive. I think it is the duty of American leaders to tell the truth, and not to be gratuitously provocative, but not to be timid about complicated hard facts. I'm a journalist, what else would I think? And I think there's a constructive role for the outsider to kind of throw rocks at the plate glass windows.

QUESTION: *[inaudible]*

STEVE COLL: Well I think it would be to work with India in the way the previous questioner suggested, to think deeply about how to engineer with international support, the kinds of incremental agreements, or other agreements, that would support the strengthening of civilian parties, economic trade, economic integration, and middle-class formation, economic recovery, and to do that in a way that is politically sustainable. I don't think that will be about making speeches to the General Assembly of the United Nations, but I do think that there is a benefit within Pakistan, and we saw this when Secretary Clinton visited, Pakistan is a very open society. The media transformation the past couple years is breathtaking. The discourse is a little bit scary because there are a lot of local Glenn Becks and other people who are out there just putting it up on the blackboard and talking about it with a great deal of passion. But when the Secretary went in and did this town hall and got just a blast full of hostile questions about American policy, she just sort of said, I kind of had the impression that Osama bin Laden is hiding in your country. She said things like – people were complaining about the Kerry-Lugar bill – she said, well you don't

have to take the money. Pakistan is an adult society. People understand what you are saying about that sort of thing. And so pinching your own voice, I don't think, is all that constructive.

But anyway, as to your confusion, just very briefly, I don't want to overstate my finding about the Pakistan army, but I was being provocative to make the point that while you could find lots of people in the American government who would agree that the evidence shows that the Pakistan army is not doing everything it is able to do – that's the measure by which we ought to hold it accountable – is it doing all that it reasonably could do to suppress militant militias that are attacking not only American and allied soldiers in Afghanistan, but occasionally coming across the border and killing Indian civilians. And I think the evidence is no, they are not doing everything that they should reasonably do within the limits of their capacity. And that's because they see their interests otherwise.

QUESTION: As we talk about regional integration and economic trade ties, what may be the lessons of European integration and what happened in Europe post-World War II, with even things like the European Coal and Steel Community, the dissolution of barriers, the free movement of trade, goods, and services, what might that mean for South Asia? What lessons can we draw from that? And is there a comparable organization maybe for South Asia, like an energy and water collective or something along these same lines that brought about peace and stability in Europe?

STEVE COLL: I think one answer to the question in the South Asian context, which is part of the reason why you come around to the idea that the engineering work of these agreements is just as hard as the engineering work of the big risk-taking announced peace agreements. Because for every trade regime you construct that is more open and involves more new entrants, you are damaging the place of an incumbent. And the closed border has given rise to extraordinarily well-funded and self-protecting smuggling operations on both sides who I'm sure you'd be shocked to think might have political influence in their own countries. And figuring out how to engineer change that they don't blow up is at least as hard as engineering change that Lashkar-e-Taiba doesn't blow up. But it does kind of concentrate the mind to ask, "Is it a priority, and if it is then let's get to work on it." I think it's conceivable. When I was working on this story I did for *The New Yorker* about the backchannel negotiations, and I was travelling in Pakistan and interviewing various participants in that negotiation, I came across a Pakistani whose brother was a – he was a businessman and his brother was a two star I think and in the way these things happen – typical Punjabi family, one brother is in the army, the other is in business. His brother told him at some point in 2006, "This is coming. This agreement is coming. Things are really going to start to spin." And so he went up on the border by Amritsar, and he leased all this transit warehouse space. It was sort of like the equivalent of insider trading. And then it didn't happen. Musharraf blew up on the launch pad, Red Mosque, and he was saying "When my brother comes home, I tell him I'm still paying the lease on this thing. When are you actually going to deliver?" It's as complicated a political economy as you could imagine, and a lot of the rackets now are also

offshore and involve Dubai and Singapore and everything else. It was kind of what I had in mind when I was saying you have to decide what it is you want to engineer, and maybe some energy ought to be poured into that, without the narrative of political provocation because it's hard. It's really hard, and I don't think that the path from post-war defeat of Germany to the Common Market was smooth. I'm not sure how analogous it was since it was in the context of rebuilding and enormous amounts of aid across borders so that the common market and construction of political institutions occurred in parallel with the recovery, but the problem of incumbents was the main narrative in Europe all the way through to the Big Bang only ten years ago, that was an awfully long time coming.