Confidence-Building between India and Pakistan: Lessons, Opportunities, and Imperatives
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On 28 March 1997, following weeks of friendly overtures between newly-elected Pakistani prime minister Mian Nawaz Sharif and his Indian counterpart, Shri H.D. Deve Gowda, the foreign secretaries of both countries met for the first time in over three years. Following the June 1996 formation of a United Front (UF) government in New Delhi, the Pakistan Muslim League’s (PML) subsequent electoral sweep in February 1997 seemingly set the stage for improved relations. Responding to a congratulatory letter expressing then-Prime Minister Benazir Bhutto’s desire “to create an environment which will be conducive to peace, security, and development. . . .” Deve Gowda stated:

I share the sentiments you have expressed about the need for peaceful and constructive relations between our two countries. As we approach a new millennium, I believe there is a historic opportunity for us who are at the helm of affairs in our respective countries to give a lead in this direction. . . . I suggest that as a step in this direction we could revive the foreign secretary-level dialogue. . . .

However, due to domestic political constraints, Bhutto was unable to respond positively to this offer. In contrast, Nawaz Sharif appeared to move quickly to improve relations between Pakistan and India. Speaking shortly after the February elections, Nawaz Sharif made it clear that the PML “was committed to improving relations with India through dialogue and not through confrontation.”

On the eve of the March 1997 talks, both India and Pakistan took steps to demonstrate goodwill. The PML government ordered the release of thirty-eight Indian children detained in Karachi since 1994, when they were apprehended along with other crew members from Indian fishing vessels which strayed into Pakistani waters. In turn, then-UF foreign

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2 Samina Ahmed argues that Bhutto’s return to power in 1993 relied on the military establishment’s goodwill; given this political context, Bhutto’s government acted ever more cautiously during her second term in office, confining its policies to suit the military’s institutional interests—especially with regard to Indo-Pak relations. “Centralization, Authoritarianism, and the Mismanagement of Ethnic Relations in Pakistan,” in Michael E. Brown and Sumit Ganguly, eds., Government Policies and Ethnic Relations in Asia and the Pacific (Cambridge: The MIT Press, 1997), 115.

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minister Inder Kumar Gujral announced a series of unilateral moves to display India’s earnestness to improve relations with Pakistan, including the relaxation of travel restrictions on Pakistani nationals, while relaxing import restrictions on Pakistani books and periodicals. Indian and Pakistani foreign secretaries Salman Haider and Shamshad Ahmed met as planned from 28–31 March, although a domestic political crisis in New Delhi overshadowed the talks. The temporary withdrawal of Congress Party support to the UF government led to a reshuffling of the Indian leadership, resulting in the ascension of the avowedly pro-normalization foreign minister, Inder Kumar Gujral, as India’s prime minister. However, the fall of the Deve Gowda government did not inhibit the resumption of dialogue. At a news conference after the talks in New Delhi concluded, Haider told the press that the political crisis in India did not discourage the negotiators because “continuities of policy” usually outlasted shifts in government. 4 Similarly, Pakistan’s Foreign Office expressed its willingness to carry on the dialogue with any Indian government. Although no breakthroughs were achieved during the first round of the revived talks, the two sides did agree to continue discussions at a later date in Islamabad.

Official contact between the two countries continued at various levels, providing opportunities to determine possible areas of agreement. Meeting for the first time on the sidelines of the South Asian Association for Regional Cooperation (SAARC) summit in Male, Prime Ministers Nawaz Sharif and I.K. Gujral agreed to resume foreign secretary-level talks in June 1997. More importantly, the two leaders reached an accord on the formation of “joint working groups” at the foreign secretary-level to consider all outstanding issues between their two countries, including the contentious issue of Kashmir. Additionally, it was agreed that Sharif and Gujral would revive the hotline between their offices, work towards the release of detained Indian and Pakistani fishermen captured in contested waters, oversee the easing of travel restrictions between their two countries, and observe restraint in their public statements. Rhetorical sparring between Islamabad and New Delhi was kept to a minimum in the run-up to the second round of the revived foreign secretary-level talks, even though controversy erupted over the alleged violation of Pakistani airspace by the Indian Air Force and the purported deployment of Indian Prithvi missiles on the Punjab border with Pakistan. 5 Although Gujral and Sharif publicly reaffirmed their respective positions on the Kashmir dispute, neither leader perceived in the statement of the other any undue provocation or apprehension over resumed dialogue, implying “an unstated recognition of each other's


domestic compulsions.” Accordingly, on the eve of the second round of talks, Gujral and Sharif made use of the hotline to reiterate their commitment to dialogue. Media reports noted that the two leaders expressed their continued desire to promote good neighborly relations and their commitment to addressing all outstanding issues.7

At the conclusion of the round of talks held from 19–23 June, Foreign Secretaries Shamshad Ahmed and Salman Haider emerged with apparent agreement on a Joint Statement on the formation of working groups. The fourth clause in the Joint Statement identified eight specific issues to be tackled by the working group mechanism: peace and security, including confidence-building measures (CBMs); Jammu and Kashmir; Siachen Glacier; Wullar Barrage Project/Tulbul Navigation Project; Sir Creek; terrorism and drug trafficking; economic and commercial cooperation; and the promotion of friendly exchanges in various fields.8 Subsequent statements by Indian foreign secretary Haider immediately upon his return to New Delhi reopened the Kashmir dispute. Nonetheless, the renewed commitment to dialogue remained strong. With reference to the Joint Working Group (JWG) on Kashmir, Haider stated, “[W]e have agreed to discuss, not [the] Kashmir dispute, but issues related to Jammu and Kashmir,” and asserted that, “if anything is to be discussed it will be Pakistan-held Kashmir and [the] northern areas illegally annexed by Pakistan.”9 A spokesman for Pakistan’s Foreign Office expressed disappointment at Haider’s statement, but dismissed it as propaganda: “We are a little disappointed. We hoped that as per the joint statement both countries would avoid hostile propaganda.”10 The spokesman went on to say that Haider’s statement would not affect the subsequent round of foreign secretary-level talks.

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The JWG framework appeared to offer a solution to Pakistan’s need to address the ‘core’ issue of Kashmir, and India’s desire to address smaller disputes and to increase economic and cultural links. The apparent inclusion of bilateral dialogue on Kashmir was especially notable, given that it was the first time since the 1972 Simla Accords that India and Pakistan agreed to discuss the issue. Criticism of the Joint Statement and the working groups mechanism was significantly muted in Pakistan. In India, the accord was welcomed by a wide political spectrum, including the Bharatiya Janata Party (BJP) and the Communist Party of India-Marxist. In the days and weeks following the conclusion of the working groups accord, Islamabad and New Delhi continued to display their commitment to the dialogue through various acts of goodwill. As had been promised at Male, on 15 July Pakistan and India swapped a total of 389 fisherman—some detained since as early as 1993. India announced that it would ease travel restrictions on Pakistani nationals, thus facilitating increased visits from Pakistani businesspeople, journalists, students, and artists. Pakistan announced its permission for the import of fourteen additional items from India. In media accounts of the announcement, Commerce Minister Ishaq Dar admitted that though Islamabad would not be extending Most Favored Nation status to New Delhi at that time, “Sooner or later we will have to give this status to India as is being asked by the World Trade Organization and other compulsions of the SAARC.” Throughout these Indo–Pak discussions, friction continued, as if to clarify the daunting challenges to reconciliation. In June 1997 India allegedly violated the 1991 agreement on the prevention of airspace violations. In August 1997, Indian and Pakistani troops engaged in a prolonged exchange of fire across the Line of Control (LOC), during which media reports noted the conspicuous lack of communication between the two sides over the Director General Military Operations (DGMO) hotline. Perhaps more embarrassing were the June 1997 revelations that, in spite


14 “India, Pakistan did not use hotline” The Hindu Online, 28 August 1997: http://www.webpage.com/hindu/daily/970828/01/01280003.htm; accessed on 28 August 1997. During the August 1992 talks between Indian foreign secretary Mukhund Dubey and Pakistani foreign secretary Shahryar Khan, the two sides agreed that the Indian and Pakistani DGMOs would resume weekly communications via the DGMO hotline, as the practice had been observed very selectively since it was established in 1971. Unfortunately, given that India and Pakistan felt it necessary to revive the practice, the August 1997 silence over the DGMO hotline was by no means an anomaly. Respected analysts have noted similar silences occurring during the tension-filled months of the 1987 Brasstacks exercises: “Some confidence-building measures existed in 1987 and were used, but they seem to have been as much the problem as the solution . . . [W]hen the possibility of war loomed large, CBMs were distrusted or misused by one or both sides: at crucial moments, India resisted giving information to the Pakistani side out of fear that the information might somehow be used to its disadvantage, and both sides stopped using the DGMO hotlines
of signing a joint declaration on the prohibition of chemical weapons in August 1992, India declared its prior research and development program for chemical weapons.\footnote{Manoj Joshi, “Chemical Confessions,” \textit{India Today}, 7 July 1997, 57.}

Armed clashes over the LOC separating Indian and Pakistani troops in Kashmir increased in both number and intensity during late August and early September 1997, though the resulting pattern of mutual recriminations did not derail the dialogue. The third round of the revived foreign secretary-level talks in New Delhi were held from September 16–18 without reaching agreement on how best to proceed in the formation of working groups. Downplaying the impasse, Pakistani foreign secretary Ahmad explained, “There is no cause for despondency as the dialogue is not an event nor can results be expected from a single visit.”\footnote{“India has resiled from agreement, says Shamshad,” \textit{Dawn - the Internet Edition}, 19 September 1997: http://dawn.com/daily/today/top3.htm; accessed on 19 September 1997.}

By the fall of 1997, the optimism generated by the conjunction of UF and PML governments had largely dissipated. Meeting in New York on 23 October 1997, Nawaz Sharif and I.K. Gujral failed to break the procedural impasse on the working groups mechanism. Consultations between the two sides continued, but Foreign Secretaries Ahmed and Raghunath failed to make any progress on reviving stalled talks at the Commonwealth Conference on 26 October 1997 in Edinburgh, Scotland. Once again, domestic political preoccupations took center stage in New Delhi, as the UF government was toppled for a second time by Congress opposition. Divergent perspectives on how best to approach the issue of working groups—especially the proposed working group on Kashmir—combined with political uncertainty in New Delhi, placed the dialogue on hold.
As in the past, India and Pakistan were unable to seize opportunities for improved relations, despite favorable rhetoric by Nawaz Sharif and the UF governments. Will future opportunities be squandered as well? This essay argues that conditions in South Asia have changed significantly. Rising debt and defense burdens are prompting growing numbers in India and Pakistan to consider rapprochement as a means to hasten economic growth and development. This essay also argues that future efforts at normalization will be qualitatively different from failed efforts in the past, in that internal economic necessities and social pressures are now the primary catalysts of dialogue. In contrast, past efforts at normalization were largely motivated by external actors. Although significant obstacles remain, the emergence of a powerful prime minister in Pakistan and a significant realignment in India’s foreign policy augur well for a sustained effort to establish more cooperative relations. The definition as well as the prospects for success have changed. During the Cold War, the absence of open conflict defined success. In the era of global markets and economic competition, success is defined by interactions which remove obstacles to development and result in mutually beneficial economic cooperation between states. Many factors now militate against a backslide in relations between India and Pakistan, including the shift in India’s foreign policy prerogatives as articulated in the Gujral Doctrine, the reduction of the salience of the Kashmir dispute, the declining political costs of espousing normalization, the growth of economic imperatives for regional cooperation and stability, and an increase in the volume of people-to-people contact in South Asia. The key question facing the Subcontinent is whether leaders and elites in both India and Pakistan will recognize these emerging trends, seek to foster them, and move sooner rather than later to reap the benefits of improved relations.

**Old Disappointments and New Reasons for Optimism**

The track record of Indo–Pak CBMs is hardly inspiring. India and Pakistan have had CBM-like structures and agreements in place since as early as the 1946 Joint Defense Council.17 The Liaquat–Nehru Agreement of 8 April 1950, which obliged India and Pakistan

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17 The Joint Defence Council (JDC), chaired by the last British viceroy Lord Mountbatten, served as an informal and indirect hotline between Prime Minister Jawaharlal Nehru and Governor-General Mohammed Ali Jinnah when hostilities over Kashmir erupted in 1947. Through Mountbatten’s position as chair of the JDC, he was
to protect the rights of ethnic and religious minorities, has been violated with tragic consequences in both countries. The Tashkent Declaration of 10 January 1966—which formally ended the 1965 Indo–Pak stalemate over Kashmir—reaffirmed India and Pakistan’s “obligations under the [UN] Charter not to have recourse to force and to settle their disputes through peaceful means.” However, the Tashkent Agreement failed to prevent the use of force to resolve the dispute over East Pakistan that resulted in a third Indo–Pak War and independence for the new state of Bangladesh in 1971. On 2 July 1972, India and Pakistan brought the 1971 war over Bangladesh to a formal end by signing the Simla Accords, which seemed to recast future Indo–Pak relations. One of the Simla Accord’s primary provisions called for the bilateral resolution of the Kashmir dispute through peaceful means, thus barring either party from altering the situation in Kashmir by force or inviting the intervention of third parties in future negotiations. Little effort has been made to implement the Simla agreement, and its provisions have repeatedly been ignored.\(^{18}\)

The record of formal CBMs in the post-Simla era is similarly disheartening. The 31 December 1988 Agreement on the Prohibition of Attack Against Nuclear Facilities has not been violated, but adherence to the agreement requires little more than common sense.\(^{19}\)

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\(^{18}\) Despite the fact that the agreement bars either side from unilaterally altering the post-1971 Line of Control (LOC) through the use of force, discrepancies in Simla’s demarcation of the LOC essentially cleared a path for renewed military confrontation over the Siachen Glacier which lies to the north of the LOC. Furthermore, divergent readings of the Simla Agreement’s exact wording have led to mutual recriminations. India takes serious exception with Pakistan’s repeated references to the Kashmir dispute in international fora. Conversely, India’s position that the Kashmir dispute is an internal matter for India to resolve, and not a subject of discussion with Pakistan, scuttled dialogue in 1994 and threatened to do so again in 1997.

\(^{19}\) Essentially a product of the 17 December 1985 initiatives between former Pakistani president General Zia-ul-Haq and Indian prime minister Rajiv Gandhi, their informal understanding was not formalized until 1988 due to bureaucratic lethargy on both sides. Even after then-Pakistani prime minister Benazir Bhutto and Gandhi signed the formal agreement, it would be late December 1991 before both sides exchanged a complete list of their nuclear installations. From Samina Yaseen and Aabha Dixit, “Confidence-Building Measures in South Asia,” Occasional Paper no. 24 (Washington, D.C.: The Henry L. Stimson Center, September 1995), 8. Unlike other more recent CBMs, the 1988 agreement was not a product of concerted external prodding, but had its origins in Pakistani suspicions of a preemptive Indian air assault on Pakistan’s nuclear facilities at Kahuta in 1984 and 1985. See Kanti Bajpai, P.R. Chari, Pervaiz Iqbal Cheema, Stephen Cohen and Šumit Ganguly, “Brasstacks and Beyond: Perception and Management of Crisis in South Asia,” ACDIS Research Report (Urbana-Champaign, Ill.: Program in Arms Control, Disarmament, and International Security, June 1995), 7. Though the 1988 agreement is arguably the only post-Simla CBM in the Indo–Pak toolbox that has been faithfully implemented and abided by, the context of mutually assured destruction (MAD)—which the potential of nuclear conflagration engenders—precluded the need for the necessary political will from either party to ensure cooperation. As C. Raja Mohan has argued, “The costs of incomplete prevention or preemption are so high . . . that states will be inhibited by ‘the impossibility of knowing for sure that a disarming strike will totally destroy the opposing force and in the immense destruction even a few warheads can
Perhaps the only Indo–Pak CBM that has been truly effective and durable is the Indus Waters Treaty. Even in the midst of recurrent wars and crises, adherence to the Indus Water Treaty provisions has been the norm rather than the exception.

Following the 1988 agreement, subsequent CBM accords were reached during foreign secretary-level talks between India and Pakistan in 1991 and 1992. On 6 April 1991, Indian Foreign Secretary Mukhund Dubey and his Pakistani counterpart, Shahryar Khan, signed the Agreement on Prevention of Airspace Violations by Military Aircraft and the Agreement on Advance Notice of Military Exercises, Manoeuvres, and Troop Movements. In August 1992, India and Pakistan signed a memorandum stipulating a code of conduct for the treatment of each other’s diplomatic and consular personnel and signed a joint declaration on the complete prohibition of chemical weapons. It was further agreed that the Indian and Pakistani directors general of military operations (DGMOS) would resume communicating via hotline once a week.20

In all likelihood, as Šumit Ganguly argues, these “attempts at formal and institutionalized CBMs stemmed from external prodding.” Specifically, Ganguly points to the June 1990 trip by US deputy national security adviser Robert Gates, during which, it is believed, he suggested that Pakistan and India consider measures to limit the possibility of inadvertent war.21 The Gates’ mission may have prompted the first round of foreign secretary talks to negotiate confidence-building measures in July 1990, although, as former Indian foreign secretary J.N. Dixit recalls, CBMs were only marginally discussed in the acrimonious atmosphere of the initial round of talks. Even so, the two foreign secretaries agreed to continue meeting “due to the desire to appear reasonable in the eyes of the international community.”22 Other scholars trace the origins of the 1991 CBMs to even earlier “proddings.” Susan Burns asserts that international pressure following the 1987 Brasstacks crisis forced Pakistan and India to hastily adopt CBMs created “without much commitment to their success..."


21 Šumit Ganguly, “Mending Fences,” in Michael Krepon and Amit Sevak, eds., Crisis Prevention, Confidence-Building, and Reconciliation, 12.

22 Dixit, Anatomy of a Flawed Inheritance, 134.
South Asian political and military bureaucracies on both sides have to be convinced of the utility of CBMs, outside of their utility in “attempts to appease the international community and more particularly the United States.” On this point, Ganguly argues that in order for CBMs to function effectively in South Asia, “the relevant political and military bureaucracies on both sides have to be convinced of the utility of CBMs,” outside of their utility in “attempts to appease the international community and more particularly the United States.” Additionally, Burns writes that the successful implementation of CBMs in the Indo–Pak context is at least as dependent on the political will of the adversaries to make them work as it is on successful verification. In a similar vein, Jasjit Singh contends that,

[Confidence and Security Building Measures] that are more technical and military in nature will have limited potential unless there is a corresponding improvement in mutual confidence and trust in the political domain. Until such confidence is built up, states tend to agree only to such measures that are less substantive and more cosmetic, and to those that do not require giving up any perceived advantage.

Implementation of the 1991 and 1992 CBMs ranges from spotty to poor. The code of conduct on the treatment of diplomatic and consular personnel was quickly nullified in the aftermath of the destruction of the Babri Masjid in Ayodhya, India at the hands of Hindu extremists in December 1992. Soon after the incident, angry mobs of outraged Pakistanis


25 Lodhi, The External Dimension, 165.

26 Ganguly, “Mending Fences,” 15.

27 Burns, “Stabilizing the Option,” 40.


29 “Even basic civility in the conduct of bilateral relations has become impossible to maintain. Attacks on and harassment of each other’s diplomats have become routine. The treatment of each other’s citizens has become unpredictable. Moreover, the events that followed the demolition of the mosque in Ayodhya in December 1992 have
ransacked the residence of the Indian Consular-General in Karachi. With regard to the Agreement on Advance Notice of Troop Movements, Samina Yasmeen and Aabha Dixit have argued:

[T]he two sides do not always fully believe the nature of troop movements notified by the opposite side. Nor do they see the information as removing the possibility of misreading the intentions of the other state. Instead, the information about troop movements is sometimes treated as inherently dangerous, and prompts the other side to mobilize its own troops as well. Essentially, therefore, an agreement which was designed to build confidence does not necessarily contribute to that end.\footnote{Yasmeen and Dixit, “Confidence-Building Measures in South Asia,” 9. \footnote{Furthermore, John Sandrock argues that the agreement may be of questionable utility in any case, as “the agreement covers only relatively large military exercises—i.e., corps level or above along the international boundary and division level along the line of control. . . . for whatever reason, since 1987 both armies appear to have avoided large exercises that would require prior notification.” “Prerequisites for Success,” 210.}}

Perhaps the only Indo–Pak CBM that has been truly effective and durable is the Indus Waters Treaty of 19 September 1960.\footnote{The Treaty effectively divided the use of the six major rivers of the Punjab among India and Pakistan: India had unrestricted use of the three eastern rivers—the Beas, the Ravi, and the Sutlej—while Pakistan received all the waters of the three western rivers—the Indus, the Chenab, and the Jhelum—for its unrestricted use. Furthermore, India is required to let the waters of the western rivers flow into Pakistan without any interference. The Treaty also set up a Permanent Indus Waters Commission, consisting of one representative from each country, for the referral and adjudication of disputes.} Even in the midst of recurrent wars and crises, adherence to the Indus Water Treaty provisions has been the norm rather than the exception.\footnote{Burns, “Stabilizing the Option,” 8.} Furthermore, until the dispute over the Tulbul Navigation Project/Wular Barrage and India’s alleged interference with the flow of the Jhelum beginning in 1987, differences over usage of the Indus rivers water have been successfully arbitrated by the Permanent Commission established by the treaty.\footnote{Burns, “Stabilizing the Option,” 8; A.G. Noorani, “CBMs for the Siachen Glacier, Sir Creek, and Wular Barrage,” in Michael Krepon and Amit Sevak, eds., \textit{Crisis Prevention, Confidence Building, and Reconciliation}, 95.} Some scholars contend that the success of the Indus Waters Treaty in improving relations between India and Pakistan lies in the fact that the World Bank “was able to make both India and Pakistan winners in the Indus Waters settlement, since each country received more irrigation water as a result of the agreement.”\footnote{Dennis Kux, \textit{India and the United States: Estranged Democracies} (Washington, D.C.: National Defense University Press, 1993), 152.}

Certainly, part of its continued success might be attributable to the fact that the Indus Basin waters could be equitably divided between India and Pakistan, whereas the pursuit of peace and security—the...
primary objective of most other Indo–Pak agreements and CBMs—has often been viewed in the Indo–Pak context as a zero-sum game. In other words, the Indus Waters Treaty allowed both parties to share in the benefits of a common resource.

Despite the disappointing track records of previous attempts at reconciliation, long-term trends suggest that a steady normalization of Indo–Pak relations can again provide mutual benefits, but only if New Delhi and Islamabad are able to work through short-term difficulties and a history of profound mistrust. Although the obstacles to future Indo–Pak dialogue seem formidable, the next part of this essay will examine international and domestic trends that may increase prospects for reconciliation in South Asia.

The Growth of the Middle Class in India and Pakistan

Pressures for change emanate from an emerging middle class in both countries, which generally favors greatly expanded Indo–Pak economic and trade ties—and for good reason. In 1994, official trade between India and Pakistan amounted to only $120 million, while the volume of unofficial trade has been reported to be as high as two billion dollars. The volume of unofficial trade comprises only a fraction of the volume of trade that could take place between India and Pakistan if trade barriers were eliminated. Additionally, Indian and Pakistani exporters have faced fierce competition in global markets. Stringent import restrictions on Indian and Pakistani goods and economic recession in some consumer markets have resulted in substantial export revenue shortfalls for both countries.

The Kashmir Study Group’s report, 1947–1997 The Kashmir Dispute at Fifty: Charting Paths to Peace, notes the nearly universal support for trade liberalization among both Indian and Pakistani business elites. From the Indian viewpoint, expanded trade relations with Pakistan provide a new market for Indian goods, as well as the possibility of joint ventures in sectors of the Indian and Pakistani economies. Although some in the Pakistani business community are considerably more cautious in outlook, there is growing support for a slow but steady liberalization of trade relations with India that can lead to an

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36 Ibid., 40.

37 Ibid., 41.


39 Ibid., 11.
influx of cheaper consumer goods and lower production costs. Benefits to Pakistanis can result from the drop in transit and freight costs of importing Indian products via third countries, and from new markets for Pakistani exports. In addition, Pakistan’s trade deficit could decrease as cheaper Indian imports replaced similar items currently shipped from far-off producers, and as tax revenues currently forgone due to black market Indo–Pak trade are recovered.

In spite of political constraints, dynamic individuals from the Indian and Pakistani business communities are searching for ways to initiate contact and cooperation with each other. Indian and Pakistani commercial organizations—which represent the interests of a large proportion of the middle class—seem to be the most outspoken advocates of expanded economic ties between their two countries. It should also be noted that Sharif’s main electoral constituency, the Pakistani business and industrial community, has increasingly supported economic normalization with India. In the absence of formal economic normalization, officials from the Lahore Chamber of Commerce and Industry and the Punjab–Haryana–Delhi Chamber of Commerce and Industry met several times during 1997 to determine prospects for cross-border trade and economic collaboration. The most notable of these interactions took place in July 1997, when officials from the two organizations met to lay the foundation for a future Indo–Pak Chamber of Commerce and Industry to facilitate cooperative ventures.

In addition to the business communities and commercial interests in India and Pakistan, intellectuals on both sides of the border have advocated increased economic cooperation and trade liberalization between their two countries, citing the positive impact of such interaction in reducing mutual fears and building trust through an enlarged web of

40 Ibid., 36.
41 “Representatives of Indian commercial organizations who spoke to the KSG Team tended toward bullishness on the potential scope of India–Pakistan Trade. . . . Among potential Pakistani exports with marketing potential in India they listed: handicrafts, light engineering goods, leatherwear, cotton goods, raw materials for chemicals, sporting goods, dried fruits, and natural gas.” Ibid., 11.
42 Poonam Barua, “Economic CBMs between India and Pakistan,” in Michael Krepon and Amit Sevak, eds., Crisis Prevention, Confidence-Building, and Reconciliation, 165.
43 Barua, “Economic CBMs,” 164.
44 S.D. Muni, “Constructive Engagement with Pakistan is in India’s Interest,” The Times of India, 13 May 1997, 13.
contacts and interdependencies.\textsuperscript{46} The growth of the middle class and business sectors can serve as a counterweight to the influence of the status quo state actors and bureaucratic structures.\textsuperscript{47}

**Economic Imperatives and Opportunity Costs**

Pakistan’s awareness of its grave economic plight and India’s need for foreign investments and aid to achieve its vision of economic greatness suggest greater efforts to ameliorate Indo–Pak tensions. In addition, the International Monetary Fund, World Bank, and other international institutions have begun counseling restraint in military expenditures, citing the on-going tension between India and Pakistan as a major factor behind the absence of greater foreign direct investment in the region.\textsuperscript{48} In addition, bilateral donors such as Japan and Germany are making their assistance contingent on cuts in military spending.\textsuperscript{49}

Consequently, India’s initiation of significant structural economic reforms and measures designed to enhance regional cooperation should be viewed in the context of post-Cold War realities. In effect, economic security now seems to drive India’s security policy. As Ashley Tellis points out:

> India has eschewed the path of increased military investments. Defense expenditures, which hovered between three and four percent of GNP during the 1980s, have been cut to about 2.5 percent of GNP during the 1990s. These reductions in military spending are deliberate and have been designed to provide maximum room for sustained economic growth during the next decade and beyond.\textsuperscript{50}

In contrast, Pakistan’s defense expenditure continues to be the highest in South Asia, in addition to the business communities and commercial interests in India and Pakistan, intellectuals on both sides of the border have advocated increased economic cooperation and trade liberalization between their two countries.
estimated between five to seven percent of GNP (and perhaps even higher). Such high levels of military spending have continued to rob Pakistan of resources for economic and social development. Combined with debt servicing, administrative expenditures, and other security-related costs, nondiscretionary central expenditures total over seventy percent of the Pakistani budget. Given Pakistan’s abysmally low social indicators, respected analysts have predicted a growing internal threat to the long-term stability of the Pakistani state unless the pattern of domestic spending changes.

The twin burdens of high defense spending and debt, combined with pressing domestic agendas, have generated fresh thinking among some retired military officers. For example, former Indian director general of military operations Lt. Gen. V. R. Raghavan has called for a unilateral force reduction of three mountain divisions over a three year period. Raghavan links this unilateral measure with an offer to Pakistan to work with India for mutual force reductions over a ten year period in order to cut defense expenditures and reduce tensions on both sides of the border. In Pakistan, Lt. Gen. Talat Masood, Brig. A. R. Siddiqui, and Lt. Gen. Kamal Matinuddin have called for bold actions as well. In a 31 March 1997 opinion piece in The News, Gen. Matinuddin called on the government to move forward on economic cooperation with India without first waiting for a final settlement of the Kashmir issue. This increased receptivity towards a normalization of Indo–Pak relations must be viewed in light of South Asia’s grave economic context.

The Reduction in Salience of the Kashmir Dispute

New Delhi’s massive counterinsurgency effort to quell disquiet in Kashmir, together with growing disaffection among Kashmiris for militant acts, have begun to reduce the salience of the Kashmir dispute in Indo–Pak relations. Upon returning as chief minister of the state after local elections in the summer of 1996, Farooq Abdullah promised to negotiate greater autonomy for Kashmir with the central government, devolve powers within the state, set up a human rights commission at the state level, attempt to rehabilitate former militants, and replace the army commander charged with overseeing security in the region with a local

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51 Ibid., 42.

52 Tellis, Stability in South Asia, 45.


police officer. Although many doubt Farooq Abdullah’s willingness or ability to follow through with these measures, the installation of an elected government in the state to replace central rule from New Delhi can be considered a first-step towards restoring normalcy.

Citing a significant improvement in the “law and order situation,” on 6 October 1997 Chief Minister Farooq Abdullah announced the phased withdrawal of the Indian Army and paramilitary forces from five major towns in the predominantly-Muslim Kashmir valley, including Srinagar and Baramulla. The phased withdrawal began promptly the next day, leaving the maintenance of law and order in the “demilitarized” towns to Jammu and Kashmir’s State Police. Notably, Nawaz Sharif had previously asked Gujral to withdraw troops from Kashmir as a show of good faith towards resolving outstanding Indo–Pak disputes. Whether linked to Nawaz Sharif’s request or not, New Delhi may be seeking to increase his room to maneuver on Indo–Pak relations, notwithstanding the Pakistani prime minister’s continued rhetorical support for the Kashmiri cause.

In the Kashmir Study Group report, a senior Pakistani journalist with extensive military contacts states:

> The current army chief [General Jehangir Karamat] differs from his predecessors. He thinks “we’ve gone too far in Kashmir; we need to pull back a bit…” However he insists that Pakistan’s Kashmir policy must be a product of discussions that include the army and the ISI. The army doesn’t want to be attacked by the press for being too secular or too soft on Kashmir. The best measure for

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59 “India, Pakistan should reduce their defense budgets, says Sharif,” The Times of India, 7 June 1997.

India to take to win the army’s concurrence with normalization would be to pull some troops out of Kashmir.  

Alternately, the Indian government might be withdrawing military forces from the Valley for its own purposes, quite apart from an effort to induce Indo–Pak reconciliation.

The resumption of Indo–Pak dialogue in 1997 after a four year suspension is notable for the ostensible Indian agreement to place the Kashmir dispute on the agenda, despite its previous assertion that Kashmir is an integral part of India and therefore not a subject of discussion with Pakistan. Although the Indian foreign secretary Salman Haider’s subsequent reinterpretation of the framework to discuss Kashmir—stating that it was actually the future of Azad Kashmir or Pakistan Occupied Kashmir (POK) that would be on the negotiating table—caused disappointment in Pakistani circles, Pakistan’s political leadership pressed on with its commitment to dialogue. India’s agreement to discuss the Kashmir dispute with Pakistan seems a prerequisite for Nawaz Sharif to clear the path for other forms of Indo–Pak cooperation. To the extent that the salience of the Kashmir dispute declines, progress in improving Indo–Pak relations on other fronts can increase.

The Gujral Doctrine

The Gujral Doctrine consists of five principles. First, that India's relations with Sri Lanka, Bangladesh, Bhutan, Nepal, and the Maldives would no longer be based on the principle of strict reciprocity, but on the principle of accommodation to smaller powers. Second, that no South Asian state should allow its territory to be used counter to the interests of another South Asian country. Third, that no state in the region should interfere in the internal affairs of another. Fourth, that all states in the region must respect each other’s territorial integrity and sovereignty. Fifth and finally, that all states in the region should resolve their disputes through peaceful bilateral negotiations. In addition, Gujral elaborated specific principles on Indo–Pak relations, emphasizing the role of confidence-building.

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The enumeration of the Gujral Doctrine was met with a surprising degree of consensus in India, driven by economic, political, and geostrategic imperatives. On the economic front, India faces the emergence of regional economic blocs and stiffening global competition, and is thus keen on inducing greater regional economic cooperation in South Asia. Elucidating the economic vision driving India’s new policy towards its neighbors, Gujral stated, “as benign relations inevitably lead to the acceleration of regional [economic] cooperation, India is engaged in dialogue with a number of its neighbors. . . . We are, of course, always willing to resume unconditional dialogue with Pakistan.” On the political front, there is growing acknowledgment that so long as New Delhi remains embroiled in regional squabbles, especially with its smaller neighbors, India will be denied the great power status it has been seeking.

A new consensus thus appears to have emerged in India in support of resolving regional disputes to clear the impediments on its road to great power status. The logic of this imperative would seemingly extend to Indo–Pak relations, as well. The Gujral Doctrine stands in stark contrast to the Indira Doctrine and New Delhi’s muscular efforts to dictate terms with smaller neighbors. With Gujral’s softer approach, India’s neighbors would have less reason to seek recourse through external actors, and India would gain regional influence.

India’s economic, political, and geostrategic imperatives are not likely to change in the future, hence the Gujral Doctrine will long outlive the government responsible for its articulation. Any radical departure from the general precepts contained within the Gujral

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66 Ibid.


68 Mohan, “The Gujral Doctrine.”

69 Ibid.

70 Ibid.
Doctrine would only serve to undermine India’s quest for economic, regional, and international political leadership. Moreover, the leader of the Hindu nationalist BJP, A.B. Vajpayee, articulated the precepts championed by Gujral when he served as India’s Foreign Minister in 1977. Thus a BJP-led government is not likely to annul the Gujral Doctrine.

The Nawaz Sharif Juggernaut

Soon after the overwhelming victory of the PML in the February 1997 parliamentary elections in Pakistan, Nawaz Sharif executed a series of adept political maneuvers which—within a year’s time—would prompt many respected analysts and commentators to label him the most powerful prime minister in the country’s history. On 1 April 1997, the PML government, with the support of the Pakistan People’s Party (PPP) opposition revoked the powers of the president to dismiss elected governments under Article 52 of the Eighth Amendment to the constitution.71 The legislation also grants the prime minister the sole right to appoint the chiefs of the armed forces. Pakistan’s military leadership registered little protest over the government’s actions, even though “the president’s power to dismiss the prime minister had been the military’s main instrument of control over previous governments.”72

A few weeks before the 1997 general elections, President Farooq Leghari announced the formation of the Council of Defense and National Security (CDNS) in an attempt to enhance his own powers and formalize the army’s role in the political order. As reported by one respected analyst, the timing of the announcement was intended to send the message that any future elected government would have to defer to the president and chief of army staff (COAS) on critical decisions in the spheres of economic, foreign, and defense policy.73 The

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71 The 1973 constitution, drafted by the post-1971 political leadership headed by Zulfiqar Ali Bhutto’s PPP government after the withdrawal of direct military rule, established Pakistan’s parliamentary democracy and federal structure. Seven years after removing the Bhutto government in 1977 and assuming the mantle of leadership, General Zia-ul-Haq introduced the Eighth Amendment to the 1973 constitution in an attempt to provide constitutional cover to the military’s rule over the country, and in so doing distorted the original document in spirit and form. Article 52 of the Amendment ensured that democratic forces would be effectively hobbled by granting the indirectly-elected President, then Zia himself, the power to dismiss the prime minister and the national and provincial assemblies. After the restoration of democracy in 1988, successive governments inherited a constitutional framework replete with the distortions imbibed by the Eighth Amendment; these distortions prevented the consolidation of democratic institutions and norms. In the fiercely partisan atmosphere of Pakistani electoral politics, the political leadership of the country failed to join hands to remove these distortions, choosing instead to use Article 52 as tool of political opportunism in efforts to remove opponents from government and force new polls. Accordingly, Article 52 was invoked by the president, at the military’s direction, to dismiss popularly elected governments in 1990, 1993, and 1996 with little protest from opposition Members of the National Assembly (MNAs) and Senators. Discussion summarized from Samina Ahmed, “Pakistan at Fifty: a Tenuous Democracy,” Current History 96 (1997): 421.


president’s move was largely condemned by the press and public leaders as a further source of political instability and a threat to Pakistan’s fragile democracy. To President Leghari’s dismay, COAS General Jehangir Karamat publicly distanced himself from the idea of a permanent CDNS, stating that the prime minister would remain the chief executive of the country and the existence of CDNS would be at the discretion of the elected government.\textsuperscript{74} The Sharif government abolished the CDNS once it assumed office, further consolidating the new prime minister’s control.

On 2 December 1997, a prolonged constitutional crisis—prompted by an executive–judiciary row between Sharif and then-Supreme Court Chief Justice Sajjad Ali Shah—finally came to an end. During the crisis, the chief justice moved to reinstate the president’s powers under Article 52. The episode presented President Farooq Leghari with a brief window of opportunity to use his recovered powers to dismiss Nawaz Sharif’s government. Consequently, on the morning of 2 December, Leghari informed COAS Karamat of his intention to dismiss the government later that day. In turn, Karamat is reported to have told Leghari that the military establishment would not allow the ouster of another popularly elected government.\textsuperscript{75} Nawaz Sharif emerged from this crisis a much stronger prime minister than Pakistan has ever had—though the independence of both the Supreme Court and the president have been compromised as a consequence.\textsuperscript{76} Chief Justice Sajjad Ali Shah was ousted, and President Leghari resigned his post to be replaced by a candidate hand-picked by the prime minister.

In the past, Indian governments have expressed reservations over negotiating agreements with civilian governments in Pakistan which were unable to guarantee their own tenure, let alone adherence to any agreements struck with India. Nawaz Sharif’s domestic political maneuvering, in addition to his ties to the military, have given him much more flexibility and authority to discuss Indo–Pak relations. Nevertheless, his room to maneuver is likely to remain constrained by the Pakistani Army.

\textbf{The Declining Political Costs of Espousing Normalization}

Both Sharif and Gujral forwarded pro-normalization platforms before becoming prime minister in February and April 1997, respectively. Nawaz Sharif’s election platform is

\textsuperscript{74} Ibid., 32.


especially noteworthy, as he declined to dwell on the Kashmir dispute, Indo–Pak relations, or the nuclear issue. Gujral’s selection as Prime Minister—a man widely known for championing Indo–Pak dialogue—also speaks to the declining political cost of espousing normalization. Although opposition leaders on the right remained wary of a ‘sell-out’ of India’s national interests, Gujral’s efforts to renew bilateral dialogue were welcomed by the BJP leadership.\footnote{Ibid., 1,13.} Advocacy of Indo–Pak normalization in either state was, from 1990 to 1997, a risky political proposition.

Furthermore, the elite media in both India and Pakistan have played a supportive role in reducing the political costs of calls for normalization by national leaders. As long as the efforts at normalization continue to enjoy the commitment of both prime ministers, elite media commentators are likely to continue to present a “comparatively more optimistic and supportive attitude toward the dialogue,” thus promoting popular support for normalization.\footnote{\textit{Track Two Diplomacy} Numerous non-official dialogues and efforts at Track Two diplomacy that emerged during the 1990s have helped set the stage for future progress in Indo–Pak relations. The promotion of non-official dialogue was among the suggestions made by then-Deputy National Security Adviser Robert Gates to Indian and Pakistani political leaders during his trip to the region in 1990.\footnote{Michael Newbill, “English Media Commentary in India and Pakistan on Confidence-Building Measures, 1990-1997,” \textit{A Handbook of Confidence-Building Measures for Regional Security, 3d ed.}, Michael Krepon, Khurshid Khoja, Michael Newbill, and Jenny S. Drezin, eds. (Washington, D.C.: The Henry L. Stimson Center, March 1998), 187.} Subsequently, Track Two efforts gained local ‘ownership’ and became far more useful, such as the Pakistan–India People’s Forum for Peace and Democracy.\footnote{Aqil S. Shah, “Non-Official Dialogue Between India and Pakistan: Prospects and Problems,” \textit{ACDIS Research Report} (Champaign-Urbana, Ill.: Program in Arms Control, Disarmament, and International Security, 1997), 1–2.}}
Popular frustration with government postures has been a key factor upon which the success of non-official dialogue rests. Participation in non-official dialogues carries risks, raising the ire of hawkish media commentators and intelligence services, but an increasing number of Indians and Pakistanis appear willing to accept these burdens. Despite officially imposed constraints, Aqil Shah contends that the governments of both India and Pakistan “found it valuable to have a track two channel available in the absence of any serious official dialogue.” In his view, Track Two diplomacy functions as a parallel to official diplomacy—seeking “solutions which might satisfy the basic political, security, and esteem needs of the parties to a particular dispute.”

Quoting Joseph Montville, a noted expert in the field of Track Two studies, Shah observes that a general goal of the process is to “promote an environment, through the education of public opinion, that would make it safer for political leaders to take risks for peace.”

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*Peace has eluded India and Pakistan for fifty years, but the groundwork is being laid for constructive change. CBMs oriented toward trade, people-to-people, and cultural contacts move at cross-purposes with the resistance of military and bureaucratic institutions toward improved Indo–Pak relations.*

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In *Beyond Boundaries: a Report on the Non-Official Dialogues on Peace, Security, & Cooperation in South Asia*, Navnita Chadha Behara, Paul M. Evans, and Gowher Rizvi argue in a similar vein that such dialogues have significantly altered popular perceptions, countered prevailing stereotypes and enemy images, and have thus improved the atmosphere within which contentious issues in Indo–Pak relations are addressed. Though at an early stage of development, the authors credit these dialogues with a reformulation of public attitudes which make changes in state policy easier to achieve. They also contend that by heightening public awareness of the costs of continued hostility, the dialogues have prompted government action. Furthermore, non-official dialogues have promoted understanding among participants and have “instilled a sense of hope that seemingly intractable problems can be overcome.”

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81 Ibid., 4.
82 Ibid., 1.
83 Ibid.
85 Ibid., 29.
Confidence-Building between India–Pakistan

Shah contends that, “the proliferation of non-official initiatives . . . have made a real difference in creating a pro-dialogue, though small and scattered, constituency, which in due course of time will counter the anti-peace lobbies in both countries.”

Non-official dialogues, Chadha Behara, Evans, and Rizvi assert, are in part an outgrowth of “the continuing level of state-to-state tensions in much of the region.” These dialogues have begun to generate a high level of interest among academics, journalists, and elite circles in the two countries, and to a lesser extent among sectors of the business community, as well. As the authors contend, the dialogues themselves are an expression of the growing assertiveness of civil society on both sides of the border.

Peace or Privation: The Choices Ahead

Peace has eluded India and Pakistan for fifty years, but the groundwork is being laid for constructive change. CBMs oriented toward trade, people-to-people, and cultural contacts move at cross-purposes with the resistance of military and bureaucratic institutions toward improved Indo–Pak relations. Although a solution to the Kashmir dispute may be unlikely except in the long term, dialogue over economic, social, cultural, and environmental interaction and cooperation cannot be placed on hold for long periods of time. Some elements of Indo–Pak normalization will be required prior to a permanent solution to the Kashmir dispute. Progress in other areas could, in turn, hasten a resolution of the Kashmir dispute. A backslide in Indo–Pak relations would inhibit the economic growth of both countries, diminishing the performance of any government which decides to promote heightened tension over cooperation.

The onus is now on the political leadership of India and Pakistan to break free of the history that holds them hostage to continuing hostility. Reconciliation will come only when elites in both countries realize that domestic well-being requires not only solutions to economic and social woes, but also healing the wounds of partition.

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88 Ibid., 14.
Confidence-building measure, in international relations, an action that reflects goodwill toward or a willingness to exchange information with an adversary. The purpose of such measures is to decrease misunderstanding, tension, fear, anxiety, and conflict between two or more parties by emphasizing. Thank you for your feedback. Our editors will review what you’ve submitted and determine whether to revise the article. Join Britannica's Publishing Partner Program and our community of experts to gain a global audience for your work! Share. SHARE.