

India-Pakistan Conflict: Magnanimity the Only Answer to Intractability?

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Abstract

The intractable conflict in Kashmir has spoiled the India-Pakistan equation on multiple planes. This intractability has in fact poisoned the entire spectrum of the bilateral relations throughout history. Repeatedly through history India and Pakistan have taken actions that have led them to mutually unsatisfactory and damaging consequences. International relations literature has generally looked at these events in isolation in a post-facto explanation of the rationality behind such actions. But that fails to account for the repeated failure of these states to avoid the lose-lose scenario typical of the prisoner's dilemma. This paper will try to account for this lacuna by looking at the psychology of the two actors involved in this intractable conflict. It fills that void in international relations literature by looking at India-Pakistan relationship under the lens of prospect theory exploring how the two states of India-Pakistan made their choices through the history and with each event how their perspectives evolved or did not. Evaluation of their psychological status is followed by an analysis of the India-Pakistan dialogue process. The argument being that the dialogue process has failure in-built in it as it fails to address the perceptual loss of assets for Pakistan.

KEYWORDS

Prospect Theory; India-Pakistan; Kashmir; Negotiations; Conflict Decision-Making

INTRODUCTION

India-Pakistan relationship has been dogged by one most intractable conflicts in the history of the modern world. Understanding the intractability of the conflict in their relations is very important in context of resolving the strategic conundrum that prevails in South Asia. Most of

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the work on India-Pakistan ties has been done under the rational-choice framework (Hussain, 2015). The cynosure of these works on India-Pakistan ties is obviously the Kashmir issue. Rationality is therefore constructed as a corollary of the formation of diametrically opposite interests for the two states around the Kashmir issue. Application of realism and liberalism also is with the assumption that states behave like rational actors that lead them to conflict or cooperation. But such rational actor explanations only explain rationality where each event in the historical epoch is treated in isolation. It does not explain why the two states continued falling in the same prisoner dilemma trap through the history of their existence. Ideally in an infinitely repeated prisoner's dilemma the players involved should learn from the repeated outcomes and desist from strategies that lead to the Nash equilibrium outcome of 1, 1 for mutual benefit over the longer term (Osborne, 2000, p. 390) but this does not seem to happen in the case of India and Pakistan who have repeatedly found themselves in a lose-lose scenario. Evidence would suggest that short term current gains have always been favored over patient long-term gains.

The other stream of explanations find causal factors associated in the structural factors and domestic politics. These attribute the trajectory of India-Pakistan ties to domestic events and especially the civil-military relations in Pakistan. But this again does not explain why efforts to bring peace could not bear fruit when domestic factors were in favor of peace. The now famous backdoor diplomacy between President Musharraf and Prime Minister Manmohan Singh came close to a deal but could not clinch it and then the ties fell into the familiar pattern after the 2008 Mumbai attacks (Rid, 2016).

Structural realism would probably come closest to accounting for the continuing state of hostilities between the states. Explaining the psychology of the states through the history as a result of the prevailing distribution of power and anarchy. Ideally the concept of 'balance of power' would suggest that Pakistan would invest in developing its capabilities alternatively it would invest in an alliance to offset the imbalance, but these measures are to be taken in a strictly defensive posture not an offensive one. How then can one explain Pakistan's exhibition of offensive posture at different junctions in the history? But Structural realism also suffers from another lacuna, it explains the system in which the states operate and the constraints that act on them but does not expound on the foreign policy or make determinate predictions about the behavior of a state (Rajagopalan, n.d.). So while many who view the India-Pakistan relations from the prism of Kashmir would argue that if the Kashmir issue is resolved then the hostility between the two states should also cease, the structural realists on the other hand will argue that it would still not address the imbalance of power between the states and hence the conflict should continue (Rajagopalan, n.d.).

Accounting for the intractability of the conflict would therefore require work on understanding the psychological factor in India-Pakistan relations which hitherto had largely been left to historians. This paper fills that void in international relations literature by looking at India-Pakistan relationship under the lens of prospect theory. It explores how the two states of India-Pakistan made their choices through the history and with each event how their perspectives evolved or did not.

A WORD ON PROSPECT THEORY

Much of the international relations theory has been dominated by the rational-choice paradigm. However Kahneman and Tversky in a seminal paper in 1979 came out with an alternative approach to how people evaluate choices which was different from how evaluation of choices was framed in case of expected utility theory¹. As a decision making theory it deviated from how decisions were made under the expected utility theory specially when the 'decisions were made under risks' challenging the notion of rationality as assumed under expected-utility hypothesis. The paper developed a critique of expected-utility theory hypothesis based on experimental evidence which supplemented the argument propounded by prospect theory.

Prospect theory as proposed by Kahneman and Tversky posits that people assign values to gains and losses rather than net asset levels and in which probabilities are replaced by decision weights. The paper goes on to discuss a number of pairs of choice problems where a fixed number of respondents had answered the choice problem under laboratory setting (Kahneman & Tversky, 1979, p. 266). The paper discusses prospects both positive and negative where a prospect is a contract that results in an outcome with a certain probability and where the sum of all probabilities associated with all the prospects is always one (Kahneman & Tversky, 1979, p. 264). Interestingly it was observed that the preference between negative prospects was a mirror image for preference between positive prospects referred to as the 'reflection effect' (Kahneman & Tversky, 1979, p. 269). The *reflection effect* has the implication that people are 'risk averse' in the positive domain. But it also means that they exhibit significant risk taking capacity in the negative domain. Both of these are in violation of the expected utility theory hypothesis because the resultant choice does

1 Expected Utility Theory is a theory of individual decision making under conditions of risk where each available option leads to one outcome out of the possible set of outcomes and where the probability of each outcome is known to the individual. The theory posits that individuals attempt to maximize the expected utility in their choices between risky options (Levy, 1992 172-173).

not follow the rational logic of going for the highest expected value and avoiding the lower expected value in the gambit.

The paper then goes on to discuss on how people opt for insurance policies. Especially discussing the problem of 'probabilistic insurance'. In this regard the paper mentions a problem presented to 95 Stanford students, the students are offered the option of insuring property against theft and fire (Kahneman & Tversky, 1979, p. 270). Here they are given the option of probabilistic insurance where they half of the regular premium but there is fifty percent chance that they pay the other half of the premium and the insurance company reimburses for all their losses, and there is fifty percent chance that they get back the premium they paid without being compensated for the loss (Kahneman & Tversky, 1979, p. 270). This option of probabilistic insurance was against the option of full coverage for which the premium payment is very high. It was then observed that majority decided against the option of probabilistic insurance (Yes=20% No=80%). The fact that most people were apprehensive of probabilistic insurance suggested that reducing the probability of loss from p to $p/2$ was less valuable than reducing the probability of loss from $p/2$ to 0 (Kahneman & Tversky, 1979, p. 271).

The paper also discusses the 'isolation effect' which is observed when people are faced with choices which can be simplified by decomposing them in parts. Depending on how they are simplified can lead to different perceptions for the final choice. An example quoted in the paper is where in a two-stage game there is a probability of .75 to end the game without winning anything and a probability of .25 to go into the second stage where there is a choice between winning 4000 with a probability of .80 and 3000 for sure and the choice has to be made before the game starts (Kahneman & Tversky, 1979, p. 272). In effect the player has a chance to win 4000 with probability $.25 \times .80 = .20$ and 3000 with probability .25, that is the choice is between (4000, .20) and (3000, .25). With lower probability of winning the sum in both the prospects and which are comparable in magnitude one would be inclined to answer that according to the theory players will go for the more risky prospect of 4000 with a probability of .20. But this is not observed in reality where out of 141 subject who answered the problem decided to go for the latter prospect (Kahneman & Tversky, 1979, p. 272). Apparently the players completely ignore the first stage of the two-stage problem when deciding between the prospects because it is shared by the two prospects and the problem of choice is considered only with the second stage that is a choice between (4000, .80) and 3000. Since 3000 is the riskless prospect the certainty effect leads to more players opting for the latter.

Needless to say that perception involves processing the problem where the first phase involves editing of the problem, selection of the options that are available and the outcomes of those options, and the values and probabilities associated with those outcomes (Levy, 1992, p. 179). It is in the editing phase that the reference point is selected which is very crucial to what is perceived as a loss and what is perceived as a gain. The second phase is where the choices are evaluated and the option that is preferred is selected (Levy, 1992, p. 179). Once the editing is done then the prospect with the highest value is chosen, mathematically the weighted value of a prospect is given by

$$V = \sum w(p_i) * v(x_i),$$

Where p is the perceived probability of outcome x , $w(p)$ is the probability weighing function and $v(x)$ is the value function which is depicted in the Figure 1. The value function has some very important characteristics. The value function at the value 0 on the Y-axis represents the reference point on the X-axis to left and right of which an individual sees losses and gains respectively. Importantly losses and gains are viewed as deviations from the asset level rather than as the net asset level itself, so if the reference point shifts the value function also shifts. Second it has steeper slope in the negative territory that is for losses than it has for gains (by a ratio of 2:1) (Tversky & Kahneman, 1991). The value function is also concave for gains and convex for losses which implies that the individual decision maker is more inclined to go for risky endeavors in the negative domain (Levy, 1992, p. 181).

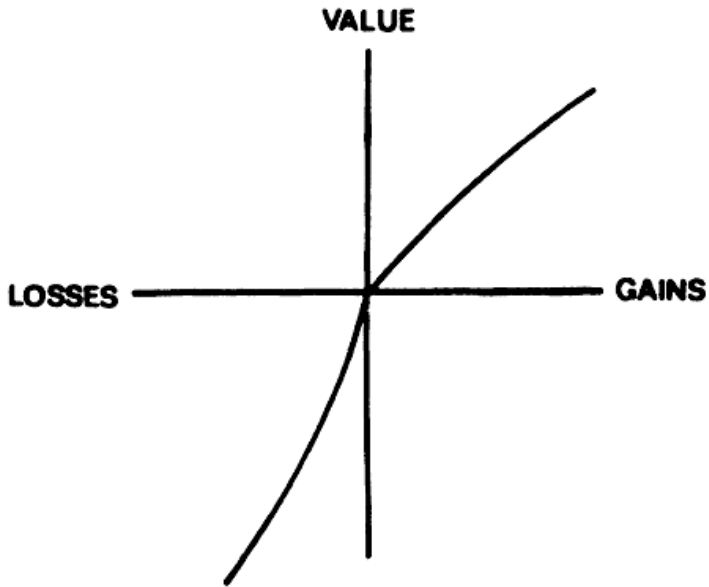


Fig. 1. A hypothetical value function.

Source: *An Introduction to Prospect Theory* by Jack S. Levy

The behavioral patterns of this theory can now be postulated for better understanding:

1. Players encode their choices in terms of losses and gains and this is irrespective of the net asset levels. This encoding is done from a frame of reference or what is referred to as reference point for the individual decision maker (Kahneman & Tversky, 1979, p. 273). This reference point is usually the status quo (Levy, 1992, p. 175). But there are situations where the status quo is not the frame of reference, which is very natural in that players refer to an aspirational level as the reference point or some other point which is not status quo (Levy, 1992, p. 175).
2. Players are more risk-averse when it comes to gains and risk-seekers when it comes to losses. However individuals are more sensitive to change in asset levels closer to the reference point than away from it. This implies that behavior closer to the reference point can deviate from the rules especially when considering catastrophic losses (Levy, 1992, p. 175).
3. Status quo or any other reference point is preferred over a 50/50 chance for positive and negative alternatives with the same absolute value. This

phenomenon is referred to as loss aversion (Levy, 1992, p. 175). Implying that people value current assets more than future assets that they do not possess yet. The process of acquiring an object automatically increases its value, and this evaluation of current possessions is referred to as endowment effect (Thaler, 1980, pp. 43-47). This endowment effect is seen to get stronger as the time for which one possesses a certain asset increases (Jervis, 1989, p. 69). This is particularly evident in case of political and economic assets in international relations (Levy, 1992, p. 176).

4. Since the encoding of the choices is important, how the choice is framed becomes very important for the players when they decide. Similar situations which are mathematically equivalent but framed in different language or presented differently lead to people making different choices. Implying that the same problem when framed by the respondent in terms of gains and in terms of losses even though the two are mathematically equivalent can influence the preference of the players.
5. If a sequence of choices are to be made by the players then a movement of the reference point is observed. This is particularly evident in gambling where players quickly accommodate to a series of losses or gains and in the process generate a new reference point. How quickly this is done is also important and is an important factor to consider when it comes to international relations (Jervis, 1992). The literature points out that in most cases players adjust to gains more quickly than they do to losses (Kahneman, et al., 1990, p. 1342). As an example quoted in Levy's paper on Prospect theory: If A has made a gain at B's expense, any attempt by B to recover his losses (from the old status quo) will be perceived as a potential loss by A (from the new status quo) so that both parties will be in a domain of losses and therefore both A and B will be more risk seeking.
6. Players give more weightage to events that are certain than that which are only probable. This is referred to as the certainty effect. Small probabilities are over-weighted than events which have medium or higher probabilities.
7. Simplification of choices is done when there are common components to alternative options. This is referred to as the isolation effect.

THEORETICAL LIMITATIONS

Application of Prospect theory to international relations and foreign policy requires a slight methodological examination. Prospect theory tries to explain individual choice behavior under conditions of risk. When using prospect

theory to explain foreign policy and especially in case studies approach such as this, it brings us back to an old problem of where does the agency factor lie in international relations. Agency can lie at the state level or at the individual level. If the agency lies at the individual level one has to figure out the reference point for individual state leaders which is a rather difficult task and would probably require a direct psychological study of the state leader concerned. As has been mentioned earlier prospect theory is a theory of individual decision making whereas here we are dealing with foreign policy decisions of states which are exhibiting collective behavior of a variety of agents within their system. But a lot of work with game theory and foreign policy behavior of states in international relations has been done with the assumption that concepts relevant for individual behavior can be applied individual agents as long as the presence of unitary actor can be satisfactorily demonstrated. We proceed in the next section with the same assumption considering the fact that largely there has been continuity in policy across parties in India (P.Sreenivasan, 2014) and on the Pakistani side it has been the security apparatus that has had a veto on foreign policy and security issues.

THE REFERENCE POINT IN INDIA-PAKISTAN TIES

The objective of this section is to use prospect theory in understanding the perspective which the two states approach the issues between them, a very crucial factor in their ties. Much of it also depends on which of these are issues are part of the formal dialogue between the two countries and are up for negotiation, even as there are issues and events lingering from history which although not part of the formal dialogue nevertheless impact the relationship between the two countries. As we will later see that much of the dynamics of the relationship between India and Pakistan can be understood as a function of the movement of the reference point for the two countries. It is important here to understand that structured negotiations have their own dynamics and legacy of the issues not part of the structured dialogue can also lead to complications. The dialogue process will be dealt with in a separate section. The other important aspect to be considered is that prospect theory can be applied individually to the issues that are in concern here. Each of these issues have a rich history of bargaining, use of threat and ultimate use of force to achieve results.

THE PARTITION GAMES

The Kashmir conflict is legacy of the partition and birth of the two states of India and Pakistan. The holy grail of India-Pakistan relations this conflict is rooted in historical causes. But this history does not start

with the start of the conflict but at the time when the partition was still in process. There were in total three cases of disputed accession which included Junagadh, Hyderabad and Kashmir where there was inconsistency in the stand taken by both India and Pakistan on (1) Irrelevance of the Instrument of accession, (2) Plebiscite, (3) Geographical factor and (4) the Religious factor (Noorani, 2013, p. 8).

The case of Junagadh and Kashmir are the most important ones as far as India and Pakistan goes. Because even as there were other princely states that were unwilling to go with Pakistan and India geographically location meant that other states had little option but to accede to Pakistan and India respectively. The case of Junagadh and Kashmir was different because both these states were up for contention. It is important here to understand where the reference point lay for each of the states. Junagadh was a state with majority Hindu population and a Muslim king but bordering Pakistan on its east. While Kashmir was a Muslim majority state with a Hindu ruler. Interestingly the All India Congress Committee had declared on 15 June 1947 the principle that 'the people of the States must have dominating voice in any decisions regarding them' (Noorani, 2013, pp. 8,9). In a similar vein from the Pakistani state Jinnah in his statements on 17 June 1947 and 30 July 1947 voiced a different principle that 'rulers should have the right to decide on accession' (Noorani, 2013, p. 9).

Clearly the real frame of reference from which both states were looking at losses and gains was an equitable transaction where if Junagadh stayed with India then Kashmir would go to Pakistan and if Junagadh went to Pakistan then Kashmir would go to India. The Nawab of Junagadh decided to join Pakistan on 15 August 1947 and Pakistan accepted the accession on 13 September which created an *endowment effect*. India did not lose much time in calling the accession as void and moved in ground troops and then conducted a referendum where the majority is said to have voted for India.

PAKISTAN ENTERS THE RISK-SEEKING ZONE

Once Pakistan lost possession of this asset that is Junagadh it had already entered the psychological territory where it had proclivity for risk-seeking maneuvers. The state of Jammu and Kashmir was still up for contention because the Maharaja was very keen on preserving his independence from both India and Pakistan. He decided to postpone the decision on the problem of accession and decided to go for Standstill agreements with both India and Pakistan, but the state eventually went on to sign a standstill agreement only with Pakistan prior to (Prasad & Pal, 1987, p. 12). As it

turned this was not to be and in about the beginning of September the first cross-border raids began to take place from Pakistan into border areas of the state of Jammu and Kashmir (Prasad & Pal, 1987, p. 13). Economically also the state was being strangled by Pakistan at almost about the same time when it the state security forces were pitted against well-trained and well equipped raiders who were gradually destroying their capacity for coherent strategic action (Prasad & Pal, 1987, p. 14). It was risk at that time but the Pakistani state took it, as psychologically it was already reeling from a reduction in its net-asset levels, that is the loss of Junagadh.

As Maharaja grew anxious over the raids he had little choice but to ask for external assistance in dealing with the raiders. This was very conspicuous in his letter to Lord Mountbatten where he stated “With the conditions at present in my State and the great emergency of the situation as it exists I have no option but to ask for help from the Indian Dominion. Naturally, they cannot send the help I asked for by me without my State acceding to the Dominion of India. I have accordingly decided to do so and I attach the Instrument of Accession for acceptance by your Government” (Noorani, 2013, p. 7). As the state acceded to India on 26 October 1947 next morning troops were flown in by India. India and Pakistan thus fought the first Kashmir war in 1947-48, after which India decided to refer the matter to the UN.

INDIAN REFERENCE POINT SHIFTS

At this point it is important to reassess the reference point for each of the states India and Pakistan. Pakistan is still in the risk-seeking territory while for India the reference point had shifted, India now believed it had a legitimate right over entire state of Jammu and Kashmir because it possessed the instrument of accession in its favor, and it had the most influential leader in Kashmir Sheikh Abdullah on its side (The Telegraph, 2001). On January 1, 1949, a ceasefire was agreed upon, with 65 per cent of the territory under Indian control and the rest 35 per cent with Pakistan (The Telegraph, 2001).

As it turned out this temporary ceasefire line became a de-facto border in times to come with the UN failing to bring the issue to a close also attributed to the obduracy by both sides to hold onto their current possession of territory in the state of Jammu and Kashmir. In terms of the territory held by the two countries and the military situation an *endowment effect* was created but at the broader strategic level there was a shift in the reference point which meant that essentially both countries ended up being in the risk-seeking zone which culminated into many

risk-seeking military adventures on the part of Pakistan and India. India which had hoped that UNSC would in an over-whelming manner rule in its favor and was ultimately surprised at the political level had to undergo a loss in its risk-seeking propensity and became risk-averse to hold on to its current asset position. This current asset position for India was the status-quo in Kashmir.

Pakistan's motivation for going ahead with a military force to change the status quo time and again comes from the fact that it has perennially ended up being in risk-seeking territory. The India-Pakistan war of 1965 was an inevitable outcome of this. What the 1971 war did was to add to Pakistan's woes. Losing the entire eastern wing in a military defeat to India implied further loss in net asset levels for Pakistan.

LOSING THE GLACIER

The Karachi agreement in 1949 and the Shimla agreement in 1972 demarcated the line which was eventually freezeed as the Line of Control until a final solution could be found to the Kashmir imbroglio but this line was demarcated only up to a point NJ9842 (Joshi, 2016). Beyond which both the agreement simply stated the border line will run 'thence north to the glaciers' (Peer, 2012, p. 6). It is precisely near the Indira Col, where India's border touches Pakistani and Chinese territory that makes Siachen a coveted region (Joshi, 2016). While Pakistan interprets 'thence north' as a northeastern extension of border from NJ 9842 to the Karakoram Pass, India interprets it as a northwestern extension along the Salto Ridge towards the Indira Col (head of Siachen glacier) (Peer, 2012, p. 6). While it is true that ambiguity left in the text of the agreement had a role to play, it is also important to understand that Pakistan which had suffered a string of losses and reverses had a high propensity to go ahead occupy the territory despite the risks associated with the move. Pakistan started mountaineering expeditions to legitimize its claim on Siachen and was allegedly preparing to land its troop before India pre-empted the move by launching 'Operation Meghdoot' eventually controlling the whole glacier (Bajpai, et al., 2001, p. 201). Eventually losing one more potential asset.

PAKISTAN'S RISKY GAMBLES CONTINUE

The Pakistani tactic of irregular warfare against India towards the start of 1990's first in the Indian administered Kashmir and then in the rest of India must be understood therefore not just as militarily sound move in the prevailing circumstances against a militarily much stronger opponent, but

also a manifestation of the risk-seeking behavior that continues till date. The gambit of the 1999 Kargil intrusion to wrest Siachen is was also an outcome of this behavior. India's robust military response to the Kargil intrusion despite the nuclear threat could be explained as an exhibition of the endowment effect, in having accommodated a series of gains in its assets especially in the case of Siachen it had accommodated these gains in a cumulative frame and therefore engaged in risk-seeking behavior to maintain its current level of assets.

But this gambit did something more which was to shift the reference point for Pakistan. It is perfectly possible that this reference point may have shifted much earlier. But at this point one must differentiate between the strategic frame one that is projected and the real frame (Levy, 1997, p. 103). Real frames and strategic frames are different. Strategic frames are those perpetuated by the constituencies that are actually continuing to drive hostility while the real frame is almost about the status quo. As linked problems where Siachen and Sir creek are a minor issues but essentially are also part of the greater problem by being the issues that lead upto the resolution of the main issue that of Kashmir. This is where the editing may come in which could lead to persisting with the problem than resolving it.

Pakistan in its official stance may convey the notion that its reference point lies where it wants to control the entire territory of Kashmir, as it has time and again referred to Kashmir as the 'jugular vien of Pakistan' (Press Trust of India, 2015). In reality we know that the proposed 4 point formula for the resolution of Kashmir during General Musharraf's tenure had proposed converting the Line of Control that is the de-facto border to a de-jure one (Peer, 2012, p. 5). So there was tacit understanding that status quo was the solution. The real reference point on the Kashmir issue had evolved by now to the 'status quo' for Pakistan and not to some aspirational level as is often purported by different agents within Pakistan. The greatest evidence of this could be the purported revision of the status of Gilgit-Baltistan within Pakistan's constitution. The envisaged China Pakistan Economic Corridor (CPEC) that must pass through this territory will probably have \$46 billion pumped into by China. China's nervousness regarding such investment in apolitically disputed territory means Pakistan has to assuage its concerns. Any such revision in the territory's status will however implicitly imply Pakistan's acceptance of the status quo in Kashmir (Singh, 2016). It is the strategic frame where the net reduction in it asset levels will compel Pakistan to pursue a risky strategy and the one that dominates the relationship and the dialogue process between the two countries.

INDIA-PAKISTAN DIALOGUE PROCESS: IN-BUILT FAILURE?

Having recognized the fact that Pakistan has suffered cumulative losses in its net asset levels from its reference point and has therefore continued to operate in the risk-seeking territory in the strategic frame, attention can now be turned towards the resolution of these issues and the question of why the negotiation process is failing time and again. The idea is not to discuss the negotiation strategies of the two countries and their interests but to understand the psychological frame with which states of India and Pakistan approach the negotiations.

The structured dialogue process between India and Pakistan first mooted in 1997 when in Maldives the Indian Prime Minister I.K. Gujral and Pakistani Prime Minister Nawaz Sharif met in Male (Mishra, 2007, p. 506). As a compromise the dialogue had all the issues the two countries wanted to discuss, that implied India agreed to include Kashmir and Pakistan agreed to include terrorism on the agenda (Peer, 2012, p. 2). The first attempt fizzled out as soon the things took a turn for worse in the shape of the Kargil conflict in 1999. It became organized after the attack on the Indian Parliament in 2001 that led to 'Operation Parakram' and subsequent easing of tensions in 2002. Progress was made until the 2008 Mumbai attack happened and the talks stalled again (Peer, 2012, p. 2). The Composite Dialogue Process (CDP) as it was called had eight basket of issues which has now been rechristened as the Comprehensive Dialogue Process (Ministry of External Affairs, 2015) with albeit the same set of issues and the possibility of adding more:

1. Peace and Security and Confidence Building Measures
2. Jammu and Kashmir
3. Siachen
4. Wullar Barrage/Tulbul Navigation Project
5. Sir Creek
6. Economic and Commercial Cooperation
7. Terrorism and Drug Trafficking
8. Promotion of Friendly exchanges in various fields

The eight issues that are mentioned here can be categorized along two lines broadly. There are some which are cases of pure zero sum games: these are Jammu and Kashmir, Wullar Barrage/ Tulbul Navigation Project,

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Sir Creek and Siachen because they involve assets whose possession can be attributed to one party only at the cost of the other being deprived of it. And the other set of issues which are Peace and Security and Confidence Building Measures, Economic and Cultural Cooperation, Terrorism and Drug Trafficking and lastly Promotion of friendly exchanges in various fields because they involve mutual gains which can be made by both parties although the possibility of relative gains does exist. For now the discussion will be limited to the category where there is a zero-sum game.

Since the CDP is a structured dialogue where negotiations on all issues go on parallel tracks, it implies that for the first set of issues a sequence of choices are to be made. Pakistan is already operating from the risk-seeking zone having accumulated cumulative losses over a period of time how it frames the choices, that is how it edits the problem therefore becomes important to how it psychologically approaches the negotiation. Even though these issues are being negotiated on parallel tracks there are two possibilities in which they can be resolved either the major issue is resolved first and then the minor ones or the minor ones lead up to the resolution of the major issue. In either case without doubt the major issue is Jammu and Kashmir, if Pakistan edits its choices in such a way that it sees a common component to the minor issues it would possibly ignore the minor issues and the negotiation for Pakistan would boil down to Jammu and Kashmir that is the *'isolation effect'* kicks in. In effect since this is a difficult issue to resolve it makes resolution of other issues also highly unlikely since for Pakistan the entire attention is focused on one major issue and having suffered losses it will not be amenable unless there is significant concessions (gain) on offer. The policy implication being the Jammu and Kashmir issue must not be clubbed with other issues of asset distribution. One because then there will be more attention to other issues of territory distribution and second it will be easier to come to an agreement on Kashmir if it is un-clubbed from other issues. Additionally in the case of Kashmir for both states India and Pakistan the real frame has evolved to a point where status quo is the reference point.

Among the second set of issues terrorism and drug trafficking are a priority for India. The theoretical inference dictates that India must pull Pakistan out of the risk-seeking territory to put an end to its risk-seeking propensity which manifests in cross-border attacks and secondly because Pakistan will always come to the table unwilling to concede on any of the issues as from its own frame of reference it has already suffered cumulative losses that it needs to compensate for. This is also the reason why sometimes deterrence based policies don't have the desired effect on Pakistan despite sure economic and military reprisals. Pakistan must have perceptual gains

from its own frame of reference. The reason that India and Pakistan have been able to make some progress in the other three issues from the second set is that it is easier to distribute gains among states than in the distribution of losses (Levy, 1997, p. 93). But this will not necessarily reflect in the negotiations where the assets that are to be distributed are a zero-sum game.

Even if Pakistan agrees to separate track for talks on terrorism, one can see why that is bound to not have any progressive effect on the ground because there is no change in net-asset levels for Pakistan, and it will be an endeavor akin to flogging a dead horse. It might reduce the intensity of terrorism but it will not bring it down to level zero keeping India dissatisfied as well.

Pakistan make relative gains against India where the items involve mutual gains. For instance India can perhaps afford to make some concessions to Pakistan in case of bilateral trade where trade-balance is in Pakistan's favor. Among the other category of assets India can renegotiate the Indus Water Treaty with better terms on offer for Pakistan and afford a concession on the Wullar Barrage Tulbul Navigation Project to pull Pakistan out of its risk-seeking mentality. This will help in bringing some consolation to Pakistan psychologically but as has been seen with the Most-Favoured-Nation status that may not suffice for Pakistan to reciprocate in the same manner or be enough to pursue the goal of forever peace. While there are already available templates to do this (Rid, 2016) the larger point here is that India will have to settle the cases of zero-sum assets distribution on the principle of accommodation for perceived and real injuries to quell the permanent state of 'no war no peace' and no settlement that derives on the current distribution of power or will find currency with Pakistan.

CONCLUSION

Prospect theory should ideally have brought the focus back to classical realism of sorts with its focus on individual decision maker, nevertheless even while admitting to the tediousness of the project it brings a perspective to the frame of reference with which collective thinking on both sides of the border operate. In a way it reflects the collective political inclination of different constituencies that have been in power towards the bilateral conflict through different epochs and expounds on why what might seem like a status-quo in a conflict may not necessarily be. It is not enough for two sides to reach a 'mutually hurting stalemate' (Brahm, 2016) for a conflict to be ripe for fruitful negotiation, prospect theory tells us that even a 'mutually hurting stalemate' can be a perfect

case of persisting conflict if one or both parties psychologically end up in a net reduction of their asset levels from their own frame of reference. In case of India-Pakistan even though the mutually-hurting stalemate has been reached Pakistan has ended up with a net-reduction in its asset levels. For India therefore it's an imperative therefore to recognize the need to go beyond the usual style of negotiation where give and take is based on strategic interest and the current balance of power. If the objective of Indian foreign policy towards Pakistan is pursuing a final and lasting peace 'showing magnanimity' may be the only available option. Pakistan's *will* to recover its losses implies that it cannot be coerced, defeated, or subterfuged into accepting a deal that is not honorable to it.

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