CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

U.S.-INDIA RELATIONS ON THE EVE OF SINGH'S VISIT

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GEORGE PERKOVICH: Good morning. My name's George Perkovich. I'm the vice president for studies here at the Carnegie Endowment. It's my pleasure to welcome you this morning. I think we'll have others joining us, as traffic considerations and early morning realities sometimes make people later to these events, but we want to get started. We're very, very glad and honored to have with us Under Secretary Burns. He has a tremendous amount on his official plate, as you can imagine, and so we have a hard stop before 9:30 so I want to give as much time as possible for his remarks and interactions with you all.

Ambassador Burns became under secretary for political affairs – the highest career position in the State Department – in May, 2008. Before that, from 2005, he was the ambassador to Russia. Before that, he was the assistant secretary of state for Middle Eastern affairs from 2001 until 2005, ambassador to Jordan from 1998 and 2001. So you can see that his most recent career has spanned all of the really boring and unimportant spots of U.S. diplomacy. (Laughter.)

And he's furthered that relaxation now by being the lead negotiator in the talks thus far with Iran – also, playing a very important role on the topic that he will address here with us this morning, which is the U.S.-Indian relationship on the eve of Prime Minister Singh's visit to Washington. It's my pleasure to welcome Ambassador Burns, who will speak and then we'll take a few questions. Thanks very much.

WILLIAM J. BURNS: Thank you very much, George, for that kind introduction, and good morning to all of you. It really is an honor to speak once again at the Carnegie Endowment, an institution for which I have enormous admiration.

And it's also a pleasure to speak about a subject, the growing partnership between India and the United States, to which the Obama administration attaches enormous importance. Diplomats have a well-deserved reputation for being long-winded, but I'll try to break that stereotype this morning and offer just a few brief thoughts to help frame the panel discussion, which I know you're about to have.

I should also mention at the outset that I owe a personal debt of gratitude to three of your panelists – Ashley Tellis, Evan Feigenbaum and Tesi Schaffer – friends and former colleagues who have made remarkable contributions, over the years, to U.S.-Indian relations and to the opportunities emerging before us in this new era. Neither Ashley nor Evan nor Tesi has ever been shy about correcting my mistakes in the past and I can't imagine that their departure from government service has made them any more reticent today. (Laughter.)

It's no coincidence that the first state visit in the Obama presidency will come from India. And Prime Minister Singh will arrive in Washington next week at a moment of great opportunity. Few relationships will matter more to the course of human events in the 21st century than the partnership between India and the United States. India, as all of you know very well, is a rising global power, soon to be the world's most populous country, with a trillion-dollar-plus economy.

The world's largest democracy, India is a powerful model for other emerging democracies – a model of tolerance and of strength in diversity. India has an increasingly significant role to play on virtually all of the major challenges of this new century, from global economic dislocation to energy

security, climate change, the spread of weapons of mass destruction and violent extremism. Its role in Asia, already significant, will only grow in the years ahead. And India will be an increasingly valuable partner in the historic effort to, as President Obama put it, cultivate spheres of cooperation throughout Asia.

A rising India is an essential part of the peaceful and prosperous world that the United States seeks in the 21st century and our partnership is an essential ingredient for success. As we look ahead to the visit of Prime Minister Singh and to the possibilities for expanded partnership which lie before us, let me first recall quickly how we got to this promising moment. The truth is that we've come a very long way together over the past decade-and-a-half. In a speech last June, Secretary Clinton described three phases in our relations. The first phase, or U.S.-India 1.0, lasted from India's founding until the end of the Cold War and was generally characterized by missed opportunities – the result of mistrust and old conflicts between East and West, North and South.

The 2.0 chapter opened in the Clinton administration and included President Clinton's landmark visit to India in the year 2000. The Bush administration built very effectively on that foundation, culminating in the completion of the civil nuclear initiative last year. That would not have happened without bipartisan support in the U.S. Congress, including from three senators named Obama, Biden and Clinton. The signing of the civil nuclear deal turned a source of friction between our two countries into opportunities for cooperation and trade and job creation, helping India to meet its growing energy needs, and opening up possibilities to work together to strengthen the global nonproliferation regime.

Meanwhile, ties between our two societies have continued to grow. Today, there are close to 3 million Indian Americans in the United States, who serve as a critical bridge between our two countries. More than 100,000 Indian students attend schools and universities in the United States each year – more than from any other country. Our embassy and consulates in India issue over 50 percent of all specialized employee visas in the world. Our private sectors are linked by steadily mounting trade flows, which have doubled since 2004 and now exceed $43 billion each year.

All of this gives us a very strong foundation on which to build, in the years ahead, U.S.-India 3.0. President Obama captured eloquently our sense of what's possible when he said recently, "Our rapidly growing and deepening friendship with India offers benefits to all of the world's citizens, as our scientists solve environmental challenges together, our doctors discover new medicines, our engineers advance our societies, our entrepreneurs generate prosperity, our educators lay the foundation for our future generations and our governments work together to advance peace, prosperity and stability around the globe."

When Secretary Clinton visited India last July, she and Minister Krishna launched a new dialogue to develop our cooperation systematically across a wide range of issues. Let me highlight a few of them, which are likely to figure prominently in Prime Minister Singh's visit, and in our emerging partnership over the next few years.

The first pillar of our strategic dialogue, and of our expanding partnership, is cooperation on global security challenges. India and the United States share a profound interest in making the world more secure. The tragic attacks of 26/11 were a global event. The violence inflicted on the people of Mumbai and the loss of six American citizens in those attacks was a reminder that terrorism represents a common threat to our nations and our peoples and we must meet it with a common

strategy. Over the past year, our two countries have developed new mechanisms that improved the sharing of information that have helped prevent attacks and protect both our peoples.

Home Minister Chidambaram's visit to Washington last September further strengthened our collaboration in these areas, and laid the initial groundwork for what we hope will become an enduring U.S.-Indian partnership in counterterrorism. Afghanistan presents another challenge on which we continue to work together. As our careful assessment of U.S. policy in Afghanistan draws to a conclusion, we will continue to actively consult India as a critical partner in achieving lasting stability there. We welcome India's significant and positive role in Afghanistan, including the provision of over $1.2 billion in reconstruction assistance.

Of course, we all share an interest in stability and peace between India and Pakistan. We all know the stakes. America has always supported the two countries' peace process and the resolution of outstanding disputes through dialogue. The pace, scope and content of the peace process is for Indian and Pakistani leaders to decide. But we have welcomed renewed engagement, including this past summer between Prime Ministers Singh and Gilani and between Prime Minister Singh and President Zardari.

As India and other nations play an expanded role in resolving international security challenges, the architecture of international institutions will need to adapt to reflect their new responsibilities. India has shown, through its moral stature and long tradition of leadership among developing countries, that it is well-suited to address the challenges faced by multinational institutions and constructively advance the common good.

As Secretary Clinton has said, we look forward to cooperating with New Delhi as it takes on the responsibilities that come with being a global leader. There is also significant potential in our relationship for expanded defense cooperation. As India modernizes its military, American equipment and technology can and should be a part of that modernization. The recent conclusion of an end-use monitoring accord gives us important momentum to enhance our security relationship.

As everyone in this room knows, nuclear nonproliferation is a very high priority for President Obama and we look to India as a full partner in efforts to strengthen the nonproliferation regime and prevent the further spread of weapons of mass destruction. Prime Minister Singh's public support for the goals of the president's Prague agenda was a welcome sign. The prime minister' special envoy, Shyam Saran, added not long ago that the civil nuclear initiative has enabled India to look proactively and not defensively at a new global agenda for nuclear nonproliferation and nuclear disarmament.

True to the spirit of those statements, during the past year, India has brought into force its safeguards agreement with the IAEA and signed its additional protocol. The United States remains firmly committed to implementing fully the civil nuclear initiative. We welcome the recent naming of two reactor park sites for U.S. nuclear firms and we look forward to the completion of other steps on both sides that will make civil nuclear cooperation a reality between our two countries.

U.S. firms stand to benefit a great deal from the implementation of the 123 agreement, a process that should also create thousands of new jobs for Indians and for Americans. That leads me to a second pillar of our relationship with significant potential for further expansion: our economic

ties. Since India's sweeping liberalization of the early 1990s, whose chief architect is now India's prime minister, economic cooperation has always been a driver of progress between our two countries. Today is no different.

India has weathered the global economic downturn better than most, with growth projected at more than 6 percent this year. Such growth can be a stabilizing force within the global economy when other economies are stagnating. We appreciate the leadership role that India has played in the G-20 and look forward to an expanded role for India as the international economic architecture adapts to new challenges and new realities.

India's growing workforce, with the largest pool of English-speakers and ambitious, young entrepreneurs in the world, presents another immense opportunity for India and its partners to capitalize on globalization. We've been negotiating bilateral trade frameworks with India with the aim of bolstering our commercial activity in areas such as infrastructure, health-care services, information, communications technology and education services.

As India continues to enhance its business climate, I'm confident that more American companies will be drawn to its dynamic market. We're also trying to leverage the private sector by relaunching a CEO forum of top American and Indian business leaders during the prime minister's visit. Our hope is that the forum will inform the choices of government leaders, as it has in the past, and thereby enhance our joint competitiveness and ingenuity.

The CEO forum can also complement our work in industries and disciplines where private-sector interests play a prime role in both countries in education, science and technology and on the full range of global economic policy issues facing us. We need to harness their creativity to find new solutions for sustained economic growth, which will greatly depend on the move away from old, fossil fuel development to more low-carbon, energy efficient alternatives.

Development of clean energy and the contributions it can make to climate change have been a third area of cooperation that we've pursued intensively over the past several months. Much has been made of differences in Indian and American positions leading up to the Copenhagen conference. While those differences are real, we are working in the spirit of our partnership toward a successful outcome at Copenhagen.

At the same time that we develop common ground in complicated, multilateral negotiations, we're pursuing bilateral and regional cooperation on a range of green initiatives that draw on our joint scientific and technological resources. These initiatives include work in solar and wind energy, second-generation biofuels, forestry management and on a range of energy efficiency initiatives. We are also exploring a joint clean energy research center to foster innovation and accelerate deployment of clean energy technologies.

At a practical level, Indian and American scientists work together on a daily basis to enhance India's capabilities to generate clean energy. In solar and wind power, our national renewable energy laboratory exchanges data and cutting-edge research with counterpart centers in India. We also want to help India meet its national solar mission target of producing 20 gigawatts of solar power by 2020. Given the magnitude of capital investment it takes to reach even the first solar gigawatt, we hope work with the private sector will make investments less risky in the short run.

On the adaptation side, our National Oceanic and Atmospheric Administration is helping India's ministry of earth sciences to more accurately forecast monsoons, and thereby reduce risks associated with climate change and to protect people and crops from the adverse effects of extreme weather. Just as a new green initiative in clean and renewable energy can benefit both our countries in the years ahead, so, too, can renewed cooperation in agriculture contribute to a second green revolution in Indian food production.

And just as the United States was proud to play a role in the first green revolution through the good work of the late Norman Borlaug and many committed Indians and Americans, so, too, are we ready to join our Indian partners to help expand India's agricultural sector for a new era. Secretary Vilsack and his counterpart, Dr. Montek Singh Ahluwalia, will meet next week to discuss the future launch of a ministerial-level agriculture dialogue, which will include a strong private-sector component.

On a global level, we see India as an important partner in helping to spur agricultural revolutions beyond South Asia to Africa and other parts of the world where food security remains a serious and persistent problem. Our longstanding scientific collaboration extends beyond agriculture to other areas, such as health, where our best scientists, innovators and labs are coming together to share knowledge and find breakthroughs on some of our toughest challenges.

We're working together in a number of areas, including research on HIV/AIDS, detection of emerging infectious diseases, and maternal and child health. Such initiatives are critical to saving lives and resources and strengthening human development in India, which brings me to the fifth and final area of cooperation that I'll highlight today. Education and human development, including women's empowerment, are important platforms for both our countries to invest in our greatest asset – our people.

In the 1960s, educators and institution-builders from our two countries collaborated in the establishment of the Indian Institutes of Technology. Today, Indian leaders are once again grappling with how best to position their university system to prepare an ambitious workforce for the demands of a changing global economy. We're hopeful that part of the Indian education system's evolution will bring out closer collaboration with American universities.

We welcomed Indian Education Minister Kapil Sibal's visit to a number of top U.S. universities last month. As a reflection of Indian interest in further cooperation between our institutions, over 30 Indian university leaders accompanied the minister. There is equal, enthusiastic interest among American university leaders in establishing lasting university-to-university partnerships.

The U.S. and Indian governments have tried to do their part, too. We nearly doubled the Fulbright-Nehru program of academic exchanges this past year and hope to expand opportunities in higher education in the very near future. Of course, we're committed to working with India to improve all levels of education, to boost literacy and expand vocational training. I had the privilege last summer in Mumbai to visit a visionary NGO involved in this work – Teach for India – and I found a spirit of volunteerism that underpins much of the incredible social work that goes on around the country.

It was a further reminder that both our relationship and India's progress are rooted in the dynamism of the Indian people. Our programs pay particular attention to women. The United States can learn a great deal from India's examples of a woman president, a woman leader of the nation's largest political party, and more women in parliament than ever before. Beyond politics, women are making important contributions to all areas of human endeavor, from education to the arts to science and technology.

But more work needs to be done to empower the disenfranchised and the marginalized. Our ambassador at large for global women's issues, Melanne Verveer, was in India last week to launch a dialogue on women's empowerment, and I know she found her engagement with entrepreneurs, activists, educators and policymakers quite productive. From counterterrorism to nonproliferation education and agriculture, science and technology and women's empowerment, our cooperation reflects the depth and breadth of the relationship between the world's two largest democracies.

It also illustrates the deep connections not just between our governments, but more importantly, between our societies and our people. Let me conclude with a simple observation: Few relationships around the world matter more to our collective future or hold greater promise for constructive action on the challenges that matter most to all of us than the partnership between the United States and India.

That doesn't mean that we will always agree, because we won't. That doesn't mean that we can always avoid mutual suspicions or misunderstandings, because we can't. But together, we can build on the solid foundation that already exists an even stronger partnership that serves not only the interests of our two countries, but the rest of the international community. That is the sense of possibility that awaits Prime Minister Singh in Washington next week, and that is the sense of possibility that the Obama administration is determined to make an enduring reality in the new era unfolding before us. Thank you very much. (Applause.)

MR. PERKOVICH: Secretary Burns does have time for a couple of questions, so let me take hands. And when I call on you, please explain your affiliation. Let's start back there with that gentleman, and then here.

Q: Hi, Brad Axelgaard (sp).

MR. BURNS: Brad, nice to see you.

Q: Thank you, sir. Sir, just a word about possibly expanding the perm. five to include India to strengthen the United Nations to address the 21st century?

MR. BURNS: All right, well, the United States has been very clear for our support for reform and the possible expansion of the Security Council. That's a process that's underway and we're in the process of consulting with a number of partners around the world and at the U.N. about that.

In general, as I said in remarks, India is obviously playing an increasingly influential and important role on global challenges that's been reflected in the role that it's played over the past year

in the G-20. And so we certainly look forward to working with India as it expands that role in a whole range of international institutions in the years ahead.

Q: Ambassador Burns, Aziz Haniffa with India Abroad. There has been some heartburn in India regarding the fact that President Obama's speech on Asia didn't have any mention of India, insofar as India being part of the whole vision of Asia and Asian security, et cetera, and following that, also the joint statement and the remarks that China and the U.S. would be sort of keeping a watch and hoping that India and Pakistan resolve their differences, et cetera.

Is this, sort of, too much paranoia? Is this too much hype in the sense that China and the U.S. seem to be now looking over, sort of, South Asia and hoping to resolve South Asia's differences?

MR. BURNS: Well, I mean, the short answer is yes. I think it is too much reading into statements. And I'd just make several quick comments. First, I think the clearest indication of the importance that President Obama attaches to our relationship with India is what I mentioned in my remarks. The first state visit of his presidency comes from Prime Minister Singh.

Second, of course the United States is interested in pursuing the best and healthiest possible partnership with China, but that doesn't' come at the expense of other, increasingly important partnerships, particularly our partnership with India, again, for all the reasons that I mentioned in my remarks.

The reference in the joint statement – the joint U.S.-China statement – with regard to common international concerns – collective concerns about Afghanistan in particular, I think is a very straightforward expression of reality. We look to China, just as we look to India and many other countries in the world, to contribute to stability in Afghanistan. And as I said before, we welcome very much India's contribution in Afghanistan.

MR. PERKOVICH: One more – this gentleman in the back, there.

Q: Buster Clune (sp) with the Associated Press. I wanted to ask a question about a country that India and the U.S. have concerns about, and that's Burma. Secretary Campbell mentioned recently that the U.S. reserves the right to strengthen sanctions if the dialogue policy doesn't turn out to be the way that is going to spur change.

There are apparently parts of the JADE-Lantos Act which would target specific banks that hold Burmese generals' monies in Asia. I wanted to see if, as the administration goes along with dialogue, if targeting banks that hold Burmese funds is part of the policy that you guys are considering. Thank you.

MR. BURNS: Okay, so it's a good question and I don't – in my answer, I don't have a lot to add from what you've already heard from Secretary Clinton and from Kurt Campbell on that issue, except to say that we do look forward to continuing to consult closely with our Indian partners on the general issue of Burma, as well as a whole range of other issues in Asia.

MR. PERKOVICH: I'm going to have to bring this part of the panel to a close in order to let Secretary Burns get back to the state's business here. But I do want to remind all of you who had

questions, or who might generate them, we have an outstanding panel coming up directly after this and so I'd urge you to hold your questions for that panel as well, which I think you'll all see is absolutely first-rate. So with this, let me thank Secretary Burns. (Applause.)

MR. BURNS: Thank you.

(Break.)

ASHLEY TELLIS: Well, let me welcome all of you. Once again, my name is Ashley Tellis and I'm a senior associate here at the Carnegie Endowment, working on a variety of issues relating to South Asia. Let me start with an administrative requirement. I believe I'm required to ask all of you to shut off any communication devices you may have because they appear to interfere with our communications and recording systems. And I'm also told it's not sufficient that these things be on mute, but actually have to be shut off. So I'm sorry for the inconvenience it may cause, but if you could do that.

I want to welcome all of you again to this discussion this morning on the state of U.S.-India relations on the eve of Prime Minister Singh's visit to Washington. We have with us a very distinguished panel of scholars and public policy analysts today. They also happen to be my friends. I learned a long time ago during my years in Chicago that you can never do badly if you pack panels with your friends. And so I decided to follow the first rule of Chicago politics and make certain that the people here are people who I knew very well.

Apart from that, however, every one of them has a very distinguished record of scholarship and public service. I commend to you the biographies that have been placed, I believe, on your sheets. You can see the details. I will just say, very briefly, a few things about the individuals here today just to give you a sense of what we have.

Let me start with Ambassador Tesi Schaffer, who spent a career in the U.S. State Department and has been old South Asia hand with extensive experience in the region. She ended her career as deputy assistant secretary of State and is director of the Foreign Service Institute and today runs the South Asia program at CSIS.

To her right is Evan Feigenbaum, whose distinguished career in public service is also recorded in the biography, but I want to say something that is not recorded in the biography. In the last year of the Bush administration, Evan played a critical role in pulling together all the things that had to be done to complete the civil nuclear agreement before the Bush administration exited office. And I think it will be quite safe to say were it not for the energy and the dedication that he brought to the job, that agreement might have been left incomplete on January 21st of this year.

I want to end by introducing my old friend, Raja Mohan, who is currently the Kissinger chair at the Library of Congress but is better known to most people as India's foremost strategic analyst who combines a very keen sense of the realities of Indian politics with a fine theoretical sense of international relations. Raja's actually working on a book right now, looking at the future of maritime security competition in the Indian Ocean. And so I'm delighted to have all three of them today here present at the panel.

I'm going to speak for a very few minutes this morning just to broadly summarize what is in the two policy briefs that you should have received. Let me start off by saying that briefs essentially argue that the bilateral relationship between the United States and India today is incredibly broad and diverse and spans issue areas that were unbelievable as little as a decade ago.

You heard Secretary Burns lay out in great detail today the expanse of that relationship and the diversity of that relationship. In fact, the point I make, I think, in the second brief is that what we are likely to see in the years to come is the dominance of ordinariness that is so much happening in so many areas that it is often easy to obscure the fact that this relationship actually has a great deal of substance.

The extensiveness of this engagement received a very sharp fill-up (sp) when Secretary Clinton visited India earlier this year. And I think it will be confirmed when Prime Minister Singh comes to the United States next week, simply in terms of the programs and initiatives that will be announced by the two sides.

However, I make the point that although there will be a great expanse – a great expansion of our interactions in the area of low politics, what will be important to sustain the transformation that the administration seeks, that the Indians seek and both countries desire will be to continue to pay attention to the issues of high politics.

And the issues of high politics here are issues that essentially impact the national security in both countries. I see that as being a very critical necessity if this relationship is to sustain itself. And there are three reasons for that judgment. I see India today as still being primarily a consumer of security rather than a producer of it. And because it will continue to remain a consumer of security because of its own relative weaknesses for a long time to come, the imperatives of getting high politics right become even more urgent.

The second reason why I think high politics will retain pride of place is because U.S. actions in critical geographic and functional areas of importance to India have a very high impact on Indian security.

And so that's another reason why India will continue to remain very focused on issues of security. Third, there is still considerable uncertainty in India about America's own strategic direction and particularly in regards to policies that have a direct bearing on Indian security. And so for all these three reasons collectively, I will argue that the Indian concerns about high politics will continue to remain prominent.

And these will be manifested in of course, the old concerns about whether the United States is sufficiently committed to maintaining a favorable balance of power in Asia, whether the United States is committed to combating terrorism, not only with respect to groups that affects its own interests, but also Indian security.

And finally, where the United States will continue to pray – play, sorry – (laughter) – I hope it prays as well, but whether the United States will continue to play the appropriate role in India-Pakistan relations, particularly with respect to Kashmir, which continues to remain neuralgic for Indian policy makers.

I think that our uncertainties that exist in each of these three areas, despite the fact that there is great potential for cooperation. And therefore, I think the prospective visit will be important for many reasons. First, I think it will give both sides the opportunity to clarify for the international community that they have a strong commitment to sustaining the transformation that has been achieved in the bilateral relationship.

Second, I think it provides both sides the opportunity to assure each other that their fundamental goals are still, in fact, aligned. And third, it will provide both sides the opportunity to build on the complementarities that they all know exist in the bilateral relationship. The secret of success, however, is still going to be the question of whether there is enough strategic convergence on these issues of high politics, which will continue to dominate the relationship for the reasons that I mentioned.

So on that note, what I am going to do is invite my fellow panelists to offer about 10 minutes of remarks, if they might on the broad subject of the U.S.-India relationship. And then I want to open the discussion to the floor. We will start with Ambassador Schaffer first and then I will invite Raja and then end with Evan Feigenbaum. Thank you.

TERESITA SCHAFFER: Well, thank you very much, Ashley. You're always a hard act to follow. I think I get to bat first in part because I was in Delhi last week, which I guess makes me the most recent returnee, at least at this table. What I found, unlike previous visits to Delhi, was that there wasn't one subject of conversation that kind of hit you in the face.

And I suppose in a way that fits in with the message that we're getting about the visit of Manmohan Singh and in some respects, about the relationship that we're doing breadth and we've been fairly selective in where we've done depth. And that's where, I think, we need to devote some attention.

The economy is doing, all things considered, reasonably well. The government is feeling good after a string of by-election victories. Where are we going in the strategic relationship? Let me divide my comments into three parts. The first is the bilateral, which has been, generally speaking, the big success story of the past 15 years.

We've taken it from thin and boring to broad and busy and in some cases, important. I would say for starters, that the chattering classes in India are still nervous about Obama. There's a certain amount of Bush nostalgia, some of which glosses over issues they're worried about with Obama, which would have been at least as serious, if Bush had remained in office. And I'm thinking particularly about the relationship with Pakistan.

But there is this sense that Bush had an emotional commitment to the relationship with India. Obama has a cerebral one and is moreover being eaten away at by our domestic issues and of course, by the problem of Pakistan and Afghanistan. This administration is developing its own mechanisms and vocabulary.

What you find through the years is that administrations tend to do a lot of the same things but they articulate them differently. We now have five pillars. We have somewhat fewer dialogues, but we have a flurry of high-level activity. The week I spent in Delhi, other visitors included

Secretary of Energy Steven Chu, Anne Bravere (ph) whom we just spoke about and Ellen Tauscher for the launch of the strategic dialogue.

The nuclear issue in particular, the clean-up work for the nuclear deal, in particular, is a bit of a question mark. Negotiations have started on the enrichment and reprocessing issues. Sites have, of course, been identified of the – for the plants to be supplied by the U.S. There is considerable concern that the thrust of administration policy is elsewhere. I think, actually, that there is an opportunity to reexamine how the nonproliferation system, writ large, operates.

And Secretary Burns' remarks that referred the hope for India's active participation, I think, has to be based on the concept that there will be a change in at least the modus operandi, if not the technical requirements for a number of the institutions that taken together, make up the nonproliferation system.

We haven't, I don't think, addressed that issue internally, much less with India. I think it's important to get going on both of those. Second point, regional – and there are really two concepts of the region, both of which we need to tend to. The first and most traditional one, of course, is South Asia and that, for the moment, is primarily Afghanistan and Pakistan.

I would guess that what Secretary Burns said about welcoming India's role in Afghanistan and wanting to engage seriously on this issue will be very welcome in Delhi. It's quite clear to me that the prevailing view in Delhi is that the U.S. needs to stick this conflict out – details not supplied.

But there is great uneasiness about the possibility that the U.S. wouldn't be there and that therefore, there essentially wouldn't be any counterweight to Pakistani influence in Afghanistan. Of course, the other pressure on U.S. policy is Pakistani sensibilities, some would say paranoia, about even Indian cafeteria workers being secretly intelligence agencies bent on mayhem in Baluchistan.

So it's a significant issue, but that is an issue on which I do hope the two leaders will engage because I think long term, this is important for us. The other concept of the region, though, is the area that kind of starts in the Persian Gulf and goes over to the Pacific, but particularly, the Indian Ocean and East Asia.

I think the rest of my fellow panelists are among the brave few who will continue to argue that Asia actually extends further west than Burma and includes a large downward-pointing triangular landmass – (chuckles) – with a whole lot of people in it. China and India are going through a bad patch.

China has been much more publicly assertive about its claims in the disputed border. They have focused on Arunachal Pradesh, which happens to be the only part of the dispute where a significant number of people live. In the view of senior Indian officials, they have picked out this area in part because they wanted to have a significant active claim to put against India's continuing arguments about Aksai Chin which is basically a frozen waste, interesting primarily because there's a road through it.

There is some questioning about whether China is taking advantage of the U.S. preoccupation with Afghanistan and internal finances to push India around. They've noted that China has begun issuing visas to Kashmiris on a separate piece of paper rather than on the – in the

passport. So this is a time of considerable concern about China even though the economic relationship between India and China is big.

One of the complications we have in dealing with this is that for the U.S., we have put China and India in different mental categories. In most parts of the U.S. government, they're handled by different people. Both – the Hillary Clinton trip at the beginning of the administration and this week's Obama trip were characterized as trips to Asia.

But they were trips to a particular part of Asia. The vocabulary isn't all that important. The problem is that we need to bring these two parts of our brain together. I think we actually need a little bit of vision thing in the relationship with India. Bill Burns gave us some of it but I think that the concept that there is a kind of power architecture, if not an institutional one in Asia, as we would define it, that – in which we have a strong interest and that the relationship with India is a critical part of this.

Let me finish up very quickly with the multilateral. Here, we have a mixed record so far and I would say that both the United States and India have chips on their shoulders. The best multilateral engagement has been the G-20. India is not a major player in international finance, but in its big gold sale to the IMF, it made itself a player, I mean outside the G-20 room.

It's a small, discrete gathering. No press in the room. You get a chance to think about what you're going to say to the press before you go out of the room. Indian team is headed by a serious economist. So it's not surprising that this has been the most productive and harmonious engagement.

Trade in India has tried to change the tone of voice. I actually don't think this is going to matter very much, principally because I think the politics of trade in the United States are absolutely horrible and that more or less, no matter what the Doha Round does in the short term, it will have very little forward momentum in the United States and consequently very little forward momentum anyplace else.

Climate change and nonproliferation are the two. I've already said what I wanted to say about nonproliferation, which – where I really think that we need to start thinking about how the system gets focused on the clear and present dangers and how to change the vocabulary and the modus operandi so that it becomes really a viable proposition for India to be an active participant.

On climate change, you actually, I think, have two tendencies within the government of India. I would hesitate to call it a split, but there's certainly two very different styles. The environment minister is trying to position India as a deal-maker. The special envoy is taking a very hard-line negotiator's position.

The fact that ambitions for Copenhagen have been ratcheted down, gives us both some time to work on this. But I would suggest to you that looking beyond the immediate issue of climate change and looking towards what India's role in the world is going to be, watch this space. Watch the process of India figuring out how and to what extent it can actually become part of the deal making, rather than saying no and standing aside until the stars look somewhat better aligned.

The second has been the traditional posture for some time. It's quite understandable in a country which historically has not had the power to really shift the international dynamic. But that's changing. It's an uncomfortable transition to get into the deal-making business. I think it's one that's going to come and I think it's worth, in some sense, making a bet on. But it's not going to be an easy process.

MR. TELLIS: Thank you, Tesi. I would also just call to attention something I meant to mention in the introduction – that Tesi has recently completed a book on the U.S.-India relationship and it's truly a quite masterful survey of where the relationship stands and it's something that I would direct to your attention if you get a chance to take a look at that. Raja?

RAJA MOHAN: I think of the unhappy task of being the skunk at the garden party of the India-U.S. relationship. (Laughter.) Having sounded the bugle for this relationship in the last many years. As (inaudible) detect uncertain notes in the trumpet at this point. And I think we need to pay attention why there are uncertain notes in this great trumpet that is playing at this point of time. Tesi talked about the Indian wariness, suspicion, fear of this administration.

So I want go and explain some of those and why those fears must be taken into account and that there is a danger that this administration, most probably inadvertently or unintentionally, could create certain complications. Because I think it's with great difficulty – I mean, I think many people who know this relationship know how long it has taken to build the trust between the two sides, to create the working environment where we could work – we could do things which were unimaginable 3 years ago, 4 years ago, 5 years ago.

But if you lose that trust of the environment, it's going to be dangerous and I think that's the reason why I want to point to the potential dangers of this point as we celebrate the actual extraordinary moment in the bilateral relationship. I want to address just two sets of issues and I think one, the first set, is on the bilateral relationships with Pakistan and China. And I think that's a centrally – both are today– are not marginal issues.

They're very primary issues for India and for the United States as well, today, given what the U.S. priorities are, but in the global level as well as in the regional level. On the bilateral question, I think on Pakistan, Afghanistan, Pakistan, et cetera, those of you who have heard Secretary Burns, it was quite clear. I mean I think he gave – even without anyone asking the question, he gave the right answer – I mean, that the suspicion in India that the U.S. wants to mediate in Kashmir, that's not true, that the U.S. is not going to meddle into the issue and that the U.S. would let India and Pakistan do this. And I think that's the – absolutely the right way to go forward. But my sense is that – it is more than just stated positions.

India always says, well, we don't accept any third-party mediation. U.S. always says, look, sometimes, depending on the situation, we encourage India and Pakistan to resolve the bilateral disputes taking into account the wishes of the people, blah, blah, blah. So that's the stated position, that they can leave it to the diplomats. And I think the complication is, much of the agenda that today we are talking about of expanded cooperation in the region is complicated by the Pakistan factor.

And I think that's something that we need to recognize, up-front, straight, and to deal with it rather than try to skirt it around because I think one of the worst things we can do is to you know,

keep the reservation in mind while actually writing these nice-sounding sentences so that you solve the problem for the moment but actually deepen the mutual suspicion.

My sense is, whether it is counterterrorism cooperation, whether it is India's role in Afghanistan –how much more can do— you heard Secretary Burns was talking about a larger role. All this is being constrained in the U.S. mind that, should we let India do more in Afghanistan, would Pakistan get upset? Should India help with security forces - doing something for security forces in Afghanistan? What might Pakistan think? So it is at every state – I mean, whatever India does in Afghanistan, there is an issue in the American mind of what Pakistan does.

So there is an inbuilt veto that has been created, now, for –without even Pakistan having to assert it— that the veto is in Washington itself – that, let's look, don't, keep these guys out. You know, it's all right that they're putting money but don't let them come anywhere near the security issues. So I think that is a real issue.

And second, in terms of the unstated assumption that somehow if India and Pakistan do something or the U.S. can promote the process that would help deal with America's problems in Afghanistan. That again, I think, the lesson they learned from the Bush administration. It's that the non-intervention by Bush in the India-Pakistan issues actually created a window for the most successful phase of India-Pakistan negotiations – the 2004 to 2007 phase, where, actually significantly back-channel negotiations had taken place between India and Pakistan on Kashmir.

And even today – I mean, those of you who have seen the headlines in Indian papers today, it is my paper which for I write – the "Indian Express" – the headline is, there is a back channel negotiation going on with the Kashmiri groups in India. And that those Kashmiri groups are actually in touch with Pakistan.

So we have the Indian prime minister actually signally significant commitment to peace process and the most difficult issue, the Kashmir question at home and with Pakistan. So I would say any U.S. bumbling into this or you know, stumbling into this is going to make it more complicated rather than solve the problem. So I think this is an important cautionary note and I think that must be kept in mind.

Second, is also in relation to Pakistan-Afghanistan. Even our bilateral counterterrorism cooperation can expand significantly. It has expanded significantly since the Mumbai attacks but there's still a fear, a limitation in Washington that look, how far can we go? Should we go far enough to address those concerns?

So I would say there are two options here.

That is, you constrain your cooperation with India because of Pakistan's instabilities or we recognize together, look, our common interests in Afghanistan and Pakistan – we have shared enemies, if you want. The people who are trying to get us both are truly interlinked. And that without having to be hostile to Pakistan, India and the U.S. can rethink the future of the subcontinent, rethink the future of Pakistan and Afghanistan. And if you see it that way, there is a huge room for cooperation between two.

Second set of issues in relation to this bilateral is the China question. We had a question – Aziz had asked the question to Secretary Burns. Now, Indians are textualists. You know we love words and we are all – just as Americans are lawyers, we are textualists, we're Brahmans, we've kind of been literary for a long time, and Americans are lawyers.

So now, when we read a piece of paper signed by the President in Beijing which says China will be – U.S. and China will kind of promote peace in the subcontinent, I would have laughed at this but for the fact that it has been signed by world's number one, number two powers. I mean you'd think Pakistan – China is part of the problem in South Asia. We have a boundary dispute. We also have boundary dispute that covers Kashmir. A lot of the Indian rhetoric on bilateral apart, it's actually a trilateral dispute. The Chinese are sitting right in Kashmir, in Aksai Chin and parts of Ladakh, if you want to be precise.

So of saying, as if somebody's doing a laundry list in Beijing, okay, tick off East Asia and Northeast Asia nonproliferation, blah, blah, blah; South Asia, let's put another tick mark. Now, come on. I mean, this is – to anyone who thinks – anyone who knows South Asia that here is China playing a balancing role between India and Pakistan, supplying nuclear weapons technology to Pakistan and openly balancing India with Pakistan.

And you want to say, look, welcome the fox into the chicken coop? Now, we've always said – Indians have always said, look, we don't want to build a relationship with the U.S. in terms of hostility towards China. So last 8 years somebody's been telling us, look, you are being supported because you are against – we're building you up against China.

Now suddenly, we're told, actually, we're building up China to put you down. I don't know which one is true, but we don't care, really. I think what we want to build a relationship with the United States that stands on its own merits, not as pro-China, anti-China. Certainly, we don't want to be a pawn against the Chinese.

At the same time, we don't want to be subordinate to the Chinese in South Asia. There's no question of India accepting a subcontinent role. And America should recall that, look, that India has survived the Sino-U.S. rapprochement, Sino-U.S. alliance in the '70s and '80s. So it's nothing new to us. So if it comes, we will manage it. That's not the issue.

But I think if you push this kind of an argument that China will be brought in to manage South Asia – you know, my phone was ringing a lot yesterday from Delhi. I told them, look, don't take everything this administration says seriously, in that this is work in progress. There are competing ideas and interests in the first year of this administration. So don't get literal. You read a piece of paper.

And that this thing is working itself out in Washington and that we must give time for the new administration. But – and I think there is a pointer here that there is danger of seeing South Asia or India through the prism of China and I would merely caution against it. And I think if you look to the future, there are many areas where India, China, U.S. can work together.

I think we can work together on Pakistan, I would say, in promoting peace in the region, in various parts. But it should not that China is brought in to supervise India because if you want to

compensate for the joint statement, of course, you could say India and the United States call on China to peacefully resolve its problem with the Dalai Lama.

That could be a nice sentence, no harm. Or you could say India and China – India and the United States call on China to resolve all its maritime disputes peacefully in South China Sea because it's very important for the freedom of the high seas. Sounds good. Check one more box. But nobody's going to take it seriously in Beijing, just as no one who's a competent professional is not going to take what has been said about South Asia seriously in Delhi.

So I think we need to bring back that seriousness, that if India, China, U.S. are going to be the three largest economies of the world, there are things we're going to do but we should be careful in how we construct those propositions and I think that's important. That brings me to the second set of issues which is on multilateral issues, which the second segment of Ashley's paper actually deals with it quite significantly.

Here, just as Bush administration seems to have given a bad name to unilateralism, my fear is that the Obama administration might give a bad name to multilateralism. Now, having raised the expectations on climate change, on nuclear disarmament, anyone – I sit in Capitol Hill and see what's going on up there – anyone who looks at the disposition of the current situation must be crazy to think that the promises that this administration has made to deliver on climate change, international trade and on nuclear nonproliferation – I mean, I see most of them dead on arrival, as the famous phrase in Washington.

It's going to be dead on arrival. Right now, there is no consensus in the U.S. political system to move forward on climate change except saying China and India should do something about it. There is no consensus in the United States on whether they should sign the CTBT or not. I'm not sure if the president has 60 votes, or 67 votes, actually, to be precise, to get CTBT ratified.

MS. SCHAFFER: He doesn't, today.

MR. MOHAN: Yeah. And knowing – given what's happening, I'm not sure whether he's going to get them in the next 1 year, and how much capital he has, actually, to pursue this. So I would say the danger is U.S. today sounds a lot like what India used to sound 20 years ago. Problem? Let's go to the U.N. You have another problem? Let's do a treaty – new international economic order, new international political order, new international information order.

We used to be the great ones for new orders because nothing ever – zilch came out of that. So I would say the emphasis should be on India-U.S. working together to produce positive outcomes that make a difference to the world, not the treaty-based approach that seems to be, after 8 years of rejecting treaties, and now we see us swing the other side, everything is a treaty negotiation.

To get nine countries to stop testing – eight countries – you want to go through the multilateral route of the CTBT. To stop eight countries from producing fissile material, you want to negotiate for 65 countries. That route, even by reasonable estimate, is going to take at least 10 years. Now, so is it more important to negotiate treaties? Or is it more important to produce outcomes?

I think both on climate change and on nonproliferation, to that post-nuclear deal, our interests are the same – for example, on nuclear terrorism, on securing materials, on stopping illicit trafficking like PSI. So I would say let's focus on getting – signing off on these things rather than trying to do this multilateral approach to Indo-U.S. relations.

So I think it's a bit of a – somewhat of a strange at that I hear this – since I came the last two months ago, everyone thinks multilateral issues are the primary issues between India and the U.S. Now, since when in the world has bilateral relationship is going to be driven by multilateral issues? They're important today.

We have big challenges, global challenges, but they must be worked together and I think promoting technologies that will mitigate global warming or doing things to get an arms control – those are far more important than this idea that everything is going to be done in Geneva, Vienna and New York, who are three cities whose record of production of credible products is almost next to nothing.

So I would say let's focus on bilateral, credible, clear things we can do that will make a difference on the issue of global warming, around the issue of nuclear disarmament rather than going down this route. So let me just conclude with one thought that the Americans are known for pragmatism.

It is Anglo-Saxons who are known for pragmatism but what is seen today is the expansive emphasis on ideological positions. We used to be like that. Too much ideology – too little pragmatism. I would say that the emphasis we must come back to the emphasis on pragmatism, practical cooperation rather than framing our relationship in grand, ideological certitudes of the kind that you hear today.

And I think the more we return to – the more simpler versions of pragmatism, practical detail, consequential decisions, I think we're going to do a lot better than trying to construct a very grand schema for the Indo-U.S. relationship. Thank you.

MR. TELLIS: Thank you, Raja. Evan, please?

EVAN FEIGENBAUM: The advantage of going last is that you can react to your fellow panelists and you can also try to avoid saying things that have been said before, although I think there's a lot of consensus, actually, among this group and so you'll probably hear some things from me that sounds similar to things that you've heard from Raja and Teresita.

President Obama took office in January at the back end of what I see as really an utterly transformational decade in U.S.-India relations from the late 1990s until the completion of the civil nuclear agreement last year. And so he took office, really, in a position to reap the harvest of that transformational decade. And that's not just a function of his own choices. It's a function of the choices that the United States and India make together.

But as with all transformational moments, there are opportunities to be seized. There are challenges to be managed. So I'm going to do three things. First, I want to say something about the opportunities, I think, that are there to be seized if the two governments act with wisdom and foresight. Second, I'll just say something about the challenges because I think as you've heard from

Raja but from everybody, there are challenges. And even Bill Burns, I think, acknowledged this quite forthrightly when he said there are things we disagree on.

And so the question is how will we manage those disagreements going forward? And then third, I want to make an observation about what I think is really going to be the principal determinant of what happens in the U.S.-India relationship going forward and I think that thing is largely incidental to the U.S.-India relationship and really is situated much more in India and in Indian choices.

So first on the opportunities. It is, as I said, the end of a transformational decade. And so the good news is that President Obama inherited a relationship in which the principle obstacles that had hindered U.S.-India relations in the past really had been cleared away. And this is something I say almost every time I speak. It's something I write almost every time I write on U.S.-India relations. But it bears repeating.

You know, if you think about this relationship, not so long ago, as Ashley said, there were obstacles that really hindered both strategic cooperation but also in many ways, the economic cooperation that has come to characterize so many aspects of the relationship. And as I see it, the obstacles were three.

The first was the Cold War because India's nonalignment didn't fit easily with American world views. It didn't fit easily with a world in which Americans were looking for partners who would choose sides. And in fact, India's nonalignment was widely seen in the United States as a kind of quasi-alignment with the Soviet Union. And so the end of the Cold War meant that India began to reassess for its own reasons, its own options and strategic choices. And so that created possibilities of convergence with the United States that really, in many ways, were unthinkable prior to the early 1990s.

Now, the second obstacle, as I see it, was the almost complete lack of economic content to the relationship. And again, this was partly structural but it was also partly a function of, I think, India's choices about its own economic development. India was not a place that was particularly friendly to American investment. This was not an economy that was especially open to – or integrated into the world.

And in fact, if you think about the development, we were talking about Asia, of the East Asian economy, some of the most successful Asian economies, these are economies that really developed based on integrated supply and production chains. And even today, although the situation is changing, India is not so much a part of the supply and production chains.

But with economic reform in 1991 and follow-on reforms thereafter, India made choices that made possible a different kind of economic relationship. And so there's economic content to the relationship now in a way that there simply was not, once again, in the early 1990s or before. And that's important because while the economic relationship is not of China-like proportions – I hate to makes these kinds of comparisons, but I think with President Obama in East Asia, there's been so much talk about the economic dimension of the relationship.

But you know, if you look at the data, India's one of America's fastest growing trading partners. I think the data from 2004 to 2007, two-way trade in goods and services went from

something like under 30 billion to just under 60 billion. I'd seen other figures that are lower than that so I guess it depends on how you count it.

MS. SCHAFFER: That's just goods. Services adds another 20.

MR. FEIGENBAUM: Well, there you go. So the point is that India's one of the fastest growing trading partners that the United States has. It flows in both directions. It's not just American investment into India. You look at companies like Essar that bought Minnesota Steel. There's FDI from India flowing into United States.

So again, one of the big structural impediments that really hindered the relationship in the past has been cleared away. And so Bill talked a lot about the economic relationship we're building now on a transformational decade in India and in the U.S.-India relationship. And so the president and the prime minister are in a position to reap the harvest of that.

The third obstacle – and of course and in many ways, it was the biggest was the nuclear issue because whatever American may have thought or not thought about that deal, it is very clear that from an Indian perspective and on a completely nonpartisan basis in India, there was a perceived contradiction between American talk about a strategic partnership with India on the one hand while the United States made India a principle target of its nonproliferation sanctions on the other.

It was widely seen in India as inconsistent and hypocritical. The current administration, of course, had made improvements to U.S.-India relations without trying to address that central challenge in the way that its successor did. And so that obstacle also has been cleared away. And so President Obama took office in January in the position to reap the harvest of a decade that really cleared away the principle obstacles to the relationship.

So it seems to me – and here, I'm going to echo but Teresita and Raja, but I think Teresita, in particular, you said this quite explicitly. The challenge now is really for this relationship to explode the boundaries of South Asia. And by that, I don't just mean de-hyphenation, that phrase that we all talked about because the reality is whatever America may think or whatever strategic concepts America may or may not have in its foreign policy, it's India's economic success above all that has created the reality of de-hyphenation.

India has put itself on a trajectory through its choices that has diverged utterly from the trajectory that Pakistan has been on. Pakistan's not in the G-20. Nobody talks about a Security Council seat for Pakistan. Nobody talks about Pakistan as influencing the course of economic and financial events around the world. And so India's choices mattered greatly.

And so what that means is that for the United States intellectually, but also operationally, it is high time to think about India as more than just a South Asian power but as a country that, as my fellow panelists have said, can help to maintain a balance of power in Asia and foster a concert of power globally.

And that sounds internally contradictory, but it's not. Teresita and I were talking about this a little bit before but the challenges at a global level are challenges that all major powers face equally, including China, including the United States. And so the challenge is to foster a concert but also to think about India in an Asian context and not just a South Asian context.

For India, it seems to me there's some challenges to that too. And in fact, the United States and India have tried to do this but we haven't had a terrific history of thinking about our conversation or actually acting on a conversation that exploded the boundaries of South Asia. You know, for all the talk about the U.N. Security Council and it came up in the questions that were asked to Undersecretary Burns, the G-20 means that India has a seat at the top table of international relations because the decisions taken in Pittsburgh at the last G-20 meeting essentially supplanted the G-8.

And so whatever the debates are and however the debates play out about the Security Council or the G-8, whatever comes of the G-8-plus-5, India is in a position, as so many other Asian countries have done but especially big Asian powers like China and Japan to leverage its economic success into greater global clout. And the G-20 is one instrument through which it can do that and the question is how it will do that.

But India's choices and America's choices intellectually and operationally are going to matter greatly in determining whether and how this relationship explodes the boundaries of South Asia. And as I said, that is not simply a function of de-hyphenation. It's a function of the choices we make going forward and the intellectual maps that we bring.

Challenges – there are challenges because the United States and India disagree on some important things and Ashley's brief talked about some of these – Raja mentioned some these, Teresita mentioned some of these. But maybe it's most useful to try to illustrate these with a couple of examples because I think the challenge really is how do we manage these disagreements toward compromise if not consensus? At least toward compromise to ensure that some of the old acrimony that characterized the relationship doesn't come back?

And just three examples that stand out for me and they're not exhaustive. Climate, Af-Pak and something – and bilateral dialogues, where I think in some ways, we've talked past each other and so the issue isn't just what dialogues you have but how you conduct the dialogues. Now, climate, we disagree on some aspects of climate but I think it's important to be clear about we agree on and we disagree on.

We don't disagree that climate is a challenge. We don't disagree that climate is a problem for the international community. And for that matter and most importantly and I think Ashley, you got at this very nicely in the brief, especially the second brief. We don't disagree on the supply side of climate. The idea of technology-based initiatives to mitigate climate impacts is utterly uncontroversial in both the United States and India.

Shyam Saran was here not so long ago, talked about a national climate action plan. Even in the Bush administration and so many people are critical of President Bush's views of climate, the legacy of that administration on climate, whatever you may think about that, there were a variety of multinational technology-based initiatives on the supply side that emerged even when President Bush was in office.

And India and the United States are members of all of those. So whether it is a carbon sequestration initiative or it is an international partnership for the hydrogen economy or it is the international thermonuclear reactor or it is a variety of other initiatives. On the supply side, there is

no controversy between the United States and India. And so the challenge comes on the demand side, when we start talking about mitigating impacts through emissions reductions and targets.

The Indian position is changing in ways that I think are interesting. Watch that space. As Teresita said, there's debate. But – and here I think the British makes this point nicely. I think the immediate challenge is really to pursue innovative bilateral initiatives on the supply side that provides some ballast to U.S.-India relations amidst the controversy multilaterally on the demand side.

And frankly, you could say the same thing about other areas where we've had multilateral disagreements in the past. Take something like trade. We are not going to agree on the near term on Doha and I've done some work at the Council on Foreign Relations more in an East Asian context, but the reality is that there isn't – in part because of choices the United States is making or not making right now, there isn't going to be a Doha deal in the near term. But that doesn't mean, as with climate, that we can't pursue innovative, bilateral initiatives, like, for instance, a bilateral investment treaty, that provide ballast amidst the multilateral disagreement.

Af-Pak – different sort of challenge but a challenge – and my fellow panelists alluded to this – where we don't always disagree. And just to put it bluntly, there are the issues that Raja and Ashley and others have raised about the choices the United States makes about what the administration has termed "a regional approach" to this issue. How does India fit or not fit into the administration's thinking about that?

And I would urge my government to exercise some caution because, as Raja said, and as I think Ashley and Tesi would agree, India and Pakistan have done quite well at various junctures, including recent junctures, without American help. At least, without the sort of American help that I think some contemplate here in the United States.

But, the issues to innovate in include American staying power and if the United States doesn't have staying power, then India, for its own security reasons, will have to make its own arrangements. And that will have implications for American interests. And so I think that's something that is going to need to be watched closely but also managed very closely, especially as this review proceeds.

And I think the prime minister will be very interested to hear from the president what kind of future he plans; what are the results of this policy review; what are the next steps; and in particular, how much staying power does the United States have and how does the United States envision the way forward?

The last point I'd make – and it's a more mundane point but I noticed in Bill's remarks and he mentioned Secretary Clinton's remarks back to the U.S.-India Business Council a few months ago about dialogues. The United States and India don't lack for dialogues; I think when I'd left office, there were 36 U.S.-India dialogues. And I congratulate the administration on doing a terrific job of consolidating and streamlining those dialogues into a more discrete series of baskets.

But the challenge is not to rearrange the deck chairs; anybody can rearrange the deck chairs. The question is, what do we do in those dialogues and how do we conduct ourselves? And since Bill mentioned agriculture, I'll just highlight that. The agriculture dialogue between the United States

and India has been one in which, I think, in many ways, we've talked past each other. And so the questions are not just do you bring Secretary Vilsack together with Montek Singh Ahluwalia, two terrific and smart politicians and bureaucrats; the question is, what are we talking about and how are we going to do it?

Are we talking about the economics of agriculture, and particularly, the political economy in agriculture, where so many of the bottlenecks in India lie, but which is so politically explosive in India, or are we talking about the science of agriculture and the technology of agriculture?

Bill talked about the first Green Revolution – great partnership between the two countries. It was largely about science, and I think as we tried to foster a successor initiative to the Agricultural Knowledge Initiative last year – and indeed, the Bush administration tried to do this – one of the challenges that we ran up against aside from coming up with money and trying to figure out how to involve the private sector in more of a public-private initiative was how to ensure that the two sides were talking about the same thing, not just the science but the political economy because that's, again, where so many of the bottlenecks lie. And I think that's really going to be the challenge in that dialogue and in so many others.

Let me just make a final observation about what I think is really going to determine the scope and quality of the relationship. At the end of the day, frankly, it's India's choices domestically and the kind of India that emerges in the world. And that, in some ways, is incidental to the U.S.-India relationship.

You know, the government has been re-elected in India with a fresh mandate and an expanded parliamentary majority. And at least my reading – and I'm not the world's leading expert on Indian domestic politics – but my reading is that the government's priorities one, two, three, four and maybe even five are all domestic, and mostly involve economic and social issues in India.

It's things like restoring India to the growth trajectory that it was on before the global economic and financial crisis; it's things like the distributional aspects of growth – what some in India call "inclusive growth" – because that's an ingredient to winning elections in India but it's also an ingredient to making India a certain kind of power economically and internationally; it's power and roads and infrastructure; it's domestic security. These are the priorities and, at least, as my reading of it, somewhere around fifth place, you start to get into foreign policy.

And in some ways, when you get into foreign policy, it's a function of these domestic security issues. Now, that's too simple. Of course, the government is concerned with foreign policy, but I just think as I look at the way the prime minister and others have articulated their priorities, in many ways, they're domestic. And from my distinctly American vantage point, that strikes me as the right agenda for India.

You know, the United States ignored India as an international actor for 50 years, in part because it could afford to. The United States can't afford to ignore India as an international actor anymore. And at the end of the day, that is a function of India's economic success, and that is a function of the choices that India made that were entirely incidental.

So that template that Bill gave you in his speech – period 1.0, 2.0, 3.0 – that was about the U.S.-India relationship. But if that's your template, where's the agency for India and where's the

agency for Indian choices, because, I said the Cold War, but especially the lack of economic content in the relationship, have gone away because of choices that India made.

So if the United States takes India seriously in the world – and we need to and we have to and we're beginning to and we should – it is a function of India's choices, India's economic success, and it will be a function of the degree to which India can translate its economic weight into greater clout in the global system.

And so going forward, the space I really want to watch is the domestic economic and social space in India because quite incidentally to what happens next week or what happens into the U.S.-India relationship, India's destiny is really a function of India's choices, and I think India's on a rising path. India has restored itself to greatness.

I don't mean – India's always been great, but I just mean as a great power in the international relations sense of the word. And so the United States has to take India seriously. And I think you're going to see that next week. And so at the end of the day, I think that India's choices may matter even more than anything that the United States and India do together. I'll stop there.

MR. TELLIS: Well, I want to give the audience a chance to interact with the panelists, and so I'm happy to recognize you. Just, the first rule is wait for the microphone so that we can actually hear you, the second rule is identify yourself and the third rule is ask a question – briefly, if possible. Yes, sir.

Q: Judd Heriot, documentary filmmaker. I was interested to learn that there's a least one group in the world that has a nostalgia for Bush. Anyway, my question is concerning security – probable security negotiations between India and the United States. And there are two events which could provoke something in that area.

One is the collapse of the Pakistani state – as unlikely as that may be, it's still on everybody's mind. And second, another terrorist attack on India emanating from Pakistan – what would be the likely negotiations between India and the United States in the security arena on those two issues?

MS. SCHAFFER: I don't know about negotiations but, clearly, either of those contingencies would be a major security concern for the United States as well as for India. In the first case – in both cases, it's clear to me that there would be some pretty intense consultations with the United States.

The collapse of the Pakistani state is a contingency that people have been worrying about for a couple of decades. Pakistan is both more dangerous than it's sometimes been given credit for and more resilient. So let me be very clear that this isn't a contingency I consider particularly likely.

The thing is, contingencies short of that are going to provoke kind of contradictory reactions in both countries. On the one hand, if you see an increase in militant activity, a decrease in the Pakistan government's willingness to push back on the militants, then you're going to have an increased terrorist risk in the region, which, on the face of it, would be the occasion for the U.S. and India to talk about what they're going to do about it.

On the other hand, as long as the Pakistani army is intact and the Pakistani state is still functioning, the U.S. is going to have some inclination to keep most of that dialogue in U.S.-Pakistan channels. The difficulty we've had in talking about Pakistan with India – and this is something that was, I think, underpinning what Raja said – is that because we have an important relationship with both, there's a bit of reluctance to get into a discussion with Pakistan – what Pakistan sees as its existential adversary that could be construed as some kind of a cabal against Pakistan.

I think we need to figure out a way to do this. Now, part of the toolkit we need for that is an increased habit with India of talking about different parts of the world so that this becomes, in some sense, a normal thing to do. Obviously, the future of security of Pakistan is something of intense interest to both India and the United States.

MR. TELLIS: I'm going to try and distribute questions; I'll get back to – (inaudible, off mike).

Q: Dev Kar, lead economist at Global Financial Integrity. I'm working on a project which estimates illicit financial flows from developing countries. And according to the research we conducted at GFI, India ranks number five in terms of the highest amount of illicit flows from a country.

Now, up to, like, $27 billion are coming out – this is estimated – up to $27 billion a year are coming out of India in illicit flows – what are also known as capital flight. Now, this has also serious implications for security, I mean, because there's a link between terrorist financing and illicit flows.

I was wondering whether there is an avenue for greater cooperation from the United States and India in stemming illicit flows – for example, in the absorption of illicit flows in offshore centers and tax havens. What do you see as a possible avenue for cooperation in this particular area?

MR. TELLIS: One brave enough to take this?

MS. SCHAFFER: The short answer to your question is there ought to be ways of cooperating, but I think, in the first instance, this would be primarily in Treasury-to-finance ministry channels. I don't really know a lot about what's already gone on in that area. This is the kind of thing where the anticorruption people and the antiterrorism people have worked quite closely with their counterparts internationally. I have to assume that some of that's been going on with India, but I think you're asking for a level of specificity that none of us can supply.

MR. FEIGENBAUM: One thing is at least – (audio break) – government. Unless I'm mistaken, I don't believe India was a member of FATF – of the Financial Action Taskforce – and I don't recall precisely what the obstacles were there, because I didn't work at Treasury; I worked at State. But it seems to me that would be one venue through which the United States and India, at least multilaterally –

MR. TELLIS: Was the taskforce focused on terrorist financing into –

(Cross talk.)

MR. FEIGENBAUM: Again, I'm not enough – I know they'd look at things –

MR. TELLIS: They did some things bilaterally in the area of interdicting terrorist financing soon after 2001. But I'm not sure the extent of that. But this is something to keep in mind.

MS. SCHAFFER: The other point, of course, is that actions that third countries take have a major impact on financial flows. And I would cite the example of Pakistan, which initially thought it was going to take a financial bath after 9/11 and wound up having a dramatic increase in its foreign exchange reserves and a 10 percent-plus revaluation of the Pakistan rupee because a lot of the Hundee (ph) traffic – it wasn't illegal, but the informal traffic – had been forced into official channels.

MR. TELLIS: K.P.?

Q: K.P. Nayar from the Telegraph. I want to ask the panel a question about India-U.S. relations in the context of Afghanistan. Ambassador Holbrooke's current itinerary, if I recall right, includes Berlin, Paris, London, Moscow to be followed by Pakistan and Afghanistan on dates to be announced yet.

Given the fact that it's an open secret in Delhi that there's no love lost between Ambassador Holbrooke and his Indian interlocutors, what does the panel make of India's omission from this extended itinerary? Is this linked to what Dr. Raja Mohan said about the unstated veto in Washington on Afghanistan? Did Ambassador Schaffer hear anything about this when she was in Delhi?

MR. MOHAN: I don't think we should personalize this. I mean, I think there are ways in which, I think, whether Holbrooke comes to Delhi or not, this is the central issue. For India, the principle security threats emanate from the Af-Pak region. For the United States, you'd think the principle military security challenge at this point of time is Afghanistan and in Pakistan. So I think it is not a question of, you know – there are so many people these days here doing Af-Pak, so let's not get into that.

I mean, I think the question is, here is an area where, actually, we have merging interests; we have shared threats in this region. So I think we must find a way to talk to each of them. And I'm fully for it and we need to – and I hope the summit will create a basis to say, look, how do we work together in this region? How do we make sure that we defeat the terrorists and the extremist forces in this region?

Q: Thank you, Ashley. Good morning, my name is Nissim Reuben. I'm American Jewish Committee's program director on Indian-Jewish American Relations. Sir, for sure, during the upcoming visit, Iran will be discussed between President Obama and Prime Minister Manmohan Singh. And President Obama has been trying to get support from Russia, from China on this issue – you know, sanctions will be ratcheted up come December. What is your take on it, you know, about this issue? Thank you.

MR. MOHAN: I think on Iran, I mean, it's clearly – I mean, since this administration has come, this administration has tried to take a different approach to the Iran issue. And I think, to some extent, that also got tied into this internal turbulence that is going on in Iran. So the issue is at

the top and end of the American – top of the American list in terms of what it's going to do. But I don't India being a part of the problem in this case at all.

So I would think the U.S. has to make up its mind. Does it see changing the political relationship with Iran is more important, or fixing the nuclear problem with Iran more important? I think at this point, it is not clear what is the internal debate at this point. There is a process at the multilateral level, at the Security Council of how the U.S. should proceed, and the decisions are due on that. Meanwhile, the U.S. is also engaging Iran in different ways.

So I would say that India would be prepared to support any multilateral effort, whether it is taking on the nonproliferation issue, because if you see the last 5 years, India has not opposed any of the major initiatives of the Security Council. Anything that's backed by the U.N., India has supported. More recently, the U.S. pressed India to – you know, pressed everyone – to stop the sales of petroleum products, India said alliance – what is good for the alliance is what's good for India, you might say. But at this point, our alliance was actually forced to stop.

And the only sales of petroleum in the relationship today is between China and Iran. So I'd say that from what we saw in Beijing – we didn't see the president got very much out there. But I would say India is going to be a helpful partner and not someone that has been projected here is going to be the problem in this U.S. policy.

Q: Hi, Nicholas Hamisevicz from the Heritage Foundation. You talked briefly about PSI and kind of the nonproliferation efforts that the U.S. and India need to talk about. Does the panel foresee India playing a larger role in PSI, or is more just kind of the individual efforts of not allowing overflights on possible suspect planes, checking possible suspected ships that have possible material on it? So I'm just curious on the panel's take on that. Thanks.

MS. SCHAFFER: India is not a member of PSI. It has been studying the possibility of membership for a very long time. It had some concerns about the compatibility of the PSI terms of reference with those of the International Maritime Conventions. I think these concerns were principally a smokescreen.

And what was really at stake was two things: one – at the time the U.S.-India nuclear deal was generating a huge controversy, there was great reluctance to sign onto a new U.S. initiative in the nonproliferation area, lest it become a magnet for political trouble. And two – the kind of reluctance to join in forums where it wasn't clear that they were going to operate in ways that India was altogether comfortable with. It's always been much easier to develop pragmatic bilateral cooperation in this area, and that's what you've seen.

At the moment, I don't know how much effort the administration is putting into getting India to join PSI. A lot of people feel that this ought to be doable for India. But I think the real question is if you have a nonproliferation dialogue, or, in the vocabulary that's a little bit easier to use in Delhi, a dialogue on reducing nuclear dangers, what cards do you play and where? Is PSI at the top of the list or do you want to start with something else? And I think this contributes to the reluctance to join.

Q: Thank you. Mike Pevzner, Senate Intelligence Committee. I wanted to bring the – touch again on the question of terrorism. It was raised a little bit earlier. And military doctrine says

that the enemy gets a vote, and this gets to the question of the various groups that are based in Pakistan.

And leaving aside the question of the extent to which they may or may not be controlled by the government or independent actors, clearly there's a desire on the part of some of these groups for further attacks along the lines of Mumbai. And that gets to the question of strategic escalation: What would be the reaction in India of a second Mumbai? Thank you.

MR. MOHAN: We're due for another one, I mean, going by the frequency if you just chart the last few years. And I think it has held back so far. It'll be held back as long as there's pressure from the United States on the Pakistan army, let's put it bluntly. The question is, what happens afterwards?

I mean, I think each time the Indians say, look, next time a major incident happens, there's going to be serious trouble. So there is a bit of unpredictability in this. And my sense is India should inject a little more unpredictability into this because if it is assumed that India will not react, it's actually a license for further attacks.

And from what we've seen in the investigations into the post-Mumbai situation, that it has not been possible to get the Pakistani system – and I think is controlled by the Pakistan army – let's dispense the protocol part of it – that it has not been possible for them to make them act against the Lashkar-e-Taiba. Just as the U.S. has not been able to make them act against the Afghan Taliban on the Quetta Shura, we've not been able to make them act against the Lashkar-e-Taiba.

If you see that central point – I think it'll come at some point, and it'll come at a point in which India will have to make its choices, but I don't think India would want to explain this, and I think that's the reason why, as the dialogue with the Kashmiri groups was opened by the home minister last month, he made it very clear, one more thing; this time it's going to be different.

So I think India needs that unpredictability and the option of attacking in respect to the potential of escalation. We must keep that option because without that, even you won't be interested in it because India's got a glutton for punishment; maybe they'll take one more. I think that is – because, after having what we've seen – this government will no longer be in that position to say, we're a glutton for punishment – then something will have to be done.

MS. SCHAFFER: That said, the principal barrier to an Indian military response is the quite unattractive military options they have.

MR. TELLIS: I'm going to get two quick questions before we turn. Yes, the young lady there, please.

Q: In terms of getting agreement amongst the nations – not only the United States and India – I was wondering, you know, last month, we've seen China and Russia – they started to issue credit to each other to foster especially infrastructure development, mutually. It's a bilateral agreement involving $25 billion.

Now, that's basically, you have a problem in China right now of this big U.S. dollar debt. And so what they're doing is they're tying this dollar to a physical development process with

Russians. Now, it's not an attack against the United States; it's actually contributing to give U.S. dollars physical value.

Now, I was wondering if India would also go for this kind of collaboration – not to the direction of free trade that we've seen, but more to the direction of credit system, the four-nation solution that – (inaudible) – American economist is calling for. Yeah.

MR. MOHAN: I think – let me answer this one – I think as far as I can see, from what Indians are saying, they would rather have the dollar run the world rather than the yuan run the world. And I think it's a pretty clear political conclusion.

For all the other rhetoric that might emanate from India about a multipolar world, cooperation with Russia and China, it's pretty clear that we would rather have the dollar – international economy run on the dollar rather than on the yuan. So India has no interest at all at promoting the yuan as the alternate currency to the dollar.

Q: Daniel Michaeli, Council on Foreign Relations. Looking ahead not so much to the immediate future but going forward maybe past the Manmohan Singh administration to future governments, there's been talk about a potential need for further nuclear testing. And as we're talking about the CTBT now, one of the most important considerations on the Indian side is looking forward. Will India need further tests to have a credible deterrent?

And I'm wondering, under what circumstances would testing be conceivable in the future? And what kinds of impacts would that have on the relationship with the United States? And how can the United States sort of preemptively, in considering this possibility, create the kind of environment that will lead to testing not completely tanking the relationship?

MS. SCHAFFER: Nobody else seems to want to answer you so I will open my big mouth. (Laughter.) First of all, I would be very surprised if there were a test in India without some immediate provocation such as a Pakistani test, a Chinese test or, possibly, an American ratification of the CTBT and the question of whether India should ratify.

There's one school of thought that says India, under those circumstances, should test and then sign. That's an out-of-government speculation thought. Having said that, I don't expect to see ratification of the CTBT here until at least 2011. Next year is an election year; 60 is seven short of the number you need to ratify.

Can we create a situation in which this wouldn't tank the relationship? Well, if you have an immediate regional provocation, then, obviously, things get considered in that light. But, basically, the impact on the relationship is likely to be bad.

MR. MOHAN: I agree partly with what Tesi has said, that, look, I think the critical point of the decision of signing the CTBT will come only after the U.S. ratifies the CTBT. And at this point, no one is betting when that might take place. In terms of the debate on testing, itself – and I think it's a bit of a red herring – that if you see the last 50 years – I mean, every since the nuclear debate in India – restraint has been the dominant team, not this rush towards action. So we've been, kind of, to a fault, we've been slow and deliberative rather than impulsive on these issues.

So unless the Chinese test or the Americans might test, or the Senate Intelligence Committee says that, look, Russians have been doing some funny things that need some corrective action from the American side, if the U.S. labs say something interesting about how the U.S. keeps its arsenal in trim – as those issues come and play out, the debate is going to change.

But I think unless the Americans change their position, I don't see India moving – the first one to drop the ball, because I think having dropped the ball once, and cut a deal with the Americans, we're not going to be doing it again. I mean, I think there's no incentive at all. We might be stupid sometimes but we are not suicidal in that sense. (Laughter.)

MR. FEIGENBAUM: We're all on the same page. I mean, I think everything is contextual. You know, what India does on CTBT is contextual; what India does on testing is contextual. And what happens in terms of, for instance, nuclear cooperation with the United States is also contextual. You know, my own take is, at least near-term, I don't think India will sign the CTBT and I don't think India's going to test, either. But you know, we'll see; maybe I'm wrong about that.

But around the time of the Nuclear Suppliers Group, there was a lot of debate in the public and you read it in the papers. Should there be an automatic cutoff? What happens if India does this? And you know, I mean, if India suddenly tested, that's one thing. If India tests in response to a Pakistani test, a Chinese test, you know, some might regard that as regrettable but perhaps a bit more understandable. And so context matters, and I think as Raja said, context will matter in all of this.

You know, in terms of nuclear cooperation, Secretary Rice – and I would guess the current administration – Secretary Rice testified some things on that. And I think the current administration would vastly complicate nuclear cooperation between the United States and India. And if you look at what Dr. Rice said at the time, it was quite direct. But everything is contextual and I think I don't anticipate a test anytime soon. Neither do you guys, it sounds like. But Ashley should get the last word; you wrote the book on this. (Laughter.)

MR. TELLIS: No, I agree with what you've said completely. I think if we have another test, the one thing you can be absolutely sure about is that the Carnegie Endowment will have a panel on the subject. (Laughter.) Well, let me, on that note actually, thank my fellow panelists for spending the morning with me and us, and for many superb intellectual contributions, and to all of you for gracing us with your presence this morning. I hope you found it useful and I look forward to welcoming you back to the Endowment sometime soon. Thank you very much. (Applause.)

(END)