TOWARD REALISTIC U.S.-INDIA RELATIONS

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DOUG PAAL: Welcome to the Carnegie Endowment for International Peace. My name’s Doug Paal. I’m vice president for Asia studies at the Carnegie Endowment. And it’s my great privilege and pleasure to be introducing and moderating the presentation by my very distinguished colleague, George Perkovich.

I believe you’ve got biographic information, but George is Mr. Nuclear Policy from the city of Washington and has got some experience in government and fundraising and donating funds and speechwriter for Vice President Biden. And I always wondered, how do you write speeches for Vice President Biden – (laughter) – when he was senator, when he was senator.

GEORGE PERKOVICH: There’s an answer to that – (laughter).

MR. PAAL: This is a town that has earned the star performance, the reputation of being a nuance-free zone – (laughter) – and Carnegie is determined to show that there are nuances in policy choices. We have a colleague, Ashley Tellis, who’s got a separate presentation at a separate time, who works very closely with George and studies the question of India’s relationship with the United States as closely as anyone in the world, who comes up with nuanced differences from what we’re going to hear today.

And today is an opportunity to look at India-U.S. policy through George’s eyes. Now, those of you who may have seen the New York Times this morning would have seen an article by Mark Landler and Sewell Chan, which started out that the Obama administration, facing a vexed relationship with China on exchange rates, trade and security issues, is stiffening its approach toward Beijing, seeking allies to confront a newly assertive power that China now says has little intention of working with the United States. This is all by way of beginning the narrative which will run through President Obama’s post-election travels through Asia.

In a shift from its assiduous one-on-one courtship of Beijing, the administration is trying to line up coalitions among China’s next-door neighbors and far-flung trading partners to present China’s leaders with a unified front on thorny issues like the currency and their country’s territorial claims in the South China Sea. This is all by way of beginning the narrative which will run through President Obama’s post-election travels through Asia.

He’s going to be visiting India first, Indonesia briefly, and then Japan and South Korea, before returning to the United States. And I think the narrative you’ll be getting in this nuance-free zone will be how the U.S. is lining up our adversaries to a rising China. That’s not the topic of George’s presentation this morning, but I think that it’s a relevant concept that you should put in the back of your minds as you listen to his presentation. Now George, I’ll turn to you.

GEORGE PERKOVICH: Thanks. Thanks, Doug, and welcome. It’s nice to see a number of old friends here. I hadn’t written much on India, specifically, in a number of years. I’ve been working on other things, like disarmament, which used to be a topic you would write about if you were writing about India, but hasn’t been for many years, and I think that’s probably as it should be.

But I have been observing a lot of the recent debate and the discourse, both in the U.S. and in Delhi. And I found it, at times, kind of strange or unrealistic, at least as I perceive it. And so I thought I would try to write something that was personally fun to do, but it was, in a sense, to be a comment on the recent debate. And so the report’s there
I think the main argument that I try to make is that India is inherently important for both intrinsic reasons and instrumental reasons. And that’s important to the U.S., but also to the broader global community, as well as other particular states in the world. And that’s because its impact on the world is going to grow and grow, and that will make it important. And therefore, I think for many reasons, the U.S. should certainly want India to succeed and to grow in its power and capability and should do what it can to make that happen.

And here’s where I think the recent debate has lost sight of some important things. I think the U.S. will only marginally affect India’s success or failure. And I’ll talk a little bit more about that. Indians will determine whether India succeeds or fails, much like China, which everyone recognizes now as a global power, emerging great power. China and Chinese people lifted China up and made the changes in policy, developed the infrastructure, did all of those things that we now recognize as attributes of great power in China.

And I think the U.S. didn’t lift China. No other outside country kind of lifted China up. And I think the same thing is going to have to happen in India, and so it’s kind of a delusion of grandeur on our part to think that somehow, the U.S. is going to do something that’s going to make India great.

Well, meanwhile, the U.S. does have great impact on the international order, on various international regimes that the U.S. had tried to help lead/create since World War II, whether it’s the international financial structure, trading order, currency management, more recently, after 1957, with India’s help, by the way, in creating the IAEA, the nuclear order with the Nonproliferation Treaty and it’s elaborations in the Nuclear Supplier Group and so on.

That is an important regime. And then most recently, an effort to develop an international way of dealing with climate change, as another example. So on these various important efforts to solve big global problems, the U.S. is much more impactful than it can be in any particular area of helping India to build up.

And so when those two interests collide – when a U.S. option of action in building the international system may collide with a bilateral preference that India would have, or something that would make the bilateral relationship happier – what I’m suggesting is that the U.S. ought to look very carefully and not do something, in the bilateral context, which really undermines the global institution-building and problem solving that the U.S. wants because the impact in India is going to be just marginal, but the impact on the global system could be great.

That’s the basic point. Let me, now, take you through, kind of, how I get there. Obviously – well, I don’t know if it’s obvious, but what I was about to say is, I wouldn’t have been writing this if there hadn’t been, in the last seven or eight years, this sense of a transformation of relationship. The peace last week, you know, that was put out to much fanfare – you know, natural allies, the U.S. and India.

And my sense that, observing that, these expectations were inflated in 2001 and the nuclear deal, and in 2005, really inflated expectations on both sides of what this relationship was going to do. And my sense has been all along – and I said it five years ago on this stage in July when the nuclear deal was announced with Ambassador Blackwell – that there was no way to live up to these expectations, that they were romantic, they were unsustainable.
And so then my concern became that, as the expectations don’t get met, you can get a backlash and more acrimony than, actually, the relationship deserves. Now, one of the reasons – well, I think there are a couple of big reasons why the expectations were unrealistic, of natural allies or a transformed relationship. The main one is that despite mutual admiration – and there’s much to admire in both societies – India and the United States have very different interests on key short-term and medium-term issues.

And again, it’s unrealistic to think this isn’t so, given the levels of development, per-capita GDP, where they sit and so forth. So the differences reflect the reality of two very demographically, economically and otherwise disparate states. So it’s very natural. The other big reason, I think, that this has been unrealistic is really ironic. And that is that they’re both democracies.

So on the one hand, the fact that we’re both democracies is, in many simplistic renditions of this, which you most often hear in Congress, it’s the fact that, well, we’re both democracies and so we share values and that’s the basis of our alliance and our partnership. And it always has struck me that people who say that generally haven’t been either in India or spent much time in Washington thinking about what it must look like from India.

And the problem is, we both have elected parliaments and they represent their constituents, more or less, or who pays them, or whatever, and that causes a lot of problems. So you’ve got this paradox that we ought to be allies because we’re both democracies, but then we don’t take the steps to make the partnership happen because we’re both democracies.

So take agricultural trade in the WTO: The U.S. wants certain trade rules in the WTO to be changed to liberalize access to the Indian market for agriculture, and then somehow, we get perplexed or angered when the Indians say, no, we want greater safeguard protection. We forget that there are about 400 million Indian small farmers who don’t have manufacturing jobs to go to. If they get displaced in the agricultural sector, there isn’t another place to go to find work, and those people vote.

And so the idea that somehow, India should accommodate this position that’s being dreamed up in a country where, maybe, a couple hundred thousand people in America work on farms, is a little strange. And so the expectations here are totally off and I would argue the Indians are right in their position. But it’s our expectations that are wrong. Similarly on services. You know, flip it.

India would like greater access to the service market for the U.S., but our politicians look at – despite the TV show, “Outsourced” – our politicians look at it and say, well, wait a minute. We can’t afford to lose those jobs so we’re not going to accede to the Indian position on this. Well, that’s democracy working, folks. But it prevents this reconciliation or this partnership because we have different interests. And you can go down the list, including on nuclear technology and other things.

So that will always be a real limitation between the two countries. And then someday – and it may take 20 or 30 years – kind of, the structure of the two states’ interests may come closer into alignment and the U.S. and India can
become more like the U.S. and France, in terms of the coincidence of their interests. And so then I always joke to my friends who talk about the natural alliance and the great transformation and everything.

I say, well, could the U.S. relationship with India be, like, as great as the one with France? And they say, oh my god, no. I mean, that relationship is not an aspiration. I mean, that – and I say, wait, you’re expecting something more than with a NATO ally, with a country that fought with us in the Revolution and so on and so forth? Again, I think the expectations have been unrealistic.

In the report, I then go on to talk about some of these interest areas where I think, on both sides, there’s kind of an unrealistic sense. I talk about democracy, and particularly democracy promotion, which is a U.S. policy interest often expressed, and talk about how India has never had an interest or been willing to try to proselytize or export democracy. And so this, right off the bat, kind of runs against the sense in the U.S.

And here again, I think the problem is on the U.S. side. I mean, I’ve been in a meeting with high-ranking – I talk about it in the report in a sidebar – a pretty senior White House official who was talking about, well, you know, we really want India to go public with us in pounding Iran for its violation of democracy and human rights of the Iranians, and so on, because India would give a lot of credibility to our effort to isolate Iran on this.

And I kind of look at him and there was a very eloquent Indian businessman in the discussion, who said, that’s not going to work. India is not going to do that publicly, and if they did, it wouldn’t work with the Iranians. And there’s just total disconnect on this issue, which is the issue that, somehow, is the thing that really unites us.

China. China is more than an issue. It’s a challenge; it’s a cause; it’s an opportunity. It’s all of those things. And I think a lot of the criticism that President Obama has faced on the U.S. Indian relationship in the first two years was from people who felt like, well, he was deferring too much to China, trying too hard to work with China on these global problems and not enough to favoring India in the bilateral context. And the story that Doug alluded to this morning was an effort to reframe that narrative over the last couple of years.

Well, I think the U.S. relationship with China and how it affects the relationship with India, I think, deserves a lot more analysis. And in the report, it’s the longest part of the report, is trying to look at the – well, one of the bases for it is to say, well, there’s an ideological team relationship with India. We’re both democracies; China’s the non-democracy. It’s an authoritarian state and so, kind of, we ought to line up ideologically on that. But I would argue that ideology is way too plastic to be the basis for a strategy, so that’s not going to, I think, really be the basis.

And a lot of the push in town – and some of it comes from defense contractors pushing – is, well, we ought to focus on defense cooperation, meaning sales of U.S. defense – it’s a mercantile argument, really, couched in a grand strategy with an ideology about, we’re the democrats and they’re bad guys, and so on. But then, I have nothing against defense sales and if anybody’s going to buy stuff, they might as well buy American stuff. So I mean, that isn’t the issue to me.
boat that the Japanese arrested. The issue there, you could argue was economic, but it wasn’t. But the concern or the leverage about if China got really pissed off was economic.

It wasn’t that they were going to go to war. It was what China would do. And some stories now come out about rare earths, where whether that’s true or not, I think it’s a much more complicated story. But the power and the leverage is economic. China is building up its military capability. And one should both recognize that, but then look at the causes and implications of that. A lot of the causes are playing catch-up and, in the naval area, wanting to protect their sea lines of communication that they worry we could interrupt in a war.

And so I’m not saying what they’re doing wouldn’t be threatening to somebody, but you have to not see it in a vacuum. But in any case, the problem would be very easy to address if it were military. So China’s building an aircraft carrier. The U.S. Navy could say, great. I mean, that’s easy to sink. Our problem with China should be military; that would make all our lives easy because we know how to win those contests.

Unfortunately, the real problem is economic, and in the soft power that grows from that economy and the leverage that gives in Central Asia and East Asia, increasingly in South Asia, in the U.S. and elsewhere. And it isn’t clear, like how a classic balance-of-power strategy gets at the nature of that challenge. But even if it were military – even if the primary challenge were military and so the U.S. and India should team up and focus on building defense strength, it’s also peculiar because then if you’re asking anybody, including most Indians I know, you know, is China going to invade India, the answer is no.

No one thinks that. And it’s kind of obvious. You’d say, well, why would China do that and risk all the gains that it’s gotten when it’s gaining more and more by the strategy that it’s been following? And also, India has conventional capabilities that can defeat China in that kind of scenario. So China’s not going to attack India, I find. And even if it did, what are the conditions in which the U.S. would go to war with India against China?

The more likely scenario is actually that there’s a Sino-American conflict over Taiwan or a disputed island where Japan gets embroiled and the U.S. has an allied commitment. And so the U.S. gets into a conflict with China and would want India to help at sea to interdict Chinese capabilities. So then my question in Washington is, what’s the scenario when you think the Indians are actually going to fight a war with China with the U.S. when China didn’t attack India? I come back to the democracy point.

I find it hard to imagine a scenario where that would happen in the Indian democracy, in that scenario, which would be a more likely scenario. So all the talk about defense cooperation, I get it and it’s kind of as a worst-case kind of necessity. But I think it under-looks what are the more obvious challenges that we face. And the more obvious challenge is that we’re in a triangular relationship with China, India and the United States, and that India will cooperate with China on a lot of issues, to the consternation of people in the U.S.

And the most obvious examples are trade and climate. Wait a minute. That’s our natural ally or that’s our ally and they’re with the Chinese on this? Well, yeah, guess what: They have very similar interests and they’re neighbors. And then there are other times when the U.S. is going to have very different approaches to China that India’s not going to be comfortable with. China is India’s largest trading partner now. What does that mean for a strategy that
sometimes, in the U.S. Congress, they’re demanding, we ought to sanction and there’s going to be hot rhetoric against China and everything else? Do you think India’s going to share in that?

So we’re in this very complicated trilateral relationship that’s a mixture of more cooperation than people recognize on both sides – in the U.S. and India. There is competition, but the competition doesn’t always match us up in the same ways at the same time. And so we’re always going to be disappointing each other, at some level – I think never disastrously – but there really is a need, then, to have expectations that this is going to be a complicated, sort of, trilateral game or diplomacy and economic engagement for many, many years to come.

And so seeing it as black and white or a zero-sum competition, as may be a temptation to do in Washington, is going to be very, very misleading. On Pakistan – and we can talk more about it in the Q&A – I think the interests, actually, are much more closely aligned between the U.S. and India when it comes to Pakistan. Both want the same thing. We want a Pakistan that stops either tolerating or not defeating violent extremists on its territory, or condoning and nurturing them. Whatever the definition of the relationship is, the U.S. and India both have a profound interest that, that stop.

I think both have a similar idea about Kashmir’s ultimate – kind of the way to, if not resolve that, normalize the relationship. And so the difference is mostly on how to do it. It’s on tactics, and a frustration that the U.S. doesn’t push hard enough or that the U.S., for other reasons, is more tolerant or less conditional in its relationship with Pakistan. And we can talk – I’m happy to talk more about that. But I think there, the interests align more closely and there will be an ongoing frustration at the tactical level.

On Afghanistan, the ultimate interests are very similar, but I think there, the tension’s going to be greater, in a sense, because my sense is the U.S. is in a no-win situation. It’s interests and, kind of, the outcome it will seek in Afghanistan will be unwelcome by Pakistan and be unwelcome by India. And the U.S. is going to be between both of them, in a sense, and is going to displease both, which is going to be frustrating and difficult to manage.

And the U.S. is going to end up kind of – we talked about, you know, colluding in a negotiation with the Taliban. And I use that word without its usual, kind of, moral connotation, but meaning involved in kind of from, you know, sometimes forward, sometimes behind the scenes – but that, that’s going to be the way that this gets unwound – this conflict. And that’s going to be very hard for India to accept, at some level.

But what the U.S. is going to be trying to get out of that is ultimately something that is going to frustrate Pakistan in the long run, because if Taliban elements do get more power, at some point, they will turn on the Pakistani, kind of, hosts and distance themselves from that. So the U.S. is in a no-win position and ought to understand that, and it’s not going to satisfy India or Pakistan.

I talked earlier about trade on both the agricultural side and the services side, where I think, in many ways, the Indian position is more defensible. But that doesn’t mean – but all I’m saying about that is that it’s a source of ongoing friction. I mentioned climate change briefly. I think it’s very important. I think a lot of the critics of President Obama and the ones that focused on the U.S.-India cooperation and balancing China don’t talk about climate change.
That's the kind of issue that it's kind of a – it's not a manly issue. It's not a realist issue. You know, whatever, it's like some kind of wimpy, liberal preoccupation and so forth. They don't say that as much after the flood in Pakistan, but before that – (inaudible) – well, Obama's hen-pecking the Indians on this.

Well, I think it actually is an important security issue, as the floods in Pakistan suggested. But there, the U.S. ought to address – this is one of those where India can make a contribution to a global good, but it's unreasonable to expect that India would do that before the U.S. does things that it needs to do to contribute to this problem. So the idea of asking India to go first seems absurd to me, but the idea that if the U.S. took necessary action, which is unlikely, especially after next Tuesday, I would imagine.

With our elections here, it's going to be less likely that the U.S. would do anything that the rest of the world would say is a necessary condition to address this issue. But if we did, then I think it would be a big mistake to favor the bilateral relationship with India at the expense of pushing, kind of, a global good on climate change.

And the last particular issue is global governance, or the U.N. Security Council. Clearly, for the Security Council to be representative in any meaningful way, India would have to have a permanent seat on it. That is a very easy thing for me and everybody else to say, including President Obama. No one knows how it's going to happen. No one knows how to make that Security Council reform happen. So it's kind of a freebie you can say. Why it would mean anything to people in India, I don't know. But I would step past that and say okay, now imagine it happens. The Security Council is reformed and India's got a permanent seat. Well, if you look at historic patterns of U.S.-India positions in the General Assembly, we agree about 20 percent of the time.

So now this transformed partnership, this great relationship, these natural allies are on the Security council and every time there's a big vote, and if it's possible that India's position isn't the same as the U.S., how do you think that's going to play back here in Washington, especially in Congress? So again, the democracy thing comes in and the different interest things come in. That's not an argument against India being on the Security Council. It's an argument for being realistic about what that would mean and what the relationship is really going to entail.

So all of this leads me to the conclusion that we ought to, mainly for intrinsic reasons in India, do what we can where we can to work with India to help India prosper, but that on many of these vital, big issues in the international system, the U.S. is going to have to – should – stick with the priority of strengthening those international institutions – the rule-based system – and not expect that India's going to applaud that or that India's always going to go along.

But realize and have an understanding internally that if we disagree on those issues, it doesn't mean that, that's a bad relationship or that it's adversarial or that somebody has let somebody down, but just realize that, that's the nature of our interests and that we can maintain friendship and cooperation still on the basis of those differences, but understanding that the long-term, kind of, prognosis or overlap of interests in the long term is truly great, but that there's going to be a lot of difference and different priorities in the short term. Let me stop there and we can open it up.

MR. PAAL: George, thank you very much. I think you've done a tremendous service to this audience by introducing the complexities and paradoxes of the relationship with India. It's inevitable that the media accompanying President Obama over his travels through Asia will try to simplify the story – amidst four days of
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Pageantry in Asia, try to boil it down to some lesson. And I think the complexity you’ve introduced today will be a very helpful tonic for that inevitable, of course.

[00:30:03]

Now we’re going to open the floor for you to now return the favor and educate us up here, and ask you, first, if you have a question and you’re recognized, please wait for the microphone. When you get the microphone, please identify yourself. And if you have cell phones on, please turn them off, because they interact with the Bluetooth system that operates in the room. George, do you want to go ahead?

MR. PERKOVICH: Sir?

Q: There’s a mike?

MR. PERKOVICH: Yeah, it takes a while. To the front row.

(Off-side conversation.)

Q: Yeah, I’m from the simplifying media. I’m Bob Dreyfuss with The Nation magazine. And I’m confused about your Afghan-Pakistan discussion in relationship to India. It seems to me that if we are going to make a deal with the Taliban, that Pakistan is going to have the inside track just by virtue of the fact that it has a lot of leverage over all of the insurgent groups. So is India an obstacle to that kind of an agreement? And what does Obama tell India? Get out of the way and let us do this?

[00:31:16]

Or what – how do we provide assurances to India, which, after all, is a global power? It ought to be the grown-up in this relationship and it’s not exactly threatened, I don’t see, but maybe I’m missing something. What do we tell India to get them to get out of the way so that a deal can be reached there? Because, by the way, I’ve heard they’re arming the Northern Alliance again – India.

MR. PERKOVICH: I don’t think it’s about telling India to get out of the way. And while Pakistan, quote, “has the inside track,” I mean, I think that’s a complicated process, as well. India has had a preference to exclude Pakistan from any role in a negotiation. I don’t think that’s realistic. But I think the message, also, to Pakistan and others is, if Afghans want India in their country, which many of them do, then that’s their right and we would defend their right and, as should everyone else, respect Afghanistan’s right as a sovereign state to have relations with whomever it wants.

Now, the focus, I think, would be and should be on peaceable involvement in Afghanistan and in working towards, in a sense, kind of neutralizing or demilitarizing it, from a standpoint of outside actors fighting. But India’s – well, the Afghan people and government’s right to have India being there building roads, doing whatever they want, it seems to me that’s absolutely defensible and the U.S. should defend that.

I think the greater issue down the road would be – and I don’t have any basis for evaluating this, but when the Pakistanis make allegations that Indian intelligence is supporting the Baluchi insurgency and so forth, you have to address that. The Pakistan part, obviously, is where the U.S. is going to be disappointing Pakistan in multiple ways
is, is whatever kind of power-sharing arrangement you can imagine there, it’s not going to be, 100 percent, what Pakistan wants.

[00:33:29]

So it’s not going to win the whole thing and the Northern Alliance and others and, by the way, the Iranians are going to have an influence, too. And the main thing is to try to disabuse both of them that the U.S. is going to fight to the last troop for either one of their interests – for an Indian interest or for a Pakistani interest.

What I was saying about Pakistan being disappointed in the end is that it’s hard to imagine, if the Taliban no longer needed a sanctuary in Pakistan and Pakistan had helped to protect their lives because you had, in a sense, an arrangement where they weren’t being attacked, then it’s not evident that they would want to maintain the kind of control that ISI has maintained over them, or that relationship. They would probably turn and become more autonomous and disappointing of what Pakistan might want. And so there’s going to be – if what you’re aiming at, over time, is a more autonomous, neutral Afghanistan, that’s not going to make Pakistan happy, either. And so it’s going to be – I think Pakistan kind of likes it the way it is.

[00:34:46]

And so I think that also would be – that’s one of the reasons why it would be very hard to get all of this done. And then you bring the Iranians in and they have to be satisfied with how this goes. That’s why I was talking about both being disappointed. But India is not leaving, nor should it leave, Afghanistan. The issue is what’s happening there, I think. Dennis. Where’d the microphone – we only have the one microphone? Is that right?

MS. : Someone else is coming.

MR. PERKOVICH: Great. Okay, well then right there – there you go, yeah. And then we’ll work our way up front.

Q: Fabrice Pothier from Carnegie. George, I’m not sure I completely get your argument because if you do argue that the relationship with India is going to be complicated, well, yes. One can only agree with you. That they will have contradiction of interests occasionally – yes. There will also be a number of cases when, despite its position and strong principles, India will be much closer to the U.S. position than it actually looks.

A case could be made, on Iran, we could, without dismissing your logic over Afghanistan and Pakistan, make a case that, at a slightly higher level, the connection between the terrorist issue and the nuclear one makes them very, if not natural allies, at least very close on many things. So you can reverse the argument the way you want. So is that just a question of degree?

[00:36:19]

We would probably agree that realistic expectation – (inaudible) – but where is it leading us to? Because if contradiction of interests are in the way of stronger relationship between the two countries, then they’re in the way of the relationship between many of the U.S. allies and the U.S. So where exactly do you stand on this?

MR. PERKOVICH: I think I’m trying to deal with, as I said at the beginning, expectations which are grossly exaggerated. So let me be more concrete then. We have more divergent interests than is often appreciated, okay.
Even when we have convergent interests, it’s not evident to me that, that convergence of interests is going to actually lead us to doing stuff together that is materially valuable or important.

That’s more plainly than it might – the nuclear area is one that I can go on a long time, but I mean, the simplest way to think about it is, we made the nuclear deal and did all that work and everything else and U.S. companies still aren’t going to be in India materially making nuclear power plants.

We can talk about why that is. India will be disappointed, at some level, that even if we do defense cooperation – and we are doing defense cooperation, and there’s more sales and everything else – they will probably be disappointed that materially, the technology that they would like won’t be transferred, or won’t be transferred to the degree that they want it transferred. So what I’m saying is, even where – I mean, you’re right – okay, there’s these interests. The materially getting it done is always going to be less and more frustrating than the expectations of that cooperation are. That’s the argument that I’m trying to make.

Q: But you can say that of almost every relationship.

MR. PERKOVICH: I agree, but what I – Fabrice, you can say that of almost every – and that’s what I’m trying to say in this town, is that this is going to be just like almost every other relationship. People want it to be like the Israel relationship. There was an expectation, since 2001, that it was going to be like the Israel relationship. The 2005 nuclear deal was the kind of thing that we would do only for Israel. And that created an expectation that I think is going to be unmet.

And so the people who are fighting that and saying Obama’s wrong are ones that say, no, it should still be like the U.S. relationship with Israel. My argument is that, that isn’t realistic. And I agree entirely with you. Yeah, it will be just like any other good relationship, which is – you know, not that much happens. (Laughter.) I mean, well, look at the relationship with the United Kingdom. I talked about it in this.

Tony Blair sacrificed his reputation historically, his party and everything else to do the Iraq War with the U.S. He was, you know, Bush’s poodle, et cetera, et cetera. You know, he did it for his own reasons and principles and everything else. Look what he got from the U.S. in return. He wanted the U.S. to ratify the Comprehensive Test Ban Treaty. That would have helped him with the left. Block it – not interested.

He wanted movement – bring back the Kyoto process – nothing. He wanted the International Criminal Court – nothing. He got nothing. And that was the special relationship. He got nothing. All right, well, I think India, you know, got a lot better than that in the prior eight years and I think it deserves more than that, but special and so on – that’s what I’m trying to say, is that it’s going to be like another country – more like France.

Where – this gentleman here, if we can get the mike – yeah, if we come down – if each of you stays on one side, then I think – keep coming, keep coming. He’s on the end, though, but you can – there you go. And then we’re going to come to Dennis. You can give Dennis the microphone to go next. He’s the distinguished gentleman in the second chair, there. (Laughter.)

Q: Thank you very much, Dr. Perkovich. My name’s Ben. I’m from the International Affairs Society. Switching to development for a second, when we talk about development, isn’t it easier for India to kind of not talk along and
follow the China model, but to go against – to go with that instead of the American idea, vis-à-vis bottom-up agriculture over industry, and what implications might that have for U.S. policy, vis-à-vis agriculture?

MR. PERKOVICH: I wasn’t sure I got the first part. Say it again, sorry.

Q: When we talk about India, isn’t it easier for India to follow the Chinese model, as opposed to the American idea, with bottom-up agriculture over industry?

MR. PERKOVICH: I don’t know. I’m not an agricultural specialist. But I do know that it’s very reasonable for – and I would say laudable, at some level, for the Indian political system to work the way it does, where you have a majority of your population as small-scale agriculturalists, and that they’re represented. And so they’re government is trying to make sure they’re protected and can look out at what happened in NAFTA and so on and so forth to small-scale agriculturalists.

And so if – and China did it its own way, and China created a manufacturing base and lots of manufacturing jobs so people could go from the countryside into manufacturing, and there was employment. And if India gets that kind of conveyor belt going, then it makes more sense. I don’t think that the U.S. position is particularly informed by what’s good for India or anything else – it’s just – it’s a position that gets – and this is natural and it’s the same with all countries – it gets produced by the interests in the United States. And agribusiness and other people – that produces the position and then you fight it out.

And you know, may the best side win in the negotiation. And so India’s standing tough, and I think that’s laudable. But what would work for India’s development, I don’t know. But I think, again, like I said, you know, China developed, kind of, on its own. It made a lot of mistakes and I mean, when you talk about early, killing millions of people – something India hasn’t done – I mean in the Mao era. But from ’79 onward, it’s developed well and its infrastructure and health and education vastly surpass India’s, so there’s something to be learned there, I think, yeah. Dennis, yes?

Q: Dennis Kux from the Wilson Center. Looking at it at the macro level, rather than the micro level, it seems to me there’s something that you might finger that you didn’t mention. You know, to be somebody’s ally, you have to want to be an ally. And while Vajpayee – you know, I don’t know where he got the idea of natural allies and he never really elaborated on it, when you look back in India’s history, the one thing it’s always wanted is to be independent and an independent foreign policy.

And you don’t get that way by being somebody’s ally. So I think this expectation that tossing around the word “ally” all the time is actually, in the end – well, by raising expectations, it worsens the relationship. I think in fact, if you look back historically, the relationship has made enormous strides, both in terms of the overall tone, but in terms of different sectors. You know, it’s hard to believe, if you go back 30 years and look at where we are today, that we would have ever gotten there.

MR. PERKOVICH: That’s a great statement. I would just say to those of you who haven’t read Dennis’s history of U.S.-India relations – (laughter) – that basically, anything I just said was just kind of an extension of what he already wrote, so I would commend it to you. And it makes, basically, these points. And you’re right that it is a much better
relationship than it was 20 years ago or 30 years ago. And the expectations are too high and that’s not good for the relationship, yeah. Yes, sir? And then we'll go back to the back.

[00:45:04]

Q: George Condon with the National Journal. Two questions – one a specific, one a general. To follow-up on what you said about trade, how much of a role do you think trade is going to play at this meeting? Will the two leaders actually be talking about it and it will be on the agenda? And a more general question: You didn’t really talk much about what the president needs to accomplish at this meeting. I mean, what do we need to see to be able to call this a success for the president?

MR. PERKOVICH: On trade, I don’t know because trade takes multiple forms. There’s the trade issue in terms of negotiating the Doha round and WTO rules, okay, and that’s where a lot of this agricultural question of safeguards comes in, and same with service access. I don’t imagine that, that’s going to play a very central part because the Doha round is, kind of, not doing anything for lots of other reasons.

Then there’s bilateral trade, which I think will play, and issues that are in a trade rubric, like access of the U.S. insurance industry to India, access of the U.S. financial industry to India and limits on capital flows to India, where, by the way, the U.S. has been pressing for decades and India resisted, and India was right. And we find that impossible to imagine here, that on such economic things, that the Washington consensus and our wisdom somehow weren’t right, but the people who actually kind of did it their own way, you know, didn’t have a meltdown.

[00:46:46]

But that will be an issue because the financial sector wants – you know. And then big retailers want access to the Indian market. So that’s all going to be a big part of the discussion. And then similarly on trade, India wants access to space technology, to other forms of high technology, a lot of it with defense applications. And they want their companies – some of their companies that are on what’s called the entities list, where U.S. trade with them is pretty much denied, they want to erase that list, basically.

And it was a product of, you know, when the U.S. had a nonproliferation policy towards India, and also, of the Cold War, in a way. So those trade – so there would be a lot that’s about trade issues, but it’s more sectoral and particular. It’s more democratic, if I can come back to the framework I was starting with about democracy. It’s American businesses going to the president and saying, you know, damn it, you’re our president; go get us access into this market. And it’s the Indian businesses and the Indian bureaucracy going to the prime minister and saying, you know, we want that stuff from them. So it’s not a regime rule-building exercise.

What does the president need to accomplish? I mean, I don’t know, really, other than people like us in this room. I mean, you know, the American public’s not going to be paying attention, I don’t think, to his visit to India. The time zone difference is confusing, and it’s like – (laughter) – and so you know, if there’s some nice pictures – and I don’t know if he’s bringing his daughters, but if he brought them, then that would be good pictures and people would pay attention.

[00:48:32]

But I think in this town, did you get access to the market? Is Wall Street happy? Are the insurance industry people happy? Is there any signal that India is going to buy U.S. multipurpose fighters? Are G.E. and Westinghouse happy?
Are they going to be able to sell reactors there? That’s going to be pretty much what people – it’s mercantile, for the most part, other than people like us in this room who are interested in, kind of, India for other reasons. I think for the most part it’s, did anybody make any money?

Q: Well, what will you be looking for? (Laughter.)

MR. PERKOVICH: I’ll be watching the World Series. (Laughter.) I mean, look, I mean, I want India to succeed. I want it – what would I be looking for? Well, I mean, it’s not going to happen, but I mean, I think some greater sense, other than mercantile, about India – the development of rural India and – yeah, attention to that and the internal security situation in India, which never gets mentioned in the run-up, really, and is something that people don’t like to talk about.

But you know, you’ve got an insurgency in large parts of India. It’s ungovernable and people are getting killed. And so I think – and India can’t be a great power if it has that kind of insecurity within its own borders, and so I think some address of that, if there’s any way that the U.S. can help with that. But I mean, my expectations aren’t so much about what happens at a summit; it’s kind of the general relationship. In the back, and then in the back – let’s go to the back on that side and get the microphone to that gentleman in the back row, and then we can be efficient? Yeah?

Q: Hi. I’m Zubair Ahmed from the BBC News. A Pakistani delegation was here last week. One of the federal ministers said to me that they have tried to impress upon the American administration that in order to solve the Afghanistan problem, you need to solve the Kashmir problem first. I mean, I didn’t understand the logic, but this is what they seem to have told the American administration. Do you think the American administration will buy this and will convey it to the Indians?

MR. PERKOVICH: Kind of and no. (Laughter.) I mean, I think there’s an understanding that the Pakistani military, in particular – well, there’s great awareness that the Pakistani military is obsessed with India, number one; number two, that, that affects what they’re doing in Afghanistan and the limits of their cooperation, or the limits of their enthusiasm for rooting out groups like Lashkar-e-Taiba and others. So there’s a clear understanding of that.

And then they hear Pakistani leaders who say, you know, if we could, like, make progress or if the damn Indians would change their position on Kashmir, then we could do all – I don’t think they believe that, necessarily, because I don’t know that it’s true. But they hear it. And all of which is not to ignore that, kind of, the improvement or normalization of Indo-Pak relations would be very helpful in all of these other things. It would.

And India could be more forthcoming and the Indian mishandling of the latest intifada in Kashmir are all problematic. But fundamentally, I think there is no program or one thing that India or the U.S. could do that would change the Pakistani military’s obsession with India. I think it’s a deeper issue that’s going to take years and years and years to work out of the national psyche, in a way.

So that if India kind of – if India were a person or whatever and it tied its hands behind its back and blindfolded itself and turned the other way and did nothing for five years, I don’t think the Pakistani military and ISI would still not see lots of action that is being caused by India. So it’s going to take a long time to change that mindset.
And so to be held up waiting for that mindset to change is just not going to be realistic. So we’re going to have to do things in Afghanistan and Pakistan not waiting for this resolution in India. At least, that’s my opinion. Yes, sir?

Q: Erik Auner from the Arms Control Association. Can you please comment a little bit on the India nuclear liability bill, and whether that will be a problem for U.S.-India relations going forward?

MR. PERKOVICH: The bill, as enacted – the basic issue is, for those of you who don’t follow this, that nuclear power plants may or may not be wonderful things, but if they have a big accident, there’s lots of liability and potential compensation issues for people who live around them, for cleaning up agricultural consequences and so on.

In the United States, for example, from the beginning of the nuclear industry, Congress has passed legislation and there is legislation where there’s a cap on how much the operators of a nuclear plant have to pay if there’s an accident. And the government will pay the rest. There wouldn’t be a nuclear industry in the U.S. without that because no private insurer, or no bank, would finance a nuclear power plant if they had to pay all the costs of an accident, all right?

There is an effort to make that global, and there are three international conventions of various sorts that do establish liability mechanism for the nuclear industry. And part of this is – or this is also to be to the benefit of potential victims because one of the things it does – it says there will be no venue shopping. So that if there were an accident, you don’t spend the next 80 years going to different courts to try to figure out who has jurisdiction.

And so the idea of these conventions is, you channel all the liability to the operator of the plant, all right? That means if I’m the company that’s going to build the plant – say Westinghouse – when states are party to this treaty, I can build the plant without being held liable. If there’s an accident, I’m not going to have to come up with billions of dollars to pay for the accident. The operator – the utility or whoever is operating the plant is where the liability is going to go.

And so these are conventions that many countries around the world have signed, but not all of them. And U.S. industry – G.E. and Westinghouse, in particular – can’t afford to go build plants in India if they’re not protected from that kind of liability. Russian exporters can because the Russian state insures them. So in essence, Russia has told India, if there’s an accident, don’t worry about it; we’ll pay. Now – (laughter) – it’s basically, don’t worry, there won’t be an accident. But if there were, you just come collect from Putin. (Laughter.)

And France is similar. The state insures. But the U.S. doesn’t. And the way to deal with that is if a state is party to this liability convention, that convention – the industry puts a pool of money in to cover that liability and then, with that convention, the U.S. contractors would be able to build. So India passed a law after – you know, from the beginning five years ago, it was clear India had to have a liability law for the U.S. and for others – others want this, too.

India finally passed a law this summer, but it has conditions on it – again, produced by a parliament much like our parliament does stuff to the consternation of other countries. And the Indian parliament said, well, gee, that doesn’t sound right. And we had the Bhopal thing and everything else, you know. So they put conditions on it that don’t work, from the standpoint of vendors, and don’t conform to the international convention.
So the president and others are spending a lot of time, as we speak, trying to find a way to work this through with India. And India can’t change the law and so the issue is, is there a way they can reinterpret or some other way that would give enough legal confidence that this issue’s been resolved?

And I would – it is a relatively high priority so that I wouldn’t be surprised at all by the time the president meets, that, that’s one of the deliverables – that there’s been some workout to the satisfaction of U.S. industry on this. Yeah, this guy here and – yeah, okay, and we’ll keep working our way – and this gentleman here. Yeah?

[00:58:40]

Q: Yeah, Zia Mian from Princeton. George, I like the way that you’ve separated out, you know, this is India and its democratic process and what it wants and its interests, and this is the United States and the domestic politics that are at play there. But there is a group that blurs this distinction, and it’s one that has become increasingly a player in the American side of setting a vision for U.S.-India relations.

And that is the Indian diaspora in the United States, which, as you can see when you look at the Obama administration and previously, there are a large number, now, of second-generation Indians born in the United States who are American citizens who are both filled with a sense of helping the United States make its policy and carrying it out, as well as being sensitive to being Indian.

So I’m just curious what kind of role you see this group playing as they become increasingly important, both within the domestic politics of the United States, and therefore affecting congressional politics and other things, as well as in administrations, and the fact that there is an existential conflict within this community about who they are and what they should want for which country they belong to.

MR. PERKOVICH: Yeah, it’s a great question, Zia. I think the role is significant and getting larger all the time, of the diaspora. I think that’s a good thing, and they’re certainly exercising their rights under the U.S. system and law. And it comes in several forms. There’s the form that’s money, which is the most important – campaign contributions. It’s the most important, but politicians rarely acknowledge that, surprise. So they say, no, that’s not it. But they will then acknowledge another way that’s very important, which is the talent of the Indian-American community in business management, especially in Silicon Valley, in the arts, in medicine. What is it, 11 percent of American doctors are Indian-American? And they go through that list, and that is impressive. And that really registers with American politicians, and that’s the part they’ll talk about while they’re also very motivated by money, which they say, that has nothing to do with what we do. So it’s both – they’re very expressive.

And I mean, I used to observe this a little more closely and I’m not in the government so I can’t tell the degree to which that may affect any particular decision or move. But it puts – I would argue it certainly puts a floor, below which the relationship can’t go and below which U.S. policy can’t go. I mean, in other words, a president or, you know, a Senate chairperson – there’s stuff they just couldn’t afford to think about doing if it would so anger, you know, the Indian diaspora and India that they would be mobilized.

Now, I can’t think of what that thing would be anyway, that they would want to do, but it kind of is a – sets a bracket. You can do, like, lots of stuff that would be really great – kind of like giveaways that they would be thrilled
about, which may or may not be likely. But there’s definitely stuff you can’t consider doing that would anger and mobilize them. And so I think that’s kind of how it plays in politics. And then the Hill is, you know, even – I mean, there are people on the India caucus that couldn’t find India on a map. (Laughter.)

They just kind of – and whatever the issue is, they don’t care about it and they say yeah, well, what do you want me to do? And they’ll do it. But I think the administration – obviously, people are very – you know, it’s a sophisticated policy calculation, but with a sense of, we can’t alienate this part of the polity, I think. It’s important. Yes?

Q: Yes, I appreciated you advocating for interjecting realism in this U.S.-India relationship, but I wonder if this – the question was raised a couple times – I think that in terms of the U.S.-India relationship and its context with the Afghanistan-Pakistan issue, you may be missing some of the point here. You reiterated the issue yourself that, you know, the U.S. is in Afghanistan because of a national security interest and the insurgents that the U.S. is after happen to be in Pakistan, perhaps protected by the Pakistanis.

But they say they are doing this because of the Indian issue that they have – this perception of fear. So Afghanistan is never going to be resolved if that perception of fear is not addressed – that relationship between Pakistan and India. You can probably forget that. And yet, we’re spending billions of dollars and it’s very long. It’s a 10-year-long war. To say that this is a no-win situation for the U.S. may be missing the point.

In fact, the U.S.-India relationship may be, in fact, the key point in trying to begin addressing some stability issues between India and Pakistan. And, god forbid, if there’s another Mumbai type of attack, for these two countries to actually get into a nuclear war. So to dismiss that issue offhand, I think, is not to see the actual geopolitical issues between India and Pakistan, Afghanistan, even Iran and China, and actually to find other ways to address it. I think this is – there is more there to leverage this relationship than you might be addressing.

MR. PERKOVICH: I think I wasn’t dismissing, or I wasn’t meaning to dismiss it. What I’m trying to say is that there is nothing objectively or materially that the U.S. or India could do that would make the Pakistani military and intelligence services change their obsession with India in the relatively near term. It’s a psychological issue. It is a material issue. There are material dimensions to it. But it’s gone way beyond that. And I have some friends from Pakistan I see here, too.

And I remember this summer, there, I’m driving in Pakistan and you go through, you know six checkpoints to go a mile. And then you know, you go to see the ISI and they start talking about India and India and India. And I say, wait a minute; are those checkpoints because of the Indians? I mean, is that who’s – and is that who’s blowing up people in mosques and invading Rawalpindi headquarters? Is that the Indians?

I mean, the Indians are doing stuff. I’m not disputing that. But the big insecurity in Pakistan isn’t coming from the Indians now; it’s an internal problem. And yet, when you talk to the people, what they want to talk about is India – is the Indians, the Indians, the Indians. And you can’t have that kind of obsession and have it just go away because India agreed to terms – you know, to recognize the line of control or give autonomy or whatever it does. That’s not going to change.
And in fact, it started to change more recently because before the floods, when you’d go to Pakistan, now it was water. People stopped talking about Kashmir – interesting. Because they knew that wasn’t going to – what the outlines of resolution were there. They started talking about water. The Indians are taking our water; the Indians are taking our water. They’re going to, you know, starve us of drink – or whatever the right word is; it’s not starve. And so there will always be something.

[01:07:29]

By the way, this happens in other countries. In the U.S., I mean, the Soviet Union is gone, but there are people who walk around here, kind of, like, with a mental picture of the Soviet Union looking for somebody that fits it and say, ah, we’ll do that. And so I mean, this is kind of a natural thing. So yeah, the Indian relationship and Pakistan is really important. I get all that.

I defy you to say what is the thing that we or India could do that’s at all practical that would then change the obsession of certain elements in the ISI and elsewhere? Now, there are other people in Pakistan you talk to who get this. They understand. They go, no, we created a monster and we created an internal problem and we have to deal with it.

But the people that kind of run Pakistan have grown up through a culture where India is – their identity is, Pakistan is not India. Pakistan is anti-India. And that’s just in the whole outlook on life. So I think it’s not going to be so easy to change that psychology. Yes, ma’am? And then Sima (ph) in the back.

Q: Hi. I’m Margaret Talev with McClatchy Newspapers. Thanks for doing this. The president’s visit is going to come shortly before the two-year anniversary of the attacks in Mumbai, which someone else brought up. And I’m wondering, how much of a specter do you think that will, sort of, cast over his visit to India, particularly with some of the more recent developments in the David Headley case?

[01:09:14]

What’s India’s feeling or antagonism toward the United States, at this point, in terms of the attacks? How well is Mumbai regrouping? And how do you expect this to come into play during the president’s visit? Thanks.

MR. PERKOVICH: Yeah, I mean, I can’t speak to how Indians are feeling, or Mumbai regrouping and stuff. I can say that the U.S. government and the president and the vice president are very, very concerned and mindful of, if and when there’s another attack like the Mumbai attack, that if there’s any way that, that could be traced back to Pakistan and to the Pakistani state, that there will be enormous pressure on the Indian government to act militarily.

That India was restrained in 2001 and 2002, again in 2008, and the U.S. and others correctly, in my view, applaud Prime Minister Singh’s statesmanship for being restrained. But that only can go so far, politically, especially when the ones doing the applauding are also fighting two wars, you know, after an attack. And so I think there will be strong military pressure.

Then the concern is, India says it will act militarily and Pakistan says yeah well, you know, fine. Then we’ll react, and it may be nuclear. And so that’s a scenario that correctly makes people apprehensive, and so, would like to avoid it. And the way to avoid it goes back to the gentleman’s question about India and Pakistan, and so on, which is the only chance of avoiding that kind of escalation is if the U.S. and India were both convinced that the Pakistani state were doing everything it possibly could to eradicate violent jihadis in Pakistan, or in relationship to Pakistani agencies.
That doesn’t mean – I mean, that means, like, going after training centers, really arresting people, not allowing permits for demonstrations and then say, oh, we’re shocked and we’re appalled. I mean, it means really going after these guys. In that scenario, you could say, okay, they really weren’t behind it. These were guys acting out. And so we’re not going to hold Pakistan responsible.

But in other scenarios where the U.S. intelligence and Indian intelligence can say, there’s that camp and we know that these guys are operating there and those guys are operating there, and if we know it, the ISI must know it and are not doing anything to stop it. Therefore, they’re accountable.

And you can – I mean, in Bob Woodward’s book, which is interesting, he talks about after the Times Square incident, the U.S. developing targets in Pakistan where we think these groups still are. And if we get attacked by somebody who’s associated with Pakistan, well, the pressures would be enormous.

And so the question is, is the Pakistani state going after these guys, or is it, because of the concern about India, still keeping these guys on ice, on hold, you know, well-fed because you want them as a lever on India? And that’s not going to work, is the concern. But the president’s very concerned about that scenario and about what you could do to stop it, is of great concern. This gentleman here. Oh, sorry – yeah, sorry, and then this gentleman.

Q: That’s all right, thank you. My name’s Ian Mae (ph) with Platts – reporter with Platts. So a follow-up on the India nuclear liability law: You said it would be a relatively high priority for President Obama’s visit, but India can’t change the law. So short of that, what options do the two governments have to work around it, and to the satisfaction of G.E. or Westinghouse? And number two, can this law hurt Indian business bad enough to the extent that they put enough pressure on their government to do something about it? Thank you.

MR. PERKOVICH: The liability law – I actually follow this fairly well, to the point that I can get confused and have to stop. (Laughter.) And I have good friends who are actually, like, the leading lawyers on that and they are literally in India as we speak working this issue. And so all I can say is that there will be a bunch of lawyers, more likely on the American side than on the Indian side, but who are there between now and the president’s visit trying to find a workaround that the lawyers of the American and other companies would say, yes, this will work.

And by the way, it’s not a frivolous issue. I mean, you didn’t say it was. But I mean, these are publicly held companies so their stock and other value would be affected if they weren’t protected in that market from liability. So it really does affect things. So they’re working that with the lawyers. And my sense – but I don’t know this firsthand – but my sense is that yes, there are Indian businesses who also are concerned for the implications of this – not because they’re nuclear businesses, but for other reasons.

And I’m sure they try to express themselves. But again, India is a democracy. These businesses don’t have that many representatives in the Indian parliament. People who could care less about these businesses have lots of representatives in the parliament. So it’s relatively easy to convince the Indian government, at the high level, that certain things are in their long-term interests, but it’s harder to convince the elected representatives, just like it is here, or any other democracy. So it operates on those two levels. This gentleman here.
Q: Hi, it’s Chong Xiu (ph) of Legal Daily of China. As we know, during President Obama’s visit to China last November, both countries addressed the issue of South Asia in their joint declarations. So during the coming visit, do you think it’s a time for India and the United States to talk about China? I just wonder, how do the two countries coordinate their stance over China, or in the broader legal issues? Thank you.

MR. PERKOVICH: I hope that at least, the U.S. has learned from the prior event that you mentioned, and that if the word China is mentioned, it will be mentioned in a sentence that talks about both India and the United States desiring cooperation with China and wanting to, you know, build on peaceful relations, et cetera, et cetera. And other than that, I would hope and expect that China won’t be mentioned. Yeah, Surjit (ph)?

Q: Surjit Mansingh (ph). Just as you addressed the previous question, but one (ph), on how the two governments or lawyers are tackling the modalities of the nuclear liability thing, I would like to go back to your previous answer on terrorism and ask, how do you think the two governments are or should be tackling this scenario? For example, it’s quite clear that if India retaliated on the terrorist training camps, of which India has maps, the Pakistanis will threaten or actually use nuclear weapons. Is India trying to persuade the United States to put such terrorist camps on its own drone strike list, and do you think that would be a sensible way of tackling the issue?

MR. PERKOVICH: Fortunately, I don’t know much about any of that, in the sense that the thing about counterterrorism is, that which is probably most effective and useful is very classified and secret and I have no idea what goes on. But I can say that it’s difficult to imagine – well, there’s a reason everybody is trying to avoid this happening, but if India were struck, it’s hard for me to imagine the U.S. actually, then, conducting military operations against Pakistani territory on behalf of India.

It’s not impossible for me to imagine, but that’s – you know, it’s not an act of self-defense. It could be an act of allied defense, but we don’t have a treaty. We’re not an ally. So I don’t even know what the legal issue of that – and believe it or not, legal issues are very important in these kinds of things.

Q: George, in retrospect, do you think the Indo-U.S. nuclear deal was a good thing? And do you think it’s time –

MR. PERKOVICH: Trick question. (Laughter.)

Q: Do you think it’s time for India’s nuclear program to be accepted by the international community and for India to be included in, you know, various groupings like the Nuclear Suppliers Group, et cetera, if India and the U.S. are to be strategic partners?
MR. PERKOVICH: I think that with each passing month, the nuclear deal looks less and less beneficial and more and more costly on just about any scorecard, but especially from the U.S. point of view. And I think it worked out, you know, okay for India. Nuclear energy in India is not going to be a panacea to anything, so the benefits of nuclear technology in India were way oversold for a variety of reasons.

[01:21:06]

By the way, that’s true in the U.S. I mean, when that deal was done, people thought the U.S. was going to be building all sorts of power plants and everything else, and guess what: not happening. And you know, I mean, Warren Buffett made a bunch of money by buying an energy company, concluding that nuclear was a terrible investment and getting the French to come buy him out of an American energy company so that he wouldn’t go publicly and say that nuclear is a bad investment. So he made a fortune by just keeping his mouth shut.

But you look at what’s happening in India: It will be kind of slow. Everything’s behind schedule. It will cost billions more. It’s not a panacea. So, so much was put on this and it’s just not going to carry the weight. It’s just not that important. And the Indian nuclear industry was ambivalent about it to begin with. They didn’t really want it. They were out of fuel, so they wanted the fuel.

But their own incompetence made them out of fuel and so they were out of fuel and so they’ve got to, you know, get the – so okay, fine. So maybe it’s okay for India. It almost brought down a government, you know, and it was a gift. It was a gift, and I mean, it almost – so that was interesting. But from a U.S. and international point of view, it’s been totally unhelpful.

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I mean, Brazil was prepared to sign the additional protocol, which is a strengthening of safeguards and inspections in atomic energy. Brazil is a key country in this area. Brazil has an enrichment program, and so on. Its president, when he heard about the India deal, said, I’ll never sign that. And he was prepared to sign. He said, wait a minute. They’re giving that to them and they tested nuclear weapons and we signed the NPT? I’ll never agree to another inspection like that.

You see it in Iran. You see it in the diplomacy on Iran. You see it in China’s nuclear cooperation with Pakistan. You saw it more privately at the NPT review conference. I’ve been to Egypt and the Egyptians say, you know, if we go nuclear, you’ve got to give us a better deal than you gave the Indians; we’re a closer friend and ally.

South Korea is renegotiating its nuclear cooperation agreement with the United States. Under that cooperation, South Korea has not been allowed to do reprocessing or enrich uranium. It is now insisting in that negotiation that it do both – reprocessing and enriched uranium. Why? We’re a much closer ally than India is and you gave this to India. You’ve got to give it to us. How do you think Japan’s going to react when South Korea starts producing fissile material, and others in the region?

And Vietnam is in negotiations for nuclear cooperation, and it says, we want the same. And how do you think China’s going to react to that? And so go down the line and they all point to the India deal. North Korea, as of around 2008: We want what India got so we’re not going to do the disarmament thing. We’re going to do what India did. You accepted them with the bomb and gave them all the benefits so that’s what you’re going to do to us. So we’re going to keep the bombs; you provide the reactors.
Now, these countries could come up with these arguments in any case, but this precedent makes it much, much harder. The Nuclear Suppliers Group, which would be fine with India – India wants into the Nuclear Suppliers Group, which was created after the first Indian test to prevent another India from doing that. India now wants in the group, but the nuclear deal may be destroying that group that India now wants to be in.

They met in July in New Zealand and were trying to establish rules to limit cooperation in enrichment and reprocessing. And it reached such an impasse that, rather than try to push it through and blow up the whole organization, they said, well, let’s relook at all of this. But the Indian model was a big source of this divide. So in terms of the nuclear order and the effort to establish rules and try to manage nuclear technology, yeah, this has been a disaster.

And then people go and say, well yeah, but the Indians were brought into the mainstream, and stuff. Well, not really. I mean, India declared, you know, some reactors as civilian and then a bunch of other reactors that everybody always thought were civilian, they said, no, those are military. And the breeder program, which everybody thought was – oh, that’s military, too. And then if you want us to strengthen our exports and everything else, you’ve got to pay us off, even though there’s a legally binding U.N. Security Council resolution that calls on all states to do that.

So the idea that, you know, India’s made a contribution to nonproliferation – eh, I don’t think so. Now, I don’t blame India because to India, it’s like saying, wait, this was a discriminatory regime that we always hated. And we wanted relief from it and now we got relief from it. And now you expect us to go out and really be for it and strengthen it and everything else. That’s kind of weird.

So I don’t expect them to do it. But now, Indians are arguing and Obama’s getting pressure – and he may do this on the visit – to say, well, yes, we’re going to bring India into this entities like the NSG, which India has always hated and always said were inappropriate and racist and so on. We’re going to bring India in and they’re really going to help us strengthen it. Who are you kidding?

I mean, this is about membership. It’s about healing a psychological wound. But the idea that India actually cares about strengthening these entities – eh, I don’t think so. And the rest of the world kind of sees that and so they say, wait a minute, you’re going to now – you’ve already kind of frustrated everybody with this deal in the first place – now you’re going to try to compound it by bringing these guys in.

And then the Chinese, you’re trying to say please don’t, you know, sell this stuff to Pakistan even though we did it and so on. You know, don’t do that. And they’re in that group, and you’re going to say, oh by the way, meet your new partner: the Indians. It just doesn’t – it’s not serious, I think.

MR. PAAL: Thank you, everyone, for joining us today. Please join me in expressing thanks to George for his insightful presentation. (Applause.)

(END)