



AUSTRALIA-INDIA STRATEGIC LECTURE 2008

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The Australia–India Strategic Lecture is a public diplomacy initiative to strengthen the bilateral relationship with India with a particular focus on security and strategic issues. In addition to burgeoning economic links (over thirty per cent annual growth in Australian exports to India over the last five years), there is growing convergence of India’s and Australia’s strategic interests. The lecture series is a joint venture between the Australia–India Council (AIC) and the Lowy Institute, and provides a program of annual lectures in Australia by eminent Indians in the fields of regional and international politics and security. The Lectures will provide a forum in which areas for cooperation in this developing aspect of the bilateral relationship can be discussed, thereby strengthening understanding and contact between the two countries. The Australia–India Strategic Lecture series complements the existing Crawford Lecture (held in India) and Narayanan Oration (held in Australia) that have an economic/reform focus.

THE LOWY INSTITUTE FOR INTERNATIONAL POLICY

The Lowy Institute is an independent international policy think tank based in Sydney. Its objective is to generate new ideas and dialogue on international developments and Australia’s role in the world. Its mandate is broad. It ranges across all the dimensions of international policy debate in Australia – economic, political and strategic – and it is not limited to a particular geographic region.

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The Australia–India Council (AIC) was established on 21 May 1992, following an inquiry into Australia’s relations with India. The Council’s purpose is to broaden the relationship between Australia and India by encouraging and supporting contacts and increasing levels of knowledge and understanding between the peoples and institutions of the two countries. The Council initiates or supports a range of activities designed to promote a greater awareness of Australia in India and a greater awareness of India in Australia, including visits and exchanges between the two countries, development of institutional links, and support of studies in each country of the other.

THE PROMISE AND THE LIMITS OF THE INDO-US RELATIONSHIP: WHAT IT MEANS FOR ASIA AND THE WORLD

AUSTRALIA-INDIA STRATEGIC LECTURE
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Introduction

In a diplomatic career spanning forty-one years, I have had the privilege of visiting every inhabited continent except Australia. To be in your magnificent country and especially in Sydney, the most beautiful city on earth, is really a dream come true. It is a great honour to be invited to deliver the Australia-India Strategic Lecture for 2008, and I am most grateful to the Lowy Institute and the Australia-India Council for making possible my visit.

I am conscious of the challenge I face today in speaking about the United States to an Australian audience. Who knows the United States better than Australia? I urge you, therefore, to consider my remarks as a commentary more on India and not on the United States.

The real surprise in Indo-US relations is not that the two countries have come together in partnership, but that they stayed apart for so long. American liberals, led by President Franklin Roosevelt, supported the cause of India's independence and hailed its emergence as the world's largest democracy. And yet, as the Cold War set in, the two countries drifted far apart.

My talk this evening will be divided into four broad segments. I will begin by giving a brief background of Indo-US relations as they developed in the difficult years of the Cold War. In the second part, I will describe the rapid normalisation of relations after the

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nuclear tests of 1998 and the beginnings of the Indo-US strategic partnership. In the third section, there will be an assessment of what the partnership means for India, and also its scope and limitations. And finally, we will see if the Indo-US partnership has influenced the way India sees its role within the Asian region and in the world.

The Cold War

Indo-US relations soured when the two countries saw themselves through the distorting prism of the Cold War. The Americans were searching for allies in their fight against international Communism. India, on the other hand, wished to stay away from the big power conflicts and pursue a policy of Non-Alignment. The US Secretary of State, John Foster Dulles, found India's position unacceptable and declared Non-Alignment 'immoral'. And so began the ideological rift between New Delhi and Washington, a rift which saw them confronting each other on almost every

international issue: from the Korean War, to India's support for China's seat in the United Nations, to the Vietnam War and to the Soviet presence in Afghanistan.

The Americans reached two early conclusions on India which had far-reaching consequences. One, that India was irrelevant to their strategic interests in the region – their ally of choice not democratic India, but a Pakistan ruled by the Generals. The other, that India, with its grinding poverty and intractable social problems, was an economic basket case, of little interest to American business. As the American scholar Steve Cohen has commented, 'India was an object for American charity, not strategy'.¹

Thus, for the five decades of the Cold War, the world's two leading democracies were at loggerheads. The late Senator Moynihan, a former American Ambassador to India, described it as a 'half century of misunderstandings, miscues and mishaps'.²

Pakistan and Proliferation

The two principal issues which marked Indo-US differences were Pakistan and proliferation.

As a military ally, Pakistan was funded and supplied with the latest American equipment, ostensibly to fight international Communism. India protested that this was bringing the Cold War to its doorstep. As it turned out, the American weapons were used, not against the Communists, but for fighting India. Further evidence of support to Pakistan was the American tilt against India on the Kashmir issue.

The issue of proliferation, which was simmering after India rejected the Nuclear Non-Proliferation Treaty (NPT) in 1968, erupted into a confrontation after India conducted its first nuclear test in 1974. American and international efforts to make India comply with the NPT culminated in President Bill Clinton's famous initiative to 'Cap, Rollback and Eliminate' India's nuclear program. India's defiance in then conducting a series of

nuclear tests in May 1998 saw bilateral relations plunge to their lowest depth in five decades.

Against this background, it seems a miracle that Indo-US relations have not only normalised, but have reached a state of strategic partnership, and that too in less than a decade. Winston Churchill was perhaps right when he said that 'the Americans try to do the right thing, after they have tried everything else'!

Rapprochement

Ironically, the two issues – proliferation and Pakistan – that kept the two countries divided during the Cold War ended up bringing them together. Incredible, but true.

The first time India received serious attention from the United States in fifty years was when it conducted nuclear tests in May 1998. A dialogue, at the level of Strobe Talbott, the US Deputy Secretary of State, and Jaswant Singh, India's External Affairs Minister, began within a month of the tests. It was the most intense, the

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most serious and the most extended set of exchanges ever between the two countries.

The Singh-Talbott dialogue, conducted over eighteen months, cleared much of the debris of past misunderstanding and more so made Washington aware that India's new status as a nuclear weapon state was irreversible. In Talbott's words, 'India had put the world on notice that it was now – unambiguously, unapologetically and irrevocably – a nuclear armed power'.³

The other push came from Pakistan – bringing India and the United States together through its misadventure in the summer of 1999 when it committed aggression across the Line of Control (LOC) in Kashmir. Bill Clinton's firm message to Pakistan to withdraw its troops or face the consequences not only helped in ending the conflict but also generated, for the first time, a sense of trust amongst Indians in American leadership. In March 2000, Clinton was the first American President to visit India in twenty-two years, fostering the

beginning of a new chapter in Indo-US relations.

Strategic partnership

What began as a process of normalisation under Clinton turned into a strategic partnership when George W. Bush became American President.

The term 'strategic' has been used loosely by India for describing its relations with a number of states. What precisely does it imply? I personally believe that a bilateral relationship qualifies as strategic cooperation only if it meets five minimum criteria.

One, the partnership must look ahead at a fairly long period of time. Two, it should be broad-based and not confined to a narrow range of issues. Three, there must be a convergence of global interests. Four, the national security concerns of both parties must be addressed. And finally, there ought to be frequent dialogue at the highest political levels.

Measured by these parameters, India's

current relations with the United States are truly strategic.

The Joint Statement issued by Manmohan Singh and George W. Bush on 18 July 2005 illustrates the sweeping scope of bilateral cooperation; it covers political dialogue, trade and economic exchanges, cooperation in energy, defence and security, and collaboration in science and technology, agriculture and health. Together with the 10-year Defence Cooperation Agreement of June 2005 these two agreements constitute the twin pillars of a strategic architecture, the like of which India has not attempted since the 1971 Treaty of Peace, Friendship and Cooperation with the Soviet Union.

The cornerstone of this new Indo-US architecture is undoubtedly the agreement for civilian nuclear cooperation or the so-called nuclear deal. India had been waiting for this to happen ever since it was ostracised for its nuclear test in 1974. India was doubly humiliated, first, by a cascade of sanctions which denied it access

to high technology, and further, by being excluded from the nuclear club, through the NPT. The NPT, as Strobe Talbott rightly observes, symbolised for India ‘the 3 Ds of US nuclear policy – dominance, discrimination and double standards’.⁴

The long awaited vindication came when in July 2005, Washington described India as ‘a responsible state with advanced nuclear technology’. Translated from diplomatese into plain English, it meant that the US acknowledged India as a de facto nuclear weapon state.

The national debate

No other foreign policy issue has ever been as discussed, dissected and disputed in India as the nuclear deal. Unprecedented, even for a nation infamous for being ‘argumentative’, the issue has polarised India as never before. The political Left, which is a coalition partner of the present government, has criticised the agreement for diluting India’s sovereignty and pushing the country towards subservience

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to the United States. The political Right, which is in the opposition, castigates the Government for compromising India's nuclear weapons programme, thereby placing its national security at grave risk. The Government is walking a tight rope by proceeding with the negotiations while making sure it is not voted out in Parliament.

The benefits

I must confess I can be neither impartial nor objective in this debate. As India's Foreign Secretary and as Ambassador in Washington, I have been an active participant in the process of transformation of India's relations with the United States. It is my firm belief that the Indo-US partnership is mutually beneficial and will have a great impact on the two countries.

The impact of the partnership will be felt in four principal areas of importance for India: economic growth, energy, security and India's international status.

1. Economic growth

There are obvious benefits for the Indian economy which flow from closer cooperation with the United States. For India, the principal attraction of the United States is not its formidable military strength but its 'soft power', especially its dominance in the field of science and technology, innovation and enterprise. With 4% of the world's population, the Americans control close to 45% of the world's economic production and its high technology. India is aware that in order to sustain its high rates of growth, it will need large doses of both foreign investment and high technology. There can be no better source of these critical inputs than the United States.

2. Energy

With India's GDP growth galloping at 9% and more, the energy gap has started widening alarmingly.

India has large reserves of inferior quality coal which provide 70% of its power production. A more intensive use

of this coal will certainly aggravate global warming. In any event, the coal reserves are not likely to last more than 45 years. Alternate sources like hydro, wind and solar energy will be useful but marginal in meeting the massive demand for power. Nuclear energy is, therefore, emerging as the most promising option for clean, abundant and affordable energy for India.

India's current power consumption of 1,000,000 megawatts (MWs) is projected to double by 2012 and increase by eight to ten times, i.e. up to 800,000 - 1,000,000

through and current restrictions on the import of nuclear technology and fuel are removed, there is a potential, according to Dr. Kirit Parikh, a Member of the Planning Commission, for producing up to 350,000 MWs by 2050, i.e. 35 % of the total energy requirement.⁵

3. National security

For India, energy security and national security are two sides of the nuclear coin. India's vulnerability began with the Chinese nuclear test in 1964. As the Cold

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MWs by 2050. Many are sceptical that nuclear energy can bridge this enormous power deficit. Even the Department of Atomic Energy (DAE) has projected a modest target of 20,000 MWs by 2020 and 40,000 MW by 2040.

If, however, the nuclear deal goes

War progressed, India's neighbourhood became increasingly dangerous, with Pakistan receiving nuclear and missile technology wholesale from China and North Korea. An effort to secure a joint nuclear guarantee from the big powers in the 60s proved fruitless. Left with no

other option, India ended four decades of ambiguity and in 1998, joined the ranks of the nuclear weapon powers.

A minimum nuclear deterrence has since then underpinned the country's security armour. The Indo-US Joint Statement of July 2005 tacitly accepts India's right to nuclear deterrence.

4. India's enhanced international status

Finally, the Indo-US partnership has undoubtedly contributed to the enhanced international status of India in recent years. The big powers are eager to cultivate New Delhi's friendship and doors have opened for India to be seated at the high tables of the world, for example, the G-8 and the East Asia Summit. India is no longer the nuclear pariah, facing sanctions from the international community. It is experiencing a global warming of a different category, a category in which sanctions of all kinds are melting away. There is growing support for India to be elected a permanent member of an

enlarged Security Council. The earlier equation of India with Pakistan has been replaced by the new hyphenation of India with China, reflecting new global realities.

India and Asia

Jawaharlal Nehru had visions of making the twentieth century an Asian Century. In 1947, five months before India's independence, he convened the first ever Asian Relation Conference with thirty participant countries, including China. Nehru was convinced that Asia's global eminence would be restored under the joint leadership of India and China. Nehru's vision did not unfold then for two main reasons. First, China had its own ambitions and had no desire to share its glory with India. This was made brutally clear when China invaded the northern border of India in 1962. The other development was the decision of the majority of the nations of East and South East Asia to join the Western alliance. India soon lost interest in promoting Asian solidarity.

Nearly thirty years later, India came back to the Asian fold. It was warmly welcomed by ASEAN as a proverbial prodigal son in 1992, soon after proclaiming a Look East Policy. In rapid succession thereafter, India became a sectoral dialogue partner of ASEAN in 1992, a full dialogue partner in 1995 and a member of the ASEAN Regional Forum (ARF) in 1996. India's presence in the East Asia Summit in 2005 removed the last lingering doubts about its Asian credentials.

Given this background, what does the Indo-US Partnership augur for the rest of Asia?

That the centre of gravity of the world in the 21st century is shifting from Europe and America to Asia is now well recognised. As the title of Coral Bell's excellent book puts forward, the Vasco da Gama era is coming to an end. The 2007 BRICS report of Goldman Sachs suggests that, at present rates of growth, the American economy will be overtaken

by China by 2030 and around 2050 by India. It is also predicted that Asia, by 2050, will account for more than 50 % of the world's trade, investments, savings and financial transactions. Is Nehru's vision unfolding?

While political developments are harder to predict, one thing appears certain. Asia will be a much more crowded place than now, not just with human beings but with five active global powers – China, India, Japan, Russia and, the United States. The big issue, therefore, is whether these powers will be able to co-exist and live in harmony. The question, in other words, is: how many Sumo wrestlers can be on the same mat without knocking each other out?

The answer to that question, in my view, will depend largely on the evolving relationship between the United States and China and between the United States and Russia.

While the US State Department has repeatedly clarified that containing

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China is not a foreign policy objective, the Pentagon has identified China, in its latest Quadrennial Defence Review, as a country with ‘the greatest potential to compete militarily with the United States’. This contradictory approach reflects the essential dichotomy in the relations

independence, India was the big fish in the South Asian pond. In the 1990s, it became an ASEAN dialogue partner as an Asian power. Today, India is on the cusp of becoming a global power.

Unlike the other big powers in the region, India has no territorial ambitions,

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between the two countries.

The other country to be watched is Russia. A new Russia is emerging, under the leadership of Vladimir Putin, which is economically vibrant and politically aggressive. It is beginning to challenge the global and regional dominance of the United States. Further, Russia and China are moving closer together in a new strategic partnership, raising fears of a revival of the Cold War.

Where does India place itself?

For four and a half decades after

no bilateral disputes and no historically painful memories for the other players. It carries no baggage and poses no threat to any country.

It would be misleading, however, to conclude from this that India faces no problems in the region. Two principal concerns for India relate to its security and its relationship with China. Both issues are interlinked.

India faced aggression from Pakistan in 1947 and from China in 1962, and thereafter, continuous and synchronised

threats from both countries, occasionally joined by others. In 1983, China began its clandestine proliferation of nuclear weapons and missile systems to Pakistan, with North Korea as an active collaborator. This criminal conspiracy resulted in a flourishing nuclear black market operated till recently by the Pakistani scientist Dr. A. Q. Khan.

India's relations with China remained frozen for twenty-six years after the brief border war in 1962. A pragmatic solution proposed by Deng Xiaoping and accepted by Prime Minister Rajiv Gandhi in 1988 began a process of normalisation which has produced impressive results. The confidence-building agreements of 1993 and 1996 have helped in keeping the peace along the 2400 kilometres of disputed border. Bilateral trade has picked up from less than \$3 billion in 2000 to \$40 billion last year. China has displaced the United States for the first time ever as India's leading trading partner. And in 2005, India and China announced a 'Strategic

and Cooperative Partnership for Peace and Prosperity'. High-level meetings are now a regular feature in Sino-Indian relations.

Despite these welcome developments, India still does not feel a sense of security or confidence with China. The festering border dispute has been aggravated by brazen Chinese claims to large tracts of Indian territory, including an entire Indian state of the size of Sri Lanka. Tibet remains a sensitive issue, with India's growing sense of discomfort with China's violation of Tibetan autonomy and repressive measures against the Tibetans. An expanding Chinese naval presence in the Indian Ocean, along with port facilities being built by China in India's neighbourhood under the so-called 'String of Pearls' policy, is ringing alarm bells amongst India's military planners.

Like many other countries, India is following a policy of 'strategic hedging' with China. There are misgivings about China but no overt signs of hostility. The two countries have managed to find

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common ground on important global issues like energy security, terrorism and climate change. As long as China's rise remains truly peaceful, its neighbours, including India, perhaps have no cause for anxiety.

The Indo-US strategic partnership has, however, been viewed by China as an unwelcome development in the power politics of the Asia-Pacific region. The Chinese perception is that India's growing security ties with the United States are aimed at containing China. India's growing proximity with other US allies and partners like Japan, Australia and

is clearly not the case. India has been prickly in defending its independence in foreign policy and cannot be persuaded to promote the global interests of the United States or any other power. India is as much at home in the trilateral dialogue with Beijing and Moscow as with the quadrilateral cooperation with the US, Japan and Australia.

Limits of the Indo-US relationship

Even though the scope of India's engagement with the United States is unprecedented, there are limits to how far

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Singapore have reinforced the fears of China. The Chinese apprehensions are, to my mind, baseless since they imply that India has some sort of clandestine security alliance with the United States which is aimed against China. This

and how fast the relationship can proceed. Two major factors inhibit an open-ended relationship. First, the democratic process in both countries tends to exaggerate differences and slow down the process of negotiations, as we have seen in the case

of the nuclear deal. A consensus on the Indo-US partnership has been difficult to reach with the Indian Parliament. Second, the extent of the partnership is limited by India's perception of its own independence. The memories of colonial and Western domination still haunt educated Indians. There is widespread concern that, in coming closer to Washington, India may be compelled to subordinate its foreign policy to the global interests of the United States. This is unlikely to happen and betrays, to my mind, a lack of self-confidence. India's track record since independence makes it an unlikely candidate for being a satellite to any power in the world.

India's relations with the United States will thus remain a partnership short of an alliance. New Delhi has its own dreams and its own compulsions. As the American scholar Ashley Tellis told a US congressional committee in November 2005, 'India's large size, its proud history and its great ambitions, ensure that it will

likely march to the beat of its own drummer'.

Two of the happy outcomes of the Indo-US rapprochement have been the new partnerships established between India and Japan and India and Australia.

India and Japan

While India and Japan have known each other for centuries as civilisational entities, their relations had remained, until recently, politically correct but not close. As in the case of the United States, Indo-Japanese ties plunged after the Pokhran tests in 1998 but recovered dramatically two years later. A path-breaking visit by Prime Minister Mori in 2000 established a 'Global Partnership', which was rephrased as a 'Strategic Orientation' during the Koizumi visit in 2005 and elevated to a 'Strategic and Global Partnership' during Shinzo Abe's trip to India in 2007. There has been a marked expansion of ties in recent years in the three critical areas of defence and security, political relations and economic exchanges.

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India and Japan see each other as global partners with shared security concerns in the region. Abe, during his 2007 visit, referred to the concepts of 'Broader Asia' and the 'Confluence of Two Oceans', meaning the Pacific and the Indian Oceans. It is in this context that the idea surfaced of a Quadrilateral Cooperation or the 'Quad' between India, Japan, the United States and Australia. There was a successful display of this cooperation during the joint naval exercise held in the Bay of Bengal during September 2007.

The fears expressed in some quarters, especially in China, that this was the beginning of a new security alliance – the so-called Asian NATO – are completely unfounded. The 'Quad', as an instrument of naval cooperation in the Indian Ocean, is an eminently sensible idea. As a move to contain China, however, it would be both foolish and unrealistic. I am convinced that all the four partners share the same approach to the issue.

India and Australia

Let me turn finally to a key player in the region and one of the most important amongst our new partners, Australia. India and Australia neglected each other for the major part of the Cold War and their mutual perceptions were not very charitable. While India remained Non-Aligned, Australia was committed to the Western alliance. In the 1980s, Australia vehemently opposed the Indian navy's modernisation and expansion programme. It required a major calamity – the December 2004 tsunami – to break the ice and bring the two countries closer.

Today, Australia is seen as a major partner of India in Asia and in the Indian Ocean area. Commercial relations are flourishing and political dialogue takes place at the highest level. The two countries share regional and global concerns and have no strategic conflict – except of course, in cricket!

A potential area of disagreement, however, is brewing in an otherwise

smoothly developing relationship. I am referring to the nuclear issue.

India is somewhat puzzled by the mixed signals sent out by the new Australian Government. Canberra has welcomed the Indo-US nuclear deal and has hinted that it will support a waiver being issued by the Nuclear Suppliers Group (NSG) which will enable India to engage in nuclear commerce with the rest of the world. And yet, in a reversal of an earlier initiative by the Howard Government, the new administration has clarified that it will not sell uranium to India unless India signs the NPT.

The Indo-US Nuclear deal is based on three important premises.

One, that the NPT should cease to be the pretext for punishing India since the violators of the treaty have been those who signed it, unlike India, which observed the obligations of the NPT even from the outside.

Two, that the global non-proliferation regime will be vastly strengthened by

bringing India inside the tent rather than treating it like a nuclear untouchable.

And finally, that nuclear power is the most promising source for India's massive energy requirements in the future. Diverting India (and China) towards nuclear power will help reduce global pollution and maintain a measure of stability in oil and gas prices.

The validity of these arguments has now been accepted by the IAEA and by the major powers including the United States, Russia, Britain, France, Germany and Japan. If Australia remains firm on not exporting uranium to India, it will appear to be out of step with the approach of the other leading nations of the world.

Supporting India's right to buy nuclear fuel from other sources through an NSG waiver also contradicts the logic of not permitting uranium sales from Australia.

Finally, Australia will be hard pressed to provide the moral justification for selling uranium to China, which has been a major proliferator of nuclear technology (e.g. to

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Pakistan, North Korea, Libya and Iran) while denying access to India, which has an exemplary record on non-proliferation.

trade and in services. A solid foundation has been laid for collaboration in science and technology and Australia

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I trust that the uranium issue will be given deeper and more serious consideration as the new Australian Government settles in. Having said that, I feel it would be a grave mistake for the two countries to be fixated on this single issue. India and Australia have a broader range of common concerns in the region and globally. They share a strategic interest in maintaining stability in the Indian Ocean which is vital for the overseas trade of both countries. India looks to Australia as a long-term associate in its economic growth and a principal partner for its energy security. The prospects of a Free Trade Agreement (FTA) are being discussed and there has been an impressive growth in

is now the second most popular destination for Indian students abroad. A new world of cooperation is opening up for India and Australia.

India's role in the world

India is an ancient civilisation but a young state. It is a nation in transition – from stagnation to growth, from poverty to prosperity and from a feudal past to a democratic and egalitarian order. A billion people are on the move. They are facing the world with a new confidence, which Prime Minister Manmohan Singh has defined as ‘confidence in ourselves, confidence in our abilities, confidence in our capabilities and confidence in our possibilities’.

THE LEGACY OF GANDHI AND NEHRU IS STILL A STRONG INFLUENCE ON INDIAN THINKING. INDIA WILL, THEREFORE, BE A BENIGN FORCE, USING ITS NEWLY ACQUIRED STRENGTH TO REACH OUT TO THE OTHER STAKEHOLDERS OF THE PLANET AND MAKE IT A BETTER PLACE.

For those who wonder if this self-confidence will drive India towards hubris in the new global balance of power, there is reassurance in knowing that the cynical use of power is alien to India's cultural and civilisational tradition. The legacy of Gandhi and Nehru is still a strong influence on

Indian thinking. India will, therefore, be a benign force, using its newly acquired strength to reach out to the other stakeholders of the planet and make it a better place. As neighbours across the seas, India and Australia have a common mission in bringing peace and prosperity to their corner of the world.

Notes

- ¹ Cohen, Stephen P., *India: emerging power*. Washington, DC, The Brookings Institution, 2001, p 4.
- ² Moynihan, Daniel Patrick, In Dennis Kux, *Estranged democracies: India and the United States*. New Delhi, Sage, 1994, p XXIII.
- ³ Talbott, Strobe, *Engaging India: diplomacy, democracy and the bomb*. New Delhi, Viking Penguin Books, 2004, p 51.
- ⁴ Talbott, *Engaging India*, p 26.
- ⁵ Parikh, Kirit, India's energy needs – strategic imperatives. *Journal of the United Services Institution of India*, No. 570, October- December, 2007, pp 490-491.

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