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"PRESIDENT BUSH'S TRIP TO SOUTH ASIA: CHALLENGES AND OPPORTUNITIES"

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P R O C E E D I N G S

MR. TALBOTT: —of what we try to do here at Brookings and how we try to do it, which is to say we make maximum use of or in-house expertise and we also reach out to our colleagues from around the city, and indeed around the country and around the world, which is to say we ask colleagues from other centers of excellence to join us in dealing with the issues of the day.

The first person that you'll be hearing from is Steve Cohen, who is of course a renowned scholar, well known to may of you. He also has policy experience from his time on the Policy Planning staff in the Department of State during the Reagan administration.

Barry Bosworth is a Senior Fellow in Economic Studies here at Brookings. And he has been spear-heading a joint project that we are running with one of our Indian partners. And I'll come back to that in a moment with respect to the economic future of that country.

Rick Inderfurth is a friend and colleague of mine from the Clinton administration. He was the Assistant Secretary of State for South Asia. And he's now a distinguished professor at George Washington University.

And Marvin Weinbaum is at the Middle East Institute. He's a former State Department analyst for Pakistan and Afghanistan.

I'd like to say just a word about Brookings' very strong commitment to the study of India and South Asia in general. I think that

should be apparent to all of you, not least of you take a look at our bookstore and several books that are on display just outside the auditorium. One of those books in particular I recommend, and that's Steve Cohen's book on the idea of Pakistan.

We also have an ongoing project under Steve's supervision with some Indian and Pakistani former officials who have been putting their heads together in a kind of a joint brainstorming session on the lessons to be learned from various crisis that have occurred between India and Pakistan over the years.

We've got some books coming out in the future, one on Kashmir and another on Indian infrastructure reform.

And I do want to stress that Brookings, in addition to working with colleagues like Rick and Marvin and their institutions here in town, is also developing a number of partnerships with counterpart institutions in India itself.

And here I'm thinking particularly of the Observer Research Foundation, the National Council of Applied Economic Research and the Institute of Peace and Conflict Studies.

Steve, I suspect, in the course of his remarks, may be touch on some of these projects and partnerships as they relate to today's discussion.

Finally, before turning you over to the panel, I want to just strike a personal note, if I could. And that is as I have watched the

intense coverage in preparation for President Bush's trip to South Asia, I've had a sense of deja vu.

And Rick, I wouldn't be surprised, if you had something of the same. A great deal has changed, of course, in the region and in the various relationships. There are a lot of new issues that have loomed up. But there are also some aspects that are very familiar to those of us who worked in the Clinton administration preparing for that President's visit to South Asia in March of 2000, which is to say just about exactly six years ago.

And there are two points of similarity in particular. One is that part of President Bush's challenge is going to be preserving the positive momentum in the U.S.-Indian relationship, despite some remaining differences over the perennial nuclear issue, and also dealing with some extremely sensitive points regarding Iran.

And in that regard, as in one other, not very much has changed fundamentally between this trip and the one that President Clinton made six years ago.

The other point of similarity is that it is going to be very tricky for all of the leaders involved, and this is, I'm sure, very much on President Bush's mind, to maintain the best possible relationship both with India and with Pakistan for the United States.

Also, using the good offices of the United States to encourage better relations between those two countries, that is between

India and Pakistan while at the same time avoiding the pitfall of which we are constantly being reminded by our Indian friends, and that being the pitfall of not hyphenating or hyphenizing as it's sometimes said, the relationship between Indian and Pakistan.

I see a couple of people nodding in the room, and a couple of people looking a little puzzled at what exactly that means. But I assure you that by the time this discussion is finished, you will understand exactly what hyphenization means in this context.

So with that, I will turn you over to Steve Cohen.

Thanks again for being here.

MR. COHEN: Thank you, Strobe. And we're pleased you could join us for a short period. We know you have some other meetings that were scheduled before this was set up.

Again, please turn off your cell phones. And for those of you in the back, there's a few seats up here. So if you'd like sit here—one, two, three, four, five—yes.

We're going to change the order of battle here a little bit. I'll ask Ambassador Inderfurth to lead off and provide a larger framework for the Bush trip to India and Pakistan.

We'll then follow with Barry Bosworth who will discuss what I would regard as the most important development in at least U.S.-Indian relations, and that is the enormous increase in economic growth and trade and investment between the United States and India. Although,

parenthetically, India's largest trading partner in three years is likely to be China, not the United States.

Then I'll follow with a few remarks about the nuclear deal. It's been so thoroughly covered in the press that I don't have to say much more about it. But I can at least share my own views about it.

And then Professor Marvin Weinbaum will speak on Pakistan. Marvin has a plane to catch. So he has to leave a little bit early. I'll finish up—I'll respond to any questions.

We'll try and get through our presentations quickly so you can have plenty of time for Q and A.

Rick, would you like to begin?

MR. INDERFURTH: Well, Steve, thank you very much for organizing this. Strobe, thank you for introducing us and hosting this event.

There is deja vu. Six years ago we were packing our bags for the trip to New Delhi with President Clinton. I also was packing my bags about this time 22 plus 6, 28 years ago, when President Jimmy Carter when to New Delhi. He was the last President before President Clinton went in 2000.

I'm still waiting for my invitation for this trip. I haven't got it yet, but I've been out town.

[Laughter.]

MR. INDERFURTH: I will check in my mail to see if I'm going to continue my travels with Presidents to India.

What I'd like to do actually is to play off of that because I'd like to give you a few introductory comments about the importance of this trip and put it in some perspective. Then I'd like to talk about the [inaudible] although I think that Barry and Steve will have the lion's share of that, because I'm sure all of you have read President Bush's speech before the Asia Society where a great deal of it was on the subject of our economic relationship with India. And a great deal of it was on the civilian nuclear agreement.

So I'll try to put all of this together and then turn it over to the two of them. And then, of course, Marvin will pick up on the Pakistan portion, which the President also addressed.

But let me start off this way. The trips to India by an American President in the past were very sporadic and infrequent. President Clinton's trip in March of 2000 was the first time in 22 years that an American President has been to that country.

Now we're seeing something very important happening. And I think it's fundamentally important in terms of our new relationship with India, and that is we're seeing two successive Presidents traveling to India, President Clinton in 2000 and now President Bush in 2006. I think this is an important statement that a trip to India is no longer just a desired, but a required part of an American President's itinerary during

his term of office. I think this is going to be an indication of the long-term nature and sustainability of that relationship.

There's also something else about this, and that is you have a Democratic President followed by a Republican President pursuing a similar policy toward a very important new player on the world stage—India. That is something that we don't see a lot these days in Washington, and that is policy continuity.

The support for a new strengthened relationship with India is bipartisan. And I'm very pleased about that. Because it says that sometimes we can agree on something. And I think that what Democrats and Republicans do agree on is that India is important to us in the 21st century and that we're going to work to strengthen that relationship.

Now why is India important? Now, I know that most everybody here knows this, but let me just give you a short statement of its importance.

India is important politically because it's the world's largest democracy. It's important economically because it has one of the biggest economies today. And if some reports are accurate, by 2020, it will have the world's fastest growing economy.

It's important demographically because before too long India will be the most populous nation in the world, surpassing China. It also has, just as another category, it has the world's largest movie industry, surpassing Hollywood.

So I mean, you take all of this together and you say, what's not to like about India? And clearly, we want to have an important relationship with that country in the 21st century.

If you want a little more sophisticated analysis of that, you should look at a report done by the National Intelligence Council a while back, entitled "Mapping the Global Future." It's their 2020 project.

And it said something in that report, which is rather significant, that as the rise of Germany defined the 19th century and the rise of the United States defined the 20th century, the rise of China and India will be the defining geo-political reality of the 21st century. That's pretty important company to be keeping there. And I think it does capture why India has become so important to U.S. policymakers in recent years.

Let me also mention one other thing. This may come up in a question, but let me just state it here. I do not believe that our relationship with India should be part of a triangular calculation with China. I think that it is very important, despite some in the current administration that want to play an India card in that relationship, I think it's very important to keep our relations with these two countries on their own merits and not try to get into a strategic competition with them.

I think that would serve no one's interests. I know it would not serve New Delhi's interest to be caught between the United States and

China. India and China are doing a very good job these days of improving their relationship, as I believe they should.

So I think that the idea of India being a hedge against a rising or potentially adversarial China is not the way we should be looking at this relationship.

So let me turn very quickly from those overview remarks about why this is important and why India is important to what's on the table with this trip.

As I said, we will hear from our other panelists about the economic elements of the trip, which are extremely important. It is one of those unfilled potentials in the relationship that we now have a chance to do something about and also on the civilian nuclear deal.

I am distressed by the fact, by the way, by the fact that the civilian nuclear agreement is dominating the press accounts of this trip. This trip, in my view, should not be judged a success of failure based on what comes out of the civilian nuclear agreement discussions that are taking place, including those that Undersecretary Nick Burns is doing right now in New Delhi—or he may be on his way back.

But I believe that this trip has far more to it than simply the civilian nuclear agreement. And if it takes more time to finalize it in a way that will answer the questions that the U.S. Congress has and the Indian parliament has, then that time should be taken.

There is no urgency to finalize this, in my view, before the President lands in New Delhi next week.

Now on the agenda, since I want to mention the other things, if you look at the very important visit of Prime Minister Manmohan Singh on July 18th, they laid out a very ambitious agenda, one that was building, quite frankly on what President Clinton addressed with the vision statement when he was there in March of 2000.

But it includes not only the economic side and also the civilian nuclear side, but an energy dialogue, a CEO forum to bring our top CEOs together, working together on a global democracy initiative, U.S.-Indian HIV-AIDS partnership, agricultural issues, and space cooperation.

In the near future, we will see two U.S. payloads on an Indian space launch as part of their moon probe. There are a lot of things that these two countries can be doing.

If some of you heard Ambassador Ronen Sen's press conference, I think three days ago now, at the National Press Club, he talked about issues of bio-technology, nano-technology, and information technology. These are all frontier scientific issues that we're working on with India.

So there is a very big agenda for the two countries to be pursuing. And I think that this will be something that President Bush will have a chance to pursue while he's there.

He will also have a chance to pursue the growing U.S.-Indian defense relationship. This is something that was, quite frankly, precluded during our time because we had sanctions in place. But since 9/11 and the sanctions were lifted, the U.S. and the Indian defense establishment have moved ahead very smartly in terms of joint exercises, air, naval, ground maneuvers, talking about defense sales to India.

Recently there was a 10 year U.S.-Indian defense cooperation agreement signed. So that's another area that they will be able to pursue. And they will also have a chance—and I think I'll stop here [inaudible]—one other thing that is terribly important and that is the U.S. to continue to indicate its support in whatever fashion is most appropriate of the current peace process that is underway between India and Pakistan.

This is now over two years in which they have been talking through what they call their composite dialogue on all issues, including Kashmir. There have been some important steps taken in that regard. And I think that the United States needs to indicate, as best we can, how important we believe this process is.

The economic dimension is important. The people dimension is important. High-level meetings, President Musharraf has traveled to India to see Prime Minister Sen. And I think that he is planning, looking forward to a trip to Pakistan.

Cricket diplomacy, as it were, on the subcontinent, all of these things are very important. And of course, Kashmir still remains unresolved.

I was reading, as I'm sure all of you have, the President's speech. He did talk about how he wants to encourage that process. I did note in his remarks, however, one thing that I would like to call to your attention, which is when he did discuss the U.S. attitude toward the issue of Kashmir, that he said that the United States, and I'll just call attention to this—he said he will encourage them, meaning Prime Minister Sen and President Musharraf while he's there to address this important issue, meaning Kashmir. America supports a resolution in Kashmir that is acceptable to both parties.

I would hope that he would also see this as something that would be acceptable to the Kashmiri people.

There are actually three parts of this equation—India-Pakistan which have to negotiate this, but also the Kashmiri people, their interests and their concerns must also be taken into account.

So I hope that that will be further discussed as part of the President's trip there.

So again, it's a very ambitious schedule. It is one that, as I said at the beginning, is important because it is showing that unlike a number of occasions in Washington, we are seeing policy continuity. And I think that we will see that continue on into the future because this

relationship is one that is very important to the United States in the 21st century.

So, Steve, let me stop there.

MR. BOSWORTH: I'm going to speak only about economic issues, but I know about the political ones—it wouldn't last very long. And I tried to think about what it is about India that, from an economic perspective, would be interesting.

I think to most economists what is going on India is one of the most exciting global developments in recent times.

We've been through two decades now of the largest country in the world, China, just undergoing what from a purely economic perspective, looks like a miracle of growth. And the possibility now seems to exist that the same sort of thing could happen in India; that India seems to have moved into the range where it can look forward to economic growth rates in the range of about 7 to 8 percent.

That's not the 10 percent growth rates of China, and that's a big difference. But still, 8 percent growth is a fantastic accomplishment for a country that's got a billion people.

I think one thing to remember, growth has been rapid, but this still an extraordinarily poor country. If you use commercial exchange rates, which some people would not do, it's only about $500 to $600 per capita, compared to a U.S. standard of living about $35,000 per capita.

If you use what we call purchasing power parity exchange rates, which takes into account low income countries, it's not quite as bad as it seems, you're still going to end up only with about $2,500 per capita.

The poverty rate in India—meaning what proportion of the population makes more than a $1.00 a day is only about 35 percent. They've made a lot of progress. The poverty rate has come down dramatically, but that's still shockingly off.

You can find a few countries in Africa, here in this continent, you're thinking of countries like Honduras, Nicaragua and you think of standards-of-living in India. So a very poor country.

I think another aspect of it that's very interesting, the discussion will be completely different than a discussion of economics with China. Economic growth in India and China are dramatically different from one another. And that's one of the most interesting aspects of it.

India's growth in services, not manufacturing. It's true domestically, but it's even truer commercially in terms of their foreign trade.

Even in manufacturing, the strange thing in India right now is the growth is in products that are high-skilled employment, even in manufacturing. Yet this is a country that's just abundant with sources of low-skilled labor. And one of the big political problems in India at the

present time is the fact that the growth is so concentrated among the higher-skilled portion of the population that's doing quite well, but the growth has not really touched the lower income groups. And it hasn't done much in the countryside. And I think that showed up on the last election—where's the benefits for the lower income people in India? It is an issue.

And China, after all, was low skilled job growth, just exactly what you would have classically expected. And that's not what's happening in India.

A third aspect, I think, interesting about India globally, it's an extremely closed economy. At one time it was almost an autarchy. They just didn't want to trade with anybody else in the rest of the world, and they didn't. They are opening up, and trade is growing rapidly at the present time.

But its trade is very small by anybody else's standards.

We talked of hundreds of billions of dollars worth of trade between the United States and [inaudible]. Our trade exports plus imports with India is worth about $30 to $35 billion, depending on how you count for services. That's just trivial. We've got an $800 billion trade deficit with the rest of the world, and we're talking the total trade with India is about $30 billion.

They have a trade surplus with us, like everybody else in the world. It's about $10 billion. So what are the points to this? India is, in

U.S. relations, is not really going to be a source of friction over the issue of trade. It's just too small. It's growing rapidly, but it's not at the center of U.S. debates over trade policy.

However, there's one aspect of it that's interesting, and as I mentioned before, services with the revolution in communication, the Internet, India has emerged as a major source of service trade with the United States in what's called off-shore. I would define off-shore, use simply the same thing as imports. It's just that when we talked about imports, we talk about good. And now we've invented a new work, off-shoring is imports of services.

I think the significance of it is that the United States that we used to thought trade was a threat only to blue collar workers. Now some white collar workers are getting concerned about these issues a little bit.

But one thing to remember is, at least right now, the amount of trade is just a few billion dollars. It really is very small.

One of the disputes is how to measure it. From the Indian side it will look a lot bigger because they count all the output of the Indian firms that have moved here to the United States, the so-called H-I visas, to work here in the United States. They call that an export. We call that domestic production here the United States.

So there's a difference between the ways the two countries do it. But trade is very small by our measure, but growing rapidly.

I think the big issues that we do share and the concerns to India in the near future, we have to do something about energy. They are very dependent on imports of energy. So I think that is one reason the nuclear issues comes up. They would like to develop some alternative energy sources. We are interested in the rest of the world developing alternative energy sources, unless you want to see the price of gasoline go even higher.

So we have a shared interest in developing a common framework in energy. And India also has a serious water problem that it's got to deal with in the future. It just does not have big resources of water to support growth. In that sense, similar to northern China, as a problem.

The third one I would mention, I think a big issue for India, is do they have the infrastructure to support a higher rate of economic growth? And they've got to find some way to expand the infrastructure rapidly in the future.

If you go through the airports, you will see that the infrastructure is pretty limited in India at the present time.

The last thing I would mention is on the trade front, there may be some discussion by others of an FTA—free trade agreement—with India. I don't think it's going any where. And I think most economics would say it's not.

India remains, although it's opening up, a country with extremely high tariffs on average. The United States' manufacturers would love to have an FTA with India. And nobody had one with India, because they could operate inside that wall of protectionism. But it's not going to happen anytime in the near future.

India would like to see some expansion with us in the area of H-1 visas and more access of Indian scientists to the U.S. And I think the same problem arises there. It's not going to happen.

Both countries have big difficulties in signing a meaningful FTA, so I don't think it's going to happen. They are at the center of the debate over the WTO round of negotiations. They do have some contrasting concerns there. And there might be a very interesting discussion between the President and Prime Minister Sen on these issues of global trade.

But I think at the present time, the WTO is effectively dead. And an agreement between the United States and India cannot really resurrect it. The difficulties are broader than just the United States and India.

So I don't think, even though the relationship has become very important, you should look for major changes to occur in this meeting. This meeting is going to reinforce what have been very significant changes.

When the prime minister was here before, we had this rapidly expanding economic relationship with India, and we became very optimistic about the economic growth prospects in India.

I think that the President's trip will hope to do that, just sort of strengthen those and build on them, not necessarily break new ground. And if he can do that, I think there's just enormous benefits to both countries.

Our relationship economically with India right now is very interesting because we don't normally have a lot of areas of economic conflict between us. The economy we should be able to agree on and build on. We have a lot of common interests. And I think that would be a very positive outcome in the President's meeting.

Thank you.

MR. COHEN: Thank you, Barry. That was a good summary.

I also want to mention Dr. Bosworth is very involved in a series of conferences and books with a leading Indian think tank. And one of the first products is outside.

Every year we'll be issuing another volume in this Indian economic paper series.

I want to talk about the nuclear deal, but really put it in a larger context and just say a few words about it.

Our press is filled with and the Indian press is also dominated by this. And as Rick Inderfurth said, there is a great danger

that the relationship will be defined by this nuclear deal. And the deal briefly was simply that the Indians, in exchange for access to American and other uranium supplies for the nuclear power plants, would agree to separate their nuclear program into a military and civilian component.

In a way, the Indians showed the Iranians how to do it, that is their covert nuclear weapons program was buried within a civilian program, which of course they claim was peaceful. And that generated a lot of anger here. From an Indian perspective, it was perfectly defensible.

I put some of my views in a Q and A, which is available now on the Brookings Website. But I'll elaborate on these now. When we began planning this forum, the initial draft I got of the title was "The Bush Visit: A Historic Change or Historic Visit."

And I thought, wait a second, what's historic? Is this historic or historical? Not quite sure, so I scratched that off. And then I began thinking about it. I didn't put historic back in. And I think it could be historic if what evolves from this trip and subsequent events is a recognition in both the United States and in India that India is now seen here and accepted there as one of the five great world states, one of the five major world powers.

That is a vision for India which was first laid out most eloquently by Jawaharlal Nehru 75 or almost 100 years ago. And in a sense, it's been the core Indian view of themselves that India is by right

and by nature, one of the five major world powers—the others being China, Europe, the United States and Russia.

And what I thought was remarkable about the Bush administration, as it came to understand India, as it came to articulate its views about India, was it accepted that view of India. And I think that has been most concisely put by Condoleezza Rice. I think it was December 12th last year in a Washington Post article, and she says India is one five great world powers. They're all nuclear weapons states, all with powerful economies. If they act together in concert, they can create a peaceful world, and they can expand democratization in the rest of the world.

That last part was not part of the Nehruian vision. He saw the five world powers as essentially operating within their own sphere of influence.

So this trip could be historic if the trip and the aftermath, particularly the nuclear deal, seals the impression both there and here and elsewhere, that India is one of the five major world states.

As for the nuclear deal, the controversy really arose from the failure of both countries, or the inability of both countries, to develop a consensus among those who might oppose it. Here, that was largely Congress. Congressman and Senators were very shocked to hear the President and Manmohan Singh say last July that they had reached an

agreement which would trade American support for the Indian civil nuclear program for India restructuring its weapons program.

And they were very upset. And I think the Bush administration, certainly the Indians, underestimated the degree of anger that the failure to consult can generate in Congress.

On the Indian's side, consultation wasn't required because no laws have to be changed. Whereas, on the American side, American law has to be changed for this agreement to go through.

But what is happening now is that both sides are beginning to consult and deal with the issue both here and in Congress. And in India, there is a major national debate going on over the nuclear deal.

They could not consult, apparently, as I understand it, because the deal was being negotiated right up to the last minute, which did not give them the opportunity to bring in Congressmen, Senators and others to consult.

The structure of opinion in both countries is interesting. And you see in both India and Pakistan—India and the United States—I'll get to Pakistan later—strong support for the deal and strong opposition for the deal.

The American think tanks, for example, are rather divided down the middle. I won't go into details, but in almost every major American think tank, there are people pro-deal and people who are against the deal.

In India—but generally, the U.S. view is one that ranges from opposition from those who feel that the Indians cheated on their nuclear program in the past, still angry with India for developing a covert nuclear weapons program, to general support and the argument that India is a world power and we should accommodate it in terms of its weapons program and move on from there.

On the Indian side, the opposition is more complicated, more interesting.

The core of it resides in the Indian left, where there is strong anti-Americanism. In the U.S., I don't think there's much anti-Indianism left. That's pretty much disappeared. There's apathy and support, but no anti-Indianism.

In India, there is still strong anti-Americanism and a belief that India is now knuckling under to the United States, that the U.S. is a hegemonic world power et cetera, et cetera, et cetera.

So among the Indian left, this argument pops up very powerfully. And since the Manmohan Singh government is kept in power in part by the support of the Communist Party and other leftist parties, Manmohan can't ignore these critics on his left.

There's also opposition to the deal from the Indian nuclear weapons establishment which for years has operated in total secrecy without any public scrutiny. And we don't really know what they're doing in there, but we have some idea what they're doing. They may not

be doing as much as they claim they're doing in terms of nuclear competence, but they don't want the rest of the world to see what they're doing, frankly. That's the bottom line.

To me, the core issue is for both the United States, and particularly for India—and I've said this from the beginning when I first heard of the deal, to answer the question—how much is enough? That is, how many nuclear weapons does India really need for its own security and for its own national security?

That's a decision the Indians have to make themselves and nobody is trying to tell them how much is enough. On the other hand, the decision that India makes will affect the security and safety of many other countries, in particular, if the Indian nuclear weapons program starts generating thousands as opposed to hundreds of nuclear weapons, acquires a long-range delivery system which could reach to Eastern China which could reach to the United States which could reach to Europe.

That raises concern among many other countries. And I think we all, the West and certainly the Japanese and even the Chinese have been interested in shaping the Indian weapons program that so that A, there's no nuclear arms race between India and Pakistan, and China, and Bank, that the Indian weapons system itself is deployed in such a way that it does not provoke a response or create fear of a pre-emptive attack or a surprise attack.

The question comes down, to put it crudely, how many times do the Indians have to kill the same Pakistani or Chinese? I mean, what is overkill? Do you destroy the [inaudible] three times, four times or five times?

For that you need either 80 or 100 or maybe 200 nuclear weapons. I mean, you get into the realm of Dr. Strangelove, clearly.

These are questions and choices. Indians have not yet faced. And they're still debating this in India. That's why I think the nuclear deal, nuclear agreement, will probably take some time, because the Indian strategic community has to go through a long debate and discussion and develop a consensus as to how much is enough, how many are enough?

They know they don't want to go down the American and Soviet road, where our answer was too much is enough. Or more is enough. I mean, we just built nuclear weapons to excess. And I think the general Indian tendency is to think that a nuclear retaliation, a second strike after being hit first, would be enough. But then, how much is that? How secure do the weapons have to be? What kind of weapons do they have to be? Will India have to test again in the future? India has not signed the CTBT although it's pledged verbally not to test. But will India have to test a new generation of nuclear weapons?

These are questions which are open, and I think they're vital questions, not simply for the Indians to answer, but for us to know about.

That's why the nuclear deal will probably take some time to negotiate. I don't expect a conclusion, a conclusive deal on this trip. But perhaps two months, three months, five months, six months, we'll see something come out of it.

My concern as an American citizen, as an observer, is that the nuclear deal not swamp the rest of the relationship. To me, India became a great power not because of its test of nuclear weapons, because other countries have tested nuclear weapons and are not called powers, but because if it's economic, cultural, social and political influence in the world. And I think if India, if Indian strategists try and define their greatness in terms of how many nuclear weapons they have, I think this a dead end strategy for them.

My guess is that they won't. The people—I've just spent a month in India with a lot of the Indian's strategic community—and my guess is that the people who make these decisions, who are most knowledgeable them, will probably come up with a plan which has more nuclear weapons than they have not, but not an open-ended system of growth, which I think they understand would trigger an arms race between them and Pakistan and them and China, which is something they do not want to get involved with.

Let me stop there, and then ask Marv Weinbaum to deal particularly with Pakistan.

Marvin?

MR. WEINBAUM: There are some seats still down here, about five or so for those in the back if you'd like to take them.

We've already heard several times the mention of March 2000. And there is reason why we focus on that. Could it be that in fact we know that it was a trip that Bill Clinton over agonized over making to Pakistan.

We were not long into a military regime, a regime which was relatively popular. It still held out a great deal of promise for Democrats who had supported the coupe. The streets were quiet. Kargile (ph) was in the past, and it would be 20 months or so before there would be a showdown between India and Pakistan that you're all familiar with.

There's wasn't anything particular going on in the provinces. And yet Bill Clinton was agonizing over going to Pakistan.

I'll fast forward to present. Every day there are thousands of people in the street. It would look like the timing is particularly inappropriate for a visit. There is some evidence here that the security forces, which generally know how to handle this, have lost control, at least partially so.

The president's popularity—and he still is popular, but it has eroded. There is an insurgency going in Balujistan, which is quite serious. And no solution seems at hand to that. Was Iristan (ph) north and south—let's be honest about it, they're in the hands of terrorists. Two of the border tribal agencies with Afghanistan. And public attitudes

toward the United States have never been lower. Even many of our friends don't say particularly praiseworthy things about out foreign policy these days.

And yet the visit is on. The President was quoted yesterday as saying, it has never entered his mind not to go. And rightly so. The visit should be on.

It has to be on. Not to go would clearly be a vote of no confidence in the Musharraf-led government. After all, we're asking Pakistan to secure the border. Are we prepared to say, but you can't secure parts of Islamabad? Nor will Musharraf make that call and say, you know, I think it would be wiser if you didn't come because he would say, clearly with all of the thousands of troops, I can't make it safe here for a day-and-a-half or so.

But actually there is nothing to worry about. I hope that's not taken too literally. There's nothing to worry about because when the President gets to Islamabad, it will be like a neutron bomb, in that there will be buildings but no people. The streets will be empty. The city will be shut down. Both Rawalpindi and Islamabad will be shut down.

And then of course the President won't be there for a day-and-a-half because we think he's going to make quietly a trip to Afghanistan. Or maybe a half day or so.

I understand there hasn't been a great deal of preparation for that. That may be because the decision hasn't firmly been made yet.

Whereas, for the Pakistan trip, the intel community of course has been very busy.

But not to worry. He will fly, in all likelihood, to Bagram Air Base, U.S. command. And unless I'm wrong, he might think it's Fort Hood. He won't see very many Afghans. What he will get is a chance, and all Presidents do this, this President relishes it, to stand in front of the troops and as a morale builder and that's—he has to go. He's in the neighborhood. Laura Bush went. Can he not go if Laura Bush took the chance and was more exposed actually—not much more, but more exposed that the President will certainly be.

Now what about the substance of the talks in Pakistan? Well, they're not going to be the heavyweight items that we heard about in India, which will take place in India.

The President's speech did mention—and this of course is of great interest in Pakistan—did mention Kashmir. And naturally yesterday got great attention. And he did say something which was—he did bring it up, which I thought was very interesting, that it was there. And he said naturally to encourage the parties—you've already heard some reference to that. But let's face it, there was really nothing more than what we've been saying for the last how many years.

What Pakistan wanted to hear was we're going to make every effort here to mediate this conflict or to draw the international community in. That was not said.

On the other hand, the very fact that it was given some prominence played well, will play well in Pakistan.

Otherwise, the script is going to be very familiar. The President will praise President Musharraf and Shaukat Aziz who also will be attending the meetings, one would assume, for the cooperation that the United States is getting in the war on terrorism.

He will say perhaps a little more quietly, but I wish you could do more on the borders. He might very well bring up in the same vein, and we'd like to see you crack down a little harder on your jihadists, help out Afghanistan in that regard by going after Taliban. Madrassas reform is always on the agenda. We encourage you to go further with registration and curricula change in madrassas.

And I don't think, by the way, the name A.Q. Khan will come up. It would be nice, I guess, if he said, well, you know, we really would like to have access to A.Q. Khan. But one would doubt that would be raised.

In any case, those items at least, I'm sure Musharraf will not yes, and everybody in the room will know that this is not the time that you move on jihadists, that you renew your major campaign in the border, that you rage jihadist groups, close them down. Not in this political climate. Maybe later, but not right now.

And yet nobody is going to reject that idea.

Now what about democracy? Will that come up? Well, there was a something a little different in the President's speech—I think it was different—where he didn't speak as he usually does, or the administration, about the progress which isn't being made toward democracy. It was put more in terms of there is still some way to go to realize democracy.

So that's a step, but less praiseworthy.

He will talk about, undoubtedly, about how the United States looks forward to free and fair elections in '07. But he will not very likely mention, and of course, you will take off the uniform won't you.

When asked about it yesterday, the President was asked by he hadn't said anything about that. And he said, well, they understand how we feel about this.

That's always been the case, but it hasn't deterred anybody.

Human rights issues in the usual fashion will come up. As I said, Musharraf would like to hear more about Kashmir. He would like to see the United States say something about the textiles, reinstitution of the textile quotas.

He's not going hear that. What he wants—there will be a discussion of trade and commerce. There will be a discussion of investment. In fact, he will probably initial an investment treaty. It's not complete, but it's something which will come up.

But let's face it, with the memories of burning McDonalds and Kentucky Fried Chicken, I guess KFC you all call it, not Kentucky Fried Chicken any more, this is not a propitious time for getting Americans or anyone else to invest.

But that will be there.

What else will be on the agenda? Visas for students will be there. The pipeline issue, yes to encourage the tap line, the Turkmenistan, Afghanistan, Pakistan route to India and to remind if reminding need be, remind Pakistan how we look at a route which is an Iranian route for the pipeline through Pakistan.

I still have firm doubts that any of these are ever gong to be completed, but there are discussions going on.

Well, finally then, let me say that it will be possible when all of this over, to declare this a successful visit to Pakistan, assuming nothing dramatic is going to happen in the streets of Lahore, Karachi while he's there.

And as we compare the current situation with 2000, I think that this will be viewed positively if only because it won't have lasted four hours.

Thank you.

MR. COHEN: Thank you, Marvin.

Let's turn to Q and A now, if I could ask my panelists to put on their microphones and we'll just take questions from the audience.

Wolf Gross (ph)?

QUESTION: [Inaudible] mentioned the mutual security or the military-to-military relationship. Underscoring the glaring omission in the President's presentation, it didn't come up at all. I find that passing strange, because it's part of the confidence building exercise that both, this side certainly has to go through to make the nuclear agreement work on the Indian side. The Indians are still highly suspect of U.S. reliability as a supplier whether it's nuclear supplies or military supplies or anything else.

And I'd like to hear Rick's and the panel's reaction to this glaring omission.

MR. COHEN: Rick?

MR. INDERFURTH: Well, I too saw that as a glaring omission, particularly because the administration has made a great deal of moving forward in the defense, military-to-military side. Again, I made reference in my remarks to Ambassador Sen at the National Press Club briefing, and in that he devoted a great deal of time to our converging security interests, counter-terrorism, preventing proliferation, protecting sea lanes, fighting piracy, natural disaster relief, to peacekeeping, all of those things, including the joint exercises, the 10-year agreement, the shared interest in defense procurement and collaboration between our defense industries.

So I can't answer why that was not included in the speech, but I think he probably will be asked that when he gets to New Delhi.

MR. COHEN: I think there was another interesting omission in his speech. I was there, but I haven't seen the transcript. He did not mention the American South Asian communities, either the Indian-Americans or the Pakistani-Americans. I thought that given their new political role and both Democrats and Republicans are trying to get them to become Democrats and Republicans respectively.

I thought that was quite surprising, but he may have reason for that.

Let's go right over here. Could you give your name and PIN code and everything else?

QUESTION: Paula Stern, Stern Group. And my question is about Pakistan and about commercial matters, in particular, the reference you made sir, to the President, our President initially the Pakistan bilateral investment treaty, which would have to go to Congress. And I know that there was some discussion on the panel about lack of congressional consultation. I would like to know whether you feel that this commercial agreement will move forward, whether it does have support. And I ask that in light of the fact that there's been a number of business groups, the Business Roundtable, the National Association of Manufacturers, and others, who have written a letter to President Aziz, concerned about—

MR. : Prime Minister.

QUESTION: Excuse me, Prime Minister Aziz, Shaukat Aziz, concerned about the fact that there has not been respect for international arbitration which is a big part of the Bilateral Investment Treaty and that there are some serious, unresolved foreign investment issues that remain.

So I'm interested in the timing of pushing this forward and whether you think there is sufficient support for this to go forward without that respect for international arbitration.

MR. WEINBAUM: Well, obviously, on a trip like this you want to sign something. It may very well be—I know there are some outstanding issues. It's not just a matter of getting the paperwork out there.

And I think you alluded to some of those. I would anticipate that this would go to the [inaudible]. I really don't have any inside information as to how it's going to be received. But you and I can guess that it's going to get a thorough going over.

It's again, the timing is not good. You read the State Department's Website. I guess businessmen calling me rather regularly saying, should I go? I say, yes, yes, yes, go, you'll be okay.

But that's not the message that they get. So given the situation, I would expect aside from the current lack of communication between the White House and the Congress, it may not be smooth going.

I'm sorry I can't get more specific than that.

QUESTION: Thank you very much.

MR. COHEN: Thank you. Let's take a question over here.

QUESTION: Carol Giacomo with Reuters. I wondered whether—is there a danger that the expectations for the eventual evolution of U.S.-India relations are too—whether the expectations are too high. What's the potential for there being a rivalry or a threat between the two countries?

And in a related matter, I've heard some analysts compare China and India to the extent that the United States started out looking at China as a potential strategic partner. And today, arguably, there are many people who see China as a rising military and economic threat. And you know, are we likely to face the same kind of evolution in our perceptions of India?

MR. INDERFURTH: Well, I certainly don't see on the second part of that Carol, the concerns about our relations with India moving in an adversarial or competitive way as questions or thereabouts, where is China heading.

I think India's direction as a democracy and as a country that is increasingly moving into the global marketplace is clear. They've got a track record here. And I think that the United States can put confidence in that track record. And now that we've freed up from the Cold War mentality of choosing sides and alignment and non-alignment, and the rest, there are still some lingering thoughts there on that.

But basically we can, I think, put our money in the bank on the fact that the U.S.-Indian relationship and the upward trajectory in that relationship that I think we now see, again, over two administrations, is going to continue.

I think that there's always a concern about expectations being too high. In fact, the mapping the global future report that I mentioned to you, the 20/20 project could have been subtitled great expectations for both India and China.

So I think that we do have to be on guard about that. But I think that all of the trend lines are moving in the right direction. And I think that what President Bush's trip can do is to solidify where we are, and move forward.

Now one thing that I would like to see, by the way, and this plays off something that Steve said about India being seen as one of the give great nations, powers in the world. I do think that it is well past time for the United States to publicly endorse India's candidacy to be a permanent member on the U.N. Security Council.

I mean, if you look at the question of review and reform and Security Council expansion, and you ask the question whether or not if you are going to expand the council to reflect the realities of the 21st century as opposed to 1945 when it was created, how could India not be on the Council?

I mean, I think the question answers itself. So I would hope that the administration would be more forthcoming on that issue, because if India is going to play this role, which I believe it will in the 21st century, it should be at the big table with China, with Russia, with the Europeans, with the United States.

Now whether or not that will come up during this trip, I don't know, but clearly the Indians have a long standing interest in it. And I would imagine at some point it will be raised.

MR. COHEN: Thank you. Let's take the next question.

QUESTION: Alan Gronstadt (ph) from the Congressional Research Service. I had a question about Pakistan. Marvin, you mentioned Islamabad's attempts to gain some sort of control in the tribal areas in [inaudible] and appear to have failed thus far.

There also seems to be a shift, a possible shift in U.S. strategy, which is more aggressive. There's been some recent apparent military actions by the United States in Pakistani territory.

So my questions are maybe three. One, do you see a shift in U.S. military strategy in that region? And how might that affect U.S.-Pakistan relations? And thirdly, domestic politics in Pakistan have certainly been affected with criticisms about violations of sovereignty in Pakistan.

Thanks.

MR. WEINBAUM: Well, Al, I think you really said most of what has to be said here. The sovereignty issue in Pakistan is a very serious one. And yet, there has been an understanding between the two intelligence services and the military.

There are some ground rules on how they relate to one another. And yes, there has been more aggressive action. There have been some reports here of small groups operating on the Pakistan side. That would be [inaudible]. I don't know really to what extent that is going on, but certainly we know that there are intelligence elements that are well placed along the border, in fact, on both sides of the border.

It becomes more serious because of the larger context now. The religious parties are looking for any and all means to make that case, which they've been trying to make for a long time, that Musharraf is not an independent actor. He doesn't act in Pakistan's interest. He acts in the American interest.

Now that's unfair, of course. But this is what they sought to do. And Musharraf is clever enough, I think, not to play into their hands. At the same time, they cannot go on without the United States.

There can be Musharraf leadership without his connections to the United States. If that ever changes, Musharraf won't be there as commander-in-chief.

MR. COHEN: A question over here.

QUESTION: Polly Nye (ph), an independent consultant.

I had one comment and then I had a question. My comment was about the importance given, the weight given in the press and other coverage to the nuclear accord. While I agree with the speakers that that may not be helpful, there are other important priorities to promote between the U.S. and India. It did strike me that one reason for that emphasis is that it's been a linchpin for two administrations and a litmus—

[End of Tape 1-A; Begin Tape 1-B.]

QUESTION: —advancement in one particular area that's been very important to India and that is the removal of barriers to the acquisition of advanced technology.

It's been a priority for India. And as I said, two successive Indian governments have made that—the nuclear energy area a litmus test.

So I think that's why this tension is there. Whatever the problems the accord is running into in India, as well as the U.S., that has been a government wish.

My second question is really for Barry Bosworth. I was thinking about his comment, the fact that the time is not right for a FTA between the U.S. and India. And I was thinking about the fact that the growth in economic relations has been appropriately driven by the private sectors on both sides.

And I wonder if he would comment on what other actions would be helpful at the government-to-government level in building this relationship.

MR. BOSWORTH: Well, I guess the reason why I'm a little negative on it, is one, I just don't think a FTA is too good of an idea. And the U.S. has signed a lot of them in recent years, but they have been pro forma. We go pick up some little country that doesn't disagree with us in any important respect. And then we sign a so-called FTA.

Who cares what Singapore thinks about these sorts of issues?

India and the United States feel very real differences, but an FTA for India, they've got full access to the U.S. market if that's what they're interested in, so what they want, the first area you're talking about, is better access to the high-technology industries of the United States, in particular the H-1 visa programs so that there can be more scientific changes. That's exactly where the United States has got some hesitations and a little reluctance. On the other hand, we would love to get into India with a lot of our business firms because the tariffs are so high.

One where they might do something might be finance. India might be amenable to allowing better access to American firms. So there could be greater investment in India. I think that's the most positive area that we could look for something to come out of this, some agreement to expand access of FDI in India.

Trade, I think there are too many other restrictions at the present time to look for some big trade agreement. These tend to be very technical and not good things for a President to get involved in, and they have to be worked out ahead of time. So I would think probably FDI is the most promising area.

MR. : If I could add a comment on that and some related issues. I think that two areas which have not been discussed and were sort of submerged and forgotten which are critically important to

India, less so to the United States but important to India, are education and agricultural reform. In July the President and Manmohan Singh signed an agreement which would revive the agricultural exchange program between the U.S. and India. My own career was tied up with that because the University of Illinois had major programs in India. That was cut off in the 1970s and the Indians said we don't need your help, we've got our Green Revolution and we'll go our own way. In fact, Indian agricultural productivity has been declining, or it hasn't really increased. And India needs to take advantage of American technology, global technology, and this is some area where we can help them, but I'm not sure exactly how much attention this is receiving.

The other area of reform which is vital for India because they're going to run out of trained and educated manpower incredibly, that Indian businesses are claiming that they're just running out of really good people who are educated. Educational reform in India, and this is stuck in the mires of Indian politics. The debate between quality and equality which we have here is also there. The Indian educational system has been in deep decline for many years. There are a few bright spots such as the IITs, but they are actually not very good, they just have the brightest people in the world going to them and when they come out they don't become engineers, they become business managers.

So I think that India's ultimate growth is going to depend on serious reform in these two areas, and these happen to be areas where the

U.S. could help, but I don't see much in the way of any significant initiative in either educational reform of agricultural reform. It's probably tied up with Indian domestic politics more than anything else. Let me stop lecturing.

MR. HIRO: Takasada Hiro [ph] with Yomiuri Shimbun. A question on separation of civil and military nuclear facilities. First of all, why it is so hard for Indians to come up with a forthcoming plan? As you mentioned, it's mainly because Indians themselves are not clear yet how much is enough? Or is this more directly due to some internal conflict in the Indian government? From your point of view, how many I guess among more or less 50 facilities should fall into the category of military? Thank you.

MR. : The initial Indian proposal apparently included almost all but a few of the reactors on the military side, and that included the fast-breeder reactor which is a technology which would eventually produce energy from thorium which is a radioactive fissionable substance that India has in large quantities. But their reactors would service the fast-breeder reactor system and also are energy-producing reactors so they wanted to use reactors which produce electrical energy to produce nuclear weapons material, and the U.S. said this is unacceptable, you've got to segregate the military side from the civilian side and Indian scientists and the Indian Atomic Energy Agency people simply would not accept that. One of them went public last week with an incredibly

statement defying the government, in effect, and arguing that he knew better about what India's strategic requirements were than the government of India.

I think it's a sign of Manmohan Singh's weakness that this essentially government bureaucrat was able to give an interview to a leading Indian newspaper and in a sense defy government policy. And Manmohan is not a strong Prime Minister. As you know, he's Prime Minister largely by the grace of Sonia Gandhi, the dominant figure in the Congress Party. While Manmohan is a great bureaucrat and marvelous economist, he's not naturally a politician and has no domestic constituency of his own. So in a sense he's not a strong Prime Minister and his own bureaucracy is defying him publicly on this issue.

My guess is that in the end you'll see Bush and Manmohan Singh sitting down with a group of little markers, here's a reactor, there's a reactor, and sort of push them either side of the line. Neither side will be happy. The people here who are opposed to the deal who think that India should have no nuclear weapons and are angry at India for testing their nuclear weapons in 1998 will be unhappy. The Indian military nuclear establishment will be unhappy because they're being restrained and restricted. But the Indian civil nuclear establishment will be happy. In a sense, this is an opportunity for Indian civil nuclear power systems to grow and for Indian private companies to get into the business. The major Indian firms are all eager to get into the nuclear reactor business.

So that's why this deal is important. It's not simply weapons, but it's also nuclear energy and getting the private sector involved in the production of energy in India. That's a long answer, but I'd be happy to talk to you afterwards.

MR. : Could I add one thing? It's also important for the global nonproliferation regime to bring India into that regime, as opposed to being outside. This is something that Mohammed ElBaradei, the head of the IAEA, has supported this agreement for precisely that reason. He wants to see India inside the nonproliferation regime tent as opposed to outside. So there are multiple reasons why there are arguments to go ahead.

MR. : ElBaradei was the first person to approve the deal, even though there were no details, and it's just recently the Chinese and apparently the French have also sided with the United States in terms of both supporting the deal but insisting that India separate its military and civilian programs.

We had a question way in the back there.

QUESTION: It's a general question about the medical aspects of the trip. Would somebody comment on the pharmaceutical industry, medical trials, and the rise of HIV in India? And a second question is on Indo-U.S. strategic cooperation regarding third countries like Nepal, like Sri Lanka? It's open to anyone. Thanks.

MR. : There is the partnership between the two countries on HIV/AIDS that was announced in July when Prime Minister Singh was here. It actually builds on a similar initiative that had begun in the Clinton administration. In fact, when President Clinton went there in March 2000 that was one of the issues that he raised with then Prime Minister Vajpayee to see how the two countries could work together.

In the health area, there are great opportunities there. I'd like to call your attention to a report that was actually released here at Brookings in June of last year, India-U.S. Relations: A Vision for the Future. It was a joint report of the Pacific Council on International Policy and the Observer Research Foundation. My friend, Ambassador Dick Celeste, was one of the co-task force leaders. It has a large section in here on promoting cooperation, strengthening health care and education initiatives. There are some very good items in here that should be, and indeed many are, on the current U.S.-Indian agenda and I hope that some of these will be pursued.

Steve, do you want to take the second part?

MR. COHEN: I think India's relationship with its neighbors is fraught with troubles and the U.S. doesn't want to get into a position where it supports India uncritically, but it certainly doesn't want to try to challenge India and India's relationship with Nepal which is a state in total turmoil, it's collapsed completely, Bangladesh which is very anti-Indian in some ways, Pakistan, of course, which has had a long and

hostile relationship with India, and even Sri Lanka. So I think that this is something the administration hasn't gotten to yet. I don't think that there is thinking through of what our relationship should be with a major regional power, a great power, and its neighbors. And we have this problem with the Chinese and also with the Russians, do we intervene, do we work with them, do we side with them, do we side with them, do we accept what they do uncritically? I don't think the administration has gotten to this point yet. They're still trying to get the big picture right with India and get a working relationship going with India.

But that will depend on whether that relationship is seen as an alliance or just a partnership. A partnership allows you more freedom and more flexibility to oppose and to disagree and quibble, an alliance implies some kind of, I won't say uncritical support, but usual support for your partner, and I think you can think of the U.S.-India relationship as somewhere between the U.S.-French relationship and maybe the U.S.-Japanese relationship. It's not quite clear whether India will emerge as an Asian France or as an Asian Japan. I think it will emerge as an Asian India. It'll pick and choose its own spots and it will ally with us when it wants to and will not support us when it doesn't want to. But right now the relationship is really in balance, and that's why this could be an historic trip, but it could be simply another burst balloon.

Let's take a question from you back there, and let's take one other question at the same time. That gentleman way in the back over there. So let's take those two questions.

MR. RUBIN: My name is—Rubin. I'm from the American Jewish Committee. I work on Indian-Jewish-American relations. One of you rightly mentioned that the domestic India-American constituency was not mentioned by President Bush prior to his departure for India.

Another comment I have for what you said is that there is some amount of fierce anti-Americanism in India. I think the political parties do that to let the leftists to make some political capital for themselves. The BJP, which once supported U.S.-India relations was talking a little bit against it. But Pew Poll taken before Prime Minister Manmohan Singh came to the U.S. showed that 71 percent of Indians supported very close and friendly ties with India. It was something similar to a large majority of Indians supporting friendly relations with Israel, but the government did not have high-level relations in the past. Thank you.

MR. : This woman over here. Could you please get her a microphone?

QUESTION: Carla—American Enterprise Institute. It was mentioned that India in the future has a huge energy need that they're facing and it looks to me on the table they have two options right now. They have this oil and gas pipeline to Iran, or they have the civilian

nuclear deal with the United States. Each of these carries with it their own concerns. Iran with the pipeline deal, we're obviously opening up Iran to a huge market and possibly providing a lot of money to the largest state supporter of terrorism in the world. And on the nuclear civilian nuclear deal we have the proliferation concerns, simply by the virtue of the fact that the military side of India can now use its existing stocks of fissile material for nuclear weapons because they'll be getting other material from other states.

I guess my question is, first of all, how legitimate are those proliferation concerns with the nuclear deal? And in light of that, which of these is the lesser of two evils for providing India with energy in the future?

MR. : Actually, I disagree with the premise that these are the only two avenues to pursue, I won't say energy independence or addiction to oil or those things, but clearly the United States is also struggling with our energy needs and so is China and so is India.

But one thing that the two countries have done, the U.S. and India, they have established an energy dialogue and they are talking about working groups to discuss action on oil and gas, coal, energy efficiency, new and renewable technologies and civilian nuclear energy. So there are quite a few other areas that they can pursue than these two.

MR. : Let me comment on Indian anti-Americanism. While the polls show that India is one of the most pro-American

countries in the world, a large segment of the intellectual community including a lot of retired officials really came to political maturity in a period when U.S.-Indian relations were hostile and where the Indian strategic vision of the world was that China, Pakistan and the U.S. were in an alliance to keep India down. Most of my career going into India I encountered that from 1970 onward. People don't change overnight, and so I think you have a generation of Indians who grew up in a sense that America is the enemy and they have to be shown why America is not an enemy, therefore, their demands on America are especially powerful and strong that we show them that we really love them and we really respect them.

As to whether India will be a stable, reliable partner and whether it will proliferate or not, we don't know of this of any country, but I think India would certainly measure on a scale compared with China which was by all accounts the leading proliferator of the world in terms of its sharing nuclear technology to other countries which in turn shared nuclear technology even further, and India's record on that count has been very good.

We don't know about the future. We don't know whether Indian democracy will remain in tact. My guess is very much that it will. But even democracies go to war; they may not go to war against other democracies, but they can certainly take on other countries. Ask any

American. So I think strategic politics in the future is always a gamble. My guess is that this is a gamble which is probably worth taking.

MR. : Could I step across the line to Pakistan for a second just to comment? It plays off the anti-American feeling issue. Clearly there are anti-American feelings in Pakistan that are real and are of concern. I would hope that the administration and the President would see this visit to Pakistan as a public diplomacy opportunity. I assume that Karen Hughes will be on this trip. She should be. She's been there before.

There are a lot of things that the President can do even during a brief amount of time there to send some positive signals to Pakistan and to the Pakistani people that they're not hearing very well. Clearly the overwhelming and very generous U.S. response to the earthquake has helped in terms of anti-American feelings in the country. The Chinook helicopters which carry a lot of this assistance are called Angels of Mercy. I think the President mentioned that in his speech.

But if the President would call up the official bubble while he's there, if he can do some things on democracy, if he could speak to the Pakistani Parliament, that's an important institution which is not getting attention; if he could meet with political opposition leaders including the Islamist Party, the MMA, the coalition; if he could see civil society or if he could drop by a Pakistani school and see what's being done to reform the schools. He mentioned that we're putting in $66

million a year to Pakistani education. He ought to double that and say we're going to do more on that.

And if he could do something about the view in Pakistan that the United States is anti-Islam; if he could send important signals. He has been to the mosque here in Washington. Maybe he could go to the Grand Mosque in Islamabad. Maybe he could send that signal that we respect and honor Islam, if he could do that. He's done it here. He's said it in his speeches. If he could find a way to send those signals, this could be a very important moment for attitudes toward the United States that he could a very much more positive spin on.

MR. : You should be on that trip. I think you've just given him a very nice agenda, but you're not.

MR. : No. That's for sure.

MR. : And a day and a half is going to be a day and a half. In a day and a half, that's a tall order, but certainly a good agenda.

I'll just go ahead, too, with what Rick has said about the good relations that we got from the earthquake. We've committed, although there's a lot of a things in that package, $500 million towards the relief efforts. Of course, that probably includes some of our expenditures.

On the other hand, you see mentioned in the Pakistani press, yes, but at the same time F-16s and helicopter gunships are killing

Pakistanis in Balujistan. That is the other side here which you have to live with.

Overall, our aid package to Pakistan is $1.5 billion, and on the development side over 5 years. That's not really very much. And I agree with you, the education budget for Pakistan used to be $20 million, it's now more than $60 million, but there's not a lot of surplus funds lying around. I think that an announcement as well that we are going to augment that, not that we'll be able to get it through the Congress, that that would certainly play very well, too, but that's really a very, very modest amount.

MR. : We must finish up, but this woman had her hand up, so let me take her now.

QUESTION: [Inaudible] Hudson Institute. It's very nice to hear all the positive things about India, but I have a doubt pitted against Japan and India to procure a permanent seat on the Security Council, wouldn't it be an obvious to go in for Japan as against India?

MR. : I'm sorry, I didn't catch the last of that. The competition between Japan and India?

QUESTION: For the Security Council seat, if it is a choice between India and Japan, wouldn't there be more support to Japan as against India?

MR. : It does not have to be a choice. The Security Council can be expanded to include greater regional representation to

both include Japan and India as well as Latin American and African representation on the Security Council as permanent members and still be within a reasonable size. So it does not have to be an either/or between Japan and India.

QUESTION: It could not be? There wouldn't be a choice between?

MR. : It would not have to be.

MR. : The reality of the situation is that some of the members of the Security Council do not want any more members on it, and they certainly don't want to leave the Security Council, so it's really an abstract question.

What I suspect the Bush administration might do, in my Machiavellian mode, is that if the nuclear deal does fail or if it's deferred and stagnates, as a way of showing our support for India as one of the major world powers we will publicly announce that we do support India for a Security Council seat. The Indians will know and we will know that this is sort of hollow support because it's not going to happen at least, but it would be a gesture I think that might retrieve some of the damage if the nuclear deal does fail.

Let me thank all of you for coming and for your good questions. I really want to add that on the Brookings website there are a lot of things both by Strobe, myself and others, and I've done a Q and A about some of these issues which is also on the website.

QUESTION: [Off mike] story in The Washington Post today about—visa to a prominent Indian scientist. That was—and I would just like a comment if you don't mind.

MR. : I can deal with that. I'm not sure about the details, and I've heard about that from some Indian friends who've written me about it. There is great anger among the Indian scientific community in having been denied visas to come to the United States. This is part of our larger technology restraint regime and because India had tested a nuclear device in 1974, they were put at the top of the list of countries of concern. Bizarrely, the Chinese got in easier than the Indians did, but I can understand Indian concern about being discriminated against. But you're dealing with a large American bureaucracy which is often inept in implementing even its own rules, and I wouldn't be surprised if there wasn't a violation of their own rules here.

In mitigation let me say that Indians themselves have not been terribly eager to have foreign scholars working in India, and while I'd like to see more Indian scholars here, and there are actually 80,000 students in the United States, there is only like 400 or 500 American students in India. In this sense, the relationship is asymmetrical. The intellectual and research component is unbalanced. I would like to see India have more access here, but under present circumstances, if the nuclear deal does go through, then I suspect a lot of these various technology exchanges will be swept away.

Thank you very much for coming and for good questions.

[Applause.]

[END OF TAPED RECORDING.]

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