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PARTICIPANTS:

PANEL 2: INDIA AND THE U.S. – AREAS OF STRATEGIC COOPERATION

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P R O C E E D I N G S

MR. KANORIA: Good afternoon, everybody. Can I ask everyone to please take a seat? Thank you.

We come to the session I would say finally on the strategic dialogue and on U.S.-India relationships and we have an excellent panel as has been through the day. Every panel has been absolutely excellent. We have Ashley Tellis of the Carnegie Endowment for International Peace, Daniel Markey, Senior Fellow of the Council on Foreign Relations, Harsh Pant, Kings College and Uday Bashkar of the National Maritime Foundation. Bio data is all with you and we are not going into any introductions. We'll go straight into the session. The same rules apply as have been applying through every session, except that we are going to reduce the 10 minutes to 7 minutes because this panel as opposed to the other panels has four speakers, so we can limit our comments to 7 minutes. I know that we go over time so I'm keeping that leeway in hand. Can I ask Ashley to kick off the discussions?

MR. TELLIS: Thank you, Mr. Chairman. It's a pleasure to be here with you this afternoon to talk about the state of the U.S.-India relationship. Steve Cohen thought that it would be most useful if my remarks today were directed not at the future prospects of the relationship, but to ask the fundamental question that American policymakers have been asking in recent months, and that is whether the U.S.-India relationship has actually lived up to its potential after the epochal events of the last few years.

This question has acquired a certain significance because there is a widespread perception in Washington and I suspect elsewhere in this country that the bilateral relationship has been moving sideways and the aftermath of how the civil nuclear agreement has evolved in terms of liability legislation, the failure of the United States to win the combat aircraft competition, have become at least two of the big poster children for those who believe that the relationship between the United States and India has not yielded the fruits that those of us who worked to construct this relationship had advertised in the years gone by. And there is obviously a certain sense of dismay on the part of those who ask the question of whether the United States actually paid too high a cost to build this relationship given that the fruits at least as evidenced by these two examples have been somewhat meager.

In asking this question and using these two examples as answers to derive the reasons for dismay, I think one could get the impression that the U.S.-India relationship was driven primarily by the effort to secure access to India's markets. If that is the yardstick by which the integrity of the relationship is to be judged, then of course the relationship has certainly not yielded the fruits that people expected. But I think the presumption of transactionalism which is embedded in this question is dangerous to the future of the relationship, and more than dangerous, it certainly did not reflect the intentions of U.S. policymakers when they set about building this relationship. I think it's important to remind ourselves of what those original intentions were because to my mind, those represent the only sustainable yardsticks by which we can judge the progress of U.S.-India cooperation.

There were three reasons why the United States embarked on building a new relationship with India. The first was the recognition that India was simply going to be a rising power in the international system and that larger U.S. interests would be served by ending a very unproductive 50 years of estrangement. The second was the clear expectation that the United States and India shared not simply values, but fundamentally interests across a range of issue areas in international policies. And the third reason was the recognition that India would be a very vital component in maintaining a stable Asian balance of power if India's strength and if India's capability were to materialize. From that perspective, the U.S. drew the conclusion that American interests would be served if the United States were to help India in material and institutional terms to build up that strength and capability. And everything that was done in the last 10 years going back to the moments when Strobe Talbott who is now in this institution began the first dialogue with India, all the way to what President Obama did when he was last in Delhi, have really been putting the building blocks in place to strengthen India's capacity to grow in power because of the benefits that would provide the United States.

In other words, I would make two arguments. First, if you use these three criteria as the yardsticks by which to measure progress in the partnership, I would argue that we have succeeded substantially. The estrangement between the United States and India is now a thing of the past. There is a very clear conviction on both sides that there are enduring interests that bind the two countries and we have made great progress in actually working toward how we act upon those common interests. The record is not perfect, but I do not expect the record to be perfect within a period of 10 years at a time

when both countries are still feeling each other out and when both countries are still substantially limited by the constraints of their own domestic politics. And by the third criteria that India has been growing in strength and therefore could play the role that we imagine it would play in the Asian balance of power, I think we have made great progress by that yardstick as well, not necessarily because of things the United States has done, but because of the things that India has done and which it will hopefully continue to do.

In other words, I would make the argument that the U.S.-India partnership has actually been far more fruitful than people often think not because India has been doing things for the United States but, rather, because India is well on its way to becoming a resilient and capable power. And if it succeeds in that objective, then that growth in resilience and strength is fundamentally beneficial to the United States and to the vision of global power that the United States seeks to forge as we deal with the challenges ahead of us.

And so the real disappointments that seem to be pervasive in this city and elsewhere today it seems to me arise because it is based on fundamentally mistaken premises. The original vision of strategic convergence risks being replaced by a transactionalism that is quite futile. It fails to appreciate that great transformations are not things that would occur instantaneously but will slow mature and become manifest with time. It forgets that even as India is reaching out to the United States and the United States is reaching out to India, both countries are still constrained by their own histories and the legacies of the past, and while the pressures of necessity will compel them to transcend these legacies, they are not going to happen instantaneously or overnight.

Finally, it is based again on a confusion about what India will be like as an alliance partner and it fails to forget that India will never be a formal alliance partner with the United States and that's just fine as long as the India that we help nurture and that the India that grows in power ends up becoming strong, capable and pursuing objectives that are fundamentally convergent with American interests. So are there risks to a strategic partnership? Yes, the answer is there are risks to a to a strategic partnership. But those risks to a strategic partnership do not derive from what India does or does not do vis-à-vis the United States. The real risk to a strategic partnership derives from whether India makes the right decisions that enhance its own capabilities or not. And fortunately or unfortunately for us, most of those decisions have to be made back in India itself. So we need to be rooting for India to make

the right decisions first for its own sake because if it makes the right decisions for its own sake, it will have done far more to advance American interests and the American vision of what constitutes a desirable order than an effort to buy one reactor or one more airplane from the United States. Thank you.

MR. KANORIA: Thank you very much. Thank you very much.

MR. MARKEY: Thank you, and thanks for the opportunity to address you all today.

The title of this panel is "Areas of Strategic Cooperation Between the United States and India" and as a means to address that issue which is something that I'd certainly like to see improved, I thought I would point out what I would describe as four fundamental challenges to U.S.-India strategic cooperation and I think by focusing on these challenges it may give us a window into how we should prioritize our responses to these challenges, where we should put our energies to improve that cooperation. The four challenges that I would identify are China, Pakistan, development and capacity and I'll speak about each of these in order.

Starting with China, and here I'll be candid. I'm doing a little bit of a riff off of Ashley's recent book chapter in the "Strategic Asia" volume. I think it's unsurprisingly excellent, but I think it captures the logic of what I see as the fundamental challenge to strategic cooperation between the United States and India when you bring China into the mix. The issue has to do with the fact that both the United States and India are dependent upon their economic relationship with China more so than they are with each other and that the weight of that economy tie back to China is if anything increasing, so no matter what the political, diplomatic, moral or other considerations that may draw India and the United States close together, they will both have to remain cognizant of the fact that there is something else that China offers that neither of them right now offer each other at least not to the degree that they have with China. Trade and economic interests with China simply swamp those between India and the United States. So what you see is this tension in the U.S.-India relationship, and you see it in two different ways. You see it in the question of whether if push were to come to shove they could count on each other or whether the allure of the China market or the hold that China has over their economies and more so the United States I think than India at this stage will win out and this is I think a fundamental challenge to strategic cooperation between our two countries.

Second as I said is Pakistan. Through most of the history of the past six-plus decades, the problem of Pakistan has divided the United States and India but in different ways. You've seen the U.S. tilt toward Pakistan. You have seen the United States hyphenate the India-Pakistan relationship, that is, believe that in order to engage with either of the parties first some spade work had to be done with respect to their regional and bilateral difference and be hamstrung by that belief. So it's only been I would say over the past decade that you've seen a relatively more successful strategy that is characterized here in Washington or has been until recently of dehyphenation, that is, that you could move forward on the relationship with India while at the same time moving forward in a very different way on a very different kind of relationship with Pakistan. The consequence of that actually I think had been quite positive. That is, you saw the United States capable of having leverage with both India and Pakistan and improving its relationship with both countries more so than you had ever seen before and this was a fundamental improvement. The threat to that now is of course the fact that we appear to be veering toward or are maybe already in a rupture with Pakistan and I would suggest that this falls in the category from an Indian perspective or should of be careful what you wish for. The Indian belief that the United States was misunderstanding its relationship with Pakistan has been voiced to me on many, many, many occasions with the implication being that the United States should have cut ties with Pakistan. But now that we're seeing something that looks more and more like that, I think we will all suffer.

The third issue or challenge to our cooperation is development or in shorthand, development. I'm not expert, I'm not economist, but it doesn't take one to recognize that we're just simply at very different stages in our economic development in considerable ways and that this places us, that is, the United States and India, on different sides of some of the central issues of global politics today, that is, trade issues, climate change issues, energy issues and so on. So while there may be ways and I hope there are ways to square these circles, we need to recognize that we do have competing interests and that they are reasonable and rational given the state of economic development of our two countries and the fact that we're not in the same place on these points.

Fourth, the issue of capacity. On the U.S. side, I think that we've always struggled with strategic planning and then by consequence the idea of a strategic partnership or cooperation with other states. This has never come especially easily to us. I think it will be increasingly difficult to pull off in an

area as we look ahead of diminishing resources, and how that will play in terms of our capacity to think strategically about India and many other issues as well is worrisome. On the Indian side, they have a very different set of challenges. Here I think the problem comes with India's ability to harness or make use of the increasing resources that may be at hand in its ability to act globally, act internationally. So the question here is whether as the United States feels a pinch in terms of its resources and as India is able to make considered investments in its interaction globally whether they do in ways that prioritize their relationship, and I don't think that's necessarily a given.

Let me make some very modest recommendations on each of these points. I don't presume that I can answer or solve these challenges, but just to point to perhaps some constructive ways ahead. On the China issue, clearly transparency to remove or allay some of the fears, the mutual concerns about in the case of the United States what India may be doing to cooperate with China, what the United States may be doing to cooperate with China from an Indian perspective are absolutely necessary. The idea that the United States was moving toward a G-2 condominium or that India was signaling something dramatic about its relationship with the United States through BRIC summitry is the sort of thing that you can begin to clear the air the more transparent the relationship is.

The second, and this is an even more preliminary observation, would be that because we're both bound to China through economic ties, this has suggested that we are in some ways paralyzed by our mutual dependence upon China in a sense. But of course it's a two-way street and the more that India and the United States can think about their economic leverage with China as something that they can combine and think about as an area of cooperation in their dealings with China, I think the more potential there will be there.

On Pakistan I think we have two potential scenarios looming. If the U.S.-Pakistan relationship really goes off the rails, the area for India-U.S. cooperation is one in terms of defense, of military cooperation, of intelligence cooperation, or insulating ourselves from the consequences of that failed relationship and increasingly of a Pakistan that is veering if not toward failure but toward instability and perhaps failure. Far better of course given my gloomy prognosis would be that somehow we could pull out of this and that we could find a situation which mirrors more at least in a strategic sense the

period that we had seen several years ago of closer to dehyphenation where we can move ahead with challenge and ahead with Pakistan on different terms.

With respect to development, I think again this may be a transparency issue, but it's striking to me in a process sense that the U.S. and India appear not to have made it a habit to collaborate ahead of every major multilateral forum and appear not to have a habit of coordinating their activities at the U.N. on a variety of issues in ways that you would have anticipated by this stage might have become more natural, and although this example is outside the area of development, I think it applies. I'm told that prior to India's vote on the Libya issue, that the United States made a meager effort to reach out to the Indian delegation in New York, that it anticipated that India probably wouldn't sign up to our position and therefore didn't work all that hard to change any minds. If this is true and I'm assuming it is, this is an example of where we could do more for our part and certainly it's a reciprocal expectation.

The finally on capacity. Of course, these kinds of dialogues, formal dialogues, strategic dialogues, are all very helpful and I applaud them. But in order to increase India's long-term capacity for thinking strategically about the world and I've written about this elsewhere, the emphasis really needs to be on building both capacity within its government and without and I would put my finger on the potential for education to be a driver here and particularly in higher education and the efforts that many U.S. universities are making to establish themselves in India. I had heard that there were significant barriers to this and I am more recently told that these barriers are largely illusory and that in fact there are opportunities for U.S. universities to essentially bypass some of the procedural blockages in India and go straight to the states and work with Indian partners to set up campuses, and I would recommend that this is an area where we could really do more as well to promote long-term strategic cooperation in ways that will have multiple payoffs in many different areas, and I'll leave it there.

MR. KANORIA: Thank you very much. We'll go on to Harsh.

MR. PANT: Thank you. Ashley and Dan both have laid out very clearly the conceptual challenges that India and that the U.S.-India partnership faces and what are the risks and what are the opportunities out there. I would be more empirical in the sense that I would take us back to the strategic dialogue that happened when Secretary Clinton visited India in July and what were some of the issues that emerged out of the dialogue. Before I do that, it's been a long day and a very productive one for a lot

of us, but I've been struck by one fact, that in three sessions that we have had, our American friends have told us three things, that India and America are not engaging substantively on China, that they are not engaging substantively on Afghanistan and Pakistan and, finally, in the last session we were told that there is no significant move at substantive engagement on views of global governance.

This is a striking indictment of a strategic relationship in my humble view because if these three issues are not being debated, then what the hell are we talking about? Therefore I go back to the dialogue that happened when Secretary Clinton visited India. She visited India because there was a genuine concern that the relations were drifting and that the relations need to be put back on track. Also I think what she wanted to do was allay some of these concerns that core Indian interests are not being taken into account in Washington and therefore to allay some of those concerns about Washington's intentions vis-à-vis Indian security concerns. It is true that both sides have been struggling for some time to give substance to a strategic relationship or to a relationship that seems to be losing traction in the last few years.

As Ashley discussed, it was the civilian nuclear deal that in a way transcended this relationship to another level and this idea that India's nuclear program was hitherto treated as illegal was finally out in the open, it was bolstering India's legal status, it redefined the relationship altogether in structural terms and bilateral terms. But what has happened in the last few years is some functional and regional issues have emerged that have again become very significant in the bilateral ties whether it's terrorism in the AFPAK region, the nuclear cooperation and India's role in the Asia Pacific. On all of these issues there were significant differences if you look at how the U.S.-Indian strategic dialogue shaped up. First on terrorism, the Secretary promised to lean hard on Pakistan. She underlined that the U.S. does not believe that there are any terrorists that should be given safe haven again referring to Indian concerns that the perpetrators of the Mumbai attacks are still in Pakistan, that terrorists are still being trained and abetted and aided in Pakistan. And while ties between Washington and Islamabad have worsened dramatically since bin Laden was found and killed in May -- still remains worried about the fact that Washington needs to do more. Of course, things have changed in the last few days. We had the episode of the recent events and the recent outburst in Washington. But still I think it remains the case that from India's perspective it is seen as very tactical in nature, that yes something needs to be done

about the terror issue, but from India's perspective this is something that India had been laboring on for the last so many years and yet the issues have not been given due consideration.

The second on the question of India's role in its neighborhood, I think it's Washington's turn to be unhappy. So you had in January Secretary Clinton asking India to exercise political influence in consonance with its great economic weight and exhorting India to lead. She asked New Delhi to do more to integrate economically with neighbors like Afghanistan and Pakistan and to play a bigger role in the Asia Pacific. As the situation in Afghanistan has unraveled and as China's rise has upended up balance of power in East Asia, the U.S. has expected India to help emerge as a regional security provider in its own right. But India remains a reluctant part even in its own vicinity and it has shown little appetite to lead on regional security issues at least at the moment. Its grand strategy remains incomprehensible even to its friends. Its military policy remains mired in bureaucracy. The current government remains paralyzed by a whole host of governance issues. So in that sense you can understand some of the frustration that has been boiling up in Washington about India's inability to lead on regional security issues or to emerge as a regional security provider.

Of course, many in Delhi would argue that Washington itself stymies India's emergence in its neighborhood. The Obama Administration has been giving contradictory signals since it came to power in AFPAK for example. Mrs. Clinton asked India to step up, but President Obama's plans to end America's combat role in Afghanistan by 2014 will leave India with limited choices. Pakistan's Army wants a pliable government in Kabul as we were discussing early on. And at a time when Washington is deciding to move out, India is there to fend for its own security Washington seems to be suggesting, and therefore the consequences are all there for India to bear and how India deals with those challenges again becomes a point of friction between the two sides as the date comes nearer.

As far as China is concerned, again there has been some ambivalence in Washington in signaling India what America wants in its relations with China. Washington has gone from talking of a G-2 to thinking of a more muscular response and this ambivalence has been reflected in India's own response to China and during recent -- it has become more muscular. Third and very interestingly, and I think it is perhaps the one idea that would transform the bilateral relationship, the nuclear itself, has been facing setbacks. On the Indian side the issue has been India's civil nuclear liability bill, not very popular

even I think in the Indian private sector but of course not in Washington. On the other side has been America's support for the NSG's new guidelines for tightening the exports of enrichment and reprocessing technologies. Now again it remains unclear what Washington has been supporting and what it has not been supporting as far as the new -- guidelines are concerned, but as far as India, the argument has been made in India that it could not have been done without some sort of support from Washington. And this goes back to a concern that India has had long back with the Obama Administration's own ideological posturing about the global nonproliferation regime and many in India contend that if this were to proceed, India's nuclear program itself would be threatened because India would be forced into signing the NPT and CTB, et cetera, the same old debates that one thought were out of the picture for a while.

Finally, I think one needs to be very clear when one talks of terms like a strategic relationship as to what we mean, what the two sides mean by a strategic dialogue. What are the objectives here that India has set for itself and what are the objectives that Washington has set for itself in trying to achieve of their bilateral relationship? We tend to hear statements like the U.S. and India are natural allies. I don't think the U.S. are natural allies. I think if they were natural allies, an alliance would have happened long back, but it's a relationship that can be made more productive, and the strategic vision that the U.S. and India have still remains poles apart and therefore you need dialogues at multiple levels to bridge that gap. Again I come back to the discussion that I started from that it is interesting to hear the lament that the U.S. and India are not having a productive dialogue on any of the substantive issues that animate this relationship today. So I think this partnership can only achieve its full potential if the hard security issues that both sides care about are put on the table and both sides are honest about their expectations of the other side. India of course has to do a lot. It has to stop -- billow its weight in Asia and start acting as a rising power as many in Washington would like it to, while Washington also has to understand some of the core security concerns that India has. I'll conclude by saying that while I do agree with the larger conceptual roadmap that Ashley so eloquently laid out, I think that there remain enormous obstacles and given our discussion earlier in the day, I'm not convinced that the two countries are on the right track in terms of harmonizing this relationship. Thank you.

MR. KANORIA: Thank you very much. We'll move on to Uday Bhaskar.

MR. BHASKAR: Thank you. At the outset I think I'm conscious of the fact that I am the last speaker after a very rich day, and looking at this room one can talk about the depth of the deliberations being matched the depth of this very special room at Brookings. I'm delighted to be back. It's been a long time since I've come back to Brookings. And as I said, I'm also conscious that perhaps I'm the only sailor definitely on the panel. Ashley is only an honorary sailor and I don't know about the rest of the audience. Okay. Sorry. We are two sailors. I was advised by our Secretary General, Dr. Rajiv Kumar, that as a sailor perhaps I should try to focus on the maritime domain which I shall do and maybe remind this audience as I'm sure some of you are already aware that when we review the India-U.S. relationship, there are many facets. We have Dennis Cox's now I think familiar book about estranged democracies and the way we have moved from there. But there is a little niche which I think sailors would perhaps revel in which is that if you look at the bilateral, and I stumbled on this when I was doing some work in the early 1990s trying to find the punctuations in the India-U.S. relationship, the Cold War had just got over and I was talking to a few people here in Washington about their recall of the India-U.S. relationship considering that there was no official contact for many years, and I was working at an institute which represented the only contact if you will between New Delhi and Washington. Two things which came up, as I said I was not aware of it, that everyone knows that India figured in the America calculus in a negative way in May 1974 with the first nuclear test, the peaceful nuclear explosion.

But on a more positive note, I gathered this anecdotally, that India came up for the equivalent of a favorable comment in late 1988. President Reagan was at the helm, and this was a reference to the way in which India dealt with a very sort of mercenary coup that was attempted in the Maldives, Operation Cactus. What was extraordinary so I gathered from Washington was that if you look at the map, and this apparently is what was brought to the attention of the U.S. President, that there was this coup that was being attempted in the Maldives and India, Prime Minister Rajiv Gandhi then at the helm, ably supported by Mr. Ronen Sen who was the Joint Secretary, they dealt with this and dealt with the coup very adroitly. We had two ships in the vicinity. They were diverted, the INS Bias and the Godavry, and in about 24 hours we were able to airlift the paracommandos from Agra. And all this happened in 1988, 1 year before Tiananmen, and India, third world, Cold War, et cetera. So this was one indicator of India shall we say strategic, nascent but strategic profile which was registered here in

Washington in 1988. Fast-forward to December 2004. Bush one, President Bush in the White House, and India's response again to tsunami which as you recall those of you who were on watch in that particular year, it happened on a weekend, Christmas weekend and Indian ships were able to cast off and arrive outside the most-affected areas between 12 to 24 hours. So there were shall we say two instances of India's strategic capability that had registered here and I thought I would perhaps take this forward and look at the India-U.S. relationship in a strategic context and highlight maybe areas that could be identified for possible cooperation.

At the very outset, if you look at the relationship, we've had two views. I think Ashley has given us a very, very I would say inspiring kind of view about what impelled July 2005, and Harsh in turn has pointed out that it's going to be very difficult to dot the i's and cross the t's. My own take on this is that actually India and the United States having spent some time trying to understand the complexities of the relationship, more than defining it as a partnership or as an alliance, I have often veered toward looking at them as two very complex equal systems and that they can complement each other if we have the right degree of managing a complex relationship and that the governments are only one component, that there are various facets to the India-U.S. relationship. There is this large civil society component which I think Swami this point in his remarks that even at the time when the two governments were estranged, you had the first professionals coming from different parts of India in the mid-1970s, and as I said I don't want to go bad details, there are Diaspora experts here. But there is this equal system and that is what I would point to to say that there is a strategic mixture to the India-U.S. relationship and my own advocacy over the years has been that it should not be viewed in transactional terms, that the relevance of India and the United States to each other is existential and they complement each other in a very complex but dynamic manner. We've seen some elements of this being recognized now if you look at articulation on both sides. I will not detain you with what Mr. Vaypayee had once said, but that's Hindi, so those who have a Hindi sort of facility, we can talk about that later.

But I want to make this point that if you review the relationship, there were two points I think at which you saw the way in which it was being transmuted, not transformed, it was being transmuted, and my own reading is that the first was March 2005 when Ms. Condi Rice visited India before she went to Tokyo, and when I did my homework I always thought that was a very seminal

articulation about the vision that was driving the United States in 2005, and from March we quickly come up to July 2005 and finally the fall of 2008 when the nuclear nettle again is very innovatively -- I would say that circle had been squared on the Bush-Manmohan Singh agreement -- not withstanding the problems that we are facing now.

In a similar vein I would like to suggest that inasmuch as May 1974, the peaceful nuclear explosion, takes 31 years, July 2005, the fine print of the civilian nuclear agreement finally realized by a squeak. You come down to the wire, and I can see some of the players who did some heavy lifting over here. The nuclear nettle has been put aside after 34 years, May 1974 to September 2008. In a similar vein, I'd like to suggest that May 2011, Osama bin Laden and the Abbottabad operation, mark the beginning of the second transmutation that is currently on the anvil which is the United States and India being able to review the way in which they have looked at the scourge of terrorism, and I recall distinctly as a track two representative coming here in 1993 and Bruce Reidel was then part of the White House security staff and the way in which the United States I think shared with us their own understanding about the scourge of terrorism and the way we have moved I would say over the last 13 years. So it's in that sense that I'd like to locate the India-U.S. bilateral relationship and draw attention to the context in which this is going to play out.

Again in the morning session I think Swami made this point, that the world is moving toward the equivalent of a tri-polar single economy. One reading says that China has already overtaken the United States to be the world's number-one economy. I'm more conservative. I am going for 2022 which is the figure that's been identified, the bandwidth between 2022 to 2025, when China overtakes the United States to be the number-one economy in the world in actual terms, the United States is number two and India will be a distant third. Yes, you have other economies, today's Japan, today's Germany. We are now quite sure how the E.U. is going to cohere. We are not quite sure about Brazil. But all things being equal, and this morning there was a reference to China's Arab Spring, but all things being equal, India, the United States and China operating on the current trajectories that they are on, it's very likely that you'll have this tri-polar economy, the United States and China being close to each other, China being number one, India a distant third. And this is where I'd like to suggest that this particular world order, 2025-2022, as opposed to the multipolar formulation which has been used by various

commentators and analysts, my own preference is to talk about a polycentric order meaning that to the extent that multipolarity suggests a kind of power grid, I am suggesting a diffused spatial arrangement in which you will have China, the United States and India as three nodes of relevance complemented by Russia, by Japan, by Germany, by a Brazil, maybe an ASEAN depending on how they get their act together, and the real challenge I see which of relevance to India and the United States is the management of this triangle, the U.S.-China-India relationship. And again without going into detail, my most desirable end state in terms of managing this relationship is that we are all familiar with the contradictions, the fact that there are certain tensions in how they relate to each other, but also the way in which they complement each other particularly as impelled by globalization. So to that extent my proposition is that India is in a very favorable position which is that despite the fact that it is suborned both to the United States and in China in every aspects of tangible national power, there is a ceiling in terms of how the United States and China relate to each other and to that extent India can be a very empathetic swing state. This I think is the characteristic that India and the United States need to recognize and see what is the objective they are striving for.

I am an analyst; I am not in government so I have the liberty of outlining a vision which is about a condition of equitable equipoise. That seems like alliteration, but what I mean by that is the Senator when he was speaking this morning from Virginia, he was drawing attention to those pockets which have not benefited from globalization and this is a problem the world over. It's not confined only to the United States. So the end state when we have people from business, we have people from government, we have academics, we have analysts, we have people in gender studies, how do large states like India, China and the United States arrive at this Holy Grail of equitable equipoise and in that I believe that India would have a role to play? Much of it will be how do you manage China. This morning we spoke about the rise of China and what does it mean. Again this is not rocket science to say that both India and the United States would have to engage with China while at the same time being able to manage its rise in a way whereby China is encourage to conform, to comply with rules and norms as we evolve them. To that extent, my second proposition is that the nature of the triangle, India, China and the United States, would be predicated to a very large extent on the manner which they understand and relate to the extended commons.

We started these whole discussions about the maritime domain and saying that India and the United States have a shared interest in the maritime domain. I'm extending this to say that you have maritime, cyber and space and the challenge for India and the United States will be the management of this extended commons in such a way that China also becomes a stakeholder and is encouraged to comply, to conform, in a way that its own sensitivities, interests, aspirations and ambitious and anxieties are all accommodated.

Let me quickly finish. I just have a minute to say that without going into the other points that for India and the United States, I think I spoke about an equal system. I spoke about the fact that this is a triangle that would have to be managed in a very, very innovative and empathetic manner, and that at the end of the day for India and the United States, I want to borrow that last point from Harsh, it appears that there are many obstacles and one suggestion I've often made is that there is a need to reconcile the narratives. India has the narrative of the nuclear issue. The United States has its own narrative on the nuclear issue; we have our narrative on terrorism. The United States has its narrative on terrorism, that there is a need for reconciliation, for harmonizing these narratives and there are specific recommendations as far as this extended commons and these issues are concerned. My proposals are as follows. One is for much greater engagement on track two on these issues because these are people in the real world, FICCI, those in the private sector and those in the government and from track two to pick up individual issues which lend themselves to some degree of cooperation and have perhaps the equivalent of a track 1.5 where you have people from both within the government and from outside and then try and identify which are the doables. Thank you.

MR. KANORIA: Thank you very much. As has been through the day, also a very enriching learning experience at least for me. As opposed to big boats, I only sail small boats. But I know that as a sailor when you have to reach from one point to another, then it's always not a straight distance to go. You have to tack your way through and actually go left and right before you reach the goal. So it is a question of adaptability and understanding situations and taking them as they are watching the winds blow in your direction and then catching them to move toward your goal -- very small -- philosophical issues about that.

Before I open up the floor to questions, I have one. One issue which I find has been completely missing through the day in terms of maybe that it's an issue which only to do more internally with our country, but I feel that we keep discussing on the business and on the strategic and defense and military framework, but there is no discussion whatsoever on the issue of full security and agriculture which I feel is going to become a major issue and where I think there is a great need for also some kind of strategy between the U.S. and India to ensure that we are able to feed our people in India. I feel that we'll be faced with a huge problem because since the 1970s when we had the green revolution with Norman Borlaug leading it, we've really not had any other kind of agricultural revolution of any serious nature and that's something which at least I feel is important in this relationship. Can we open up the questions? Please identify yourself and wait for the mike and make your question short. Thank you. I am so sorry. Ambassador Sibal wanted to make some comments first, so if you will please allow me. He had already told me in advance.

AMBASSADOR SIBAL: I'll cut short my intervention because I think we are running out of time.

MR. KANORIA: We have, sir, 5 minutes.

AMBASSADOR SIBYL: One, that I'm not persuaded that India's economic relationship with China has become so strong that it imposes limits on our policy choices. The total India-China trade is today $60 billion and it's the largest state partner in goods, but our largest economy relationship remains with the United States of America and the deficit that the United States has with China is probably three to four times larger than the total India-China trade. It may well be that in the years ahead this might become an important factor, but I don't think that at this stage we should exaggerate the importance of this.

Secondly, on dehyphenation -- words that the United States has interests in India, the United States has interests in Pakistan, India and Pakistan, have a very difficult relationship, the United States has to manage both relationships, so even if you don't use the word hyphenation or dehyphenation, there is a de facto compulsion on the United States to try and balance this relationship in order to derive the maximum leverage from both relationships. If you remember when Condoleezza Rice came to Delhi and announced willingness to enter into a comprehensive nuclear deal, she went to

Pakistan and declared that Pakistan would be a non-NATO ally of the United States of America. In terms of arms sales to Pakistan, the United States has not given up that policy. Robert Gates when he was in India a few months ago that we are calibrating very carefully our arms sales to Pakistan and they will not create a conventional imbalance in South Asia. And from Wikileaks one gathers that the U.S. Ambassador to Pakistan recommended continuing arms sales to Pakistan in order to allay Pakistan's security threats from India.

On the nuclear deal, while, yes, there was a clear dehyphenation in what had -- there, but one finds that the United States is giving China a degree of freedom to increase its nuclear relationship with Pakistan and one could see that in the NSC discussions, et cetera. On Afghanistan, again there was a tendency initially to link Kashmir to Pakistan. On terror, I remember that although President Bush was very strongly supportive of -- I won't say supportive, recognized that India was a victim of terror, but he very steadfastly refused to give us any signal that he was willing to put pressure on Pakistan. He would always defend Pakistan and say that Pakistan actually was a very reliable ally in the war against terror. And on strategic partnership, India got a strategic partnership, but Pakistan too has a strategic partnership, but leave that aside.

Very, very briefly, before I say something on the strategic partnership or the area of strategic cooperation, I want to respond to the Syrian thing because that's also related to the whole idea of a strategic partnership or areas of strategic cooperation because I think if the United States were to support India's permanent membership more seriously and more proactively, it will lead to an internal balance within the Security Council, and by giving India a greater role even if there are some issues on certain issues, the underlying compatibility of long-term interests between India and the United States is such that multilateral action within the United Nations Security Council as a result of cooperation between India and the United States would be helpful.

In the case of Libya, I think one has to see whether the United States position or those of NATO or Western countries is based on your principle or it is based on national interests or there are domestic pressures at work, or is it a combination of all three factors? If we agree that it's a combination of all three factors, then India's position on what happens in Libya cannot be based on your principle. It has also to take into account a national interest and of course domestic political pressures at work. So

therefore I don't think we should read too much meaning into what's happening in Libya with regard to India's position.

Insofar as areas of strategic cooperation are concerned, I think the nonaligned phase insofar as India is concerned is over because India pursued that course of action to protect its strategic interests in a divided world. Now the world is interdependent, globalized and we are to protect our interests in this sort of a world and here of course we are trying to maintain our strategic autonomy. But there is a lot of convergence of interests in many areas. First of all, the global liberal order. We have been victims of it, but nevertheless I think all right-thinking Indians would agree that the United States is the biggest pillar of a liberal global order and this pillar must not be weakened. And if tomorrow the Chinese begin to increase their influence in shaping the world order, what values will they bring to this order? Their values, their soft power. What will they bring? I think the world would lose as a result and therefore it's in India's and the United States interests to strengthen this global order. The problem is that while we both share our commitment to democracy and will not be happy if Chinese authoritism becomes some sort of an attractive model for many parts of the world, we have some genuine doubts about going in for democracy as a crusade and that's where our differences come in. We have some difficulties about going in for a crusade for human rights and for the right to intervention. Insofar as the rise of China is concerned, we have a common interest to hedge against this rise without seeking to contain China, but we have no clarity yet as to what the U.S. has in mind in terms of the Chinese threat. The U.S. wants us to focus on the Chinese threat in the Asia Pacific region, but we have far more concern about China's threat in South Asia and there is here a mismatch. We do not know what the United States thinks about the China-Pakistan nexus, about Chinese penetration into the Indian Ocean area. So unless we have a frank dialogue and understand what the United States' thinking on these issues is, we cannot have that kind of confidence in each other. There are water issues because most of the biggest rivers of Asia are emanating from Tibet. There is the whole issue of Tibet and the Dalai Lama. So we need to discuss these issues also.

We need also to be clear about the U.S. on the PAK-China nexus and there is no clarity about U.S. policy as we saw in the NSG or for that matter in the FMCT where China is blocking

negotiations on the -- and the United States hasn't found a policy that would try and remove the roadblock that Pakistan has placed.

In the case of terrorism and religious radicalism, both are threats to the United States and India, but we get the feeling at times that the U.S. wants to accommodate these forces to some extent and of course you have now excluded the whole vocabulary of war on terror which itself is an indication of how you want to be able to fit what's happening in Afghanistan into a larger policy toward the Islamic world and we only hope that this does not have certain repercussions in our own region with which we have to live with. On Afghanistan we have common interests and connectivity in energy cooperation the nexus of natural resources. We think that the U.S. is a stabilizing factor in Central Asia but we are not sure whether the United States has the willpower and the commitment to for the long term stay in this area.

On Iran you should give us more space. On energy we are going rather well. Defense is another very important area. The United States has already got $8 billion worth of arms sales I think in the $30 billion that we are hoping to buy from supplies abroad. The United States is targeting at least another $8 billion on technology transfers. We have common interests. We have common interests in protecting the -- of communication. Finally, I would suggest that the United States should support India's territorial integrity. That's very important.

MR. KANORIA: Thank you. Please go ahead.

MR. SINGH: Atul Singh from "Fair Observer" a new journal analyzing global issues.

I have more of a comment, less of a question. My comment is both the USA and India are seeing an extraordinary tumult in the U.S. and I've driven across this country twice. As you drive away from the coasts you see rust belts, you see towns like Detroit that have deindustrialized. And what someone said earlier very emphatically and very correctly is that you're seeing a clash between those who have benefited from globalization, the Googles, and those who have lost. That war is real and that has made politics vicious. India again has its socialistic -- its huge bureaucracy and red tape, we were given statistics by Swami, and we have a tiny Foreign Service, 700, sir, if I'm not mistaken manning a rising power inadequately, straining at the seams.

So the fundamental question here is before we talk about a relationship, a strategic relationship or a partnership, both of these countries which have ferment in their soul have to figure out what is their goal and it's not rhyming as you were now just making an alliteration. It's first what is it that you're headed toward and then the relationship, the partnership, the strategy will evolve. Therein I agree largely with Ashley and I agree largely with Harsh, both of them are close friends, that the fundamental issues in these countries are internal. When they solve their soul, when they do what we call in India in the (inaudible) and forge through exercise of purity or concentration, what is it they want? Things will evolve because there are natural synergies which will be there for the long run. Those factors will remain.

MR. KANORIA: Thank you. Swami, yes? We'll take the next one from the lady.

MR. AIYAR: Everybody says that the Arab Spring is a good thing. I'm not entirely sure. There are some discouraging signs that it might turn Islamist. Supposing that happens even halfway if not completely. What will be the reaction of the United States? What will be the reaction of India? Apart from saying that it's an unfortunate event? Apart from saying it's unfortunate in concrete terms, what would the United States be inclined to do and what would India be inclined to do if you saw signs of the Arab Spring turning Islamist?

MR. KANORIA: The next question. There's a lady up here in the sixth or seventh row.

MS. DANYLUK: I'm Bethany Danyluk from Booz Allen Hamilton. My question is to the panel and anybody who can address this. It's been suggested several times that U.S. entities could engage directly with individual states in India to perhaps bypass some of the bureaucratic and procedural hurdles to achieve their objectives. Is this approach something that the government of India at the national level would be comfortable with? Or if they wouldn't be comfortable, would this then undermine our relations at the national level and our attempts to build good faith?

SPEAKER: My question is what Ambassador Sibal said; that what I'm asking is what I'm asking you is where do you put today the India-U.S. relations? Where are we heading for tomorrow? Thank you.

MR. KANORIA: There's a question here.

MR. KADIAN: Rajesh Kadian. Ashley and I are the two Indian-Americans here. Where do you see a tangible role for India-Americans, Ashley, in furthering our relationship between the two

countries? And a very weird comment on Syria. It's mystifying as Martin brought it up. But the Alawites are in power. The Alawites are a Shia group who also worship the cow.

MR. KANORIA: There's one question right at the back. That's the last one we take from the back.

MR. SHARMA: My question is for Dan and Ashley. We keep talking about U.S. and India, but nobody has really talked about Congress. Is the U.S. Congress (inaudible).

MR. KANORIA: I'm sorry. We can't hear you up here. Can you just stand up, please?

MR. SHARMA: My name is Cap Sharma. This question is for Ashley and Dan. A lot of the discussion today is about what the U.S. and what India should be doing, but we know that the U.S. Congress plays a big role in foreign policy. I was wondering from Dan and Ashley what is Congress in general thinking about India? Because while we're talking about having stronger relationships, Congress tends to see India more as a competitor, more as someone who's taking jobs, someone who's going to compete for energy and commodities and I'm not sure whether Congress is in synch with a lot of the discussion we've had today so I would to learn more about that. Also we're going to have a huge turnover in Congress next year. Ashley, since you worked in the Bush Administration, what do you think the Tea Party and the new Republicans, how do they look at India because they're going to be playing an important role in finance, export controls, visas, a lot of different things. I was quite surprised that the U.S. Congress was left largely out of this debate, so if you could comment on that I would appreciate it. Thank you.

MR. KANORIA: Now we have 5 minutes precisely. We'll allow each panelist to respond to the questions. There are short questions and there are very long questions like the last one, but we will give 1 minute to each panelist. You can pick up whatever question you want. Shall we start with Harsh?

MR. PANT: I would respond to Swami's question on the Arab Spring. I don't think we know how India would respond. I don't think Indian policymakers know how they would respond. India's approach so far has been very, very cautious as we have been discussing as to what to do in Libya and Syria, et cetera. So if the situation gets more Islamist in orientation I'm not so sure they would -- they

would be very nimble in their response. I think they would take their own time and once they figure out what to say, they'll probably have something to say, but it would take a long time for it.

MR. KANORIA: Ashley?

MR. TELLIS: I'll address three questions and I'll try to do it in 1 minute. On Bethany's question of whether India should engage the states going over the head of the center, I think it's really a question of which issue area you're talking of -- engagement in. If it's engagement in national security, you have to go through the center. There is no alternative. If it's engagement in the realm of economics, there are plenty of opportunities to go directly to the states and American corporations have already begun to do that.

On the second question of the role of Indian-Americans which Rajesh -- I think the role of Indian-Americans has to be what the role of any citizen in this country is which is to contribute to the better understanding in terms of bilateral relationships, the better understanding of what is happening in India here and that is both through our engagement with the Executive Branch and particularly to Congress. And I'd connect that to the question that Cap raised which is citizens have a very special relationship with their Representatives and if Indian-Americans like others can use that relationship with their Representatives to help the Congress understand what the larger issues with the home country have been, then I think it makes a good deal of difference.

MR. KANORIA: Uday?

MR. BHASKAR: I'd just pick up again two points, one by Swami regarding the Arab Spring and which way it goes. I'll just give you my view as a security analyst which is that, again I said this in the morning, the United States and India, if you look at the U.S. curia, the last two curias, 2006 and 2010, you will find that terrorism nonstate has a very prominent place in terms of challenges to the United States. We in India have gone through November 2008 in Mumbai and whatever we have seen this year. So my limited response as an analyst is that more than the Arab Spring and its Islamist identity which is cause for concern, it is the supranational agenda that they pursue and the means by which they decide to realize those objectives. And if you have this wave of regimes that decide to use modern technology in the furtherance of the supranational agenda, both India and the United States I think would have to really consult very deeply about how to deal with this because of the nature of diversity. I come back to that

equisystem formulation, that for India and the United States, the management of diversity while being sensitive to whatever the Constitution has enjoined in terms of values is going to be a challenge, whether we talk about banning burkhas or defining how religion is to be practiced. I think that clash as I see it about the supranational agenda of these groups in the event that they do wish to and how the states are going to work will be a point of some concern. It has to be monitored very carefully and I agree with you. And -- I'd imagine the Chinese also would be very, very concerned because of their own proximity to some of these issues. So I'd just leave it at that.

MR. MARKEY: I'll just pick up a couple things as well. Some great questions here. I would begin by suggesting that you're absolutely correct that the Indian economy is currently far less penetrated by Chinese interests relative to the United States. No doubt. But this is a dynamic and we have to look out into the future and I would say that there is good evidence to suggest that that will change over time and that India will like the United States is be increasingly sensitive about how its actions internationally are likely to effect the ramifications of those actions for its economic relationship with China, so I would say look to the future there.

To clarify on dehyphenation, my use of that word was in a relatively narrow sense. It was only insofar as to suggest that the United States unlike in the deeper past should not be paralyzed by the need to resolve the Indo-Pak bilateral conflict before moving ahead and engaging each of those partners for different reasons. It is not in the broader sense of suggesting that U.S. policymakers are not routinely in the business of trying to figure out how everything they do is likely to affect their relationship with the other side. Realistically they live in that world and they're forced to respond and calibrate their activities accordingly simply to escape that paralysis that had bound us in the past.

I would have a difference of interpretation, just as a point, on the U.S. response to the Chinese-Pakistani nuclear arrangement. My sense is that the United States was less willing to acquiesce because it thought that it was somehow balancing the civil nuclear deal and simply bowing to what it perceived to be an unpleasant international reality.

On Libya, my point was not that the United States could have convinced India to see it side on Libya. The point was simply that as a process issue we should be in the habit of seeing that

consultation in that instance and in many others as being something we simply do. Of course we would do it and we would do it at length and we would devote considerable priority to it.

Last on this issue of going past the MEA, past New Delhi and going directly out to states, my point was a narrow one, again there really related to the establishment of U.S.-branded universities in India where there have been holdups at the center and where there seems to be a greater welcome by state authorities or the potential for that. This is an opportunity that I think we should not allow the center to sort of hold up progress that could be made in important ways.

MR. KANORIA: Thank you very much. We are coming to the end of this session and for me the learning has been that whatever relationships we need to develop, we need to have, and I quite agree with Daniel, if you have to develop a strategic relationship, we need to have transparency in our dialogue and we need to talk about it. We must put goals as to exactly where we wish to reach and that's really important. And now in a jocular manner, I just want to say that a few years back "The Economist" described India as a country full of subplots with no plot at all and I find that it's not much different here and we need to put those whole plot together before we can come to any kind of conclusion. And as always, any such session leaves us more with questions than with answers. Thank you very much, and thank you so much to the panel.

(Applause)