

Building a New Partnership with India

India watchers these days are suffering from a bad case of whiplash. The “buzz” of President Bill Clinton’s last year in office—with his dramatic trip to India and Indian prime minister Atal Bihari Vajpayee’s return engagement in Washington—has been followed since September 11 by an intense U.S. reengagement with Pakistan. At the same time, the rapid pace of high-level contacts that was established early in President George W. Bush’s administration has, if anything, accelerated. High-level Indian visitors to Washington in the last quarter of 2001 included Vajpayee, Foreign Minister Jaswant Singh, and National Security Adviser Brajesh Mishra. Senior U.S. government officials who spent time in New Delhi include Secretary of State Colin Powell, Defense Secretary Donald Rumsfeld, and Admiral Dennis Blair, commander in chief of U.S. forces in the Pacific. Expectations are high for a Bush trip to New Delhi in 2002. Longtime students of Indo-U.S. relations marvel at the change of pace and the shift in attitude compared with most of the past 50 years but wonder how this development will mesh with the intensified U.S. interest in Pakistan.

Washington’s increased interest in India since the late 1990s reflects India’s economic expansion and position as Asia’s newest rising power. New Delhi, for its part, is adjusting to the end of the Cold War. As a result, both giant democracies see that they can benefit by closer cooperation. For Washington, the advantages include a wider network of friends in Asia at a time when the region is changing rapidly, as well as a stronger position from which to help calm possible future nuclear tensions in the region. Enhanced trade and investment benefit both countries and are a prerequisite for improved U.S. relations with India. For India, the country’s ambition to as-

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sume a stronger leadership role in the world and to maintain an economy that lifts its people out of poverty depends critically on good relations with the United States.

For all their increased interest in each other, however, India and the United States still view the world differently. The United States, already very conscious of its standing as the world's sole remaining superpower, has a newly heightened sense of mission about world leadership since September 11. India remains uncomfortable with the very high profile of the United States as the arbiter of world security and hopes to see a more multipolar world emerge, with India recognized as one of the poles.

The model for the emerging relationship is not an alliance, virtual or otherwise, but a selective partnership based on specific, common goals and an expansion of the U.S. network of strong, friendly relations in Asia. Both countries need to approach their dialogue with candor, imagination, steady nerves, and—above all—realism.

A Changing India and a Changing Asia

The current U.S. focus on New Delhi emerges against a background of four major transformations in India. The first, and the one that has driven the change in U.S.-Indo relations the most thus far, is economic. The first stage of market-oriented reforms in 1991 brought about a marked increase in both domestic and foreign investment. Since then, the annual growth in India's gross domestic product (GDP) has averaged 6.4 percent, one of the highest rates in the world. In addition, during the same period, the services sector expanded from 6 percent to 8 percent of the economy. The dramatic development of the information technology industry has made India a power in a sector that is transforming the world economy; indeed, the large, prosperous, and prominent Indian-American community is now joined at the hip with "Silicon Valleys" in the United States and in India. Despite its low per capita income, India's economy—with a GDP of \$442 billion in 1999—ranks eleventh in the world. On the basis of purchasing power parity, India has the world's fourth-largest economy.¹

At the same time, India's political system has been moving away from its traditional domination by the Congress Party. By the end of the 1990s, two parties had emerged as national competitors: the Congress Party and the Hindu nationalist Bharatiya Janata Party (BJP). Both have gained votes at the expense of third parties, but neither is strong enough to govern by itself. Today, as never before, coalition building brings into the national political game the sensitivities, demands, and personalities of regional parties, some of them limited to only one of India's 29 states. At

the same time, the former untouchables and other so-called backward castes that make up the majority of India's poor rural population—once solid members of the Congress Party's "vote banks"—are disappointed at the Congress Party's inability to address their economic and social needs and have formed their own increasingly powerful parties. These developments have brought new voices into the national political debate, but they have also made the country's politics more volatile and created a tremendous need for leadership.

India has long been South Asia's predominant military power, but in 1998 it also became an overtly nuclear power. India possesses the fourth largest army in the world. Its navy, with the largest submarine fleet and the only aircraft carriers among the Indian Ocean's littoral states, plans a sharp increase in its long-range projection capability. During much of the Cold War, India was a small factor in U.S. thoughts on international security issues, except for India's chronic dispute with Pakistan, which was an ally of the United States throughout that period. India's nuclear testing made its conflict with Pakistan more dangerous but also focused U.S. attention on India's importance as the largest military power between two major centers of U.S. military presence, in the Persian Gulf and in East Asia. The result is heightened U.S. interest in serious dialogue with India and the potential for more cooperative security policies in the future.

Meanwhile, India's foreign policy has adjusted to the end of the Cold War. Although Russia remains India's most important military supplier and a valued political contact, it can no longer deliver the kind of international support to which India had become accustomed for its policies. India is now actively cultivating a broader range of relationships, focusing on countries to which it had previously paid little attention. One example is increased attention to its ties in Southeast Asia, not just in the cultural and economic arenas but also in military contact with nations in the area—a new dimension in India's relations with its eastern neighbors.

As part of this reorientation, the United States is emerging as India's key external relationship. Indian leaders all acknowledge the importance of Indo-U.S. economic ties. Many recognize that India's security interests are not harmed, and may even be bolstered, by the U.S. security presence in the Persian Gulf and East Asia. This situation represents a much more solid base for cooperation on foreign policy issues than the two countries have had in decades.

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The outlook in the United States has evolved as well. U.S. interest in strengthening its ties on the subcontinent also reflects the changes that have occurred in East Asia in the late 1990s: the financial crisis in the area, the opening of talks between the two Koreas, and the prolonged economic slump in Japan. These developments argue strongly for expanding the U.S. network of important Asian friendships. Today's high-level exchanges between the U.S. and Indian governments clearly indicate that the United States wants to develop cooperation on economic issues and on security and foreign policy issues as well.

The change in the U.S. perspective on Asia's and India's economic growth represents the promise of a new Indo-U.S. relationship, although the traditional concerns that drove U.S. policy on South Asia during the past decade are problems that still need to be overcome. The dispute between India and Pakistan, with its nuclear dimension, and the destabilizing impact of weak states in Afghanistan and Pakistan remain and indeed have intensified as a result of the events of September 11.

The sudden reestablishment of close relations between Islamabad and Washington came as a jarring surprise to New Delhi. In Indian eyes, the supreme irony is that antiterrorism is the basis for the new U.S. involvement in Pakistan. India was one of the first countries to support the anti-terrorism campaign; moreover, India sees Pakistan as the source of India's own problems with terrorism, not the solution. The military buildup between India and Pakistan that followed the bombing of the Indian parliament in December 2001 put the problem in sharp relief. For India, U.S. willingness to force Pakistan to break with the militant groups accused of that incident was a critical test of whether the United States took India's terrorism problem seriously. For Pakistan, the crisis placed two of its highest priorities—its Kashmir policy and its new relationship with the United States—in conflict. The U.S. reaction satisfied neither country. Steps to counter terrorism had already been the subject of a pragmatic and productive Indo-U.S. dialogue before September 11, and the issue will probably constitute a long-term bond between the two countries. In the short term, however, periodic India-Pakistan crises are likely to place great stress on this feature of the bilateral relationship.

India's Future and the New Indo-U.S. Relationship

India's rising power provided the foundation for a changing relationship with the United States, but sustaining new Indo-U.S. ties will depend on India's evolution during the next 10 years. The first requirement is continued economic growth. An optimistic forecaster would estimate India's eco-

conomic growth at 8 percent per year, a pace that would double the country's gross national product (GNP) in 10 years and bring it on par with present-day Japan and China and would raise India's per capita GDP almost level with present-day Peru. This scenario would involve a sharp increase in international trade. In the past decade, the value of India's exports has more than doubled, from \$18 billion to \$38 billion. With accelerated growth, a more rapid expansion of exports—perhaps as much as fourfold—could be expected. Given the continued vibrancy of India's software development sector, an increase of exports to the United States on at least that scale is entirely possible, bringing the total to \$36 billion or more.

This scenario is by no means out of reach, but it would require a more focused and determined approach to economic reform than the Vajpayee government has shown thus far. In particular, this projected state of affairs would require a major reform of the troubled electric power sector, faster liberalization in such key sectors as telecommunications, and an intense and widespread effort to improve the effectiveness of the government's economic institutions. As a result of these measures, today's Indian economy would advance substantially. A comparison with China's economy is both interesting and sobering because China is the benchmark against which Indians often measure their own international profile. According to the World Bank's World Development Indicators, China's GDP in 1999 was about 2.25 times the size of India's; China's exports totaled \$194.9 billion, about 5.5 times as large as India; and its exports to the United States, at \$81 billion, were nine times those of India.² According to this optimistic scenario, India would narrow those gaps. Barring an economic disaster in China, however, India will still be far from parity with its eastern neighbor.

Sustaining today's 5–6 percent growth rate is probably the minimum requirement for India to retain enough economic heft for a spot on the U.S. radar screen. This expectation is reasonable, despite the downturn reflected in the most recent economic statistics, but both the difficult political decisions involved in continued economic reform in India and the spreading recession in the United States and India's other trading partners will tend to pull growth down from the level it achieved in the 1990s.

Mediocre growth will extract a high price in terms of political and foreign policies. Without reforms, India's economy will sag, leading to competitive subsidization and spiraling fiscal deficits. A more worrisome issue for the United States, however, is that this situation could tempt India's govern-

India is a power in a sector transforming the world economy.

ment to take an unusually strident line toward Pakistan and its other neighbors, which, in turn, would increase the risk of some kind of miscalculation or desperate move by Pakistan.

If ineffective economic policy extracts high political and security costs, economic success has a political price as well: growing inequality, especially between the prosperous and backward states within India. During the 1990s, the economy of India's fastest-growing state, Gujarat, expanded by 8 percent per year, while Bihar, the slowest performer, grew by less than 3 percent.³ Two of India's three largest states—Uttar Pradesh and Bihar—are

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also the slowest economic performers, but their populations are growing at well above the national average, leaving a smaller piece of a meager pie to distribute. If, as seems likely, these states continue to be excluded from the rest of India's prosperity, their large parliamentary delegations will surely try to compensate by means of subsidies or other forms of income redistribution. The prosperous states, moreover, are making a strong bid for greater devolution of power and re-

sources to the state level. The argument for decentralization is strong, especially in a country as large and complex as India. Reducing the resources the poorer states receive from the central government to achieve this decentralization, however, is bound to prompt resistance to the government's efforts. Managing the political repercussions will fall squarely on the prime minister's shoulders. Whether the government is managing the problems of successful or of mediocre performance, the need to maintain a strong coalition at the national level will make the leadership vulnerable to distractions in the states.

A more substantial role for India globally will also require reasonable political stability and a high level of political leadership in the country. The Vajpayee government has demonstrated its ability to make bold decisions on issues involving economic and foreign policies, but these decisions have too often languished without the vigorous follow-up required. Today's coalitions are more difficult to manage than yesterday's Congress Party-dominated politics. A political leadership that governs by avoiding risks will not be able to pursue economic reforms.

Both major parties are likely to undergo a leadership transition in the next 5–10 years. The BJP has a relatively large pool of potential leaders, but most of them have a reputation for taking a harder line than Vajpayee on foreign policy and on domestic issues relating to the BJP's agenda for cul-

tural nationalism. Unless they move to the center, they will have trouble assembling a governing coalition. The shift will not be easy for them. On the Congress Party side, second-tier leaders outside the Nehru-Gandhi family have been reluctant to challenge Sonia Gandhi's leadership; the alternative is Sonia Gandhi's daughter, Priyanka. The prospects for a real infusion of new blood are not encouraging. Apart from the two major parties, the regional parties, especially those in southern India, could be a source of attractive new leadership. Established state leaders, however, have thus far been reluctant to allow someone else to run their state power bases while they make their bids for national leadership positions. The transition, in short, is likely to be messy.

In addition, the pragmatic thrust in India's foreign policy during the past decade needs to continue if the new Indo-U.S. relationship is to bear fruit. The end of the Congress Party's political domination may have made this approach easier to sustain. The Congress Party is the traditional home of India's "Nehruvian internationalists," who shaped India's foreign policy during the country's first 40 years, emphasizing a high moral tone (thereby often annoying their U.S. interlocutors), exhibiting their devotion to the Non-Aligned Movement, and leaving a strong legacy of suspicion toward the United States. The BJP is the natural cradle of India's "hypernationalists," who favor a hawkish foreign policy, especially toward their neighbors, and look to military strength as the most effective way of realizing India's international ambitions.

In practice, India's foreign policy—particularly as it relates to issues outside the neighborhood—has reflected a third, pragmatic approach, especially since the country's 1998 nuclear testing program began. Pragmatists see trade and investment as the tools for reaching India's international aspirations and have been eager to establish a cooperative relationship with the United States. Vajpayee, having achieved his party's long-standing goal of taking India into the nuclear age, has been the prime spokesperson for this approach, as have most of his recent predecessors from various parties. The pragmatists are not based in any real political party, but their approach has a strong attraction for the party in power.⁴

If India's government stays on the pragmatic track, relations with the United States can be expected to deepen during the next decade. A more serious Indian dialogue with Japan as well as Southeast Asia is also likely, as is a continuing effort to improve relations with China, despite Indians' strong consensus that China is their most serious strategic rival.

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From the U.S. point of view, a pragmatic foreign policy will produce mixed results for India's approach to the Middle East. India only established diplomatic relations with Israel in 1992, but Israel has already proven to be a significant source for security consultations and an attractive "niche supplier" of military equipment. A common interest in restraining Islamic fundamentalism will undergird continuing development of India's relations with Israel.

On the other hand, India's sensitivity to relations with its major energy suppliers will remain strong throughout the coming decade. Even if India's government makes substantial improvements in the management of its energy sector, the country's energy requirements will rise, and the increased supply will need to come from imports. Points of potential friction between India and the United States include Iran, from which India currently buys about nine percent of its imported oil and with which it hopes to expand trade; Iraq, traditionally India's closest Arab friend; and the Central Asian countries, already an arena for fierce rivalry with Pakistan, particularly as a great deal of overheated speculation has emerged about possible pipeline routes through Pakistan into India.

The U.S. Role in Sustaining the New Partnership

Whereas India must sustain its new relationship with the United States through economic growth, political leadership, and a creative and pragmatic foreign policy, the United States needs to contribute a steady dose of political attention as well as to foster a sensitive and candid dialogue with India's leadership. The U.S. government's priorities regarding nuclear nonproliferation and India's role in it are ripe for reevaluation.

The security dialogue could well emerge as the most dynamic aspect of Indo-U.S. relations in the next decade. The Vajpayee government's positive reaction to Bush's announcement of a strategic policy centered on missile defense brought cheers from Washington (and groans from some of India's traditional foreign policy elites), but U.S. and Indian strategic approaches remain some distance apart. The most fundamental difference is seldom explicitly discussed: the United States sees itself as the sole remaining superpower, whereas India is still uncomfortable with unipolarity and considers itself one of the logical shapers of a multipolar international order. Consequently, India is likely to continue cultivating close ties with countries that see themselves as counterweights to U.S. dominance. The most important among them is Russia, from which India still buys much of its imported military equipment. If Russia's internal situation revives enough to sustain a more active diplomatic posture, developing a common agenda with India

will be a very attractive option and one that, despite the end of the Cold War, could occasionally prove awkward for the United States. Yet, this quest for multipolarity will coexist with India's efforts to develop closer relations with the United States.

When it comes to nuclear proliferation—the thorniest issue on the security agenda—strategic thinkers in India consider the Bush administration's strategic approach a significant move away from the treaty architecture that has been the basis of U.S. nonproliferation and arms control policy for decades. India foresees the possibility of entering into selective, de facto agreements with the United States in areas where divergent policies toward the Non-Proliferation Treaty (NPT) and the Comprehensive Test Ban Treaty made agreement impossible in the past. Despite the Bush administration's significant shift in tone and emphasis, bridging this gap will not be easy. Nevertheless, India shares some of the most important goals in this area with the United States, notably the policy of not exporting nuclear know-how or material to countries that have not yet “gone nuclear.” The continued participation of the United States in the NPT precludes recognizing India as a nuclear weapons state as defined in the treaty. In practice, the United States has decided that it can accept the existence of nuclear weapons under Indian control, but it still needs to enlist India as one of the leaders of the global effort to limit the further spread of nuclear danger. With a little imagination, restructuring the international institutions that deal with nuclear export controls so that India can become one of the managers of that part of the nonproliferation regime, rather than simply the object of its controls, should be possible.

India will consider technology transfer as a key indicator of a real shift in U.S. policy. The U.S. administration has lifted the sanctions imposed after India's nuclear testing began in 1998 and has restored the normal procedure under which the U.S. government reviews each proposed export license for India case by case, assessing the impact of each on a list of policy criteria, including human rights, regional security, and protection of sensitive technology. In past years, proposed sales of sensitive equipment and technology to India could languish for months or even years in the approval process, and many were ultimately rejected. If India and the United States are indeed developing a broader range of common security interests, simply restoring the old pattern will not suffice. The Indian government and the key commercial participants in this process will need to understand the new

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rules of the game. The two governments have discussed these issues, but the real test will come as actual applications work their way through the system.

Even with the lifting of the post-1998 sanctions, however, U.S. law goes well beyond NPT requirements and all but bans cooperation with India on issues related to nuclear weapons. The White House and the U.S. Congress need to make this legislation more flexible. A strong argument can be made for permitting U.S.-Indo cooperation related to reducing the risk of nuclear conflict between India and Pakistan. India will probably be anticipating establishing more far-reaching nuclear trade, however, particularly given the Bush administration's energy policy, which puts new emphasis on developing

nuclear energy in the United States. This area could be a bone of contention between the two governments.

Two candidates for a productive dialogue between India and the United States about security issues are especially promising. The first involves the Indian Ocean. Both India and the United States are increasingly conscious of the importance of the sea-lanes that will carry Persian Gulf oil east to the world's most rapidly growing energy mar-

kets, and both countries have begun limited cooperative naval activities in the Indian Ocean. The military as well as political dimensions of this dialogue need to be deepened. Beyond that, the United States should support India's efforts to strengthen its ties in East Asia, including eventual membership in the Asia-Pacific Economic Cooperation (APEC) forum. Drawing India into this Asian network will strengthen the forces in India attempting to achieve economic reform and establish a pragmatic foreign policy.

The second promising topic is counterterrorism. A productive joint working group in this area was established in 2000, but U.S. reengagement with Pakistan following the September 11 attacks has complicated the situation. In the long term, India and the United States share fundamental interests in this policy area. Some time may pass, however, before disentangling the issue of terrorism from the question of India-Pakistan relations and forging cooperation that extends to the multilateral arena becomes possible.

The alliance model that the United States has used to build ties in Europe and East Asia will not fit its relationship with India. Recognizing this disparity is another contribution the United States must make to the sustainability of the new relationship. U.S. and Indian views on the architecture of international politics are too different to fit comfortably into an all-encompassing structure of cooperation. Instead, aiming at a selective

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partnership, starting with common interests that both sides can pursue without too much strain and expanding as both countries develop the habit of working together, is more sensible.

Some on the U.S. political right see in India a natural counterweight to an increasingly hostile China, and these individuals have found common ground with some of India's nuclear hawks. China is already high on the list of topics that India and the United States discuss in depth. The reality, however, is likely to be subtler and less dramatic than this kind of anti-China stance. Neither India nor the United States wishes to see a single power dominating Asia. India anticipates an enduring rivalry between itself and China but has taken great pains to make whatever improvements are possible in the relationship. India has no interest in contributing to China's fear of encirclement. For its part, China is less preoccupied with India, largely because it sees Indian power as not great enough or close enough to key Chinese vulnerabilities to pose a major threat.

In fact, strong Indo-U.S. relations do not imply hostility toward China, and an effective U.S.-China relationship does not suggest animosity toward India. In the past year, the increasing attention that high-level U.S. officials have directed toward India has encouraged China to respond with high-level visits to India and occasional overtures toward the United States. U.S. policy should try to encourage this kind of "virtuous cycle." A good relationship with the United States is likely to enhance China's willingness to play a constructive role in South Asia, for example, by encouraging Pakistan's leaders to lay a foundation for peace. In contrast, ineffective or stormy relations between the United States and China could tempt Beijing to look to South Asia for ways to make life more difficult for the United States, as China has done in the past.

The Pakistan Factor

Particularly striking about the building blocks for the new Indo-U.S. relationship is how little Pakistan figures in them. Yet, the long-standing dispute between India and Pakistan remains the greatest obstacle to the role India wants to play in the world, and the possibility of unintended Indo-Pakistani conflict is still the single greatest potential danger the United States perceives in South Asia. Leaving Pakistan out of a discussion of Indo-U.S. ties would be disingenuous, particularly in the aftermath of September 11.

India's unresolved problems with Pakistan start with Kashmir, the subject of conflicting claims by India and Pakistan and the object of two wars between them as well as a continuing insurgency, supported by Pakistan, in the Indian-held parts of the state. The list of problems between the two coun-

tries also includes a group of secondary issues related to Kashmir, such as the status of the world's most desolate, disputed military installation on the Siachen Glacier in the high Himalayas, as well as a number of other "normalization" issues, including trade and visa regulations.

Since September 11, the level and frequency of violence has increased within Kashmir and across the "Line of Control" that separates India and Pakistan. Statements coming from both governments provide no encouragement that the leadership of either country is close to a sustainable formula for resuming talks about the situation. India's most recent initiative for beginning talks with Kashmiri political leaders also seems to be going nowhere.

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Even worse, high-profile terrorist incidents, including suicide bombings of the State Assembly building in Srinagar (capital of the part of Kashmir administered by India) and more recently at the Indian parliament in New Delhi, have raised tensions between India and Pakistan dramatically. The most likely culprits in both cases are militant organizations that also appear on the U.S. government's list of terrorist organizations, active in Kashmir but headquartered in Pakistan. U.S. actions since

that latest incident have made clear that the freedom of action these groups have enjoyed in Pakistan is incompatible with the relationship Pakistan is now trying to establish with the United States. The regional military buildup that followed the bombing demonstrates how easily such incidents can provoke a cataclysmic set of reactions and how vulnerable regional peace is to another violent incident.

Resolving these problems will require a high level of Indian and Pakistani leadership. Both countries, as well as Kashmiri representatives, urgently need to start a process that will eventually lead to an arrangement that is comfortable for all three parties and that addresses the issue of the Indo-Pakistani relationship and the problems of governance within Kashmir. Any such process would be slow and crisis-ridden; finding a solution is a marathon effort, not a quick fix.

The obstacles to the success of such an endeavor are daunting. In India, coalition politics and broad popular resentment against Pakistan make it difficult for a leader to push even in the best of times for a reasonable settlement of India's problems with Pakistan. If India's economic performance is mediocre, this task will become more difficult. For Pakistan, Kashmir has powerful popular appeal. The political compromise required for a settlement would be very painful, and the strength Pakistan's government has gained by

confronting militant groups over their activities in Afghanistan will not easily carry over to Kashmir. Without such an effort, however, the likelihood of new and dangerous confrontations over Kashmir is unacceptably high. Despite the new issues that unite India and the United States, this all-too-familiar one remains at the top of U.S. foreign priorities and cries out for a sustained and sophisticated U.S. diplomatic strategy.

Moving Ahead: Policy and Process

The policy agenda for the United States to sustain this shift in its relations with India is clear. India's own economic progress is one of the key drivers of the new relationship. U.S. policy should recognize its stake in India's growth and select its economic reform agenda based chiefly on the broad economic impact of proposed reform measures. The U.S. government will need to manage its remaining differences with India with sensitivity, candor, and sophistication. Increased economic ties will be accompanied by inevitable trade problems, which will need to be addressed in the same way. The White House must devise a formula for bringing India into a position of greater leadership in international arrangements to stem the onward spread of nuclear proliferation. As the United States leaves sanctions behind, the government should establish a more user-friendly system for dealing with transfers of sensitive technology and ensure that export license approvals reflect the broader array of common interests that the two countries are developing. A serious dialogue on the security of the Indian Ocean should be an instructive and fruitful exercise for both sides.

Both the long-term health of U.S. relations with India and short-term concerns about maintaining peace in South Asia argue for a more active U.S. diplomatic engagement on the issue of relations between India and Pakistan, including Kashmir. Reengagement with Pakistan and the buildup of ties with India has produced the strongest simultaneous set of bilateral U.S. relations with both countries in many decades. A sophisticated but persistent effort to press the participants to develop a peace process is needed. Neither side will greet these attempts with unalloyed enthusiasm. Pakistan traditionally welcomes international involvement, but its government will have to acknowledge that the first U.S. demand is likely to be a real crackdown on violent militant groups. India's long-standing preference is for a purely bilateral approach, but a quiet diplomatic effort will almost certainly be accepted if the United States can build up the trust it has begun to establish with India. The stakes are too high for all parties concerned to ignore the issue.

In some ways, the key for the United States is the process itself. Presidential telephone calls in times of crisis and regular political-level discussions

that go well beyond the usual South Asian topics have already become part of the United States' modus operandi with India. The next steps involve giving this process roots, as both governments develop the habit of having political leaders and senior-level officials consult on a wide range of issues. Moving from dialogue to cooperative action, the two governments should work together on a smaller agenda of bilateral issues. Because the multilateral setting raises India's interest in demonstrating its autonomy and independence of action, multilateral cooperation will be more difficult, but, as the relationship deepens, coordination should be possible here too on a selected yet expanding agenda.

A significant omission, now being actively addressed, has been dialogue between the two countries on military issues. Another surprising occurrence is the very thin expertise on India that exists in the U.S. government and expertise on the United States within the Indian government. Exchanges, training assignments, and other devices for building greater expertise among officials in both governments can give the new relationship stability and depth; signs indicate that this evolution is beginning. Both countries should take advantage of the bonds created by the Indian-American community and the wealth of organizations that are active in the private sectors of both countries. Above all, the U.S. and Indian governments should accept, with good grace if possible, that the two countries will continue to hold different views on many subjects, even as they develop their new partnership.

Notes

1. Gross domestic product (GDP) statistics from the World Bank (World Development Report). Economic growth as estimated in the Economic Survey of India, 2000–2001, Ministry of Finance, Government of India.
2. Figures from World Bank, World Development Indicators.
3. Montek Singh Ahluwalia, "State Level Performance under Economic Reforms in India," paper presented at the conference on Indian Economic Prospects: Advancing Policy Reform, Stanford, Calif., May 2000.
4. A more extensive discussion of these three schools of thought can be found in Kanti Bajpai's forthcoming book on India's Grand Strategy.