

# India-U.S. Strategic Ties: Fool's Gold?

by Ramtanu Maitra

Indian Prime Minister Manmohan Singh will be in Washington on July 18 for a several-day visit to the United States. Preparations are afoot to use the Indian Head of State's trip to strengthen the Indo-U.S. strategic partnership. Perhaps the prudent questions to ask are: What are the objectives of setting up such a partnership? And what mutual benefits will be derived from this partnership?

Despite all the hype in New Delhi about the visit, it must be pointed out that the preliminary work for the trip has been carried out by R. Nicholas Burns, the U.S. Undersecretary of State for Political Affairs and a career diplomat, on behalf of Washington, working in close cooperation with India's Deputy Planning Commission Chairman Montek Singh Ahluwalia. Ahluwalia has long been recognized in India as a World Bank-International Monetary Fund (IMF) asset and a proponent of developing a close economic and financial relationship with the United States at any cost. It is also important to note that more senior members in the Bush Administration, such as Secretary of State Condoleezza Rice, or Deputy Secretary of State Bob Zoellick, were busy dealing with the insurgency in Iraq and consequently have not been heard on the subject.

Nonetheless, it has become evident from Burns' recent trip to India and his interaction with officials in New Delhi, the direction in which the United States would like this partnership to progress. According to Burns, nine proposals for Indo-U.S. partnerships under the UN will be put before the Indian Prime Minister in Washington. Also on the agenda will be an attempt to forge joint armaments production agreements by the two countries. As a precursor to the Prime Minister's July trip, Indian Defense Minister Pranab Mukherjee came to Washington on June 25 with a high-level team to work out an agreement on Research Development Testing and Evaluation (RTDE). However, his visit has drawn scant press attention.

## Energy Cooperation, or Conflict?

It has been reported that Burns and Ahluwalia in New Delhi discussed a gamut of energy cooperation propositions including use of civilian nuclear energy. Despite India's request to its strategic partner for its support on the Iran-India gas pipeline project, Burns said, "Our problem . . . is with the

government of Iran. We believe that Iran, as a state funder of terror, has been extremely unhelpful in the Middle East." In other words, despite being the strategic partner of India, the United States is not particularly concerned about India's energy requirements. On that score Washington has no compunction in trotting out the old adage: "Our enemy cannot be your friend."

What is significant in this context is that the so-called India-U.S. strategic partnership, far from being based on mutual benefit, is built on expectations devoid of hard realities. At the moment, New Delhi's main goal is not on concentrating on what China has already partially achieved—that is, improving its dilapidated infrastructure and providing a sustainable backbone for its future economic growth on its own efforts. Instead, India is courting Washington, among other nations, to become a veto-less permanent member of the United Nations Security Council. To earn this "privilege," New Delhi considers Washington the key.

During his recent visit to India, Burns told New Delhi that Washington has a "flexible" approach on increasing the number of permanent seats and felt that India has a "perfect right" to put forward its candidacy. Needless to say, Burns' statement has brought a tide of joy in the Indian foreign office. The expectation is that Washington will lend its support and silence the opposition.

## FDI Illusion

Another major expectation of the Manmohan Singh government is that India will receive hundreds of billions of dollars of foreign direct investment (FDI) from the United States, particularly in the infrastructure sector. Such investments, Prime Minister Manmohan Singh and Montek Singh Ahluwalia claim, would help India to build up an infrastructure comparable to that of China's.

It is evident that on the FDI issue, New Delhi does not want to face up to the reality that the United States is the most indebted nation on the face of this Earth. It has gotten itself into a military quagmire in Iraq—whether the White House admits it or not.

The White House also does not admit the economic and financial quagmire the country is in. Instead of handling the economic problems and removing Wall Street's straitjacket on the U.S. financial sector, the Bush Administration has put all its efforts into building up yet another "bubble" economy to satisfy its Wall Street friends and keep the financial sector propped up till the end of Bush's second term in 2008. If Washington possesses any interest in investments anywhere, such investments would come in areas where financial returns are quick. Infrastructure is not such a sector. Hence, Washington's commercial interest in India will remain rivetted on selling things—arms, for instance—and investing in India's highly unregulated financial market.

Another expectation that drives New Delhi is that Washington will open up its debt-infested consumer market to let



Press Information Bureau of India

*India's Prime Minister Dr. Manmohan Singh in New Delhi on June 27, 2005. When he visits Washington on July 18, he will be taking with him a number of illusions about the prospects for U.S.-Indian relations.*

Indian goods flow uninterrupted into the United States. This would, of course, increase India's export potential significantly, and India would have some "real" money for domestic consumption.

### **A Bankrupt United States**

If New Delhi had its ear close to the ground, or believed in reality, it would find that the "business as usual" situation in the United States is now under a great strain. The war expenses, rising Medicare costs, bankruptcies of domestic corporations, growing unemployment in certain parts of the country, and lack of investment in the physical economy have virtually straitjacketed any future growth potential. There are serious discussions going on in the United States on how to stop the uninterrupted flow of Chinese consumer goods into the country. No decision has been taken yet, but it is almost a certainty that India's request to allow unlimited Indian goods to come into the American market will be turned down. Washington, in return, may demand that India further open up its market for American goods. If India does that, it is not the American goods, but cheaper products from all over world that will flow into the Indian market, destroying parts of India's weak manufacturing sector.

There are also expectations that the United States, after years of stalling India's nuclear-energy development, is now eager to help India's nuclear-energy sector. Yes, that may

happen, but it will not come free. Years of experience suggests that such an agreement will be attached to multiple strings that will pull India in all kinds of wrong directions. For example, it is almost certain that one such string would be attached to the Proliferation Security Initiative (PSI), President Bush's favorite subject. Washington would pressure India to participate in stopping ships on the high seas that are suspected of carrying items that could lead to nuclear proliferation. In other words, India will be asked to act as an assistant to the self-appointed policeman in charge of preventing nuclear proliferation by any means.

### **Pakistan Mania**

In addition, of course, New Delhi could never think of a strategic relationship with the United States without putting Pakistan into the equation. Despite the fact that for 57 years India has refused involvement of any third party in resolving its Kashmir dispute with Pakistan, almost everyone at the policymaking level in New Delhi believes that the Kashmir dispute can be resolved only if the United States gives Pakistan a nudge. This belief has strengthened further since 9/11, when the United States declared war against Islamic terrorists, and India wholeheartedly endorsed Washington war. The support was partly based on an illusion that the United States would go after Pakistan—widely recognized as the protector of al-Qaeda and organizer of the Taliban.

Of course, the United States did not deliver what the Indians thought it would. The reasons were clear—except to the Indian policymakers. Even today, at least one senior Cabinet member in the Manmohan Singh government recently wondered why the United States is not pressing Pakistani President Pervez Musharraf to make raids along the Line of Control in the disputed Jammu and Kashmir border inside Pakistan to ferret out the extremists. Under U.S. pressure, Musharraf has used his army to attack the terrorists along the Afghanistan-Pakistan border, this Cabinet member pointed out. It is evident that New Delhi continues to refuse to recognize the reality of the U.S.-Pakistani relationship.

At the same time, Washington suffers a similar illusion in figuring out how to use the strategic friendship with India to achieve its bigger objectives. For example, behind the façade of admiring the Indian democracy, the Bush Administration believes—however absurd it may seem—that India could be a partner in the future "to stop the surging China." A large section of Washington's policymakers, who gaze regularly at their crystal balls, are sanguine that China will pose a serious threat not only to the United States' global dominance but also to its physical security. Therefore, to stop this "surging China," the United States wants to protect physical resources of the world and its own interests.

These policymakers believe that Japan would guard the Pacific Ocean while India would prevent China from moving southwest in an effort to capture the Arabian oil and gas fields. In addition, with very competent military, and growing naval

capabilities, India will then be the front-line state facing the “Chinese wrath” in case of a conflict between the United States and China, taking casualties while helping the United States to stay alive and well.

### **India Against China?**

The second illusion of the United States vis-à-vis India is that it would join the United States in developing a missile-defense system to stop “incoming Chinese missiles.” While there is no question that Indian defenses in the future will be geared toward meeting Chinese offensive capabilities, India has absolutely no reason to antagonize its next-door neighbor. India will be particularly reluctant to dance to the American tune because China, after years of aloofness, has come forward with open arms to settle some of the major disputes that clouded the India-China relationship for decades.

One of the weakest links in this strategic partnership concept is that Washington does not want to believe—although it shouts from the rooftops India’s democratic character—that the India the U.S. does not know, is the one that holds the key to India’s relations with other nations. For example, Manmohan Singh’s government’s survival depends on 65 Communist Party members who support the ruling United Progressive Alliance (UPA) coalition in the Parliament. This scene is not going to change soon. In fact, it is likely that it could become more complex, because the national parties of India—the Congress Party, represented by Manmohan Singh, and the Bharatiya Janata Party (BJP), represented by former Prime Minister Atal Behari Vajpayee—are in deep trouble, losing their voter base by leaps and bounds. What is emerging instead, are state-level parties that do not have a cohesive and clear objective for the nation.

More important, the United States still does not understand the Indian military, which, not unlike the Chinese military, puts higher priority on maintaining regional harmony and stability. And in that context, it would have no qualms about working with China, Japan, and Southeast Asian nations as long as these nations do not exhibit hegemonic tendencies. The United States, on the other hand, is a well-established hegemon. The Indian military sees some good coming out of a friendly relationship with the U.S. military, but knowing what they know of the Pentagon, it is a certainty that wherever New Delhi could prevail, it will not allow the United States to set up new military bases in Asia.

## **Political, Financial Crisis Rocks Brazil**

With the global economy hanging by a thread, international financial sharks are panicking over how quickly Ibero-America—particularly the debt-laden giant Brazil—could explode. In presenting their annual report on June 27, executives at the Bank for International Settlements fretted about the size of Brazil’s debt and its vulnerability to “external shocks,” while the International Monetary Fund’s renewed bludgeoning of Argentina reflects fear that President Nestor Kirchner’s continued defiance of IMF austerity demands will have international as well as regional repercussions.

The panic is justified. Brazil’s \$500 billion debt bubble has become highly unstable as a result of the insane IMF austerity policy imposed by Finance Minister Antonio Palocci, with President Lula da Silva’s blessing. Interest rates are fixed at 19.75%—the highest in the world.

The political crisis rocking the Lula government, which implicates leaders of the ruling Workers’ Party (PT) in bribing allied Congressmen, has less to do with corruption than it does with the existential question facing Brazil right now.

### **Challenge From Argentina’s Kirchner**

As the world economy blows apart, will the government dump its suicidal commitment to wrecking the economy through IMF policies, as President Kirchner has been urging it to do? Time is short—the word “impeachment” has already been floated. Lula agreed to the forced resignation of his Chief of Staff Jose Dirceu, a vocal critic of Palocci’s policies, but the scandal is snowballing, and the country is deeply polarized. Lula is being squeezed by his base, which is demanding lower interest rates and greater public spending and infrastructure investment, while Palocci and his international banker allies are maneuvering to impose even deeper austerity.

In a May 31 meeting with leaders of Ibero-American political parties in Buenos Aires, President Kirchner challenged his Brazilian counterpart to abandon his dangerous pragmatism toward the IMF. Kirchner is angry that Brazil’s support for Argentina in its own brutal fight with the IMF has existed in words only, but his point was a broader one. Given the problems of poverty, unemployment, and underdevelopment which afflict the region, he said, “we have to have an absolutely clear approach, and not be fearful of multilateral lending agencies and those who lead globally and are a reference point for the world”—the United States. There are no individual solutions to the current regional and global crisis, Kirchner stated. But neither can there be integration and building of regional organizations, unless everyone is operating from the same standpoint.

***To reach us on the Web:***  
**[www.larouchepub.com](http://www.larouchepub.com)**