

India And The United States

Mira Kamdar 08.13.07, 12:00 PM ET

As India's external affairs minister, Jaswant Singh, famously quipped after his country exploded a series of nuclear devices on May 18, 1998, in defiance of the international nonproliferation regime, India's in a "dangerous neighborhood." India never signed the nonproliferation treaty and never expressed any regrets about acquiring the bomb.

Today, not even a decade later, the U.S. has fully pardoned India's nuclear faux pas. The Bush administration has pushed aggressively--and, critics say, too generously--to recognize India as a de facto member of the exclusive nuclear club, and to guarantee that it can develop its civilian nuclear capacity while preserving its military nuclear program. The U.S. is betting big on India. Why? And what's in it for India?

In Pictures: India At A Glance

With a series of spectacular foreign policy debacles, the Bush administration simply cannot afford anything but success with this much ballyhooed agreement. The administration has made India the most important emerging U.S. strategic partner in the face of a rising China, the unabated growth of Islamic militancy in Pakistan and Afghanistan, and India's convenient location between the shipping lanes of the South Pacific and the Persian Gulf.

India's accelerating economic growth has attracted huge investment by major U.S. corporations. Conversely, the U.S. is the largest market for India's information-technology outsourcing industry and potentially for a host of "made in India" items ranging from automobiles to agricultural products.

Trade and investment between the two countries is booming. American corporations expect to earn between \$20 billion and \$40 billion as a result of the nuclear agreement alone as U.S. manufacturers compete to supply this growing new industry. Indian corporations, increasingly flexing international muscle and actively seeking to expand exports, in turn are coveting the U.S. market as intensely as their U.S. counterparts are examining India.

Secretary of State Condoleeza Rice has complimented India on its new maturity in recognizing the need to leave behind such unproductive efforts as the Nonaligned Movement and a commitment to multilateralism in favor of a much more sensible place under the U.S.'s vast security umbrella. Certainly, India can look to Japan's relationship with the U.S. as a model that shows how hitching oneself to the American mothership can bring economic success and regional respect.

But India's history is quite different from Japan's, and even if India is eager to reap the benefits of a closer relationship with the U.S., it is unlikely to relinquish much of its zealously guarded independence, or sacrifice other important relationships it enjoys with Russia and China, not to mention Brazil or even Cuba and Iran.

If there is one thing India wants as much as an end to what it calls "nuclear apartheid," it is a permanent seat on the Security Council of a reconfigured United Nations. As the world's second-most populous nation after China (which has such a seat), India's case for inclusion is quite strong. Yet the United States (along with China) has so far shown no inclination to support this ambition, so India must look to other friends.

India's great foreign policy challenge going forward is to manage a rapidly growing partnership with America as the reigning superpower while at the same time preserving ties with old powerful

friends, such as Russia; improving relations with new powerful friends, such as China; and maintaining a strong position of leadership among the nations of the developing world.

Moreover, India will now need the good graces of all 45 members of the Nuclear Suppliers' Group, whose approval of the agreement just clinched with the U.S. must be unanimous, as well as that of the 35-member board of governors of the International Atomic Energy Association, if it is to begin a rapid expansion of its nuclear power network across the subcontinent.

A test of how successfully India can manage its new relationship with the U.S. may come soon over Iran. India desperately needs as much energy as possible in any form if it is to keep its economic growth engine humming along at 8% a year or better. It has centuries-old historical ties with Iran and decades-old plans for a pipeline to deliver Iranian natural gas to the subcontinent. If the Bush administration makes good on quashing Iran's nuclear ambitions as forcefully as it has worked to realize India's, India may find itself faced with something of a dilemma.

Indian-Americans will play a large role in the future of the India-U.S. relationship. The nuclear deal benefited from intense lobbying by business interest groups such as the Confederation of Indian Industry and the United States India Business Council. Their efforts, and those of the administration, were bolstered by Capitol Hill's newest lobbying force: Indian-Americans. Groups such as the United States India Political Action Committee played a major role in helping members of both houses of Congress understand that any vote against the nuclear deal would be perceived to be a vote against India, something that would not sit well with Indian-Americans.

Now numbering more than 2.2 million, Indian-Americans have average household incomes topping \$70,000 and are one of the most affluent immigrant groups. They are also one of the most highly educated. As the recent flap over a document, released by the Barack Obama campaign, outlining Hillary Clinton's close ties with the Indian-American community demonstrates, Indian-Americans have become a factor in the 2008 U.S. presidential election. Committed both to a resurgent India that can take its place with pride among the most powerful of nations and to the entrepreneurial values and skills they have honed in the U.S., Indian-Americans' vision of India's future is generally in line with that of corporate America.

But perhaps the biggest challenge India faces is one the U.S. appears ill-equipped to assist: how to "grow equity," as one of India's corporate leaders told me. The gap between rich and poor in India is widening. While Forbes now counts 36 Indian billionaires, the nation also accounts for 40% of the malnourished children in the world.

Some 800 million Indians live on less than \$2 per day. India's environment is also stressed to the breaking point. And India is likely to be hard hit by global warming. India, and the world, simply cannot afford to have all its 1.2 billion people (and counting) consume at American levels. And India's rise means that the U.S. will be forced, at some point, to check its own disproportionate levels of consumption and pollution.

India must find a way to do what the U.S. has so far failed to do: invent a market-based model of equitable, sustainable development. If India succeeds, we will all win. If, as the world's largest non-Western democracy and open society, it fails, then we will all lose. What happens during the next 60 years of India's independence will be crucial not only to its own future but to all of ours.

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