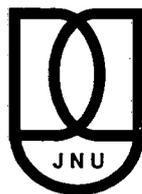


RONALD REAGAN'S INDIA POLICY

**Dissertation Submitted To
Jawaharlal Nehru University in partial fulfillment of the
requirement for the award of the degree of**

MASTER OF PHILOSOPHY

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CERTIFICATE

July 28, 2003

This is to certify that the dissertation entitled "Ronald Reagan's India Policy" submitted by **KULDIP KUMAR**, in partial fulfillment of the requirements for the award of the degree of **MASTER OF PHILOSOPHY**, has not been previously submitted for any degree of this university or any other university. This is his own work.

We recommend that this dissertation may be placed before the examiners for evaluation

A handwritten signature in black ink, appearing to read 'Abdul Nafey', is positioned above the name of the chairperson.

Prof. Abdul Nafey
(CHAIRPERSON)

A handwritten signature in black ink, appearing to read 'Chintamani Mahapatra', is positioned above the name of the supervisor.

Dr. Chintamani Mahapatra
(SUPERVISOR)

****Dedicated to****

**My heavenly **

Grand Father :-

**Late-Shri M.Lal*

&

Grand Mother : -

**Late-Smt. Rukmini Devi*

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Preface

India and United States are the two largest democracies of the world, which apparently share many political and economic ideals and goals in common. The record of Indo-US relationship, however, shows that these two countries have often suffered from intense disagreements on a number of issues of both regional and global significance.

The United States as a global power, seeking to implement its global policies, incorporated Pakistan, India's chief adversary, into military alliance like SEATO and CENTO in 1954 and 1955 respectively. The US also signed a Mutual Defense Agreement with Pakistan in 1954, which marked the beginning of Pakistan's strong military cooperation with the US. India, which followed a non-aligned foreign policy, was opposed to formation of military blocs. But the real issue was more problematic than that. The US defense cooperation with Pakistan bolstered India's arch enemy. Had there been no US-Pakistan security cooperation, it is debatable whether Pakistan would have launched a war against India in 1965. In any case, India was uncomfortable with US position on the 1965 Indo-Pakistan war. When a crisis erupted in former East Pakistan in early 1970s, India was already worried over the emergence of Washington-Peking-Islamabad axis. The crisis in former East Pakistan ultimately led to a war between India and Pakistan in December 1971. The US 'tilt' in favor of Pakistan was no secret. However, India emerged from the war as the dominant regional power in South Asia. The basic mutual distrust of each other remained, when India exploded a nuclear device in 1974 and received criticism from the US. The dilemma that had bedeviled Indo-US relations in the past remained unresolved. This dilemma was essentially the US reluctance to accommodate India's vital and legitimate interests in the region.

Indo-US relations generally reflected a pattern of misunderstanding, miscalculation and misopportunities during the Cold War. It was clear that India and the United States had different perceptions on issues such as political-strategic, nuclear, defense-related matters; and economic and commercial issues. After the then Soviet Union's military intervention in Afghanistan in 1979, the Cold War spilled over to South Asian region making it an arena of superpower rivalry. The beginning of Second Cold War almost coincided with the victory of Ronald Reagan in the US presidential election in 1980. Once he entered the White House, he took immediate steps to fight back the Soviet military presence in Afghanistan. The Indo-US relations deteriorated fast when the Reagan administration decided, as part of its Cold War strategy, to provide \$3.2 billion military and economic aid to Pakistan. Relations between US-India were already low level, when Indira Gandhi came back to power. She took the initiative and succeeded in breaking the deadlock by signing Science and Technology Initiative agreement with President Reagan. The fuel for Tarapur issue had been one of the major disputes between the United States and India since India's nuclear explosion of May 1974. Under the Reagan Administration serious efforts were made to find a way out of the stipulation of the 1978 Nuclear Non-Proliferation Act. President Reagan finally succeeded in making France a substitute supplier of fuel to Tarapur.

Rajiv Gandhi further strengthened this initiative when he became India's Prime Minister in December 1984 after the assassination of his mother Indira Gandhi. Rajiv Gandhi's visit to the US in 1985 marked a new milestone in Indo-US relations. A Memorandum of Understanding on transfer of technology was signed between the US and India, which was expected to lead to a new phase cooperation between them. The US agreed to export dual use technology to India for the first time. This also marked a new phase of

increased understanding between two countries in the field of defense and strategic cooperation. A large number of high defense officials visited each other's country and such visits gave boost to evolving positive relationship.

The bilateral relations between India and United States also witnessed positive cooperation in the fields of economics and commerce, scientific research and technology transfer. Economic contacts between India and the USA were given an impetus through trade ties. The new procedures under Indo-US Memorandum of Understanding on technology transfer resulted in the clearance of many computer systems for governmental and non-governmental organizations in India. The invitation by NASA to an Indian scientist in the US shuttle mission symbolized positive direction in US-Indian relations.

However, during this period some differences between India and USA remained unresolved which related to a number of bilateral and regional issues. While the Reagan Administration tried to develop cooperative relationship with India in some sectors, the two countries differed on some critical issues of international affairs. Washington and New Delhi also differed on the Afghan issue and US arms transfer to Pakistan. The present study makes a modest attempt to put the Indo-US relations in regional and global perspective and to explain the underlying divergence of perceptions.

The dissertation is divided into five chapters. The first chapter traces the background of Indo-US relations and puts them in a historical perspective. Here, important variables and basic determinants of Indo-US relations have been discussed.

The second chapter seeks to focus on Regan's Policy of Engagement with India, in the backdrop of differing perceptions over a number of political security issues, and economic problems.

The third chapter is concerned with Washington's formation of a strategic alliance with India's Arch Rival. More emphasis has been laid on the issue of US arms to Pakistan and its implications for India's security. The increased threats to Indian security and nuclear buildup in the South Asia region have also been discussed in this chapter.

The fourth chapter is concerned with the nuclear issues. The divergence of perceptions on the issue of NPT (Non-proliferation Treaty) and nuclear fuel for Tarapur Atomic Power Plant have been subjected to critical analysis in this chapter.

The fifth chapter concludes the all over theme of Ronald Reagan's India Policy. A historical analytical method has been adopted to study this relationship. A few primary sources and a large number of secondary sources have been consulted.

ACKNOWLEDGEMENT

Period of research for this dissertation for me was like an expedition to the unknown. It was thrilling and exciting, but sometimes depressing and agonizing. Words alone cannot express my indebtedness to every one who at some point or the other have helped me to overcome my difficulties.

However, at the outset, I owe my indebtedness to my supervisor **Dr.Chintamani Mahapatra** for his benign and magnanimous guidance to give the dissertation the shape of what it is today. My study would have not been possible without the unstinting and unflinching support of my mentor. He has genuinely helped me in achieving this arduous task, so my special thanks are due to him. I am very much thankful for his persistent counsel, and the attention and care he bestowed to my work.

During my work, I have committed many inexcusable mistakes, which I always am penitent for, but he overlooked and encouraged me and paved way for my success. With this he also acted as my father and made my work and stay at JNU rewarding.

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Last but not the least, I would like to declare that, I will be solely responsible for any kind of error and mistakes in the dissertation.

JNU
28-07-2003

KULDIP KUMAR

Chapter-1

Chapter-1

US Policy towards India during Cold War Years

International relations are largely based upon the interplay of conflict and cooperation between and among nations. Every set of relationship is affected by several external and internal factors. Therefore, domestic, regional as well as global factors must be considered in analyzing relationship between any two countries.

As far as Indo-US relations are concerned, since days of its freedom struggle Indian leaders were inspired by the American declaration of independence and aspired for the American ideas of progress and democracy. The United States, itself a colony of Britain at one time, supported India's freedom movement to some extent, despite the World War II, which required close cooperation between Washington and London. During the war, after the British government accepted an American suggestion, a reciprocal arrangement was made, under which the United States could establish an office in New Delhi to promote US interests in India.¹

India's policy towards the United States of America was indicated in the statement of Jawaharlal Nehru on 7 September 1946. Nehru acknowledged the dominant role that the United States of America was destined to play in world affairs and stated, "We send our greetings to the people of the United States of America to whom destiny assign major role in international affairs. We trust that this tremendous responsibility will

¹ For details see, A. Guy. Hope, "*America and Swaraj: The US role In India's independence*" (Washington, 1968).

be utilized for the furtherance of peace and human freedom everywhere.”² This statement continued Indian expectations of a positive American role in promoting decolonization. However, Nehru’s declaration that India would follow a policy of non-alignment in its foreign policy and his socialist ideas in domestic politics disillusioned many Americans. Nehru was regarded by some as anti-American and pro-Russian. American attitude on Kashmir favouring Pakistan and the United States decision to make Pakistan its military ally in the region were perhaps influenced by the US perception of Nehru’s leadership. The victory of Communism in China in the backdrop of Indian non-alignment gave further impetus to American efforts to befriend Pakistan.

The US relations with India have been guided by its global policies and occasionally by regional factors. India often resented that the United States had subordinated its bilateral relations to its regional, extra regional and global considerations. It was generally felt in India that the United States had not given sufficient recognition to India’s position and importance and was hardly cognizant of India’s views and interests. Rather, it had tried to down grade and denigrate India and had tended to regard India merely as a non-aligned country supportive of the Soviet Union. The US also tended to equate India with its sub-continental rival Pakistan, a lesser power in almost every aspect.³

Moreover, India often tried to invoke moral values, norms, and ideals in its relationship with the United States, whereas the United States adopted realist policies. India’s resistance to the post-1945 world order was particularly manifest in its discordant relations with the US. The US concern was the containment of Communism and the

² Jawaharlal Nehru, *India’s Foreign Policy: Selected Speeches*, September 1946-April 1961, (New Delhi, 1961), p.

³ Norman D. palmer, *The United States and India: The Dimensions of Influence* (New York, 1984), p.20

USSR, whereas India remained pre-occupied with social and economic development and maintaining national unity. India sought to play a significant world role that served its domestic and regional interests and was in keeping with its potential power and civilizational characteristics.⁴ India's view differed vastly from those of the US, as New Delhi advocated non-alignment rather than alliance politics to promote peace and stability.

Nehru made it clear in his address to the constituent assembly on 8 March 1949 when he stated: *“Our policy will continue to be not only to keep aloof from power alignments, but to try to make friendly co-operation possible. If by any chance we align ourselves definitely with one power, we may perhaps from one point of view do some good. But I have not the shadow of doubt that from a larger point of view, not only of India, but of world peace, it will do harm.....therefore, it becomes all the more necessary that India should not be lined with any group of powers which for various reasons are full of fear of war and preparing for war.”*⁵

According to some American scholars, it was only against such Indian position that United States resented Nehru's policy of “neutralism” and took the decision to incorporate Pakistan into the systems of anti-Soviet and anti-China alliances.⁶ The Indian position was seen as being antagonistic to the basic objectives of the US foreign policy e.g. the containment of Communism and Soviet expansionism. For the US, eradication of international communism would have solved a number of problems the world was facing. In pursuance of her objectives, the United States expected a non-communist and

⁴ S.P. Limaye, *US-Indian Relations: The Pursuit of Accommodation* (Colorado, 1993), p. 13.

⁵ *Jawaharlal Nehru's speeches*, March 1949, Address to the Constitution Assembly cited in Dinesh Kumar, “*Defence in Indo-US relations*,” IDSA Occasional paper, (New Delhi, August 1997), p.8.

⁶ Harold A. Gould and Sumit Ganguly, (ed.), *The Hope and Reality: US-Indian Relations from Roosevelt to Reagan* (New York, 1992), p.5.

democratic state like India to support it in containing communism. American leadership was so much obsessed with international communism that it regarded India's refusal to collaborate with the western collective security efforts against the Soviet Union as a form of open hostility undermining American national interest and foreign policy objectives. They suspected India's non-alignment as an indirect support to the communist bloc.⁷ The US Secretary of State John Foster Dulles characterized India's policy of non-alignment as "immoral". He once declared, "Those who are not with us are against us."⁸ From India's perspective, independence and non-alignment were connected closely with the larger question of world peace. "Peace and freedom have become indivisible," Nehru told an American audience on a visit to the United States of America in 1949.

India's non-alignment was thus in pursuance of the desire of an emerging regional power with an ambition to play a global role. Consequently, it often disagreed with the American policy of building alliances against International Communism. India and the US differed as host of political, economic and security issues during the Cold War.

Political issues: Non-Alignment

The origins of the policy of non-alignment can be traced back to the 1920s, when the nationalist movements in various Asian countries were beginning to gain momentum and the Afro-Asian countries were involved in the anti-colonial struggle. These countries were becoming aware for the first time of the need of their solidarity.⁹ Once they became independent, they adopted non-alignment as a means to maintain their independence.

⁷ A. Appadorai and M.S. Rajan. *India's Foreign policy and Relations* (New Delhi, 1988), pp.215-16.

⁸ John Foster Dulles, "The Cost of Peace," *US Department of State Bulletin*, 34 (Washington D.C., 18 June 1956), p. 100.

⁹ Attar Chand, *Nonaligned Nations: Challenges of the Eighties* (New Delhi, 1983), p.3.

Anti-colonialism in fact became part of non-alignment.¹⁰ After, World War II, the world had been divided in the two groups; former Soviet Union led the groups of Communist nations, and the US led the Capitalist countries. Both the groups wanted to mobilize other nations to their views and ideas, but non-aligned more nations were not satisfied with those efforts and preferred a middle path.¹¹

Non-alignment was the single most important issue over which India-US understanding was compounded and most of the Indo-US differences in international relations derived from the confusion over this particular issue.¹² The concept of non-alignment dates back to 1939 when the Indian National Congress Party passed a resolution at Hamirpur expressing India's resolve to maintain friendly and cooperative relations with all nations and avoid entanglements in military and similar alliances, which Tended to divide the world into rival groups and thus endanger world peace.¹³ India's views were vindicated when the World War II began and led to destruction and disappointments. After World War II Nehru more forcefully a non-alignment foreign policy for India. Thus, on 7 September 1946, Nehru said: "*We propose, as far as possible, to keep away from the power politics of groups, aligned against one another, which have led in the past to World Wars and which may again lead to disasters on even vaster scale*".¹⁴

India had little alternative than to adopt the path of non-alignment under the given circumstances, but the United States abhorred the idea of non-alignment. Later, non-

¹⁰ Ibid,p.2

¹¹ K. R. Narayan, *India and America: Essay on Understanding* (New Delhi, 1984), p.6.

¹² Dr. Pushpesh Pant & Shri Pal Jain, *International Relations* (Meerut, 1999), p.122.

¹³ Chintamani Mahapatra, *Indo-US Relations: Into the 21st Century* (New Delhi, 1998), P.36.

¹⁴ Jawaharlal Nehru, n.2, pp. 2-3.

alignment was regarded by Secretary of State John Foster Dulles as an “immoral” policy. The US foreign policy objectives were largely maintenance of US supremacy in the world and preventing the Soviet Union from challenging that supremacy. The United States, moreover, was a votary of market economy and free trade. These economic policies suited the US interest best, but it prevented any meaningful economic ties between the United States and India.¹⁵

The intense Cold War involving the United States, the policy of non-alignment adopted by India and the absence of many major convergence of economic interests prevented the two democracies-India and the US-from enjoying any lasting political cooperation in international affairs. Indo-US differences over the Korean War, the issue of Dutch military action in Indonesia, the first Indochina crisis involving France, the Hungarian crisis, and the Vietnam War were the products of different approaches adopted by New Delhi and Washington in the midst of the Cold War environment. One of the key issues that created a dividing a political wall between the two countries was the issue of decolonization.¹⁶

As India championed the cause of decolonization the US approach to colonial rule in Indonesia by the Dutch and in Indochina by the French was viewed with suspicion and disdain in India. Nehru did not approve of the US policy of containing communism. He believed that “The Soviet and Chinese leaders were nationalists first and communists second, and not basically aggressive.” In fact, his antagonism to imperialism was more conspicuous than to communism. That is why he considered the United States “heir” to

¹⁵ Mahapatra, n. 13, p.37.

¹⁶ M.S. Venkataramani and B. K. Shrivastava, *Roosevelt, Gandhi and Churchill* (New Delhi, 1983), p.284-285.

British imperialism. Washington, however, looked upon Nehru as a political saboteur with a soft corner for international communism.¹⁷

Colonial Question: India champion the cause of decolonization, the US had to support some of the European colonial powers for Cold War related political considerations. The real clash of views between India and the US was over the liberation of Goa from Portuguese colonial rule.

In the early 1950s, unlike France, Portugal remained unyielding in discussing liberation of its possessions, particularly Goa, Daman and Diu. The discussion between India and the Portugal was rather acrimonious. In the mid 1950s, there was a demand in India for “peaceful invasion of Goa” along the lines of Satyagraha in the face of Portugal’s refusal to withdraw its control over the territory. Although Nehru was against such ideas, he ordered to Lisbon to close its embassy in Delhi, as a protest against Portugal’s refusal to negotiate.¹⁸

As Indo-Portugal disagreement over Goa persisted, the US secretary of State John Foster Dulles, and Portugal Foreign Minister Cunha issued a formal statement in December 1955, in which they jointly spoke of the Portuguese possession in India as a “province” of Portugal. India was bitter about this US position. In December 1961, reports circulated that disorders had occurred in Goa and that Goa was building up military defenses. When Indian vessels were fired on from Portuguese island fortifications, Nehru sent a token military force to liberate Goa.¹⁹ The response of US in Goa perception, as Brown wrote, “The American press almost without exception, and even Mr. Adlai Stevenson, as the head of United States delegation at the United Nations,

¹⁷ B. M. Jain, *India and the United States, 1961-63* (Delhi, 1987), pp.10-11.

¹⁸ Norman Brown, *The United States and India Pakistan* (USA, 1957), pp.327-28.

¹⁹ *Ibid.*, p.329

strongly condemned India on the ground of practicing aggression, especially a kind of aggression which India through the voice of Nehru had always denounced in high sounding moral terms".²⁰

For India the Portuguese presence in Goa was an affront to India's unity and territorial integrity. It was a colonial question. Even the world court had refused to accept the Portuguese claim that Goa was a province of Portugal. But the US supported Portugal largely because of that country's membership in NATO. Although the US support to the Dutch in Indonesia and French military action in Indonesia did not bring any positive result to the US, it did not change the position on Goa. However Washington quickly moved to minimize the damage. President John F. Kennedy wrote a letter to Prime Minister Nehru, stating, "You have my sympathy on the colonial aspects of the issue."²¹

Kashmir Issue:

Kashmir issue is yet another political question, which affected Indo- US relations. "Neither the Cold War, dollar diplomacy, nor anti-colonialism caused the first major bilateral difference between the United States and independent India. The problem arose over the unfinished business of partition, the dispute over the princely states of Jammu and Kashmir," wrote in Denis Kux.²²

The difference over the Kashmir question is definitely the major political issue between the United States and India, but his contention that "it is the unfinished business of partition" exemplified the real political problem between the two countries. For India,

²⁰ Mahapatra, n.13, p.10.

²¹ Harold, A. Gould and Sumit Ganguly., n.6, p. 50.

²² Mahapatra, n.13, p.39. cited in Denis Kux, *Estranged Democracies: India and the United States-1941-1991*, (New Delhi, 1994), p.57.

“the Kashmir problem arose because of Pakistani aggression and occupation of almost one third of Indian Territory in State of Jammu and Kashmir and it has nothing to do with partition as such.”²³

In October 1947, a couple of months after the emergence of India as an independent state, Pathan tribesman from the Pakistan’s North-West Frontier crossed into Jammu and Kashmir and began to advance towards Srinagar. The Maharaja of Kashmir sought India’s military help and signed an Instrument of Accession making the state part and parcel of India. Prime Minister Nehru promptly sent military help and the fighting began. Initially the Truman Administration kept its hands off. Loy Henderson, Director of the Near East Office in the State Department, urged acting Secretary of State Robert Lovett to stay out of the dispute to avoid “making a choice between giving support to the interests of India or of Pakistan.”²⁴

Had this policy of non-interference, adopted for a brief period for whatever reason, continued, one of the major issues of bilateral problems could have been avoided. Indian leaders almost always perceived the US policies and approaches towards resolving the Kashmir issues as anti-Indian in character and the US Administrations considered the Indian position unhelpful in the resolution of the problem. As a result, the Kashmir issue continued to vitiate the political atmosphere preventing India and the US from moving politically closer towards each other. As the UN Security Resolution of April 1948, primarily moved by the US and the UK, failed to criticize Islamabad for the aggression and treated the aggressor and the victim of aggression equally, Indian leaders were

²³ Mahapatra, n.13, p.39.

²⁴ Ibid., pp. 39-40.

enraged. Nehru charged that Washington and London played a “dirty role” in the UN on the Kashmir issue.²⁵

Between “1953-1956,” even though India and Pakistan tried to solve the dispute through negotiation and discussion, the US military aid to Pakistan in 1954 changed the whole context of the Kashmir issue and brought out a sharp deterioration in Indo-US relations. These developments led to Nehru seeking removal of American representative of United Nations observer team in Kashmir as the US act was seen as a breach of its professed neutrality. Consequently, the small American contingent in the United Nations observer’s team was withdrawn. Kashmir issue continued to remain involved in America’s cold war policies because of Pakistan’s strategic location in western and eastern Asia which could be crucial in an event of war with the USSR and China.²⁶ Pakistan received large economic and military aid that only improved its military capacity and intensified Indo-Pak tension.²⁷

India was hurt by the unsympathetic and hostile American attitude towards its position on the Kashmir issue and blamed the US for allowing the obsession to be broadened and complicated by transforming it into an Indo-Pak question. Although the US action was viewed through prism of the Cold War, US policy on Kashmir had important implications for India. India saw itself being coerced to abandon its policy of nonalignment. Nehru affirmed that US-Pakistan agreement had changed the entire complexion of the Indo-Pakistani conflict and withdrawal of troops from Kashmir and

²⁵ Ibid., p.40.

²⁶ S. S. Bindra, *Indo-Pak Relations* (New Delhi, 1981), pp. 32-33.

²⁷ Abha Dixit, “India, Pakistan and Great Powers” in Jasjit Singh, ed., *India and Pakistan: The Crisis Relationship* (New Delhi, 1990), pp.25-26.

holding of plebiscite had become impossible.²⁸ Pakistan's participation in the American sponsored alliance systems, first the Manila Pact also known as South East Asian Treaty Organization (SEATO) the Baghdad pact later in 1959 transformed into Central Treaty Organization (CENTO) annoyed Nehru. He stated that US policies had changed the entire complexion of the Indo-Pak conflict and holding of plebiscite was no longer feasible.²⁹ As the US continued to seek a role in the Kashmir issue, it occasionally widened the political divide between New Delhi and Washington. In 1953, as Sheikh Mohammad Abdullah began to change his position on the status of Kashmir and even developed with the idea of an independent Kashmir, his meeting with a former US Democratic Presidential candidate created a political row between India and the US. Abdullah was allegedly conspiring with the Americans for creating an independent Kashmir in exchange of military base facilities for the US in the state. When Pakistan invaded Kashmir in 1965, the US attitude was clearly pro-Pakistan. Although Washington apparently sought to adopt an even-handed approach by imposing an arms embargo against both India and Pakistan, it once again equated the aggressor with the victim of aggression. After all, the US knew that it was Pakistan which initiated the aggression, a repeat of 1947-48 and India had to respond.³⁰

In his report, Secretary General U. Thant said on 3 September 1965... "General Nimmo has indicated to me that the series of violations that began on 5 August were to a considerable extent in subsequent days in the form of armed men, generally not in

²⁸ V.D. Chopra, *Pentagon's Shadow over India: A Commemorative Prospective* (New Delhi, 1985), p.70.

²⁹ Ibid.,

³⁰ Mahapatra, n.13, p.40.

uniform, crossing the CFL from the Pakistan side for the purpose of armed action on the Indian side...”³¹

US representative Goldberg in the UN Security Council on 18 September 1965, seconded the Secretary General’s report by saying, “...The Secretary General has reported to US in full on his mission of peace. The United States commends the Secretary General for his impartial efforts to give effect to the Council’s resolutions and achieve an honorable settlement.”³²

The United States, according to some American scholars though quietly acknowledging that Pakistan had initiated the war, imposed an arms embargo on both countries...From the Indian standpoint, nothing could be less fair. As far as New Delhi was concerned, Pakistan had initiated the conflict, used American arms, and now-to add insult to proverbial injury-the United States and equated the nations through the imposition of the arms embargo.”³³

According to another American scholar, “The war had been precipitated by Ayub’s decision in early August 1965 to send Pakistani ‘volunteers’ into Kashmir.” A gradual escalation had ensued, culminating on September 6 with an Indian invasion on Pakistan.³⁴ Did the US gain anything by siding with the aggressor? McMahon argues that the end result was that it was Soviet diplomacy rather than American that “ultimately facilitated a diplomatic settlement” in the subcontinent. The US did not gain politically or strategically in Pakistan and lost all goodwill in India generated by its response during the

³¹ Ibid.

³² R.K. Jain ed., *US-South Asian Relations, 1947-1982*, vol. 2, (New Delhi, 1983), p.245.

³³ Harold and Ganguly., n. 6, p. 82.

³⁴ A.P. Rana., *Four Decades of Indo-US Relations: commemorative Retrospective* (New Delhi, 1994), p.94.

1962 Sino-Indian War.³⁵ Six years later, the US Administration would once again side with Pakistan which unleashed a large scale massacre of innocent people in East Pakistan and the end result was the division of Pakistan and the Shimla Agreement that subsequently became the basis for any future solution of the Kashmir problem. The Nixon Administration's "tilt" towards Pakistan during the war for the liberation of Bangladesh in 1971 is now a well known fact of history. It was ironical that President Nixon, who took a momentous step in charting out a new policy towards China on geo-political and geo-strategic calculations in the late 1960s and early 1970s, perceived the developments in the Indian subcontinent on the basis of his personal whims and fancies.³⁶

According to Christopher Van Hollen, former Assistant Secretary of State for Near Eastern Affairs (NEA). "Nixon's reaction in South Asia was influenced by his long-standing dislike for India and the Indians, and his warm feelings to Pakistan. Despite disclaims Richard Nixon's contrasting feelings toward the Indian and Pakistani leaders undoubtedly colored his judgments in 1971.³⁷ But the war was a resounding victory for India. It brought about a substantial alteration in the geo-politics of the subcontinent. The Shimla Accord, was signed in 1972, stipulated that issues between India and Pakistan, including Kashmir, would be resolved bilaterally by the two countries. Washington significantly accepted this position.³⁸

Pakistan Factor:

³⁵ Mahapatra, n. 13, p.41.

³⁶ Ibid., pp.41-42.

³⁷ Jain, n. 32, p.75.

³⁸ Denis, Kux., *Estranged Democracies: India and the United States, 1941-1991* (New Delhi, 1994) n.12, p. 309.

A major stumbling block to satisfactory Indo-American relations was the differences over Pakistan. In an essay *India and America*, published in 1958, Phillips Talbot and S.L. Poplai observed: "Next only to the problem of international communism, it is differences over policies toward Pakistan which have brought misunderstandings and irritation into Indian-American relations."³⁹ This observation was pertinently relevant throughout the Cold War years.

Arms transfer to Pakistan

The main complicating factor in relations between India and the USA was the transfer of arms for the Pakistan. This particular issue had brought more tensions in US-Indian ties and it remained for many years a critical component of American policy towards South Asia. According to M.S. Venkatramani, during the immediate period after independence, it was India which had expressed its desire to build strong relationship with the United States by placing demands for purchase of defense equipment, India tried to obtain from the Pentagon 1000 jeeps, 12-B-25 Bombers and wanted those to be delivered by May 1948 and additional 31-B-25 to be obtained later. Reportedly, India had expressed its interest in long-term military collaboration between the US and India. However, the United States "did not reciprocate such a move on part of India as their initial reaction (US Officials) was that such a complete orientation towards the United States did not at first glance; appear to be consistent with what we have understood the foreign policy of the government of India to be."⁴⁰

An "informal embargo" was in fact, placed on military sales to India because of its conflict with Pakistan over Kashmir question. The US president had come to the

³⁹ Norman D. Palmer, n.3, p.117.

⁴⁰ M.S. Venkatramani, "An Elusive Military Relationship," *Frontline*, (Chennai), 9 April 1999, pp. 67-68.

conclusion that in view of the existing possibility of war between India and Pakistan over Kashmir it “would not be in the US interest which was seeking a peaceful solution of this problem through the UN, to authorize the sale or transfer of combat materials to Pakistan or India.”⁴¹ Venkatramani argued that the imposition of an informal embargo on India and Pakistan marked the beginning of a faithful American course of equating India and Pakistan.⁴²

The US arms transfer policy towards Pakistan, and later indirect US assistance to Islamabad’s drive towards acquiring a nuclear weapon capability were constant negative foreign factors in Indo-US relations since the 1950s. Thus factors contributed a great deal in shaping negative images of the United States in India. While the US policy makers, under the intense influence of the Cold War psychology, found India’s policy of non-alignment almost offensive and to certain extent were disappointed by Jawaharlal Nehru’s refusal to join the US-led bandwagon against the communist forces, they found a “ready strategic partner” in Pakistan. Neither Pakistan nor India faced any imminent communist threat, but Islamabad was in search of an external strategic ally to meet its perceived challenge from India.

Washington’s Cold War strategies led it to maintain close-ties with India’s adversary of the time-Pakistan. In May 1954, the US-Pakistan signed a Mutual Defense Assistance Agreement and subsequently Pakistan joined two US-sponsored regional defense pacts-South East Asia Treaty Organization (SEATO) and Central Treaty Organization (CENTO). In 1959, Washington and Islamabad signed yet another military

⁴¹ Ibid, pp. 67-68.

⁴² Ibid, p. 70.

cooperation agreement. As a result of such cooperation, Pakistan received more than \$700 million in military grant aid during 1955-65.⁴³

India strongly opposed such US assistance to Pakistan, as it felt that such an action would upset the natural balance of power in the sub-continent. It would not only bring the cold war into the region but would also force India to channel human and physical resources needed for basic development purposes to unproductive programme of security and defense. The US-Pakistan military alliance sharpened Indo-Pak tensions and became a constant factor in the reaction and counter actions which characterized subsequent relations between the two South Asian neighbors.⁴⁴ India's opposition to US-Pakistan alliance was that it posed a burden on the Indian economy, as it had to make provisions for a better equipped army, so as to counteract the Pakistan's modernized armed forces. The US military grant consisted of sophisticated equipment such as the F-104 star fighter, F-86 Saber jets, B-57 Canberra aircraft and M-47/48 Patton tanks together with other military infrastructure equipment. The US military aid to Pakistan, moreover, emboldened Pakistan to launch aggression against India with American Saber jets, B-57 bombers and Patton tanks freely in 1965 and in 1971.⁴⁵ US arms assistance to Pakistan also became one of the important reasons for India to seek closer security cooperation with the Soviet Union. Once India started receiving arms assistance from the Soviet Union, Indo-US relations became even much more complex as India was the only non-Communist country, which had been seeking such cooperation from the Soviet Union in the area of defense. Such a development annoyed the US in view of the fact that

⁴³ Barbara, Leith ,Le, Poer, "Pakistan-US Relations," *CRS Issues Brief*, February 4, 1997.

⁴⁴ Russel Brines, *The Indo-US Conflict* (London, 1968), p.104.

⁴⁵ Leela Yadava, "US-Pakistan Relation," *Kurukshetra*, 1979, p.44.

the Soviet Union emerged as an important power in the South Asia region. Through out the period, differences existed between the United States and India, since American Policy came directly into conflict with India's own policy of keeping this region free from any of the external powers influence. Thus any arms transfer by US to Pakistan was seen as a threat to its economic development, its security, and the secular fabric of the country. Significantly, the US continued to supply weapons to Pakistan even during the East Pakistan crisis.

During this crisis, the Nixon administration had adopted an official stance against supply of weapons, pretended to be neutral in the crisis and considered it to be "internal affairs" of that country.⁴⁶ The rhetoric of the ban weapons was falsified in June 1971, as it was discovered that weapons from the US were still reaching Pakistan. In October of the same year, despite the ban, the officials of US the government admitted to the Congress that \$2.5 million worth of arms had been released and that another worth \$3.5 million was enrouted to Islamabad.⁴⁷ In his memoirs, Henry Kissinger admitted that the secret opening to China was most important fact that shaped Washington response to the events in East Pakistan in 1971.⁴⁸ When the war between Pakistan and India broke out, Washington "tilted" in favor of Pakistan. During 1971 crisis, Pakistan received substantial quantities of military aid from the US, but the latter stopped \$ 87 million economic assistance to India after the war broke out. The US policy was directed towards

⁴⁶ Dilip, Mohit, *Indo-US Relations: Issues in Conflict and Cooperation* (New Delhi, 1995), p. 108.

⁴⁷ Ibid,

⁴⁸ Henry Kissinger, *White House Years*, (Boston, 1979), p.846, cited in Dilip Mohit, *Indo-US Relations: Issues in Conflict and Cooperation*, (New Delhi, 1995), p. 108.

not making any contribution to Indian economy which would have made Indian governments task easier to sustain the military efforts.⁴⁹

An American expert describing the US approach to the crisis stated, "Although the administration had reconciled itself to seeing Pakistan lose Bangladesh, American credibility could not survive this total destruction of an ally by an ally of the Soviet Union." As Kissinger commented to Nixon, "We can't allow a friend of ours and China to get screwed in a conflict with a friend of Russia."⁵⁰ He added the administration converted a regional South- Asian conflict into a global show down between the super powers. As part of US strategy to warn India and the USSR that they could not get away with their plans, the US president ordered a naval task force, headed by the nuclear aircraft carrier Enterprise, to enter the Bay of Bengal.⁵¹ The nuclear powered aircraft carrier, Enterprise was the largest aircraft carrier of the US with about 100 fighter bomber aircraft on board, reconnaissance aircraft, helicopters and small cargo planes.⁵² On the whole, the Bangladesh crises reflected a direct conflict between the strategic interests of India and the US. India's regional goals clashed with the global interests of the US.

As a result to US action, relations between both the countries virtually came to a standstill especially when President Nixon called upon UN Security Council on 12 December 1971 to take emergency action to halt fighting between India and Pakistan asserted that 'East Pakistan' was virtually occupied by Indian troops.⁵³ Pakistan since the early 1950s had become an important factor in Indo-US relations. While many

⁴⁹ Palmer, n.3, p.54.

⁵⁰ Ibid, p.136.

⁵¹ H.W. Brands, *India and the United States: The Cold Peace*, (Boston, 1990), p.136.

⁵² Ibid.

⁵³ V.P. Dutt, *India's Foreign Policy* (New Delhi, 1989), pp.102-103.

Americans argued that the US policy towards Pakistan was a part of its Cold War strategy aimed at containing the spread of Soviet influence rather than targeting against India, such logic failed to convince the Indian policy making community. Nehru was worried about US-Pakistan bilateral military cooperation and Pakistan's membership in the US-led SEATO and US-inspired CENTO. While the arms transfer policy towards Pakistan fueled Islamabad's belligerent attitude towards India, SEATO and CENTO threatened to bring the Cold War to India doorstep. Nehru was critical of the Western approach to peace and security. He made the point in Lok Sabha in 1956 stating that "the approach of military pacts like the Baghdad Pact and SEATO is a wrong approach, a dangerous approach and a harmful approach. It sets in motion all the wrong tendencies from developing."⁵⁴

The United States did try to convince India that its arms transfer to Pakistan was not aimed at India and that the US arms would not be allowed to be used against India. President Eisenhower in his letter to Nehru dated February 24, 1954, gave an assurance: "What we are proposing to do, and what Pakistan is agreeing to, is not directed in any way against India and I am confirming publicly that if our aid to any country, including Pakistan, is misused and directed against another in aggression, I will undertake immediately in accordance with my constitutional authority, appropriate action both within and without the United Nations to thwart such aggression."⁵⁵ Secretary of State John Foster Dulles said, "I think there can be every confidence on the part of India that there will be no use of these armaments in any aggressive way against India and certainly Pakistan knows that if that should happen, there will be a quick ending of its good

⁵⁴ *Jawaharlal Nehru Speeches*, 1953-57, vol. 3(Publications Division Ministry of Information and Broadcasting, Government of India, third edition May 1983), p.319.

⁵⁵ Mahapatra, n.13, p.51.

relations with the US government and that, on the contrary, under the principles of the United Nations Charter, the USA would be supporting India if it became a victim of any armed aggression.”⁵⁶ Ambassador Ellsworth Bunker assured, “If Pakistan used American arms against India for aggressive purposes, she will forfeit our assistance and we will be on the side of India.”⁵⁷

In the 1960s, during the conflict over the Rann of Kutch and Kashmir, the assurance came in for a test. On May 4, 1965, President of Pakistan, Field Marshal Ayub Khan himself admitted the use of American arms. Reuter reported from Karachi: “In Karachi, President Ayub Khan told US Ambassador Walter McConaughy that a Pakistani brigade involved in the Rann of Kutch fighting during recent weeks was equipped with both American and British arms and equipment. The President said Pakistan was entitled to use all the arms in its possession to defend its territory.”⁵⁸ And in the Pakistani offensive of September 1965 in Pakistan, when India complained that US arms were being used, Washington sought to make an on-the-spot investigation. Pakistan, however, declined to permit the US observer from visiting the Chhamb sector to check the presence of US supplied tanks. On the other hand, the US officials in New Delhi confirmed, after their visit to Jammu, that Pakistan used US weapons, while India did not do so.⁵⁹

After it became clear that Pakistan had used the US supplied weapons, did Washington seek to implement the policy it assured during the Eisenhower Administration and side with India in the conflict? On the contrary, US Representative Arthur J. Goldberg told the UN Security Council on September 17, 1965: “We have

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Ved Vati Chaturshemi, *Indo-US Relations* (New Delhi, 1980), p. 23

suspended arms shipments to both countries, since we want, in support of the Security Council's resolutions calling for a ceasefire to help bring about an end to this conflict and not to escalate it...We deplore the use of arms supplied by us in this conflict in contravention of solemn agreements. The United States, along with all members of this council, profoundly believes that the differences between India and Pakistan can be resolved, must be resolved, under condition of peace.⁶⁰

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During the East Pakistan crisis in the late 1960s and early 1970s, and the Indo-Pakistan War of 1971, the US political "tilt" towards Pakistan was quite pronounced. Significantly, Henry Kissinger entitled one of the chapters in his book, *The White House Years*, "The Tilt."⁶¹ While President Nixon tilted in favor of Pakistan due to his personal biases, Kissinger, among things, saw Indo-Pak war as part of a global power game. According to him: "The Soviet encouraged India to exploit Pakistan travail in part to deliver blow to our system of alliances, in even greater measure to demonstrate Chinese impotence. Since it was common concern about Soviet power that had driven Peking and Washington together, a demonstration of American irrelevance would severely strain our precarious new relationship with China..."⁶²

In this war, the use of US supplied weapons by Pakistan was no longer an issue, since the US itself adopted a policy that favored Pakistan. The high watermark in the 1971 War was the dispatch of *USSR Enterprise to the Bay of Bengal*. As the Kissinger himself wrote: "An aircraft carrier task force...was now ordered to move toward Bay of Bengal., ostensibly for the evacuation of Americas but in reality to give emphasis to our warnings against an attack on West Pakistan. We held it east of the Strait of Malacca

⁶⁰ Jain, n.32, p.249.

⁶¹ Kissinger, n.48, p. 10.

⁶² Jain, n.14, p.68.

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about twenty-four hours steaming distance from the Bay of Bengal, because I wanted to consult the Chinese before we made our next move. In explaining the purpose of the fleet movement to Mel Laird, I pointed out that we recognized the Indian occupation of East Pakistan as an accomplished fact; our objective was to scare off an attack on the West Pakistan."⁶³

This time, there was not much bitterness in India regarding the US position, because, among other things, India inflicted a crushing defeat on Pakistan. India was also aware that every one in the US did not support Pakistani activities in East Bengal. In fact the State Department and the White House did not see eye to eye on various South Asian issues. The State Department was kept in the dark about China initiative of the White House. And the White House did not go along with the State Department's assessment of the South Asian developments. Moreover, India had to start business as usual in Foreign affairs. Foreign Minister Swaran Singh in an interview with CBS (Columbia Broadcasting Services) Television on 20 December 1971 struck a conciliatory note towards the United States. He said "There is no doubt that the United States Administration did not act in an unbiased manner. At the same time, redeeming feature has been that newspapermen, leaders of public opinion, news media, Senators, Congressman-they have appreciated the true fact of the situation. I will not venture to say that the state of relation has not been affected but it all depends on how the Administration tackles this problem now that the shooting war is over."⁶⁴

⁶³ Ibid, p. 73.

⁶⁴ Ibid., p.79.

Finally the United States should seriously consider, but not necessarily accept, the Indian charge that US policies regarding Pakistan have handicapped the efforts of India and Pakistan to improve their relations.

China Factor:

The China factor in Indo-US ties is much more complex. When the Truman Administration adopted the policy of "Containment of Communism", it was expected that India, a democratic country, would automatically support the US. But the Indian views of communism and the method of dealing with it were substantially different from the ones championed by the US. The emergence of Communist China in 1949, the outbreak of Korean War in 1950. The formation of the Sino-Soviet alliance and Indochina crisis after the French defeat at Dien Bien Phu in 1954 did not pave the way for any Indo-US strategic understanding on the major geo-political events in Asia.⁶⁵ For the US, emergence of China was a big victory of world communist movement and it tried to prevent China from entering the mainstream of international relations.⁶⁶ However, India extended its diplomatic recognition to the people's of Republic of China on 30 December 1949; India also strongly propounded the idea of making people's Republic of China a permanent member of the United Nations Security Council.

The India-US relations were only compounded by India's insistence on China's its entry into the United Nations on its refusal to recognize the Taiwan. The government of India maintained that the Taiwan was very much part of China. The US not only refused to recognize the People's Republic of China but also effectively blocked its entry

⁶⁵ Mahapatra, n. 13, p. 61.

⁶⁶ Tanvir Sultan, *Indo-US Relations: A Study of Foreign policies* (New Delhi, 1984), p.44.

into the United Nations. It also gave vigorous support to nations on the periphery of China, which felt threatened by the PRC.⁶⁷ The formation of the Sino-Soviet alliance and the Indochina crisis after the French defeat at Dien Bien Phu in 1954 did not pave the way for any Indo-US strategic understanding on the major geo-political events in Asia.⁶⁸

As Washington emphasized a military course to deal with the perceived danger from the Communist expansionism, India refrained from joining any military alliance and instead laid stress on non-alignment. And non-alignment entailed friendship with all. As Nehru once said “If we seek to be a free, independent, democratic Republic, it is not to disassociate our selves from other countries, but rather as a free nation to cooperate with the fullest measure with other countries for peace and freedom, to cooperate with Britain, with the British Commonwealth of Nations, with the United States of America, with the Soviet Union, and with all other countries, big and small.”⁶⁹

Although China was undergoing a civil war when Nehru made this remark, he was well aware that China, along with India, would be one of the potential major powers in the international arena. In the midst of the Cold War, as nations began to polarize along ideological lines due to external pressures or domestic requirements, Nehru was in favor of building ties with important Asian countries, such as China. While the US was worried about Sino-Soviet cooperation in the early 1950s, New Delhi improved ties with Beijing and, in fact, signed an agreement on Tibet, embodying the Panchsheel in summer 1954. Explaining the Sino-Indian agreement on Tibet to the Lok Sabha, Nehru said: “Big changes have taken place in the world since the last war. Among them has been the rise

⁶⁷ Gene T. Hasioan Michael Witunski, *Sino-American Normalization and its Policy Implications* (New York, 1983), pp.1-2.

⁶⁸ Mahapatra, p. 61.

⁶⁹ *Jawaharlal Nehru Speeches, 1946-1949*, vol, 1 (Publications Division, Ministry of Information and Broadcasting, Government of India, fourth edition, May 1983), p.207.

of a United China. Forget for a moment the broad policies it pursues-Communist or near-Communist or whatever it may be. The fact is, and it is a major fact of the 20th Century that China has become a great power-united and strong ...India is industrially more developed than China. India has far more communications, transport and so on. China no doubt will go ahead fast.... is potentially still more powerful. Leaving these three big countries, the United States, the Soviet Union and China, aside for a moment, look at the world. *"There are much advanced, highly cultured countries .but if you look deep into the future and if nothing goes wrong- wars and the like –the obvious fourth country in the world is India"*[emphasis added].⁷⁰ Nehru wanted China and India to cooperate to further Asian stability and to deal with forces that could weaken the two countries: "internal disunity and any kind of external domination."

Nehru's vision no doubt faltered, China had different perspectives and intentions of its own. As Sino-Indian relations developed strains after five years, beginning with the Chinese aggressive overtures in Tibet, some in the US regarded it as opening the way for closer Indo-US relations, "with the possibility of even making India a strategic Counterweight against China."⁷¹ President Dwight D. Eisenhower, however, completely disagreed with this idea. He said: "India had never announced its readiness to align itself with the West as an opponent of Communism as Japan, for instance, has. We could not talk of a counterweight if the nation in the question refuses to be counterweight."

Indo-US relations generally reflected a pattern of misunderstanding, miscalculations and missed opportunities. India became a priority area for the US only when developments in the subcontinent directly affected the global or regional policies of

⁷⁰ Ibid, *third edition*, May 1983, p.264.

⁷¹ Kux, n.38, p.164.

the United States as in 1962 in the wake of Chinese attack on India. When the Sino-India War started in 1962, US-Pakistan relations had moved close enough to prompt Washington to make military assistance to India conditional to an extent that would not hurt its relation with Pakistan. It was clear that the 1962 Sino-India war had caused only a short term shift in the US policy. India's defeat and its embarrassing military shortcomings had made Nehru turn to the US and other Western powers for military assistance. Even though India seemed to bend backwards to stretch its non-alignment policy to seek outright military assistance from the US. India could not be pressurized to give up its policy of non-alignment. United States commitment to Pakistan remained basically unchanged. It was predominantly the Pakistan factor that placed a check on any serious Indo-US defence cooperation. India appealed for emergency military assistance, US responded positively because supporting India offered a means to contain China in Asia. It was thus the consonance of US strategic objectives with India's request for help against China, which accounted for the extension of US military aid.⁷² The US did response to the India request for military assistance, but was careful, however, to send equipment-mostly light arms, ammunition and communications equipment- that would be primarily useful in mountain warfare, rather than against Pakistani.⁷³

Five days after the Chinese announcement of unilateral ceasefire, Washington hinted at need of settling the Kashmir dispute.⁷⁴ It not only displeased India but also clearly indicated the limit of Indo-US defense cooperation, if initiated. As Jane S. Wilson writes: "The United States recognized the threat of the spread of Communism

⁷² Limyae, n.4, p. 181.

⁷³ Kux, n.38,p.206.

⁷⁴ Ibid.

but at same time was reluctant to take a larger role in India primarily because of ties between United States and India's rival, Pakistan, and the tremendous burden to the US taxpayer of funding the massive armaments needed to fully meet the Chinese threat. It was, however, interested in supporting India through a combination of economic and military aid so that India itself would be better equipped to handle the Chinese threat. The United States did not hesitate to use its role as donor to try to persuade the Indians to negotiation of the disputed territory of Kashmir. Harriman brought up the subject during his visit to India, stressing that effective defence of the region could best be achieved through a joint effort by India and Pakistan. Harriman and Sandys arrived in India on 22 November. In an obvious gesture to Pakistan they pressed a settlement of Kashmir before engaging in agreements on military aid, a move that immediately aroused Nehru's ire."⁷⁵ If India and the US could not come much closer during the Sino-India war, the Sino-American detente in the 1970s and the subsequent Sino-US strategic understanding against the former Soviet Union sealed any chance of Washington and New Delhi, establishing strategic partnership. In fact, the role of Pakistan in the establishment of US-China détente created an impression that a new axis of power, USA-China-Pakistan, was in the making.⁷⁶

The strategic relevance of China for the US completely eroded after the disintegration of the Soviet Union. But by the end of Cold War, China had emerged as a powerful country due to the success of its economic reforms instituted since 1978 and continuing modernization of its nuclear and conventional arsenal. The United States as a result, looked for a right kind of policy to deal with a fast evolving China. As Chas W.

⁷⁵ Harold and Ganguly., n.6, pp.56-57.

⁷⁶ Mahapatra, n.13, p. 63.

Freeman, Jr., a former US Assistant Secretary of Defence for International Security Affairs and specialist on China, writes, "The uncertainties affecting Washington's ties with Beijing have raised a large question about the prospects for continued peace and stability in the Asia-Pacific region. There is rising apprehension among business people and academics in both countries that escalating tension between the two governments over a widening range of issues could soon blight their flourishing economic and cultural interaction." In both Beijing and Washington, discussion of Sino American relation is focused on the adverse consequences of estrangement and strategic hostility rather than the advantages of friendship and entente. Some in both China and the United States now foresee a twenty first century dominated by contention.⁷⁷

Security Issues:

Nuclear Factor

The differences on nuclear issue between India and U.S.A. had been there since India's independence. India's nuclear policy was formulated to meet the fundamental problems of energy facing the country after independence. India's first Prime Minister Jawaharlal Nehru foresaw the utility of nuclear energy in augmenting power generation for its possible use in agriculture, industry and medicine.⁷⁸ Simultaneously, Nehru derived to abjure from making nuclear weapons. He was fully in support of nuclear disarmament and nuclear arms control measures. At the same time New Delhi refused to

⁷⁷ Ibid., p. 64.

⁷⁸ Jawaharlal Nehru Speeches. September 1946-May 1949 (Delhi, 1949), pp. 24-25. .

accept the discriminatory international inspection and safeguards in respect of national nuclear facilities.⁷⁹

The issue of creation of International Atomic Energy Agency (IAEA) on 23 October 1956, the issue of safeguards and control, their divergent stand on the Nuclear Non-Proliferation Treaty (NPT) only served as irritants between the US and India. India reacted strongly to the 'Atoms for peace' proposal of President Dwight David Eisenhower. Under this proposal, the IAEA was to maintain and prolong the predominant position of countries already advanced in nuclear science and technology. India and the US also differed on many crucial issues during negotiations on the question of scope and power to be given to the IAEA. India, in fact emerged as a leading critic of the US safeguards system.

In the post-Nehru era conflicting positions of India and the United States on the non-proliferation issues dominated bilateral relations, especially since 1968 when the NPT draft was finalized. The United States wanted India to be a signatory to the NPT, which India considered a discriminatory document. India later carried out a Peaceful Nuclear explosion (PNE) in 1974. The United States considered India's nuclear explosion as a challenge to nuclear proliferation regime built around the nuclear non-proliferation treaty. India on its turn condemned the series of actions taken by the US government as discriminatory and as an effort to slow the progress of the country.

Differences over nuclear issues greatly complicated the overall course of Indo-American relationship since late 1960s. During the 1970s this issue became much more complicated as well vexed. The two countries came to a sort of clash on the US's

⁷⁹ Brij Mohan Kaushik, "India's Nuclear Policy," *International Studies*, (New Delhi), vol. 17, no. 3-4, July-December, 1992, pp.23-24.

reluctance to supply fuel to India for Tarapur Atomic Power Station (TAPS). It was a reflection of their ideological stands on the NPT taken at the global level.⁸⁰ India was critical of the United States, as the first to build the bomb and one of the two most formidable nuclear arms builders. India was a strong advocate of the total elimination of nuclear weapons, although it refused to be a signatory of nuclear non-proliferation treaty stating it to be discriminatory. India's favored an early solution of the problem non-discrimination of nuclear weapons because it felt that if a large number of countries were allowed to emerge as nuclear weapons powers, it would contribute to an increase in the instability and insecurity. It wanted the non-nuclear powers to refrain from manufacturing nuclear weapons. But India's nuclear 1974 explosion brought it under considerable US pressure. In response to Indian Pokharan I test, the US congress enacted a Nuclear Non-Proliferation Act in 1978, also known as NNPA. It forbade the US export of sensitive nuclear material to India as it did not place her nuclear facilities under IAEA safeguards which led to the abrogation of supply of uranium for TAPS. When Ronald Reagan became the US President, India was alleging that the United States, by its nuclear policies and their political fallout (specifically by the failure of the US live up to the 1963 agreement to supply enriched uranium to India for Tarapur Atomic Power Station), had interfered with India's programme for peaceful development of atomic energy. India emerged as a leading critic of the US safeguards system.

⁸⁰ Robert F. Goheen, "Indo-US Relations: Nuclear Proliferation and Technology Transfer," in Francis R. Franked, ed., *Bridging the Non-Proliferation Divide: The United States and India* (New Delhi, 1995), pp.3-4.

Economic issue:

India and United states have been engaged in economic interactions for the last two centuries. However, there was a long period of colonial history of India when India-US trade was actually trade between an independent country and a colonial possession of Great Britain. Another sort of economic relations was witnessed for about three decades after India became independent. It was an economic interaction between the economically most powerful country in the world and an economy that had gradually emerged from the pangs of long colonial experience but could not yet take care of the basic needs of the citizens living in the country. In a way, both the US economy and the Indian economy were passing through a transition period. As a result, the nature of indo-US economic ties was, to a considerable extent, one marked by the donor-recipient syndrome.⁸¹

The US food aid to India in the 1950s and 1960s was of considerable help. The fact remained that the donor-recipient ties was not a happy experience. The undue delay in the authorization of food aid sometimes guided by American arrogance and at other times by political considerations not only begot bad blood between the two countries but also created painful memories in the Indian mind. In fact, the foundation of such memories was laid in the midst of World War II when India faced a serious famine. The insensitivity of some of the US policy makers to the food crisis in India and use of economic leverage to gain political and security cooperation were to be repeated after India's independence.

⁸¹ Mahapatra, n.13, pp. 9-10.

At the time of independence, the United States was the richest country in the world, accounting for about half of the total global production of goods and commodities. India was afflicted with poverty and economic backwardness. At this time, neither the US government nor the US businessmen had any plan or concern for the Indian economic development.⁸² The adoption of a democratic socialist pattern of economic development to meet the domestic economic challenges by India did not go down well with the US which was votary of the free market economy. In fact, Nehru knew that the American vision of “free enterprise” was the result of “150 years of consolidation and growth” and India, an infant state had to consider policies that would be suitable to its given circumstances. The US had a large territory with huge economic resources. It had opportunity without the hampering background of conflict, which other countries had to reckon with. It had neither a heavy population nor the relics of the feudal age. It was a new country with enormous space and it developed into its present level in 150 years.⁸³

Nehru visited USA in October 1949, the very month China was to emerge from its civil war as a communist country. Nehru did raise the need for American mechanical and technical assistance to alleviate poverty in India, but he was accused of requesting for aid “rather casually.”⁸⁴ US Ambassador Loy Henderson had recommended a five year economic aid programme \$500 million just before Nehru arrived. But the aid proposal was rejected soon after Nehru returned to India. The major reason was Nehru’s believe in self reliance, he said before the US Congress on October 1949, “India was industrially more developed than many less fortunate countries and is reckoned as the seventh or the eight among the world’s industrial nation. But this arithmetical distinction cannot conceal

⁸² Ibid, p.16.

⁸³ Ibid.

⁸⁴ Kux, n.38, p.79.

the poverty of the great majority of our people. To remove this by greater production, more equitable distribution, better education and better health, is the paramount and the most pressing task before US and we are determined to accomplish this task. We realize that self-help is the first condition of successes for a Nation, no less than for an individual. We are conscious that our must be the primary effort and we shall seek succor from none to escape from any part of our responsibility. But though our economic potential is great, it's conversion into finished wealth will need much mechanical and technical aid. We shall, therefore, gladly welcome such aid and cooperation on the terms that are the mutual benefit we believe that this may be helped in the solution of the larger problems that confront the world. But we do not seek any material advantage in exchange of any part of our hard won freedom.”⁸⁵

In 1950 when there was the threat of the outbreak of famine, India approached Washington for food aid. The anti- Indian sentiments expressed in the US Congress and the undue delays in the arrival of US food aid created resentment in India but a far smaller amount of food aid that Moscow sent in time was much appreciated by Indian public.⁸⁶ India signed the point four agreements with the US in December, 1950. But this agreement was not entirely a programme for strengthening the industrialization in India. The US was also concerned about fighting the import and export quotas. There was a specific US concern about some strategic raw material around this time. The following year the Government of India approached Washington for a loan on easy terms for the purchase of wheat from US stocks; there was demand in the US to make it conditional upon India repaying the loan by exporting manganese, monazite, mica and Burlap.

⁸⁵ *Jawaharlal Nehru Speeches*, p.199.

⁸⁶ Kux, n.38, p.82.

Particularly important at this time was the availability of Manganese in the US for the continued production of Steel. Since the Soviet Union was largest supplier of manganese during the War, it was necessary for the US to look for alternative sources.⁸⁷

In 1954, the Public Law-480 was enacted to enable the US Government to provide India with surplus farm products in return for blocked Rupees. The political differences between the India and the US on a host of international issues, including India's recognition of the People's Republic of China (PRC) and support in favor of the PRC's membership in the UN, discouraged several American legislatures from supporting a substantial economic assistance for India.⁸⁸

During the Eisenhower and Kennedy Administrations, a substantial economic aid programme was instituted for India. The positive impact of this aid was, however, short lived. The selective use of food aid programme to arm-twist India at various times, including at the time of the drought, situation in the country, particularly by the Johnson Administration, had prevented the development of goodwill for the United States in India. In the backdrop the Chinese invasion of the country in 1962 and two quick rounds of war with Pakistan over the Rann of Kutch and Kashmir, President Lyndon Johnson had adopted a policy of "hard new look" at the US economic and food assistance to India. India's position on Vietnam War and Indo-US differences over several other international issues were disliked by the US policy makers and came in the way of a closer economic relationship between the two countries.⁸⁹

During his presidency, Johnson, allowed the other main elements of US involvement with India, the large economic assistance and PL-480 food programs-to

⁸⁷ Mahapatra, n.13, p.13.

⁸⁸ Ibid., p. 14.

⁸⁹ "South Asia Bureau Chief Gives Overview of US Policy," *Official Text, USIS*, September 21, 1993.

continue largely unchanged along the lines previously established.⁹⁰ In addition to affront from Johnson's tight-fisted approach to PL-480, the devolution of fiasco caused resentment in India, much of it directed against the United States. The failure of the Consortium to provide the additional aid the World Bank had promised to cushion the impact of devolution left Indian officials feeling they were letdown.

Although the Aid to India Consortium redeemed the pledge of \$ 900 million in non-project assistance in 1966- nearly half a year after devolution – the consortium failed to provide promised increased aid during the following two years. For 1967-1968, when the World Bank estimated non-project at requirements at \$750 million the consortium offered only \$295 million. To make up the differences, the Bank called for \$1.275 billion in 1968-1969. At the May 1968 consortium meeting, the donors “came up miserably short,” pledging only \$642 million-little more than half the amount the world Bank Projected.⁹¹ Johnson achieved his goal, but the cost was high for Indo-American relations. As Lawrence Viet, US treasury attaché in New Delhi in the early 1970s wrote, “The United States reaped a harvest of Indian wrath which endured for more than a decade.”⁹² Regarding PL-480, India made it a matter of national pride-after the bitter experience with Lyndon Johnson in 1965-1967 not to resume food aid. Although food production, thanks to the green revolution, grew impressively, fluctuations in monsoons still affected harvest. When food stocks slumped after poor rains in 1972, Indian government used scarce foreign exchange to buy US wheat commercially rather than seek a resumption of PL-480 aid.⁹³ Lyndon Johnson was a “complicated individual;

⁹⁰ Kux., n38,p.241.

⁹¹ Ibid., p.261.

⁹² Ibid., p.260.

⁹³ Ibid., p.319.

few of his associates felt and understood the man .But Johnson was no more complex and considerably less devious- than his successor, Richard Nixon.”⁹⁴

During the Nixon and Kissinger era, Indians desired to decrease their exposure. (Fortunately for India, Nixon and Kissinger knew little and cared and even less about international economic affairs than about South Asia). From the American perspective, the rupee debt had become an albatross. The United States could not spend the money without seriously disrupting India’s economy, which would undo the work of fifteen years of American aid. Besides, India had little the United States wanted to buy. (Had the situation been otherwise, of course, the trouble would not have arisen in the first place.) Moreover, the existence of the debt Washington open to charges of neoimperialism. Since the debt was uncollectible, it was better to write it off and hope to gain some goodwill in the bargain.

Ultimately, Washington did just that-for the most part, any way. The New US ambassador in New Delhi, Ambassador Daniel Patrick Moynihan, made solving the rupee problem a priority. Moynihan, a sociologist by training, had acquired prominence by advocating a policy of “benign neglect” toward the disadvantaged. The Nixon White House perceiving Indian as exemplars of the world’s disadvantaged and more than slightly inclined toward neglect in their direction considered Moynihan just the person for the New Delhi post.⁹⁵ Ambassador Moynihan marked the ceremony with typical flourish, presenting the government of India a check for \$ 2.2 billion worth of rupees, the largest check ever written until then. Moynihan deserved great credit for persevering in the effort to solve the problem. Ironically, Richard Nixon, never regarded as a friend of India,

⁹⁴ Quoted in H.W. Brands., *India and the United States: The Cold Peace* (Boston, 1990), p.122.

⁹⁵ *Ibid.*, pp. 145-146.

deserved part of the credit because of his willingness to back Moynihan on the issue.⁹⁶ By the time Carter entered the White House, détente was getting into deep trouble, it was partly because of the fact that neither Gerald Ford nor Jimmy Carter was Richard Nixon.⁹⁷

As Jimmy Carter led the Democrats back to the White House, the prospects for Indo-US relations were mixed. If Ford and Kissinger were willing to look the other way about dictatorship in India on the grounds that internal political arrangements of foreign countries were not a concern of the United States, Carter felt differently. The new President pledged to make respect for human rights a cardinal principle of US foreign policy. Although by the mutual agreement, President Carter and Prime Minister Morarji Desai did not take up the question of economic aid. A few days later, John Gilligan, the former Ohio Governor whom Carter named to head AID, came to India to announce a resumption of US bilateral assistance after a six year break. The Janta Party's Finance Minister, H. M. Patel, during a visit to Washington in October 1977, had made no bones about Indian interest in US aid. Patel said bluntly he was not going to engage in the "hypocrisy" of pretending India did not need help, or the "alphonse-gaston" routine of waiting for the side to ask first. India according to Patel needed "both trade and aid."⁹⁸

Gilligan had only \$60 million in his pocket –the amount congress on its own initiative approved for India. He told the press in New Delhi that President Carter hoped for an expanded programme, with \$90 million in 1979 and a larger amount later, in addition to \$100 million in food aid the United States was providing annually to voluntary agencies. Negotiating projects to fit the revised US AID focused on "basic

⁹⁶ Kux., n.38, pp.313-314.

⁹⁷ Brands., n.94, p.159.

⁹⁸ Kux., n.38, pp.355-356.

human needs” took a number of months. On 26 August 1978 Ambassador Goheen and the Indian Finance Secretary were able to sign the project agreements to use the \$60 million.⁹⁹

Many US government specialists on India were best lukewarm about the idea of resuming bilateral assistance to India. They worried that the economic benefits might not outweigh the potential political advantage. Nor did all Indians share Finance Minister Patel’s enthusiasm, recalling US efforts to influence Indian economic policy as “interference” in India’s internal affairs. In any case, the substantial increase in multilateral assistance to India during the 1970s, much of which the United States funded through its contributions to the World Bank’s soft money loan window, IDA, ensured large assistance inflows for India and reduce the relative importance of bilateral American aid.

⁹⁹ Ibid.

Chapter-2

Chapter-2

Reagan's Policy of Engagement with India

Politico-Security Engagement

Political relations between India and USA have rarely been very cordial during The Cold War. But the situation was different during the eight years, when Ronald Reagan occupied the oval office in the White House. The two terms of the Reagan presidency saw a gradual warming of ties between Washington and Delhi. Although neither country substantially altered their basic and often divergent foreign policies, Indo-US relationship paradoxically improved. On 20 January 1981, Ronald Reagan took the oath of office as President the United States and had to deal with the problems that consumed Jimmy Carter's final year in the White House. Significantly, after a brief break, Indira Gandhi came back to the power in 1980 and once again became the Prime Minister of India. Even before Ronald Reagan took office, the Indian Prime Minister signaled her interest to better relations with the US. She sent her cousin, B.K. Nehru, who served as ambassador in the 1960s, with a private message for the US president elect.¹

The thrust of Indira Gandhi's message was that she derived friendly relations with the United States. While Indira Gandhi desire to develop cordial and cooperative relationship with US was understandable, the Soviet military intervention in Afghanistan was bound to cause problems. The Reagan Administration wanted Pakistan to play strategic role in dealing with Afghanistan crisis. In retune, Washington was prepared to provide a large amount of economic and military assistance to Pakistan. On 15 June

¹ Denis, Kux., *Estranged Democracies: India and United States, 1941-1991* (New Delhi, 1994), pp.381-82..

1981, US under Secretary of State James Buckley reached an agreement in Islamabad on the 2.5 \$ billion arms and economic aid proposal, including sale of the F-16 fighter aircraft². The Indian government reacted sharply by expressing concern especially over the F-16 deal. New Delhi's complaints fell on deaf ears. According to the Ronald Reagan's Administration the US aid to Pakistan was not aimed at India. The US State Department, moreover, drew attention to Indo-Soviet arms agreement, and justified the aid to Pakistan as "addressing those security concerns which have motivated Pakistan's nuclear programme".³

Significantly the US assistance to Pakistan had by partition support in Washington. Unlike his pedicures the Reagan white House was not even preparing to offer an insurance to India that American weapon in Pakistan's arsenals would not be used against India. In the mean time India's refused to grant a visa to George Griffin, State Department specialist on South Asia, US reluctance to back India's application for a large loan from the International Monetary Fund (IMF) and emerging dispute related to the Tarapur Nuclear Power Plant threatened to derail Indira Gandhi's desire from friendly relationship with the United States.

However, Indira Gandhi was determined to pursue foreign policy goal and even President Reagan did not appear to be as antagonistic towards India and President Nixon was Ronald Reagan and Indira Gandhi got an opportunity to meet each other in October 1981. The occasion was in North-South economic summit held at Cancun in Mexico. As Denis Kux points out. Reagan and Mrs. Gandhi got to know each other during the summit's economic policy discussion and more importantly they also held a

² *India Today*, 15 May 1984

³ *Facts on File*, 19 June 1981, p.40.

private meeting at Cancun.⁴ At this meeting President Reagan and Prime Minister Indira Gandhi also got a chance to clear up various misunderstandings plaguing US-Indian relations. This meeting resulted in a “snowballing effect” and thereafter Indo-US relations received a big boost. There were hectic diplomatic activities to resolve the controversies pertaining to the Tarapur issue and US arms sales to Pakistan.

Indira Gandhi in line with her underlying desire for cooperative relations with Washington decided to avoid political further bilateral trouble over Tarapur. In early 1982, the Tarapur negotiations began to make progress. The main elements of settlement began to take shape. India dropped the idea of repudiating “safeguards.” The United States gave up its demands for perpetual safeguards even beyond the expiration of the fuel supply contact in 1993. France was approached to replace the US as the fuel supplier. (Has been discussed in detail in chapter IV)

The second opportunity for a meeting between the Indian Prime Minister and the American President came in less than a year after the Cancun summit in July 1982; Prime Minister Indira Gandhi paid an official state visit to the United States. It was the first Prime ministerial visit to Washington in 11 years. She was received by “smiling and relaxed” Ronald Reagan who spoke of his hope “to broaden and deepen the dialogue” held at Cancun and of emphasized the need for constructive ties between India and United States.

Mrs. Gandhi’s friendly attitude towards the United States had a positive impact on the White House. Washington was pleasantly surprised to find Indira in person different

⁴ Kux., n.1, p.388.

from her image as a haughty anti-American moralist.⁵ During her visit in 1982, Indira Gandhi expressed her hope before to the US make, to clear misconceptions in the US about India and its image. Mrs. Gandhi's friendly visit was to clear up misconceptions and to ease the misunderstanding of the last decade and the image that India was completely in the Soviet camp.⁶ This visit had an impact on the Reagan administration, which slowly and subtly began to change views of India's trustworthiness, importance and needs. The stress on greater scientific and technological collaboration, were part of mutual efforts to establish amicable relations between the two countries.

Despite divergence over political economic and strategic matters, as President Reagan himself noted, "India and the United have reached a point where "we can pursue a mature and constructive relationship based on the values and interests, we share rather than our points of differences."⁷ Similar views were expressed by Mrs. Gandhi as well. For India, moreover, the desire for better technology was not simply a matter of rebuilding political ties with the US, but, for improving its domestic economy. Indira Gandhi also recognized that the US for its part also had less political motivations and more commercial s commercial regions for building science and technology relations with India. Indira Gandhi's visit was largely successful in the following areas:

- (1) The two leaders announced the Tarapur settlement, under this, France was to replace the United States as the enriched uranium fuel supplier and India was to continue the safeguard on the plant.

⁵ *New York Times*, 2 August 1982.

⁶ *New York Times*, 1 August 1982.

⁷ T.C. Bose, "*Reagan Administration's Foreign Policy: The Indian Dimension*" cited in Satish Kumar, ed., *Year Book on India's Foreign Policy, 1983-84* (New Delhi, 1985), p.171.

(2) They named 1985 as “the year of India”, A mammoth Indian art and culture exhibition was to be organized in r the United States.

(3) President Reagan and Mrs. Gandhi launched an initiative for science and technology cooperation.

Thus, it was a mix of motives on the part of India and the US that pushed the high technology relationship forward. The Reagan-Indira Gandhi had launched Science and Technology Initiative (STI) during the visit to USA in 1982. The STI marked a distinct and positive shift in the US-India scientific and technological cooperation, both procedurally and substantively.⁸ For the first time ever, the scientific cooperation was placed under the White’s House Office of Science and Technology Policy. In fact, the most outstanding benefit of the visit by Indira Gandhi to the US was the establishment of a blue ribbon panel of eminent scientists from both countries to determine priority areas of collaboration.⁹ The panel sent the final set of recommendations for approval to Prime Minister Indira Gandhi and President Reagan in January 1983. The same year a new fast track program known as Science and Technology Initiative (STI) was jointly established for an initial period of three years to enhance S&T collaboration in areas of Agriculture, Health, Monsoon Research, Biomass Research and Engineering and Solid State Science. The National Science Foundation (USA) and the Department of Science and Technology (India) were identified as nodal agencies to implement the program, which operated on cost sharing basis. The program continued till 1991. This programme was christened as Gandhi-Reagan Science and Technology Initiative (STI). Main objective of STI, however, was to advance the frontiers of scientific knowledge. It was also designed to

⁸ Ibid.

⁹ “Indo-US Cooperation in Science and Technology: A Report” (New Delhi, 1985), p.15.

serve as a catalyst to increase the collaborative efforts between India and the US in Science and Technology.

Partial benefit of STI was reflected in an increase in the standard of life in India. The vaccination programs prevented premature death and increased the average life expectancy. Significantly during this time there was a consistent rise in the outlay for science and technology expenditure in India. It was increased by more than three times during the Fifth Year Plan.¹⁰ Indira Gandhi could be credited for her foreign and domestic policies which laid the foundation for technological advancement in India. In particular, her careful handling of both the US and Soviet Union during the height of the new Cold War is noteworthy. In the following months, the two governments pursued the science and technology initiative seriously. Mrs. Gandhi took a personal interest, meeting with the American team, when it visited India to explore science projects with their Indian counterparts.¹¹

The Reagan Administration perused a policy of engaging India in midst of its intents Cold War with Soviet Union in the Afghan theater. This policy was political engagement was reflected clearly in US Secretary of State George Shultz's visit to India in July 1983. As a matter of fact Shultz was the highest level American visited to India in several years among other things, the Secretary of State held high level talks to resolve certain left over issues related to Tarapur Nuclear Power Plant. Shultz reportedly assured India that the US would continue to provide certain spare parts to the nuclear power plant. The Reagan Administration came under sever criticism for this. The New York Times, for example, called the decision "not only a grit but a giveaway" and appeasement

¹⁰ Eight Five Year Plan, 1992-1997, *Objective Perspectives: Macro Dimension Policy frame Work and Resources* (New Delhi, 1992), p. 461.

¹¹ Kux, n.1, p.388..

of India.¹² The US administration further continued to promote the high level dialogue with India. US Vice President, George Bush visited India in May 1984. Vice President Bush's visit included negotiations on the high technology transfer. Which were dragging because of internal differences within the Reagan administration, together with Ambassador Harry Barnes, President prodding, intervention by the Vice President after he returned from India helped advanced the MOU towards agreement by the end of 1984. On 31st October 1984, Indian Prime Minister Indira Gandhi died; she was assassinated by two Sikh bodyguards. Mrs. Gandhi's violent death shocked the world; President Reagan signed the condolence book at the Indian embassy.

When Rajiv Gandhi became Prime Minister, Washington and New Delhi were still in the early stage of groping their way out of the impasse which had made their relations largely hostage to US ties with Islamabad and India's with Soviet Union. The challenge was to overcome the obstacles to technology transfer from the United States to India by finishing up the negotiations for the technology MOU. In May 1985, Ambassador Barnes and Foreign Secretary Romesh Bhandari, signed the MOU implementation agreement. US Commerce Secretary Malcolm Baldrige soon predicted a large increase in US computer sale and cooperative technology agreement with India.¹³ Also in May, the Pentagon's Under Secretary of Policy, Dr. Fred Ikle, visited India. Ikle explored the possibility of technical cooperation in India's development of next generation fighter aircraft, the so called Light Combat Aircraft (LCA). Ikle also discussed ways to speed up processing of Indian applications for exports of defense related equipment. at the same time stressing Washington's concerns that India's system

¹² Chintamani, Mahapatra., *Indo-US Relations: Into the 21st Century* (New Delhi, 1998), p.61.

¹³ *New York Times*, 17 May 1985.

of internal controls needed strengthening to prevent diversion of items to the Soviets. In June 1985, a month after the signing of the MOU implementation agreement and Ilke's India trip, Rajiv Gandhi made an excellent impression on his American hosts during an official visit to Washington.

He met President Ronald Reagan and other senior officials of the administration and also addressed the US Congress on Capital Hill. During his visit, US Vice-President George Bush accompanied Prime Minister Rajiv Gandhi on a trip to the NASA Space Center at Houston, Texas, and the two reportedly developed friendly personal ties. After this positive visit, the challenge before Rajiv Gandhi and Ronald Reagan was to put more substance into the bilateral relationship. In the US State Department's view, this meant implementing the MOU in a way that demonstrated to India and also to the Washington bureaucracy that the Reagan administration was serious about making advanced technology available to India. In the mid-1985, the test of credibility came in US willingness to provide a highly sophisticated Cray Super Computer model XMP-24 to the Indian Institute of Science to help the country's weather research program. India expressed interest in procuring the General Electric 404 engine as initial power plant for its next generation fighter. Used in F-18, the GE 404 was one of the most advanced US aircraft engines. Early approval in principle by the Pentagon and the White House for its sale to India was a tangible sign of the more forthcoming US stance on security cooperation with India.¹⁴ Another success was obtaining legislation to set aside \$100 million from the dwindling pool of US-owned PL-480 rupees to fund science-technology, and educational programs.

¹⁴ *The Statesman*, 26 September 1985.

In the fall of 1985, Rajiv returned to the United States for the Un General Assembly Session. Like a number of other leaders, he met the President Ronald Reagan in New York. The Prime Minister gave speech in the UN that was lackluster compared with Pakistan's call for nuclear agreement with India.¹⁵ Rajiv also seemed to take a more pro-Soviet line than during his earlier visit to Washington. A trip to Moscow on the way back to India was not liked in Washington. On his return to New Delhi, the Prime Minister told the Press conference that "the Americans had no cause to be upset." And remarked that "India had built its good relations with Soviet Union over the past 30 years. It was not possible to build up similarly good relations with United States in six months". Rajiv's critical observation was perhaps reflective of his annoyance was the controversy over technology transfer. In October 1986, Casper Weinberger became the first US Secretary of Defense to visit India. Weinberger's main interest was to keep positive engagement with India.

While he discussed US cooperation in Indian defense production, Weinberger was upbeat about the possibility of proceeding with the sale of the Cray Supercomputer and the GE-404 engine.¹⁶ A few days later, the Secretary of Defense was Pakistan. He announced that the United States was in favor of providing Pakistan with the Boeing 707 Advanced Warning and Control System (AWACS). It suddenly raised the political temperature in India. New Delhi argued that the AWACS would be of limited use against the Soviets, were not needed against the Afghans, but would be enormously helpful against India. Indian Foreign Secretary A.P. Venkateshwaran warned Washington "that providing the AWACS would trigger a very destabilizing" arms race in South Asia,

¹⁵ *New York Times*, 30 October 1985.

¹⁶ *Washington Post*, 12 October 1986.

requiring heavy Indian expenditures to match Pakistan's new capabilities.¹⁷ In the Senate, John Glenn of Ohio and others urged the Reagan Administration to go slow on AWACS unless Pakistan provided firmer assurances that it was halting its nuclear program.

In March 1987, the Reagan administration after much delay-finally decided on a compromise solution. It would approve the sale to India of a Cray model XMP-14 computer which had less capability than the Cray XMP-24 India wanted. US specialists asserted the Cray XMP-14 could do sophisticated weather research work but lacked the code cracking capabilities that aroused national security concerns.¹⁸ The decision disappointed India. The Reagan administration had raised "high expectations and then reneged" by providing the Cray XMP-14 rather than the more powerful Cray XMP-24.¹⁹ As India's Minister of State for External Affairs Natwar Singh put it during an April 1987 visit to Washington, US-Indian relations were like the titles of two novels of Charles Dickens, *Great expectations* and *Hard Times*. New Delhi did reject the US offer. Foreign Secretary Venkateshwaran urged Prime Minister Gandhi to accept, arguing it was in India's interest to buy the XMP-14 in order to gain entry into the US high technology world. In the end Rajiv Gandhi accepted this reasoning and approved the purchase of the XMP-14. In the fall of 1987, Rajiv Gandhi after attending the United Nations session, made his second time official visit to Washington. The trip underscored Rajiv's belief that expanded dialogue was useful despite continuing policy differences. During the visit, Rajiv confirmed his decision that India would accept the Cray XMP-14 Supercomputers. According to the White house, the Reagan and Prime Minister Rajiv Gandhi also agreed

¹⁷ *India Abroad*, 16 January 1987.

¹⁸ *New York Times*, 27 March 1987.

¹⁹ *Wall Street Journal*, 12 June 1987.

to expand defense cooperation, proceeding along the lines. He argued we have already established in working together on aspects of LCA, and other areas.²⁰

Turning point to the US-Indian defense cooperation, the Prime Minister stated “we have seen progress on that confidence- building exercise. We have completed everything, we had target to do. Now we have to start a new phase. Overall, Rajiv Gandhi declared “we have ups and downs and our differences. But these two years have seen a very substantial improvement in our relations.”

In the backdrop of growing Indo-US understanding over security issues, the Reagan Administration appeared pleased over Rajiv’s efforts to improve ties with Pakistan; despite latter’s continued involvement in the Punjab and Kashmir. When India launched “Operation Cactus” to protect the elected government of Maldives from terrorist threats, US envoy John Gunther Dean declared, India was now “the biggest kid on the block and she’s beginning to feel her oats.”²¹ The United States was cautious about reacting publicly to India’s increased assertion of power, a development which caused worry and suspicion among India’s sub continental neighbors. An important back drop for the gradual improvement between Washington and New Delhi was the changing and less confrontational US-Soviet relationship as Gorbachov’s policy of perestroika took hold, and increasing sign of Moscow is willing ness to be out from Afghanistan. On the margin of US-Soviet talks, Rajiv let the Russian know that India also wanted Moscow to leave and occasionally served as on unofficial channel between the United States and Soviet Union.

²⁰ A. P. Rana., *Four Decades of Indo-US Relations: A Commemorative Retrospective* (New Delhi, 1994), pp. 280-283.

²¹ *New York Times*, 7 April 1988.

Finally the basic policy differences continued and a legacy of mutual distrust remained. Despite skepticism about how far the improvement in relations could carry, however, neither capital gave up the effort. During Reagan eight years in office high-level dialogue greatly increased. The Vice President, Secretary of State, two Secretaries of Defense, and three other cabinet members visited India. Indira and Rajiv paid Reagan three visits to Washington, mutual understanding increased at the top levels of government. Both the United States and India seemed more realistic about what they could and could not expect from each other.

Economic Relations: Cooperation and Problems

America's economic policy towards India during the late 1940s and early 1950s reflected Washington's overall detachment from Third World countries.²² The role of the US government was not equally important in all the three segments of the economic relationship. It played a key role in making and implementing foreign aid policy. American investment and trade were, however, not entirely dependent on the government.

In the late 1940s after becoming independent India had entertained great hopes of developing close economic ties with the United States, The United States also viewed India, the second most populous country in the world as a big potential market for its exports and source of much needed scarce mineral resources. But Indo-US economic relationship began as donor-recipient one in the 1950s and 1960s and later took the shape of commercial relations.²³

²² M.S. Venkataramani, *The American Role in Pakistan* (New Delhi, 1982), pp.32-60.

²³ Chintamani Mahapatra. n.12. p.10.

As India adopted strategy of “important substitution” rather than export-led growth and thus its exports did not expand at a rapid pace. Expansion of Indo-American trade was consequently slow. Till the end of the sixties, aid constituted the dominant part of India’s foreign economic relations²⁴ when India took up the gigantic task of its economic development; it was in a position to finance it independently without external assistance. US aid to India started in December 1950 with the signing of first Technical Co-operation Agreement. In sixteen years between “1951-1967” through three five year plans the United States provided 54.3 percent of the total foreign aid received by India. During this period the US was the world’s and India’s largest donor of foreign aid.²⁵

In the third plan period (1961-62 and 1965-66) as much as 60 percent of the total external assistance to India from US. The European Economic Community (EEC) contributed only 15% of foreign aid received by India.²⁶ By the end of the third plan the US bilateral assistance had reached its peak. The US still remained its first position but its share was less than 50 percent of the total. In twenty years from 1951 to 1971 the United States provided assistance valued at \$ 9,801.1 million, out of which nearly \$ 5,324 million was in the form of food assistance under various programs.²⁷ India felt that foreign aid was demeaning and militated against its goal of seeking self reliance and economic independence. The experience of being at the receiving end of the US food policy towards India in latter half of the sixties, particularly the “short tether” policy

²⁴ Ibid, p.263

²⁵ A.K.Singh “*Impact of American Aid on Indian economy*” (Bombay: 1973), pp. 22.24.

²⁶ Uma Lele and Manmohan Agarwal, “*Four Decades of Economic Development in India and Role of External Assistance.*” paper presented at the Conference on Aid, capital flows and development in Talloires, France, in September 1987.

²⁷ Norman D. Palmer., *The United States and India; The Dimension of Influence* (New York, 1984) p, 159

pursued by President Lyndon B. Johnson had amply demonstrated how American food aid could be used to gain influence and undermine its independence.

During the seventies despite differences on foreign policy issues and end of US bilateral aid for Indian economic development, when Robert Mc Namara, the President of the World Bank, decided to make India a major beneficiary of its development aid, the US as the principal contributor to the fund, did not object. India received 40% of IDA funding. However, The Reagan administration itself had gradually reduced the level of development aid to India in the mid 1980s from \$ 100 million down to \$50 million. During a period of tight development assistance budgets, AID headquarters in Washington shifted funds from India to boost development aid programs in other countries. The decade of the seventies was nonetheless very depressing and frustrating for the United States foreign policy. Its crusades in Vietnam ended in disaster. The Watergate scandal plunged the country into a crisis at home. Its primary role in the world economy was challenged by Western Europe and Japan. In 1973 OPEC raised oil price to an unprecedented level, dealing a severe blow to the economy of all oil importing countries. The US economy was heavily dependent on import of oil to meet its energy requirement .In 1978, oil price were hiked up again sending shock waves through the American economy. In the last years of the decade, the economy suffered from stagnation, higher prices due to inflation and high rate of unemployment due to stagnation of the economy.

When Ronald Reagan came to power, changed the US economic structure radically. It was needed since many trends that surfaced in the seventies, gained momentum, and affected the position of the United States. It became even more apparent

in the eighties that the United States had lost its hegemony and was meeting increasingly tougher competition from Western Europe and Japan in the international market. The US

Economy itself was in great distress. It had large budget and trade deficits. Trade deficits and interest payment led to current account deficit making the United States the biggest debtor of the world.

Some data's shown by tables given below:

TABLE--I²⁸
US Trade
MERCHANDISE IMPORTS AND EXPORTS

YEAR	IMPORTS	EXPORTS	TRADE BALANCE
1979	212,000	184,473	-27,536
1980	249,750	224,269	-25,481
1981	265,063	237,085	-27,978
1982	247,642	211,198	-36,444
1983	268,900	201,820	-67,080
1984	332,422	219,900	-112,552
1985	338,083	215,223	-122,148
1986	368,516	223,969	-144,547
1987	409,850	249,570	-160,280

Source: Adapted from table-104 in Economic Report of the President to the Congress,
January 1989.

²⁸ A.P. Rana, *Four Decades of Indo-US Relations: A Commemorative Retrospective* (New Delhi, 1994), P. 265.

TABLE-II²⁹
Net interest paid by the U.S.
(IN \$ BILLION)

YEAR	INTEREST
1980	50.8
1985	128.3
1986	134.4
1987	139.7
1988	150.4

Source: Adopted from Table B-81 Economic Report of the President 1989.

President Reagan's agenda included drastic reduction in governmental expenditure, increase in defense expenditure, deregulation of the economy, and a plan from tax cut. For paradoxically the Reagan administration was equally determined to restore the military power of the United States, and maintain a high profile in international politics. Therefore, during the first five years of Reagan's term the amount allocated for economic and military aid increased.

²⁹ Ibid, p.266

Table --III³⁰
U. S. Foreign Aid and military Aid Programme
(U.S. \$ in Million)

YEAR	TOTAL ECO& MILITARY AID	TOTAL	ECONOMICS AID			MILITARY AID	
			LOANS	GRANTS	TOTAL	LOANS	GRANTS
1980	9,695	7,573	1,993	5,580	2,122	1,450	672
1981	10,550	7,305	1,460	5,845	3,245	2,546	699
1982	12,342	8,129	1,545	6,675	4,195	3,084	1,111
1983	14,202	8,603	1,621	6,984	5,599	3,932	1,667
1984	15,524	9,038	1,621	7,417	6,484	4,401	2,085
1985	18,128	12,327	1,579	10,748	5,801	2,365	3,436
1986	16,739	10,900	1,330	9,570	5,839	1,980	3,859
1987	14,488	9,386	1,138	8,248	5,102	953	4,149

Source: US Bureau of Census, Statistical Abstract of the United States, 1989

(Washington, D.C., 1989), p.782.

³⁰ Ibid, p.267.

Table—IV³¹
U.S. GRANTS AND CREDITS TO INDIA
(\$ U.S. MILLION)

YEAR	1981	1982	1983	1984	1985	1986	1987
GRANTS	215	89	74	84	42	36	48

Source: Statistical Abstract of the United States, 1985-89.

³¹ Ibid., p. 268.

Table—V32
Authorization of External assistance by Source
(Rupees Crores)

ASSISTANCE		1980-81	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
COUNTRY									
U.S.	LOANS	135.0	67.4	77.0	93.9	47.0	57.9	25.4	34.5
	GRANTS	26.8	23.0	39.4	24.0	19.5	37.7	30.3	34.5
	TOTAL	161.8	90.4	116.4	117.9	66.5	95.6	55.7	--
U.K.	LOANS	--	--	--	--	--	--	--	--
	GRANTS	--	285.9	152.7	260.3	171.4	265.9	219.2	78.7
	TOTAL	--	285.9	152.7	260.3	171.4	265.9	219.2	78.7
JAPAN	LOANS	46.4	83.3	--	451.2	223.4	635	895.3	1120.0
	GRANTS	15.0	15.8	8.6	16.1	16.1	32.2	24.8	57.5
	TOTAL	61.6	99.1	8.6	467.3	239.7	667.7	920.1	1178.5
FRG	LOANS	215.2	103.5	81.6	188.3	153.5	181.3	389.9	426.5
	GRANTS	--	--	2.8	--	--	--	1.1	2.2
	TOTAL	215.5	103.5	83.9	188.3	153.5	181.3	391.0	428.7
FRANCE	LOANS	182.0	243.3	--	32.8	143.7	87.3	166.5	269.0
	GRANTS	--	--	--	--	--	--	--	--
	TOTAL	182.0	243.3	--	32.8	143.7	87.3	166.5	269.0

Source: Economy Survey, 1989-90 (New Delhi: Ministry of Finance, Govt. of India, 1990)

³² Ibid., p.268.

During the 1980s, there was gradual decline in US grants and credits to India. Among the countries like; US, UK, Japan, FRG and France the capital flow from the US on this account was the least. The importance of aid had lost its salience; it served however, a negative purpose.³³

Prime Minister Gandhi had earlier not favored foreign investment, and had not encouraged multinationals to operate in India. But after her re-election in 1980, she took a different stance. The Indian economy was under a certain strain because of the burden imposed by the second hike in oil prices in 1978. It also had to face a severe drought in that very year. Mrs. Gandhi saw a way out of this dilemma in foreign investments. She had spoken in New York in August 1982 during her visit to United States, She stated unequivocally "We want foreign investment, we want it to bring such technology, as we can absorb and adapt to our conditions. Which will augment our export, improve our balance of payment and strengthen our self-reliance..... Foreign investment in India can earn its normal rate return and be assured of its security during her visit Reagan administration continued the programme restarted under Carter at first maintaining roughly the same \$100 million annual level of development assistance and \$100 million of food aid distributed to through voluntary agencies."³⁴

Between 1957-80 as many 6,232 collaboration agreements had been signed out of which nearly twenty percent were with American firms. Despite these assurances and liberalization of rules American investment in India did not show any notable growth. American investments were largely concentrated in the countries of Asia Pacific.

³³ *ibid.*

³⁴ Denis, Kux., *Estranged democracies: India and the United States, 1941-1991*(New Delhi, 1990), p.393.

Taiwan, Hong Kong, Indonesia, South Korea, Singapore and Thailand were able to attract a large number of American business firms.

TABLE – VI³⁵
U.S. INVESTMENT ABROAD
(SOME SELECTED COUNTRIES IN ASIA)
(\$ U.S. MILLION)

YEAR COUNTRY	1980	1983	1984	1985	1986	1987
CHINA.	498	613	736	750	870	1312
TAIWAN						
HONG KONG	2078	3068	3253	3295	3980	5453
INDIA	398	371	329	383	448	466
INDONESIA	1314	2770	4093	4475	4395	3929
MALAYSIA	632	1157	1101	1140	1109	1111
PHILIPPINES	1259	1331	1263	1032	1135	1211
SINGAPORE	1204	1821	193	1874	2238	2521
SOUTH KOREA	574	598	716	743	800	1018
THAILAND	361	892	1081	1074	1079	1282

Source: Statistical Abstract of the United States, 1989.

³⁵ Ibid, p. 269.

In 1987, India signed 212 joint venture agreements with American firms; this was the highest that year. West Germany was second with 149, the United Kingdom with 122 was third, and Japan was fourth with 71 agreements. The government of India approved new U.S. equity investment of \$22.7 million.³⁶ It should be noted here that a large percentage of these agreements were only agreements for technical collaboration and did not involve any investment.

TABLE -- VII³⁷
U.S. AID COLLABORATION APPROVED FOR INDIA
T = TOTAL
F = FINANCIAL CUM TECHNICAL

Country YEAR	U.K.		U.S.A.		TOTAL OF ALL COUNTRIES	
	T	F	T	F	T	F
1981	79	9	85	15	389	57
1982	106	16	110	24	590	113
1983	119	22	135	32	673	129
1984	126	16	147	36	752	151
1985	147	26	147	66	1024	238
1986	130	23	189	71	957	240
1987	122	27	196	57	853	247
1988	134	36	191	71	926	262
TOTAL	963		1250		6164	

Source: India Investment Center, Delhi.

³⁶ *Foreign economic Trends and their Implications for the United States: India* (Washington D.C., US Department of Commerce, August 1988), p.8.

³⁷ *Ibid*, 270

Indian government-imposed export and other performance requirements continue to be a problem for prospective investors.³⁸ However Indo-US collaborations and investments between 1981-1988 showed impressive and incremental growth, in 1981 there were 85 US collaboration with India which constituted about 20% of the total 398 foreign collaborations approval although in 1988 the US collaboration increased to 200 it averaged at the same percentage of the total 959 collaborations approved. Nonetheless in the eighties, the United States remained India's largest trading partner, and India had a favorable balance of trade with the US.

³⁸ Ibid.

TABLE--VIII³⁹
INDIA'S TRADE WITH THE U.S.A.
(\$ U.S. MILLION)

Year	Number of Approvals*		Investment Approval		Actual	
	USA	USA's Share in total	\$ mn	% to total	\$ mn.	% of total
1980	125	23.76	2.06	16.93	-	-
1981	85	21.85	2.51	20.75	-	-
1982	100	16.95	5.20	8.00	-	-
1983	135	20.06	13.43	22.45	-	-
1984	146	19.41	7.52	7.91	-	-
1985	197	19.24	32.61	31.66	-	-
1986	189	19.75	22.98	27.46	37	17.2
1987	196	22.98	22.76	27.41	153	26.87
1988	191	20.63	67.09	40.52	8	4.23

Source: US Department of Commerce.

mn. Million

* Both technical and financial are included.

³⁹ Ibid, p. 271.

Table⁴⁰
Indo-US Collaboration
and US Investment in India.

YEARS	EXPORTS	CHANGE	IMPORTS	CHANGE	TOTAL	TRADE BALANCE
1980	1097.7	--	1678.3	--	2775.9	(-)580.7
1981	1202.1	--	17.34.4	--	2936.5	(-)532.3
1982	1403.8	--	1581.7	--	2985.5	(-)177.9
1983	2191.4	--	1812.6	--	4004.0	(+)378.8
1984	2551.4	--	1548.1	4.5	4099.3	(+)1003.3
1985	2294.7	-10.1	1617.7	-6.7	3912.4	(+)677.0
1986	2283.2	-0.5	1509.7	-3.1	3792.9	(+)773.5
1987	2582.6	10.7	1463.4	70.69	3992.0	(+)1065.2
1988	3167.0	25.25	2497.9	-1.39	5664.9	(+)699.1

Sources: Indo-US Joint Business Council, *US and India: Forging A New Balance* (New Delhi: Indo-US Joint Business Council, 1994).

⁴⁰ *Asian Strategic Review* (IDSA, 1998-99), p. 364.

Table⁴¹
Share in
Exports and Import (%)

year	USA's Share in India's		India's Share in USA's	
	Exports	Imports	Exports	Imports
1980-81	11.07	12.10	0.85	0.37
1981-82	11.98	10.44	0.66	0.38
1982-83	10.54	9.98	0.68	0.38
1983-84	14.98	11.64	0.87	0.52
1984-85	15.04	9.93	0.64	0.43
1985-86	18.12	10.50	0.77	0.46
1986-86	18.72	9.93	0.65	0.48
1987-88	18.63	9.00	0.61	0.53
1988-89	18.42	11.47	0.69	0.56

Source: Indo-US Joint Business Council, *US and India: Forging A New Balance* (New Delhi: Indo-US Joint Business Council, 1994).

As indicated in table 1st the unfavorable trade balance with India was not something peculiar to Indo-American trade in the eighties. Despite significant liberalization of the Indian economy, the United States was unhappy with what it

⁴¹ Ibid, p.369.

considered as “unjust” and “inequitable” trade barriers. According to US report, the outweighed average of India’s basic and auxiliary duties was 137.6 percent in 1986, same 59 percent of tariffs fall between 120 and 140 percent” India’s duties on were 20% point above the second ranked country. Although tariffs were to be lowered on same capital goods as part of linearization, they were raised on the goods in the budget of 1986-87. It was considered in the report that duties on many capital goods were lower than pre-1985 level and that “high tariffs are not the major barriers,” yet it remained a contentious issue between the US and India.

The second issue in the trade relations was quantative restrictions imposed through a licensing regime. And the third issue was important licencing, which the US regarded as the most effective barrier. India had been moving away from direct control of imports to an indirect one by raising tariffs. Imports were divided in four categories:

- (1). Consumer goods
- (2). Raw material
- (3). Component and spare parts
- (4). Capital goods.

Most consumer goods imports were banned. Goods in the other categories were placed under four heads:

- (1). Banned
- (2). Restricted
- (3). Limited permissible, and
- (4). Open general license.

All of these restrictions of the US considered the Indian economy as “highly protectionist”. Export subsidies have been another contentious issue under an agreement signed with the US in 1981. India agreed to restrict giving export subsidies. However, both sides differed on the demeaning of subsidy itself. During the eighties the United States investigated several complaints to export subsidies from American companies and imposed countervailing duties. There were as much more serious differences between the two countries on lack of adequate provision for the protection of intellectual property. India is a member of the Berne convention for the protection of literary and artistic works. But she did not sign the Paris convention for the protection of industrial property in 1986. At the center of the controversy were the American pharmaceutical and chemical firms in fact particularly aggrieved for the pharmaceutical and chemical compound, India only gave process patent and not product patent. The United States was also unhappy about copy right infringement particularly of popular fiction and video tape piracy.

In the section on service barriers the NTER (National Trade Estimate Report) 1987, simply noted that “the Indian government either partially or entirely runs most major service industries. The NTER, 1987, thus made it evident that the US had mixed feeling about the prospect of expanding trade and increasing investment in India. It was fully aware that India had liberalized its economy and the process was continuing.⁴²” The process that had begun with Indira Gandhi’s second term in office was further expanded after Rajiv Gandhi became the prime minister. The US however, insisted that there were barriers in India which restricted the expansion of American trade with India and deterred further investment. Undoubtedly, the two countries differed on rules and producers; tariffs, quantitative restrictions on imports, exports commitment for firms seeking foreign

⁴² Rana., n.7, p.273.

investments, inadequate provision for the protection of intellectual property rights, Indian patent laws etc. Notwithstanding the differences over economic issues the relation between the two countries went on improving. In September 1987 Louis Laun, US, Assistant secretary for international economic policy, Department of Commerce., said on the occasion of the inauguration of electronic USA: 1987 exhibition that Indo-US cooperation trade and commerce was on the increase following the liberalization of restrictions in India. He added that the Reagan administration was opening more markets to India and other countries, and also the US got a large number of applications for transfer of technology but there was concern over exports obligation.⁴³

In November 1987, Bruce Smart, US, under secretary for international trade, came to India to discuss the follow up on discussion that had taken place in October between President Reagan and Prime Minister Rajiv Gandhi. Both had recognized the need to expand bilateral trade and to lower the barriers to free trade.⁴⁴ William F. Ryan, vice president of the US export-import bank on a visit to India, in April 1988, stated: "If not open purse, with an open mind, we are looking to work with India, an important market for the futureIndia currently occupies a far lower place in export- import bank's list of American creditors .we are looking for opportunities to raise India's place from 23 and move it up. India enjoys the highest credit ratings in overseas private markets. India wants to be at the cutting edge of technology and we would be offering you the best technology."⁴⁵

All the positive statement did not chide the general sense grievances in the US. There was a growing feeling in the US that while the world benefited from its open

⁴³ *The Indian Express*, 25 September 1987.

⁴⁴ *The Statesmen*, 17 November 1987.

⁴⁵ *The Hindu* (madras), 22 April, 1988.

markets, its own exports and investments were not being given a fair deal. A result protectionist sentiments spread across the country. This sentiment was most accurately reflected in the US Congress. President Reagan how to veto a few protectionist measures passed by the Congress on the ground that it was not in the national interest of the United States. But in 1988, a presidential election year, the president succumbed to the pressure and gave his consent to the most comprehensive trade law passed by the US Congress in recent years: Omnibus Trade and Competitiveness Act, 1988.

Under section 301, the act provided for retaliatory action by the US trade representative, if an act, policy or practice of a foreign country violated or was inconsistent with the provision of or otherwise denied benefits to the United States under any trade agreement. It laid down lengthy and elaborate procedure for the retaliatory steps. Special 301, section of the law, focused on the protection of intellectual property rights, Super 301 section indicated how a country discriminating against the US trade could be identified. The crux dispute over super 301 was also projected on to the Uruguay Round of trade negotiations. There were fifteen panels including agriculture, textile, intellectual property, investment barriers, tariffs, and services. The US persisted in demanding that services be included in the GATT negotiations.

In 1988, the US exported over \$ 90 billion in service resulting in of favorable balance of \$ 20 billion in the service sector. Its demand for the inclusion of service thus reflected its economic interest. India and Brazil opposed the inclusion of services as it would have adversely affected the interest of developing countries. Finally, both India

and Brazil agreed to the inclusion of services in a qualified manner in the GATT negotiations in the Montréal meeting held in December 1988.⁴⁶

Textile is another issue. In 1974 all the countries interested in textile trade signed a multi fiber agreement which had expired in 1991. All the signatories agreed to integrate the discussion on a new agreement into the GATT negotiations. Some exporters of textiles want the textile quota to be expanded and finally eliminated .but the US textile industry vehemently opposes any further expansion of quota.

⁴⁶ Kux., n.1, p.393.

Chapter-3

Chapter –3

Formation of Strategic Alliance with India's Arch Rival

The US and Pakistan established a new kind of strategic collaboration and ties during the Reagan years. But there is a historical baggage of this relationship. Pakistan has been a complicated factor in US-India relations since the partition of subcontinent in 1947, especially because of the Kashmir question: However, the complications have been greater and more obvious at particular periods, notably since the halcyon years of the American-Pakistani alliance from 1954.¹

Pakistan's relationship with the US is very complex. This relationship did not develop in a straight line. Its intensity kept changing with the changing perception of the American military strategy for Asia and shifting US focus on developments in the region. South Asia's importance has always fluctuated with the changes in USA's global policies. From the very beginning, America wanted to still prevent to communist expansionism in South Asia and wanted to use of Pakistan as a trump card against the Soviet Union. But Pakistan sought to use, its relations with America against India.

Stephen, P. Cohen has correctly mentioned four important features of Pakistan-US relationship.

- (1) US-Pakistan security relations were partial. In case of the United States, the Soviet Union remained more important than Pakistan itself. For Pakistan, India remained the chief security threat and these threats overshadowed relations with

¹ Chopra, V. D., *Pentagon Shadow over India* (New Delhi, 1985), pp.170-172.

both the United States and the USSR. The overall US- Pakistan security relationship was thus subject to buffeting by other relationships and events;

- (2) The security relations between the two, moreover, were highly asymmetrical. The relationship had been, and may remain more important to Pakistan than to the United States. The latter's involvement in South Asia was intermittent and it could withdraw from the region with little loss. Pakistan, on the other hand had to be geographically tied to the region.
- (3) The security interest of the two states were non-congruent for Pakistan. The US represented an important source of weapons and political Support. For the United States, Pakistan's position as a counter to the Soviet Union made it important, and;
- (4) The security relationship remained burdened by an extreme degree of "distortion, misperception, misrepresentation and stereo types on both sides."²

From its very inception, Pakistan's foreign policy has been based on anti-India tirade. Pakistan's world outlook was always determined by its relationship with India. One of the most important reasons behind Pakistan's joining of US-led military alliances had been to achieve parity with India, especially in the military field. Pakistani elite were drawn mainly from the feudal and military classes and their training in Western educational and military institutions were an added advantage for US-Pakistan ties.³

However, the strategic location of Pakistan often made it center of diplomatic activity. Pakistan at time sought to maintain a balance between two super powers. It always desired to play an "active role in the affairs of the Middle Eastern as well as South

² Leo, E. rose and Noor A. Hussain, *United States-Pakistan Forum: Relations with the Major Power* (Lahore, 1987), pp.15-16.

³ Saheen, Irshad, *Rejection Allainces: A case stdy of US-Pak Relations, 1947-67* (Lahore, 1972), p.28.

Asian region without losing contact in either of the region.”⁴ In the 1950s the United States succeeded in enrolling Pakistan in its scheme of global anti-communist alliance system. First Pakistan signed the Mutual Defense Assistance Agreement in May 1954 with the USA. Under this treaty the latter undertook to give military equipment and training to Pakistan’s armed forces.⁵ Later Pakistan joined SEATO in September 1954 and the Baghdad pact later known as CENTO a year later. A bilateral agreement of cooperation with the United States was signed in March,1959 which declared that the “government of United States of America regards as vital to its national interests and to world peace the preservation of the independence and integrity of Pakistan.”⁶ This facilitated substantial amount of US military and economic assistance to Pakistan during the 1950s.

The US military aid, political and diplomatic support to Pakistan in the UN Security Council, particularly over the Kashmir dispute had brought India closer to the Soviet Union in foreign relations.⁷ The Soviet Union after used its veto over the Kashmir question in the Security Council to India’s advantage. Thus there emerged a kind of “rectangular relations” between India and the Soviet Union, on the one side, and Pakistan and the US on the other. It was a case of regional rivalry between India and Pakistan getting tagged to global rivalry between the U.S. and the Soviet Union.

But US-Pakistan relationship got a setback in the late 1950s when the United States took a sympathetic attitude towards Indian concern over Chinese threat and later provided emergency military assistance to India during Sino-Indian war of 1962 .This

⁴ Devidas, B. Lohalekar.. *US Arms to Pakistan: A study in Alliance Relationship* (New Delhi,1991), p.28.

⁵ Arif Hussain, *Pakistan: Its Ideology and Foreign Policy* (London, 1961), p.93.

⁶ See Documents on *American Foreign Relations: 1959*, (New York, 1960), p.97.

⁷ Kamath P. M.(ed.), *Indo-US Relations: Dynamics of Change* (New Delhi, 1987), pp. 1-23.

action by the US annoyed Pakistan. Pakistan criticized the US for treating “allies and neutrals equally.” This disillusionment of Pakistan with the US and the theory that “enemy of an enemy is friend,” led Pakistan to cultivate close relations with China.⁸

During the war on Kashmir between India and Pakistan in August and early September 1965 Pakistan used American arms against India. India protested and complained to US to do something to stop it Ironically, Pakistan also accused India and counter-complained that India was using American arms.⁹ President Lyndon B. Johnson took a neutral stand and banned all aid to both Pakistan and India, which created an anti-west furor in Pakistan. And in 1971 when yet another Indo-Pak war broke out. US “tilt” towards Pakistan and against India was open and clear. Indo- American relations were brought to an all time low because President Nixon’s approach towards Indo-Pak war.¹⁰

In 1975 arms sale to Pakistan was renewed on a limited basis under which Pakistan received only a small number of weapons. The only major sale by the US to Pak in 1976 before the Arms Control Export Act went into effect was for \$37 million for two aged destroyers (to be modernized) and equally outdated howitzers, torpedoes and munitions.¹¹

Between 1953 and 1979 Pak received US economic and military aid to the tune of almost \$ 6 billion. The crucial year was of 1979 when Soviet military “advisers” moved into Kabul and tightened their grip on the Kabul regime.¹² Significantly, it was the same year when all military assistance was terminated in 1979 by the Carter administration on the ground that Pakistan was pursuing clandestine nuclear weapons programme. But with

⁸ Rana, A. P., *Four Decades of Indo-US Relations: A Commemorative Retrospective* (New Delhi, 1994), p.126.

⁹ Lohalekar.. n.4, p.41.

¹⁰ *PakistanUS relations*, CSR report, 12 February 2002.

¹¹ Lohalekar.. n.4, p.54.

¹² Ibid.

the Soviet military intervention in Afghanistan in 1979, the Carter administration desired resume to its arms supply to Pakistan on a limited basis. It was rejected by Pakistan on the ground of its smaller amount. Thus there had been ups and down in US- Pak relationship. In fact, the new US-Pakistan strategic alliance came into being in the wake of the Soviet intervention of Afghanistan in December 1979 in the backdrop of changed security environment of the region. The US which had shifted its attention towards the Persian Gulf in the mid 1970s once again turned its attention towards Pakistan. But Pakistan used its new found status of a “front line state” in the US strategic perceptions such “adroitness and astuteness.” It became the recipient of huge quantities of the US military and economic aid. Pakistan once again developed ambitions of achieving parity with India.

The formal basis of this relationship was 1959 US-Pak agreement, since Pakistan had withdrawn from SEATO and CENTO in the early 1970s. This relationship provided for American arms sales to Pakistan without any “public promise” of reciprocal Pakistani support for US foreign policy objectives. Moreover, Pakistan stuck to its position with regard to nuclear proliferation.¹³ It was felt at that time that this “new relationship” was likely to be more durable and credible than the old one, because it was based on commonality of security perceptions and convergence of interests. Both of them realized that South Asia had emerged as a battleground of Cold War because of Soviet invasion in Afghanistan. Disturbances of various degree and intensity in the region and the Iran-Iraq war were added reasons for US-Pak security cooperation.

One of the important studies made by Francis Fukuyama of the Rand Corporation with regard to US decision to rearm Pakistan concede that “Pakistan’s major pre-

¹³ Stephan P. Cohen, *The Security of South Asia: American and Asian Perspective* (New Delhi, 1987), p.19.

occupation was, and would remain India, and that despite Soviet presence in Afghanistan, the bulk of Pakistan's forces were deployed against India. Pakistan's thrust was that "India acting as a Soviet proxy might attack Pakistan in the east" in the event of the Soviet pressure on Pakistan from the west or India and the Soviet Union could mount a coordinated attack from both east and west."¹⁴ Pakistan's geo-strategic location once again made it a "frontline state" in the strategic perceptions of the US. President Ayub was right when he had said "History has placed us in the pathway of the conflicting interests of major powers,"¹⁵ Pakistani President Zia-ul-Haq got an opportunity to benefit from Ayub's observations. President Carter in an interview in January 1980 said "this is a commitment that I am ready to make. We have already assured President Zia that we were willing to join other nations in giving necessary protection to Pakistan and meet their legitimate defensive and military needs."

Thus, President Carter lifted the US aid ban imposed on the basis of "Symington-Glenn Amendment," which called for economic sanction against Pakistan on the basis of intelligence report that Islamabad was constructing an uranium enrichment plant. He decided to lift the ban on the excuse that Pakistan could protect itself against Soviet expansionism. In January, 1980 Carter offered a package of \$400 million as US economic and military aid to Pakistan. General Zia calculated his bargaining leverage and rejected contemptuously the "peanuts" offered by President Carter. Zia exercised his shrewdness and he realized that the US could give much more aid the purpose for which it was being provided and demanded \$2 billion to rebuild the Pakistani armed forces. Unlike his military predecessor Ayub Khan, Zia sought to twist America to extract

¹⁴ Ibid.

¹⁵ Mohd. Ayub Khan, *Friends not master: A political Autobiography* (London, 1967), p.115.

maximum possible aid. Moreover, Zia said in an interview that: "The United States of America must first consider whether her interest are served better by the protection or by assistance or by cooperation or collaboration with Pakistan or not. I can assure you that in this turbulent world and in this region particularly which at present moment has the germs of a lot of trouble, Pakistan today represents an island of stability, and its as this I think, the United States of America, in pursuance of their interests must exploit because if Pakistan goes than from Turkey to Vietnam, the name of United States of America will be *hard to hear*. We strongly expect that the United States of America would assert herself and prove to be superpower because in my opinion, the United States of America cannot afford to hibernate and go back into the shell."¹⁶ However, Zia was also fearful of Soviet intension. He believed that the Soviets could manipulate the ethnic separatism in Baluchistan and North West Provinces of Pakistan. Consequently, he felt that security relationship with the United States could guarantee security of Pakistan in the entire spectrum of threats that Pakistan faced.¹⁷ The 1959 agreement was deemed insufficient, as the lack of Congressional ratification was used as a rational by the Nixon Administration to avoid commitment during the 1971 Pakistan-India war. The US was prepared to transform the 1959 security agreement into a full fledge treaty. Thus had little to fear from the Soviet warning against aligning totally with the US.¹⁸ The State Department and pentagon officials also quickly assured Pakistan that the previously announced offer was "only a beginning." Some large grants were extended to Pakistan by US allies such as Japan, Australia and Saudi Arabia.

¹⁶ *Pakistan Affairs*, 1 January 1980.

¹⁷ *Ibid*, 16 March 1980, pp.4-5

¹⁸ V.D. Chopra, *Pentagon Shadow over India* (New Delhi: 1984), p.286.

In the wake of Ronald Reagan's victory in the US presidential elections, an impression was created in Pakistan that a return to the good old days of the 1950s in Pakistan-America relations was possible. The new Reagan Administration promptly changed the priorities of the American foreign policy from human rights situation in Pakistan and its nuclear programme to the new strategic relation. The Reagan Administration was committed to strengthening Pakistan's security but was unwilling to subscribe to all its ambitions vis-à-vis India.¹⁹ In 1981 a new era in Pak-US security relations began with the Reagan administration claiming that "US foreign policy will have to find a way of rewarding friends and penalizing opponents."²⁰ The Reagan Administration hoped to see that country become part of a new strategic consensus against the Soviet Union. To show that it meant businesses, the administration signed a five year \$3.2 billion aid package, of which half in military and half in economic aid. The limited arms package \$1.6 billion offered by the Reagan Administration at 14% rate of interest consisted of the following items:

1. 100 re-conditioned M-48 tanks
2. 75 towed 155 mm howitzers
3. 100 M-109 AZ SP howitzers
4. 40 M-110 SP howitzers
5. 24 M-901 ITOW SP, 1000 ITOW anti-tank missiles
6. 20 AHIS anti-tank helicopters, artillery locative radar, and gearing class destroyer.

¹⁹ Verinder Grover, "International Relation and Foreign Policy of India- USA" and also cited in Maya Chadda., *India and the United States: Why Détente won't Happen* (New Delhi: Deep & Deep Pub.), p.134.

²⁰ *New York Times*, 11 April 1980.

The Reagan Administration gave a clear signal that the US needed to supply arms to anti-Soviet insurgents through Pakistan territory. This decision outweighed its non-proliferation objectives.

Francis Fukuyama prepared a report entitled "The Security of Pakistan" in 1980. It seems that Reagan Administration found a sound rationale to justify the new relations with Pakistan and offered loans to Pakistan. Advocating the close security relationship between the US and Pakistan, Fukuyama suggested:

- (1) Denial of Pakistan territory to the Soviet Union,
- (2) The possibility of aiding the Afghan rebels militarily so as to raise the cost of the Soviet intervention in Afghanistan.
- (3) The use of the Pakistani facilities in connection with planned rapid deployment force.
- (4) The demonstration of American reliability especially with respect to the People's Republic of China.

He also highlighted variety of security threats Pakistan faced as a result of Soviet intervention in Afghanistan.

These included:

- (1) Afghan and Soviet support for separatist movements and among the Baluchi and Pathans people of Pakistan;
- (2) Soviet air and artillery strikes at refugee camps across the border
- (3) An attempt by Soviet and Afghan forces to seize Pakistani territory in the frontier
- (4) A Soviet sponsored attack by India against Pakistan and

- (5) A coordinated Indo Soviet Afghan attack designed to fragment Pakistan along ethnic lines.²¹

The importance Pakistan occupied in the American policy making process stabilized Zia's military regime, which was struggling to attain legitimacy. R.G. Swanky was right when he said "US Pak relationship is a cause of mutual interests and needs."²² Zia also realized that close ties with America's was central to Pakistan's own security. He was keen to maintain this connection sustain it in future. On the other hand, Reagan administration signal to Moscow that it could make tough security decision and get on with the business of supporting its friends and allies. In this backdrop in April 1981 the United States reportedly offered a five year \$ 2.5 billion aid package to Pakistan.

The aid offer also included 40 F-16 aircraft. Besides, the United States some other countries of NATO also came forward to help Islamabad on the advice of the United States. Some countries completely wrote and offer loans of some rescheduled their debt payments for to Pakistan's convenience. When Zia succeeded in acquiring US support to upgrade its avionics despite objection from Congressman like Senator Glenn, some analysts believed that Pakistan was almost blackmailing the US in getting whatever it wanted. General Zia visit the US in December 1982. During the visit the US administration agreed to supply AN/ALR 69, RWR (Radar Warning Receiver) in place of the AN/ALR 46 (v), which had earlier been cleared by the US Congress.

The US Administration also kept on supporting the Zia regime in stabilizing itself in internal politics of Pakistan. During his visit to Pakistan, the US Defense Secretary Casper Weinberg assured Zia continued US support in his hour of trial. Jack Anderson

²¹ Mohd. Waseem, "US Facto in Pakistan's Politics" *Strategic Analysis* (New Delhi, March 1981), p.1992.

²² V.D.Chopra, n.18, p.153.

has pointed out the give and take relationship between the US and Pakistan in the following argues:

- (1) President had promised to allow US planes to use Pakistan airfields should the Soviet bombers threaten the Persian Gulf from Afghanistan
- (2) In return, in addition to the \$3.2 billion aid already announced, the US shared intelligence information with Pakistan.
- (3) General Zia agreed to let US weapons to be sent to the Afghan rebels through his special force and
- (4) In return the US agreed to train the Pakistan's presidential body guards.

In addition, the US also created a Central Command to protect its interests world wide, especially in the West Asian region. Being strategically located Pakistan offered an attractive base of operations for such US forces. Pakistan therefore, assumed a high place in the US strategic plans. Despite Pakistan's denials about the grant of base facility to the US, it was not a secret that America had set up a naval base in Baluchistan awarder port.²³ Pakistan by 1986 had required 100M-48 tanks, 64 self propelled guns of 155 mm caliber, 40 self propelled howitzers of 8 inch caliber, 75 towed howitzer of 155 caliber, 1,005 two (tube launched, optical tracked, wire guided) anti-tank missiles and about 20 assault helicopter from the US. It also required some harpoon SSMs and a variety of miscellaneous equipments.²⁴

The economic assistance and military sales programme initiated in 1981 was great help to Pakistan. The original package of \$2.5 billion was raised to three billion dollars worth of commodity assistance to the package. The US government also disclosed in

²³ Ibid.

²⁴ Leo E. Rose and Noor A. Hussain, *United States-Pakistan forum: Relations with the Major Powers* (Lahore, 1987), p.8.

March 1986 that it would offer the new economic assistance and military sales package amounting to \$ 4.2 billion for the period of 1987-93 against Pakistan's projection of approximately \$6.5 billion. The economic assistance package valued 2280 million dollars, offered partly as a grant and partly as a loan at 2% interest rates.

Besides the political motive of United States, the new aid programme was designed to achieve four major mutually agreed economic objectives;

- (1) Prohibition of substantial balance of payments support for a period in which major defense and economic investment was to take place;
- (2) Assurance of fast disbursing capital flows to facilitate orderly planning over a longer time than usual for aid programs;
- (3) A commitment to an agreed list of high priority investment for long term self sustaining economic growth in Pakistan and
- (4) Sectoral concentration of investment in major of areas, such as agriculture, irrigation and energy.²⁵

In addition to the above programme the US agreed to provide about eleven million dollars for development of energy resources and other five million dollars for regional development activities in NEFP. Two agreements for exchange of scholar and enabling Pakistan to buy sensitive technology were signed.

Pakistan-US security relations were mainly based on the mutuality of interests. South Asia is the sub-system of the global system. The South Asian subsystem has been highly vulnerable to outside intervention because of its internal disturbances. Pakistan-US security relations had far reaching consequences for the sub-continent. This relationship increased external influence and expedited arms race in the sub continent.

²⁵Ibid., p. P.57.

India was disturbed over the US's decision to rearm Pakistan in the wake of Soviet military intervention in Afghanistan. India had no objection to Pakistan's legitimate needs of arms. But it feared that ultimately these arms would be used against India. As has happened on earlier occasions, Pakistan was not likely to use these against the stated targets. Moreover, Pakistan's force deployment on the Afghanistan border had not undergone any major change. Washington did assure India in that these weapons were not to be used against India. It once again came out with the same reason after its decision to supply arms to Pakistan. Some of the weapons and other sophisticated items under the military aid package were, however, not suitable for terrains of Afghanistan as for example, harpoon missiles and AWACS. The Indian Ministry of Defense in its annual report 1985-86 observed:

“The second negative development is the untrammelled flow of arms into Pakistan from the United States on ground that these are required by Pakistan in view of the Soviet presence in Afghanistan. Most of the land – based weapon systems inducted cannot be used in Pakistan northern or Western areas and are obviously meant for use against India. The strengthening of Pakistan Navy by supplies of sophisticated weaponry can have no relation to the situation in Afghanistan.”²⁶

In fact, the Reagan administration did not appreciate India's view on US supply of sophisticated weapons to Pakistan. Committee on foreign relations observed that “Indian foresaw a Pakistan armed with sophisticated American equipment and possessing nuclear capabilities as upsetting the present regional balance and as potentially threatening Indian security interest.”²⁷

²⁶ *Annual Report 1985-86* (New Delhi: Ministry of Defense, Government of India, 1986), p.3.

²⁷ B.M. Jain, *South Asia: India and United States*, (Jaipur, 1987), pp.119-20.

US willingness to provide the latest military equipment to Pakistan could have following implications:

- (1) It could tempt other South Asian nation's to step up their defense budget.
- (2) It could induce smaller countries like Sri Lank and Nepal approach the US for similar aid on a much vaster scale.
- (3) It could intensify the Soviet strategic involvement in the region.
- (4) China was unlikely to like the growing American influence to the extent that could wean away Islamabad from Beijing. The Beijing leadership considered the pros and cons of increased flow of US arms, which affected its strategic status and military interests in the subcontinent.
- (5) The most affected country of the region, due to transfer of the latest US weaponry to Pakistan, was obviously India. More aid cold lead to more irritants in the bilateral relationship of India and US.²⁸

Pakistan has been a complicated factor in US-India relations since the partition of subcontinent in 1947, especially because of the Kashmir question: However, the complications have been greater and more obvious at particular periods , notably in the halcyon years of the American-Pakistani alliance from 1954 to the end of the decade. In the 1971 when US "tilt" toward Pakistan against India brought Indo-American relations to an all time low; and since Soviet intervention in Afghanistan in 1979, then the almost moribund American-Pakistani security relationship was restored in a new and more vigorous form. Why should have India bothered about US-Pak strategic cooperation?

Since India's independence and the birth of Pakistan the relations between these two countries have mostly been conflictnal and acrimonious. Pakistan's suspicions about

²⁸ Ibid, pp.126-27.

Indian interventions have unlimited in Islamabad's military misadvantage. Despite the close proximity of the Indian and Pakistan's people, geographically, historically, culturally and organically, various types of suspicions have created different security perceptions and have inhibited the development of cordial relations between them.

The emergence of India as a regional power in South Asia in the aftermath of 1971 and 1974 India nuclear test seemed to have alarmed Pakistan but did not alter its ambition to challenge "Indian hegemony" in the region. As a military ruler, wanted to Pakistan's military vis-à-vis India's. The Afghanistan crisis and the US decision to make Pakistan a frontline state gave Zia the best opportunity to do so.

Initially for two years Zia regime had normal attitude towards India, rather he approved quite submissive in his stand in the regional politics. He had the belief that unfronting of democratic India would bring problems for his regime in Pakistan. But the changed-strategic equation between the US and the Zia regime in the late seventies brought about a change in Pakistan relations with India. Zia got the impetus to "regulate" Pakistan relations with India to his own advantage.

The strategic closeness between the United States and Pakistan adversely affected Indo-Pakistan relationship. It emboldened Pakistan to nurture its grievances against India and develop misplaced ambition of achieving military praised of India. Consequently an arms race in subcontinent started the US-Pak strategic cooperation also considerably affected Indo-US relations with India. Last but not the least US army of Pakistan pushed India further to buy Soviet weapons and to move clear towards India.

The most serious effect of US-Pak security collaboration in the wake of Afghanistan crisis was on the question of nuclear proliferation in South Asia, as has been discussed in the following chapters.

Table-I²⁹
US Military Assistance FY 1950-63 to FY 1972
(In Million of US Dollars)

programme	1950-63	1964	19665	1966	1967	1968	1969	1970	1971	1972	1950-1972
FMS Cash	32.557	.774	1.139	1,147	5.575	15.099	22.384	7.264	38.777	.018	124.913
FMS Credit	-	-	-	-	5.000	5.000	-	-	-	-	10.000
Total	32.557	.774	1.319	1.147	10.000	20.009	22.384	7.264	38.777	.018	134.913
FMS Value Deliveries	31.375	.402	1.462	.211	2.727	6.581	14.735	19.196	14.307	2.054	93.050
PL-480 Title I Section 1049 (c)	619.624										619.624
Grants, sale agreements	79.260										79.260
Other DOD foreign assistance programme	4.500										4.500
Commercial sales deliveries	.360	1.632	1.876	2.512	.760	1.470	1.319	1.776	4.254	1.556	17.515
Military Assistance Programme (MAP)	628.392	29.912	11.851	1.550	-	.101	.102	.180	.149	.096	.672.333
Grant aid value of deliveries or expenditures	591.279	45.545	34.785	.071	.021	.082	.130	.163	.174	.083	672.333
Grant aid programme excess stocks or acquisition values	21.665	3.154	2.000	.005	-	-	-	-	-	-	26,822
Grant aid deliveries excess stocks or acquisition values	19.564	3.328	3.535	.397	-	-	-	-	-	-	26.824

Source: US House, 93rd Cong, I sets. Committee of Foreign Affairs, Subcommittee on the near East and South Asia, Hearings, united States Interest and Policies towards South Asia (Washington, 1973), pp.63-164.

²⁹ Devidas, B. Lohalekar., *US Arms to Pakistan: A Study In Alliance Relationship* (New Delhi, 1991), pp.92-93

Table-II
Proposed US Assistance to Pakistan, FY 1983-Fy 1987³⁰
(In million dollars)

Fiscal Year	FMS	IMET	ESF	DA	Public Law 480	Total military	Total economic	Budgetary outlay	Total disbursement
1983	275	0.8	125	75	50	275.8	250	250.8	525.8
1984	300	0.8	125	100	50	300.8	275	275.8	575.8
1985	325	1.0	125	125	50	326.0	300	301.0	627.0
1986	325	1.0	125	150	50	326.0	325	326.0	651.0
1987	325	1.0	125	150	50	326.0	325	326.0	651.0
Total	1,550	4.6	625	600	250	1,554.6	1,475	1,479.6	3,029.6

FMS Foreign military Sales

IMET International Military Education and Training Programme

ESF Economic Support Fund

DA Development Assistance

Source: US House, 97th Cong, 1st Sess. Committee on Foreign Affairs and its Subcommittees, Hearing and Mark up, Security and Economic Assistance to Pakistan (Washington, 1982), in Rashmi Jain; *US-Pak Relations 1947-1983* ((New Delhi, 1983), p.119.

³⁰ Ibid, p.97.

Chapter-4

Chapter-4

The Nuclear Deal

The origin of non-proliferation policy can be traced back to World War II. During the war it was crucial to prevent the enemy from acquiring the capability and the material that would enable to make nuclear weapons. The Manhattan Project was conducted in strictest security. World uranium resources were thoroughly controlled by the US and its allies. The heavy water plant in Norway, one possible source for a German nuclear weapon programme, was bombed and sabotaged by the Norwegian resistance.

After the war, efforts were made to bring nuclear energy and the spread of nuclear weapons under international control. The victorious powers agreed to established a UN Atomic Energy Commission (AEC). The United States put forward the Bunch Plan, based on the 1946 Acheson-Lilienthal Report, which is still the most far-reaching proposal in non-proliferation and nuclear disarmament ever made. The Bunch plan called for ownership and control of all sensitive nuclear material and facilities by an 'International Atomic Development Authority' which would also closely monitor all less sensitive nuclear research activities.¹

Non-proliferation of nuclear weapons has been an important goal of US foreign policy since the dawn of the nuclear age. After the failure of the Bunch plan, which would have abolished nuclear weapons and placed nuclear fuel cycle operations under international control, the United States adopted a policy of strict secrecy concerning nuclear technology. The limitations of this approach became visible after Soviet Union

¹ Harald, Muller., David ,Fischer and Wolfgang Kotter., *Nuclear Non-Proliferation and Global Order* (New York, 1994), p.14.

acquired nuclear weapons in 1949, followed by the United Kingdom in 1952, France in 1960, and China in 1964. An International regime was established, by the NPT to prevent further proliferation in 1968. But the NPT and the IAEA safeguards had imperfections from the beginning. A number of important non-nuclear weapons states refused to abide by the treaty. Also with passage of time, doubts grew about the ability of safeguards, the misuse of reprocessing and enrichment facilities for military purposes.²

The Importance of harnessing the atom for economic development was realized by Indian policy makers at the time of independence in 1947. In fact Homi Bhabha, the architect of India's nuclear programme, visualized the possibility of nuclear energy being used for civilian industrial use at a time when scientists in West were working solely on its military applications.³ When the power programme was launched, a key element in it was the emphasis on self-reliance. The programme was designed to be a major component of independent India's development of science and technology base.⁴

Nuclear Proliferation has become one of the major issues of international relations, ever since the end of the Second World War. Nuclear arms proliferation which was hitherto confined to superpowers gradually spread and then became a permanent feature of world politics. Nuclear proliferation in South Asia has drawn the attention since China joined the nuclear club and India was expected to do so. The Indo-American nuclear cooperation divide has a history of its own.⁵ The nuclear non-

² Quoted in Josef, A. Yarger., (ed.), *Non-Proliferation and US Foreign Policy* (Washington, D.C. 1980), p.1-2.

³ Brahma, Chellaney., *Nuclear Proliferation: The US- Indian Conflict* (New Delhi, 1993), p. 1.

⁴ Ibid, p.2.

⁵ Norman D.Palmer, *The United States and India: the Dimension of Influence* (New York: Praeger Publishers, 1984). p.236.

proliferation treaty (NPT) was signed on 1 July 1968, by sixty-two nations including three weapons states, (USA, Britain, and USSR).

The main features of the NPT are:

1. The NWS (Non-Nuclear Weapon States) pledge to work towards nuclear disarmament 'at an early date' (Article VI). The preamble to the NPT also refers to the negotiations of a CTBT as a desirable goal.
2. The free exchange of civilian nuclear technology is guaranteed (Article VI).
3. Access to benefits of the peaceful application of nuclear explosions is guaranteed (Article V). Although this technology is no longer taken seriously, it was at the time.
4. The right to establishment NWFZs (Nuclear Weapon Free Zone) as a complement, not an alternative, to the NPT is guaranteed (Article VII).
5. Regular review of the treaty will be held (Article VIII).
6. The right to withdraw under specified conditions on three months notice is retained (Article 10).
7. A Conference will be convened on the NPT 25 years after the Treaty comes into force, to decide on an extension of the Treaty (Article 10). This conference is scheduled to take place in 1995.

The NPT also contains provisions intended to constrain the horizontal proliferation of nuclear weapons.

1. The NWS undertake not to transfer nuclear weapons to NNWS or to help them in any way to acquire such weapons (Article I).

2. The NNWS (Non-Nuclear Weapon States) undertake not to make or acquire nuclear weapons (Article II).
3. The NNWS will submit all nuclear material in all peaceful uses to IAEA “International Atomic Energy Agency” safeguards (Article II).
4. All parties will transfer nuclear material and special nuclear plants and equipment to other NNWS only if the fissionable material produced will be under IAEA safeguards (Article III).

Lewis Dunn divides non-proliferation efforts into the three phases;

1. the prevention of the spread of nuclear weapons to region,
2. containment of that weapon in a region (and preventing its spread to other areas)
3. the management of the strategic consequence of proliferation

Until quite recently, American policy in South Asia had been to try to ‘prevent’ the acquisition of nuclear weapons by India and Pakistan. While many South Asian analysts have attributed this policy to a conspiratorial desire to contain or restrict the power of India and Pakistan, in reality it is rooted in deeply-held American National Security interest. Nuclear proliferation has been seen as troubling, they point out, not because of the number of new decision-centers it would produce, but subsequently increasing the risk of nuclear accident, nuclear threat, nuclear transfer, or nuclear war.⁶

Since the entry into force in March 1970, the treaty on the non-proliferation of nuclear weapons has been a cornerstone of international efforts to prevent the further spread of nuclear weapons. Successive US administrations have worked to achieve

⁶ Stephen, Philip, Cohen., *Nuclear Non-Proliferation South Asia: The Prospects for Arms Control* (United Kingdom, 1991). pp.16-17.

universal adherence to the treaty. With more than 150 parties, it has the largest number of adherents of any arms control agreement.

There were three major objectives cited for the pursuit of nuclear non-proliferation treaty.⁷

1. To prevent the further spread of nuclear weapons
2. to foster peaceful nuclear cooperation under safeguards and
3. To encourage negotiation to end the nuclear arms race with a view to general and complete disarmament (a goal added during the multinational negotiations on the treaty.

A major complaint of India about the NPT has been the discrimination inherent in three aspects have been identified both within the treaty and its implementation

1. The way the treaty appears to legitimize the fundamental difference between nuclear weapons and non-nuclear weapons states.
2. The co-equal distribution of burdens among the parties to the treaty which allegedly hamper access to civilian technology by non-nuclear weapons states.⁸

The NPT was not designed for bringing in total nuclear disarmament. It was basically instituted to inhibit and stop further proliferation of nuclear weapons.⁹ Every American administration, has professed a special commitment towards the attainment of nuclear non-proliferation. The diametrically opposite views of India and the US on the NPT led to a doubt in the US about Indian intentions and vice-versa. Will India maintained its unequivocal position against nuclear weapons proliferation? Although

⁷ Facts-sheet: "Nuclear Non-proliferation treaty", *US Department of State Dispatch*, 7 January 1991.

⁸ Harald Muller, *Smoothing the path of 1995: Amending the nuclear non-proliferation treaty and enhancing the regime* cited in John Simpson ed., *Nuclear-Proliferation: An Agenda for the 1990s* (Cambridge: Cup, 1987), p.126

⁹ Savita Dutt, "NPT and the Non-Nuclear Weapon States: Option and Non-Options," *Strategic Analysis*, January 1993, p. 913.

India was committed to the peaceful use of nuclear energy, India's geopolitical position and strategic compulsions had induced forcing it to keep its nuclear option open.¹⁰ The NPT issue perhaps emerged as the single most long standing issue of discord between the US and India. The persisting American and Indian variance over the NPT had a considerable impact on several aspects of their bilateral relations.

The three salient features that had continued to characterize US nuclear non-proliferation policy during the cold war years and that perhaps need to be corrected in this promising scenario of the post cold war included:

- (I) US non-acceptance of the inherent linkage between vertical and horizontal proliferation,
- (II) Ignoring the important linkage between nuclear proliferation and sales of conventional weapons; and
- (III) US proliferation concerns having been compromised for other security concerns.

Taking advantage of the compulsive disarmament thus had occurred following the disappearance of threats from the East West confrontation.

US non-proliferation policy is at a turning point. On the one hand, the United States is trying to keep the existing non-proliferation regime from being overrun by trends that it views as dangerous. And at the same time, the United States appears to be groping toward the creation of a new non-proliferation regime in cooperation with other nations.¹¹

The nuclear proliferation on discord between India and the US should be seen the backdrop of their cooperation in the civilian nuclear cooperation. Indo-US nuclear co-

¹⁰ Ibid, p.222.

¹¹ Yager., n.2, p.3.

operation started in mid-1950s not as a gesture of friendship but more as a necessity. American policy was influenced by President Eisenhower's "Atom for Peace" proposal. Under this proposal, the US agreed to sell India heavy water, a critical component for any nuclear reactor. But the real Indo-US nuclear co-operation (and conflict) started with the signing of an agreement "concerning the civil uses of atomic energy" in August 1963, which came into force in October 25, 1963.

Under the nuclear cooperation agreement of 1963, the United States sold India all the enriched uranium required for Tarapur Power Plant. The uranium was to be made available in accordance with the terms conditions and delivery schedules set forth in a subsequent contract between the two nations. As part of the agreement, India simply pledged that the US-supplied equipment and materials would not be used for nuclear weapons or for any other military purposes and could not be transferred outside the country without any American approval. However, the peaceful clause did not explicitly or implicitly prohibited the use of material or equipment for peaceful nuclear explosions of the kind that the US itself had conducted in its "Plowshare programmed."

Under the agreement, the United States agreed to sell nuclear fuel, in accordance with the terms & conditions and delivery schedules set forth in a contract to be made between two parties. Such contract of sale of enriched uranium was concluded in 1966 between the then US Atomic Energy Commission and the Indian Department of Atomic Energy. India and the United States concluded a trilateral agreement with the IAEA at Vienna in 1971, like the nuclear cooperation accord 1963 pact and the commercial fuel contract of 1966. Tarapur nuclear power plant commissioned a year behind schedule in

1969 with the US assistance had the distinction of being Asia's first commercial nuclear power plant.¹²

On the other hand, India had been suspecting the motives of the US with regard to the NPT. According to India, the US had been actively involved in championing the NPT worldwide, but had been constantly increasing or modernizing its own stockpile of nuclear weapons. The US position that it was doing so in its national interest and for maintaining the peace and security of the world was not convincing enough for India. The immediate fall out of the discord over the NPT was on the transfer of the US nuclear and related technologies to India. The suspension of supply of enriched uranium to India was the beginning of the US hostility towards India. The Nuclear Non-Proliferation Act (NNPA) was passed by the US congress in 1978, with the objective of preventing the export and sale of nuclear materials and technology.¹³

Invoking this act, the Carter administration suspended the supply of nuclear fuel for the Tarapur Atomic Power Station with a grace period extending up the expiry of three year grace 1981. By doing so Washington attempted to use its leverage with respect to those fuel supplies to compel New Delhi to full scope safeguards. The US NNPA had set two deadlines-one is relating to full scope safeguards and the second on renegotiating and rewriting existing agreements for cooperation. But as thing stood, India did not budge from its stand opposing comprehensive safeguards and rewriting of the 1963 agreements for cooperation. The matter worsened when the US government official pointed out that Pakistan was enriching uranium clandestinely beyond 90% which was only to be used as weapons grade fission materials. This report led to the declaration by

¹² Ibid.

¹³ *Weekly Compilation of Presidential Documents*, vol. 16, 23 June 1980, p.1138.

Charan Singh, the then Prime Minister on Independence Day that India would reconsider its policy renouncing nuclear weapons. If Pakistan continued its efforts to make the bomb.¹⁴

Mrs. Gandhi once back in power, who had very definite views about the value of a nuclear deterrent and the use of force in international relations, at a time of frustration for Washington at failing to entice India into the non-proliferation trap, therefore, created much application. The US government hunkered down for body blows to President Jimmy Carter's non-proliferation policy, in case India resumed nuclear testing and otherwise embarked on weaponisation.¹⁵

As Prime Minister saw a new era of confrontation with the US on nuclear policy. She even went one step forward in declaring that India would not hesitate from carrying out nuclear explosions in the national interest.¹⁶ Two common theme tied US legislative and executive branch actions on non-proliferation in the period from the 1974 Indian nuclear explosion up to 1980:

- (1) The need for tougher restrictions and safeguard control on export of nuclear materials, equipment and technology; and
- (2) An eagerness to help evolve an international institutional response to the challenges of proliferation.

Indira Gandhi sent a signal to the US loud and clear indication that India could not accept the continued delay and uncertainty over the fuel. Meanwhile, some important

¹⁴ *Prime Minister's Independence Day Speech*, 15 August 1978, *Official Text* (New Delhi; Press Information Bureau).

¹⁵ Bharat, Kumar., *Nuclear Weapons & Indian Security: The Realist Foundation of Strategy* (New Delhi 2002), pp. 344-345.

¹⁶ *U. S. Senate Committee on Foreign Relations; Tarapur Nuclear fuel Export*, 15 September 1980 (Washington D. C., U. S. Government Printing Press, 1980), p.3.

international events took place which compelled the US executive to issue license relating to nuclear exports. With the Soviet military intervention in Afghanistan and the rising tensions in the Persian Gulf, the US could not have afforded a “political breakdown” in the relations with India. After all, the US continued its military aid to Pakistan on similar ground, despite concrete evidence of nuclear weapons programme in Pakistan.

The sharp reactions in the Congress and the Republican Party’s election platform plank in 1980 that there could not be any more supply of US uranium fuel to India induced New Delhi to mount pressure on Washington by announcing publicly plans to reprocess the Tarapur spent fuel without US consent.¹⁷

India had all along expressed its right to reprocess the fuel if the US reneged on its fuel-supply commitments. According to P.R. Chari, “Article 60 of the Vienna Convention on the law treaties provides that bilateral treaty may be terminated or suspended...should a material breach in its terms be committed by the other party. Further, Article 27...expressly prohibits a party to a treaty from invoking the provisions of its international laws as an excuse for failure to perform treaty obligations. The US insistence on seeking additional undertaking to supply enriched uranium, under threat to abrogate the TAPS (Tarapur Atomic Power Station) agreement, is legally untenable.”¹⁸ In effect, what India claimed was that it was free to the spent fuel reprocessing without waiting for a “joint determination” or a final termination of the 1963 agreement for cooperation if the US would violate the agreement. Now the fuel supply issue had come

¹⁷ *New York Times*, 5 February 1981.

¹⁸ Yarger., n.2 p.133.

to a point where India believed that both countries should seek an amicable nuclear divorce.¹⁹

The impression that Reagan, unlike Carter, might not be seriously interested in non-proliferation was also a result of his naïve remark at Jacksonville, Florida, before he assumed office that “I just don’t think it’s any of our business.” The Reagan’s non-proliferation policy had certain continuity with the approaches of previous administrations, especially in treating non-proliferation as a “fundamental US national security and foreign policy objective.”²⁰ He was, however, a great Cold Warrior. He put everything behind the over-riding concern of fighting the “evil empire.”

President Reagan and Prime Minister Indira Gandhi wanted to scrap what had become a contention filled agreement. Both sides wanted what the then External Affairs Minister P.V. Narshima Rao called it a “decent burial”. The stage had been set in Washington for an “amicable” accord on fuel supply between Reagan and Mrs. Gandhi, who had struck a personal rapport during the first meeting at Cancun. The exact terms of the compromise settlement apparently had already been worked out before Mrs. Gandhi, arrived in Washington.

In order to have an “honorable divorce” the officials of the two countries worked hard and after three rounds of negotiations finalized a deal during Mrs. Gandhi’s official visit to Washington in July 1982. Although Indian officials remained tight-lipped on how far the government would go to seek a compromise settlement, clear indications emerged before the Prime Minister left New Delhi that India had accepted the concept of an alternative fuel supplier. This opened the way to a resolution of Tarapur crisis. The

¹⁹ *Washington Post*, 4 February 1981.

²⁰ Chelleany, n.2, p.115.

dispute had been souring bilateral relations, and the decision to seek a compromise settlement was a calculated political move by Mrs. Gandhi and Reagan to improve ties between the world's largest democracies.²¹ It was announced that the two governments, after consulting with the government of France had reached a solution which envisaged the use of French-supplied low enriched uranium at Tarapur, while keeping the 1963 agreement for peaceful nuclear cooperation in effect in all other aspects, including provisions for IAEA safeguards. This announcement was followed by the signing of an accord between India and France, which was signed in November 1982. Under this agreement France pledge to sell 20 tones of low enriched uranium to Tarapur every year until October 1993.

The deal represented a major step in ending the acrimony and bitterness over the fuel supply arrangements since the Pokhran I explosion of 1974. The US managed to get around the NNPA and the legislation's requirements for full scope safeguards without losing out on safeguards at Tarapur. According to George Perkovich, Ronald Reagan and Mrs. Gandhi "finally put rancorous Tarapur issue to rest announcing that France would replace the United States as the supplier of reactor fuel and India would continue to safeguard the plant. The Reagan Administration had managed to bypass the Nuclear Non-Proliferation Act's (NNPA) requirement for safeguard on all of India's nuclear facilities, whole India had relaxed its defiant position that the end of US supply should mean the end of all Indian obligations. the two sides agreed to disagree on whether India must receive US permission to reprocess sent fuel from Tarapur, tabling the problem for further discussion. The deal signified Indian pragmatism in the face of American Congressional coercion. As Harry Barnes put it, "We had no argument going to get you

²¹ *ibid*, p.135.

anything?" Higher Indian interest prevailed and enabled both sides diplomatically to get around the obstacle of single issue (non-proliferation) Congressional sanctions.²²

The conflict between the US and India on non-proliferation was not been restricted to nuclear issues. It was extended to other security linked technology areas. The US worked assiduously to prevent the diffusion of key technologies to major Third World countries, including India. India headed the US list of proliferation countries mainly because India had already demonstrated its capabilities to build nuclear weapons and same delivery system. Technology controls thus brought the world's two largest democracies into conflict, largely on the ground of non-proliferation.

The US has been leading the non-proliferation regime in controlling the flow of advanced Western technology of the Third World countries. Coordinating Committee of Multilateral Export Control (COCOM), the Nuclear Non-Proliferation Treaty. The London club, the Missile Technology Control Regime and the Australia group (a consortium of supplier nations aimed at deterring the spread of chemical weapons capabilities) are some of the US-led structures for technology denial. India was denied high technologies on the ground that it might lead to proliferation. But most high-tech technology is of dual-use and of vast industrial and economic use.²³ It thus adversely affected India's economic and industrial growth as well. In 1985, the US declined to sell the Cray XMP-24 super computer to India expressing nuclear proliferation concerns. .

India was criticized of the US approval to towards nuclear proliferation on the following sources:

²² George, Perkovich., *India's Nuclear Bomb: The Impact on Global Proliferation* (New Delhi, 2000), P. 341.

²³ *International Harold Tribune* (Singapore), 13-14 April 1994.

1. India some times more than the United States was committed to non-proliferation of weapons of mass destruction.
2. India's security was adversely affected by both the Chinese and Pakistani nuclear weapon capability and Sino-Pak cooperation on WMD programmes. The situation of nuclear symmetry, in fact, placed Indian security interests in serious jeopardy.
3. The proliferation of ballistic missiles felt India with no option but to develop its own missile capability to provide an effective defense through strategic deterrence.

The Reagan Administration's nuclear policy made a departure from Carter's nuclear policy initiatives. Reagan's policy sought to build confidence in US as a credible supply of technology for civilian application contrary to Carters policy. The Reagan administration believed that there was no technical solution to proliferation and that only a political solution to the problem was practical. Recognizing that proliferation risks exist in every fuel cycle it did not seek to inhibit the growth of the much dreaded pollution economy or even civil reprocessing and breeder programmes in nations with advanced nuclear programmes.²⁴

²⁴ *The Times of India* (New Delhi), 18 July.

Chapter-5

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Conclusion

The US relations with India have been largely guided by its global policies and mostly by regional factors. India often resented that the United States had subordinated its bilateral relations to its regional, extra regional and global considerations. It was generally felt in India that the United States had not given sufficient recognition to India's position and importance and was hardly sensitive to views and interests. Rather, it tried to down grade India during the Cold War and tended to regard India merely as non-aligned country supportive of the Soviet Union. The US inclination to equate India with its sub-continental rival Pakistan, a lesser power in almost every aspect, was resented the most in India.

Moreover, India often tried to invoke moral values, norms, and ideals in its foreign relation, whereas the United States adopted realist policies. India's resistance to the post-1945 world order was particularly manifest in its discordant relations with the US. The US concern was the containment of Communism, whereas India remained pre-occupied with social and economic development and maintaining national unity. India sought to play a significant world role that served its domestic and regional interests and was in keeping with its potential power and civilization characteristics. India's view differed vastly from those of the US, as New Delhi advocated non-alignment rather than alliance politics to promote peace and stability.

India's non-alignment was thus in pursuance of the desire of an emerging regional power with an ambition to play a global role. Consequently, it often disagreed with the

American policy of building alliances against International Communism. India and the US differed on host of political, economic and security issues during the Cold War.

Political relations between India and USA were rarely very cordial during the Cold War. But the situation was different during the eight years Ronald Reagan occupied the oval office in the White House. The two terms of the Reagan presidency saw a gradual warming of ties between Washington and New Delhi,

One can say that Reagan period was a turning point in Indo US relations. It is important to note that Ronald Reagan became the president of United States soon after a round of Cold War began in the wake of Soviet military intervention in Afghanistan. Ronald Reagan had presented himself as a leader who would fight to the finish, the even empire ruled by the Soviet Union. In this context it was expected that his policy towards India, which was perceived as a close friend of Soviet Union would be generally hostile. However, as it turned out the Reagan Administration followed a policy of engagement towards India. It also happened that Reagan's victory in 1980 US presidential election, almost coincide with the Indira Gandhi's victory in Indian general elections. Indira Gandhi, after re-emerging as the Indian Prime Minister in the back draft of the unfolding crisis in Afghanistan, also desire a more friendly relationship with the United States. May be because of the fact—which US could have hardly overlooked India in her South Asia policy. We can analyze Reagan period by looking at two distinct leadership in India

Even before Ronald Reagan took office, the Indian Prime Minister signaled her interest to better relations with the US. Indira Gandhi in line with her underlying desire for cooperative relations with Washington decided to avoid political confrontation with the US. Mrs. Gandhi's friendly attitude towards the United States had a positive impact

on the White House. Washington was in a way surprised to find Indira in person different from her earlier image as a “haughty anti-American moralist.” During her visit to the US in 1982, Indira Gandhi expressed her to clear misconceptions in the US about India and builds a positive image of the country. Mrs. Gandhi’s friendly visit was to clear up misconceptions and to ease the misunderstanding of the last decade and the negative image in that country, that India was completely Soviet camp follower, President Reagan, after meeting with Indira himself noted, “India and the United have reached a point where we can pursue a mature and constructive relationship based on the values and interests, we share rather than our points of differences.” Similar views were expressed by Mrs. Gandhi as well. One of the major achievements of Reagan Indira meeting was resolution of the festering crisis over American fuel supply to Indian Tarapur Power Plant. The enactment of domestic legislation by the US congress on nuclear non-proliferation matters had created a legal hurdle for continued supply of fuel to Tarapur Power Plant under the 1963 Indo-US agreement. President Ronald Reagan, after negotiating with India devised a new means to solve the problem. France was designated to supply fuel to Tarapur Power Plant. Announcement of this issue was made desiring Indira’s trip to the United States. Indira Gandhi’s visit was largely successful in the following areas:

1. President Regan named 1985 as “the year of India,” A mammoth Indian art and culture exhibition was planned to be organized in the United States.
2. President Reagan and Mrs. Gandhi launched an initiative for science and technology cooperation.

The STI marked a distinct and positive shift in the US-India scientific and technological cooperation, both procedurally and substantively. For the first time ever, the scientific cooperation was placed under the White's House Office of Science and Technology Policy. In fact, the most outstanding benefit of the visit by Indira Gandhi to the US was the establishment of a blue ribbon panel of eminent scientists from both countries to determine priority areas of collaboration. The panel sent the final set of recommendations for approval to Prime Minister Indira Gandhi and President Reagan in January 1983. The same year a new fast track program known as Science and Technology Initiative (STI) was jointly established for an initial period of three years to enhance S&T collaboration in areas of Agriculture, Health, Monsoon Research, Biomass Research and Engineering and Solid State Science. The National Science Foundation (USA) and the Department of Science and Technology (India) were identified as nodal agencies to implement the program, which operated on cost sharing basis. This programme was christened as Gandhi-Reagan Science and Technology Initiative. Main objective of STI, however, was to advance the frontiers of scientific knowledge. It was also designed to serve as a catalyst to increase the collaborative efforts between India and the US in Science and Technology. For India, moreover, the desire for better technology was not simply a matter of rebuilding political ties with the US, but, for improving its domestic economy. Indira Gandhi also recognized that the US for its part also had less political motivations and more commercial reasons for building science and technology relations with India. Thus, it was a mix of motives on the part of India and the US that pushed the high technology relationship forward.

The Reagan Administration pursued a policy of engaging India in midst of its intense Cold War with the Soviet Union in the Afghan theater. President Reagan's dialogue with Prime Minister Indira Gandhi first in Cancun at Mexico and a later in Washington during her visit to US could become considered as part of Ronald Reagan. This policy was further reflected in US Secretary of State George Shultz's visit to India in July 1983. As a matter of fact Shultz was the highest level American to visit India in several years. Among other things, the Secretary of State held high level talks to resolve certain left over issues related to Tarapur Nuclear Power Plant. Shultz reportedly assured India that the US would continue to provide certain spare parts to the nuclear power plant. The Reagan Administration came under sever criticism for this. *The New York Times*, for example, called the decision "not only a gift but a giveaway" and described it as appeasement of India. The crucial assassination of Prime Minister Indira Gandhi in October 1984 had no adverse impact on Indo-US relations. The rise of young Rajiv Gandhi, son of Indira Gandhi, as India's next Prime Minister in a gave further momentum to improving ties between India and US. The Reagan Administration was happy over a young and dynamic leader at the helm of Indian administration. Washington wanted to encourage and support Rajiv Gandhi's dream of turning India into a society of high and advanced technology. India and the US soon signed MOU on transfer on technology.

In May 1985, Ambassador Barnes and Foreign Secretary Romesh Bhandari, signed the MOU implementation agreement to quicken the process. US Commerce Secretary Malcolm Baldrige soon predicted a large increase in US computer sale and cooperative technology agreement with India. Also in May, the Pentagon's Under Secretary for Policy, Dr. Fred Ikle, visited India. Ikle explored the possibility of technical

cooperation in India's development of next generation fighter aircraft, the so called Light Combat Aircraft (LCA). Ilke also discussed ways to speed up processing of Indian applications for exports of defense related equipment, at the same time stressing Washington's concerns that India's system of internal controls needed strengthening to prevent diversion of items to the Soviets.

In June 1985, a month after the signing of the MOU implementation agreement and Ilke's India trip, Prime Minister Rajiv Gandhi made an excellent impression on his American hosts during an official visit to Washington. He met President Ronald Reagan and other senior officials of the administration and also addressed the US Congress on Capital Hill. During his visit, US Vice-President George Bush accompanied Prime Minister Rajiv Gandhi on a trip to the NASA Space Center at Houston, Texas, and the two reportedly developed friendly personal ties. After this positive visit, the challenge before Rajiv Gandhi and Ronald Reagan was to put more substance into the bilateral relationship. In the US State Department's view, this meant implementing the MOU in a way that demonstrated to India and also to the Washington bureaucracy that the Reagan administration was serious about making advanced technology available to India. In the mid-1985, the test of credibility came in US willingness to provide a highly sophisticated Cray Super Computer model XMP-24 to the Indian Institute of Science to help the country's weather research program. India expressed interest in procuring the General Electric 404 engine for its next generation fighter. Used in F-18, the GE 404 was one of the most advanced US aircraft engines. Early approval in principle by the Pentagon and the White House for its sale to India was a tangible sign of the more forthcoming US stance on security cooperation with India. Another success was obtaining legislation to

set aside \$100 million from the dwindling pool of PL-480 rupees to fund science-technology, and educational programs in India. The visit of US Secretary of Defence Weinberger to India was yet another landmark in Reagan's engagement strategy towards India.

While he discussed US cooperation in Indian defense production, Weinberger was upbeat about the possibility of proceeding with the sale of the Cray Supercomputer and the GE-404 engine. A few days later, the Secretary of Defense was in Pakistan. He announced that the United States was in favor of providing Pakistan with the Boeing 707 Advanced Warning and Control System (AWACS). It suddenly raised the political temperature in India. New Delhi argued that the AWACS would be of limited use against the Soviets, were not needed against the Afghans, but would be enormously helpful against India. Indian Foreign Secretary A.P. Venkateshwaran warned Washington "that providing the AWACS would trigger a "very destabilizing" arms race in South Asia. It would lead to heavy Indian expenditures on defence to match Pakistan's new capabilities. In the US Senate, John Glenn of Ohio and others urged the Reagan Administration to go slow on AWACS unless Pakistan provided firmer assurances that it was halting its nuclear program.

In March 1987, the Reagan administration after much delay-finally decided on a compromise solution. It would approve the sale to India of a Cray model XMP-14 computer which had less capability than the Cray XMP-24 India wanted. US specialists asserted the Cray XMP-14 could do sophisticated weather research work but lacked the code cracking capabilities that aroused national security concerns. The decision disappointed India. The Reagan administration had raised "high expectations and then

renege” by providing the Cray XMP-14 rather than the more powerful Cray XMP-24. As India’s Minister of State for External Affairs Natwar Singh put it during an April 1987 visit to Washington, US-Indian relations were like the titles of two novels of Charles Dickens, *Great expectations* and *Hard Times*. New Delhi toyed with the idea to reject the US offer. Foreign Secretary Venkateshwaran urged Prime Minister Gandhi to accept it, arguing that it was in India’s interest to buy the XMP-14 in order to gain entry into the US high technology market. In the end Rajiv Gandhi accepted this reasoning and approved the purchase of the XMP-14.

In the fall of 1987, Rajiv Gandhi after attending the United Nations session, made his second time official visit to Washington. The trip underscored Rajiv’s belief that expanded dialogue was useful despite continuing policy differences. During the visit, Rajiv confirmed his decision that India would accept the Cray XMP-14 Supercomputers. Reagan and Rajiv also agreed to expand defense cooperation between the two countries.

Pointing to the US-Indian defense cooperation, Prime Minister Gandhi stated “we have seen progress on that confidence- building exercise. “We have completed everything, we had targeted to do. Now we have to start a new phase.” Gandhi acknowledged “ups and downs” and “differences” between India with US, but also saw a “very substantial improvement relations.”

In the backdrop of growing Indo-US understanding over security issues, the Reagan Administration also appeared pleased over Rajiv’s efforts to improve ties with Pakistan; despite Islamabad’s continued intervention in the politics of the Punjab and Kashmir. Moreover, when India launched “Operation Cactus” to protect the elected government of Maldives from terrorist threats, US envoy John Gunther Dean declared,

that India was now “the biggest kid on the block and she’s beginning to feel her oats.” The United States appeared cautious about reacting publicly to India’s increased assertion of power, a development which caused worry and suspicion among India’s sub-continental neighbors. An important backdrop for the gradual improvement between Washington and New Delhi was the changing and less confrontational US-Soviet relationship as Gorbachov’s policy of perestroika took hold. Increasing signs of Moscow’s willingness to be out from Afghanistan was an added advantage. On the margin of US-Soviet talks, Rajiv let the Moscow know that India also wanted Moscow to leave Afghanistan and occasionally served as an unofficial channel between the United States and Soviet Union.

The basic policy differences between the US and India continued and a legacy of mutual distrust remained. Despite skepticism about how far the improvement in relations could carry, however, neither capital gave up the effort. During Reagan years high-level US-Indian dialogue greatly increased. The Vice President, Secretary of State, two Secretaries of Defense, and three other US cabinet members visited India. Indira and Rajiv paid Reagan three visits to Washington, mutual understanding increased at the top levels of government. Both the United States and India seemed more realistic about what they could and could not expect from each other. Reagan-Rajiv period was also somewhat tense due to differences over NPT, arms transfer to Pakistan etc. But the efforts to improve Indo-US relations did not cease.

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