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THE UNITED STATES, INDIA, AND SOUTH ASIA: INTERESTS, TRENDS, AND ISSUES FOR CONGRESSIONAL CONCERN

PREPARED AT THE REQUEST OF THE

SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS

COMMITTEE ON INTERNATIONAL RELATIONS

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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., August 11, 1978.

This study was prepared by the Congressional Research Service, Library of Congress, at the request of Hon. Lester L. Wolff, chairman of the Subcommittee on Asian and Pacific Affairs.

The findings expressed are those of the Congressional Research Service and do not necessarily reflect the views of the members of the Committee on International Relations.

CLEMENT J. ZABLOCKI,
Chairman, Committee on International Relations.

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS,
Washington, D.C., August 11, 1978.

The following study, "The United States, India, and South Asia: Interests, Trends, and Issues for Congressional Concern," has been prepared by Dr. Richard P. Cronin, Foreign Affairs and National Defense Division, Congressional Research Service, in response to a request from the Subcommittee on Asian and Pacific Affairs.

Dr. Cronin's report served as a guide in planning the subcommittee's recent study mission to Asia and the Pacific, and is being published in conjunction with the release of the study mission's report: "Prospects for Regional Stability in Asia and the Pacific."

Dr. Cronin's study is the first broad review of the relationship of the United States with India and other countries of the South Asia region to have been conducted under congressional auspices in several years. The study takes into account a number of significant developments that have occurred in recent years, including the emergence of India as the dominant regional power, the restoration of democracy in India in March 1977, the subsequent changes in India's foreign and domestic policies, the recent crisis in Pakistan's political system, and developments of potential importance to the United States in other countries of the region.

The study highlights the key importance of India's new status as the clearly dominant regional power and its aspirations for major power status. It takes note of several other developments of potential importance to the United States, including recent improvements in India's economic situation (due in large measure to 3 years of good weather); its growing military self-sufficiency; an apparent lessening of India's military ties with the U.S.S.R.; a more evenhanded attitude toward issues between the United States and the Soviet Union; and the potentially significant growth of Indo-Iranian economic ties. The report also addresses the important question of the nuclear policies of India and Pakistan, and the current issue of continued nuclear cooperation between India and the United States.

While primarily focused on India, the study also addresses issues concerning the uncertain political situation in Pakistan and the related deterioration of that country's economic situation, the issue of remaining U.S. military ties with Pakistan, and questions of U.S. development assistance and humanitarian food aid programs in all countries of the region.

The study's findings include both positive and negative signs for

the future of the region and for U.S. interests. On the positive side, there now appears to be a good opportunity for a significant lessening the emnity between India and Pakistan that has hindered the development of the region and has, in the past, facilitated the intrusion of outside powers into the region and at several points raised the specter of a wider armed conflict. The study also takes note of some recent positive signs for regional economic progress. On the other hand, the development programs in all countries of the region have serious problems, and the countries have not uniformly capitalized on the past 3 years of relatively good monsoons. The immediate danger of political fragmentation is present in Pakistan, with potentially serious consequences for the region as a whole, and enormous long-term problems remain in all countries regarding food, nutrition, medical care, education, and other human needs.

While the findings of Dr. Cronin's report are those of the author and do not necessarily reflect the views of the subcommittee or the study mission, the subcommittee believes that this study is a timely and thought-provoking assessment of U.S. policy toward India and South Asia, and wishes to express its appreciation to Dr. Cronin for his efforts.

LESTER L. WOLFF,
Chairman, Subcommittee on Asian and Pacific Affairs.

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SUMMARY

The salient feature of the evolution of South Asia during the past few years has been India's emergence as a significant economic and military power as well as the dominant power in the subcontinent, and a related decline in India's previously close economic and military ties with the Soviet Union. Since the 1971 India-Pakistan war, India has steadily widened the always sizable gap between its power and resources and those of its subcontinental neighbors. During the past year this process has accelerated due to continuing favorable economic trends in India and the political breakdown and related economic deterioration of Pakistan.

Considerable disagreement exists on the significance for the United States and implications of these changes in the South Asia regional system. India has always constituted an enigma for the United States, in large part because of the contrast between recognized achievements and capabilities, on the one hand, and seemingly insoluble problems—in Western terms—of poverty, backwardness, and inequality on the other. Moreover, due to the peripheral nature of the South Asia region to predominant U.S. policy concerns, India's recent achievements in consolidating its dominant position in the region, in expanding agricultural production and exports of manufactured goods, in reopening diplomatic ties with China, and in restoring a democratic political system are not automatically perceived as elevating India's relative importance to the United States. For similar reasons, recent developments in other South Asian countries have attracted only intermittent attention.

The following study assesses U.S. interests in the South Asia region, current trends, and plausible developments of importance to the States. It identifies important policy choices for the United States concerning India and South Asia, broader issues relating to U.S. interests in the Indian Ocean area, and schools of thought on these issues. The study is based upon U.S. Government publications, including recent economic reports and congressional documents, newspapers, scholarly publications, and telephone inquiries and interviews with U.S. officials and foreign diplomatic representatives.

Some of the more significant findings of the report and implications for U.S. policy toward South Asia are summarized below:

Regional Trends

(1) The most important development in the region has been India's emergence as a significant middle power with great power aspirations and its clear regional dominance. This phenomenon extends beyond the simple fact of Pakistan's bifurcation in 1971. It is based more broadly on India's relative political stability, its active and generally

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astute foreign policy, and the continuing political and economic malaise in Pakistan and Bangladesh.

(2) A potentially very significant development has been the emergence of growing ties between the countries of South Asia on the one hand, with their relatively large pools of scientists, technicians, and skilled workers, and important untapped resources; and the oil exporting countries of Southwest Asia on the other hand. This phenomenon is most striking in the case of Indo-Iranian economic relations, which have burgeoned since the 1973 OPEC price increases, but it is also significant in respect to economic relations between Pakistan, Bangladesh, and Afghanistan and the oil-producing states of the Persian Gulf region.

(3) The main threats to the stability and welfare of the region are lagging rural development and continuing political instability based on ethnic, linguistic, and other manifestations of regional diversity and imperfect national integration. These problems are most acute in the cases of Bangladesh, Pakistan, and Sri Lanka, but are also a basic factor in India as well. In descending order of relative severity, Sri Lanka, Bangladesh, Pakistan, and India remain food-deficit countries, with widespread dificiencies in nutrition and per capita caloric intake. Only India has been capable of accumulating significant stores of foodgrains during the past 3 years of good to excellent weather, though even in that country 2 successive years of unfavorable monsoons could drastically reverse the current favorable position.

U.S. Relations With the Subcontinent

(1) Many observers perceived the March 1977 elections and the victory of the Janata Party as a gain for U.S. interests and a setback to the U.S.S.R.[1] The end of the state of emergency and the demise of Mrs. Gandhi's government certainly brought about more harmonious relations between India and the United States. It is not clear that the change of government ushered in any fundamental change in India's economic policies or altered its basic external policy of "nonalinement," although the inconsistency of close military ties with the U.S.S.R. seems to have been removed. The new government has eliminated the previous anti-U.S. tone from India's foreign policy and has indicated greater interest in broadening India's sources of foreign technology and military hardware.

(2) In recent years, but especially since the March 1977 elections, India has entered into a closer dialog with the United States regarding international economic issues. India shares a number of interests with the more industrialized countries, and it has been meticulously businesslike in honoring its international financial obligations. Notwithstanding its significant degree of industrialization, however, India continues to behave generally as a Third World state with regard to its economic relations with the industrialized West.

(3) Potentially, India shares several U.S. Indian Ocean security interests, including the security of shipping lanes, free transit of warships, and depending on U.S. naval strategy in the region, a minimum

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[1] Secretary of Defense Brown, in his January 1978 annual report to the Congress, asserted that the U.S.S.R. had been "set back" in its relations with India; Department of Defense Annual Report, Fiscal Year 1979, p. 2. The change in government in India and better Indian relations with Iran and China were also seen as a disappointment to the U.S.S.R. by Donald S. Zagoria, "The Soviet Quandary in Asia," Foreign Affairs, January 1978, pp. 306–323.

Soviet naval presence.[2] A considerable factor for India is that it perceived a military threat from the U.S. Navy during the 1971 Indo-Pakistan War, whereas it relied, of necessity, on the Soviet Union as the ultimate guarantor of its security against outside intervention. Both India and Iran, the most important military powers on the Indian Ocean littoral, see a growing role for their own navies as an integral part of the diminution of external naval influence implied in the "zone of peace" concept.

(4) Good relations with India would probably be difficult if the United States chooses to maintain a substantial permanent naval force operating out of Diego Garcia. On the other hand, the current announced ambitions for the Diego Garcia facility—that is, communications site, fuel storage facilities and an airstrip—can probably be accommodated in a good U.S.-India relationship, so long as other aspects of U.S. relations with India are favorable.

(5) Despite the general enhancement of Indo-U.S. relations most observors see continued good relations between the United States and other countries in the region as important. U.S. food aid to Bangladesh, it is argued, helps forestall a food catastrophe and contributes to the stability of the country, thus deterring the development of a "power vacuum" and opportunities for adverturism on the part of other powers including India. The options of the United States with regard to Pakistan are currently limited by the continuing political crisis in that country, but the United States and Pakistan's neighbors in the Persian Gulf retain an interest in its independence and territorial integrity. Pakistan's sense of insecurity and weak institutional base, which arise out of its geographic position and internal ethnic tensions, pose one of the most difficult problems for U.S. policymakers. For the foreseeable future good relations with Sri Lanka would not appear to impinge on U.S. relations with any other country in the region. The U.S. relationship with the new leftist regime in Afghanistan remains unclear at this time.

Issues for the United States in South Asia

(1) The broadest issue for the United States in South Asia would appear to be that of the extent to which the United States should follow a "laissez-faire" policy in regard to the resolution of intraregional disputes and encourage India's aspirations for regional leadership and major power status. Currently there is little evidence that India intends to abuse its regional dominance, and aside from the internal strife in Pakistan and uncertainties arising out of the leftist coup in Afghanistan, the prospects for peace in the region are probably better than any time in the last 30 years. Nevertheless, in view of the still operative mutual security pact with Pakistan and that country's close ties with China, any Indian pressure on Pakistan or interference in its internal affairs would raise awkward questions about U.S. policy.

(2) The question of large-scale economic assistance to South Asia or elsewhere) remains an emotion-laden issue in the United States.

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[2] In general, the Janata Government has been more evenhanded and more softspoken in carrying out the longstanding policy of opposing the presence of the superpowers in the Indian Ocean. The Janata External Affairs Minister, Atal Bihari Vajpayee, recently found it necessary to defend the Government against charges in the Lok Sabha (lower House of the Indian Parliament) by a Congress Party Member that India had "tilted" in favor of the United States on the issue of the superpower presence in the Indian Ocean. Mr. Vajpayee reiterated India's opposition to all foreign bases in the region and said that the Ethiopia-Somalia conflict should be settled bilaterally and without the use of force. He also said that while India continued to adhere to the policy of opposing all foreign bases in the Indian Ocean, including the U.S. facility at Diego Garcia, the objective of eliminating military bases could only be achieved by discussions between the United States and U.S.S.R. India Express (U.S. publication of the Young India Forum), Mar. 11, 1978, p. 1.

The more ambitious aims of some developmental specialists would not appear to have much chance of public support. On the other hand, aside from the possible demand for emergency humanitarian aid in the future, most observers see the issue of bilateral external assistance as less crucial than development strategies in the aid-receiving nations. Moreover, the United States is now only one of several possible sources of external assistance, a situation unlike that prevailing at the inception of the postwar aid programs.

(3) A potential issue is that of arms sales to India. Recently Inida has shown itself anxious to reduce its remaining dependency on the Soviet Union for military technology by diversifying its sources of supply. This includes indications that India may be interested in U.S. military technology and the purchase or license production of U.S. equipment. While the United States has an obvious interest in seeing India diversify its sources of foreign weapons and technology, American arms sales to India would run counter to past and current proclaimed policy regarding arms exports to the Third World and would exacerabate U.S. relations with Pakistan.

(4) The nuclear issue may well prove to be the most significant source of friction between India (and Pakistan) and the United States. Despite some optimism expressed by administration spokesmen and a possible temporary accommodation on the question of U.S. fuel supplies for India's Tarapur atomic power station, certain fundamental conflicts exist between U.S. nonproliferation objectives and India's policy regarding demands for international safeguards on its nuclear activities. These problems became more serious with the passage of the Nuclear Non-Proliferation Act of 1978 which, among other things, requires the renegotiation of the existing agreement to supply fuel for the Tarapur power station. The renegotiation must seek the application of International Atomic Energy Agency (IAEA) supervision of all Indian facilities, including current "unsafeguarded" facilities of indigenous construction, and controls on the reprocessing of spent reactor fuel and other safeguards. Prime Minister Desai has indicated that India considers these terms tantamount to signing the Non-Proliferation Treaty, which India considers "discriminatory" so long as the weapons powers do not cease nuclear testing and reduce their own warhead stockpiles.

Even if it forgoes the weapons option, as now seems a reasonable possibility, India has the capability to negate certain U.S. nonproliferation objectives. On the other hand, however, India's option to do without U.S. enriched uranium is limited by continuing problems in its nuclear programs; limited financial resources; and the insistence of other nuclear suppliers, including the U.S.S.R., that IAEA safeguards be enforced on nuclear materials and technology exported to India.

The U.S. Congress recently let pass an opportunity to stop the export of low-enriched uranium to India during the "grace" period allowed under the Non-Proliferation Act for the renegotiation of the existing Indo-United States nuclear cooperation agreement. The adverse foreign policy and potential proliferation consequences of a unilateral U.S. termination of cooperation appeared to weigh more heavily in the minds of many Members of Congress than the proliferation risk of the shipment of uranium in question. However, both the short-term outlook for continuing fuel shipments during the 18-month "grace" period allowed for renegotiating U.S. nuclear cooperation agreements and the long-term outlook for continued Indo-United States nuclear cooperations remain uncertain.

INTRODUCTION

South Asia claimed an unusual amount of attention in the United States during the past year. The March 1977 elections in India, which brought about an abrupt denouement of the emergency and the end of 30 years of Congress Party rule; the progressive breakdown of the political system in Pakistan; and the democratic but violence-marred change of government in Sri Lanka; all served to produce an exceptional amount of interest in the subcontinent and, if only indirectly, to call attention to some fundamental changes that have occurred in the region since the 1971 India-Pakistan War. These changes have been of a magnitude sufficient to prompt a reappraisal of U.S. policy toward the subcontinent and toward India in particular. The President's January 1978 visit to India, as part of a wider program of meetings with heads of state and parliamentary leaders in key countries in the Middle East and Europe, was the most recent and perhaps most significant indication of a revaluation upward of India's importance to the United States.[1]

The salient feature of the evolution of the subcontinent during the last years has been India's emergence as a significant economic and military power as well as the dominant power in the subcontinent, and a related decline in India's previously close economic and military ties with the Soviet Union. Since the 1971 Indo-Pakistan war, India has steadily widened the always sizeable gap between its power and resources and those of its subcontinental neighbors. During the past year this process has accelerated due to continuing favorable economic trends in India and the political breakdown and related economic deterioration of Pakistan.

Having finally achieved the ascendancy that had long eluded it, India sought a wider recognition of its new status, including treatment on the basis of equality by the major powers.[2] Soon after the 1971 war, India moved both to establish a more "normal" relationship with the truncated State of Pakistan and to solidify its relationship with the new State of Bangladesh.[3] Mrs. Gandhi's government continued to upgrade the country's military forces and its indigenous defense production capacity, while at the same time steering clear of any permanent alliance with the Soviet Union. In 1974 India attracted the attention of the major powers in a dramatic way through the underground explosion of a nuclear device.

During the same period India attempted with some success to put its economic house in order. This effort was necessitated by the

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[1] While various interpretations have been given to the trip, including the desire to signify satisfaction with the restoration of democracy in India and the President's wish to meet personally with Prime Minister Desai to discuss important bilateral questions such as the nuclear nonproliferation issue, it is reasonable to also view the trip as indicative of an upward reevaluation of India's significance to the United States.

[2] This theme is articulated in detail in Baldev Raj Nayar, "Treat India Seriously Foreign," Policy, Spring 1975, pp. 133–154.

[3] India provided large-scale economic assistance to Bangladesh and was for a period the largest foreign aid donor. Myron Weiner, "Critical Choices for India and America," in Donald C. Hellmann (ed.), Southern Asia: the Politics of Poverty and Peace. (Critical Choices for Americans, vol. 13). Lexington, Mass., D.C. Heath & Co., 1976, p. 54; U.S. Agency for International Development; Development Assistance Programs; Fiscal Year 1974 Presentation to the Congress; Program and Projected Data: Asia, p. 61.

consequences of the disastrous drought of 1972–74 and the fourfold rise in the price of oil since 1973.

Due to favorable weather, a related turnabout in its foreign trade position, new foreign aid receipts and a dramatic increase in remittances from Indians working abroad, India now has unprecedented foodgrain and hard currency reserves and other advantages that at least afford the hope of sustained economic progress. These recent favorable trends are in marked contrast with trends in neighboring countries.

As early as 1973 the United States cautiously conceded India's new role in the subcontinent.[4] Both before and during the Indian Emergency of 1975–77, the United States and India were quietly working toward a more correct, if not warm, relationship, The remaining gulf narrowed perceptably with the March 1977 elections, which engendered new respect for the maturity of the Indian policy and strength of India's attachment of democratic forms and values. Prime Minister Morarji Desai's expressions of good will toward the United States were reciprocated by President Carter.

More concrete steps toward better India-United States relations included the following: India's declared intention not to carry out additional nuclear explosions; action by the United States to release a delayed shipment of fuel for the Tarapur power reactors; the cancellation of a pending sale of A–7 light attack aircraft to Pakistan; and trade talks held in late January 1978 pursuant to the Delhi declaration signed by Prime Minister Desai and President Carter. Currently, India-United States relations are better than they have been for many years. However, as the recent visits to India by President Carter and congressional delegations and a reciprocal visit to the United States by Prime Minister Desai revealed, some very difficult issues remain, especially the issue of India-United States nuclear cooperation and U.S. nonproliferation objectives.

A possible ambiguity in current U.S. policy toward South Asia is that the United States has not fully resolved its position regarding India's newly achieved hegemony in the region. In part, the United States has been able to avoid confronting this issue by the ostensibly interim nature of the martial law administration in Pakistan, and accompanying uncertain state of affairs in that country, and by India's recent scrupulously nonthreatening conduct of its bilateral relations with its neighbors. The benign use of its power for regional leadership could strengthen regional stability and thus advance an important U.S. goal, whereas Indian interference in the affairs of its neighbors would raise awkward questions about U.S. policy.

Congress has already influenced future India-United States relations in a significant—but yet unpredictable—way through passage of the Nuclear Non-Proliferation Act of 1978 (Public Law 95–242, March 10, 1978). In effect, the act invalidates the existing 30-year nuclear cooperation agreement with India and requires the renegotiation of the agreement on the basis of full-scope safeguards.

Largely as a consequence of this legislation Congress recently had 60 days to consider a Presidential decision announced on April 27,

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[4] President Nixon's May 1973 foreign policy address to the Congress included an affirmation that the United States was "prepared to treat India in accordance with its new stature and responsibility on the basis of reciprocity." Secretary of State Kissinger went further than this when, during an October 1974 visit to New Delhi, he declared that the "size and position of India gave it a special role of leadership in South Asian and world affairs." William J. Barnds, "United States Policy Toward South Asia: Shifting Perceptions and Policy Choices, Pacific Community," vol. 8, No. 4 (July 1977), p. 47.

1978, authorizing a license to export about 17,000 pounds of low-grade uranium to fuel India's U.S.-built Tarapur atomic power station. In a divided vote the Nuclear Regulatory Commission had been unable to make a finding on the proposed export. Under the terms of the law Congress could have overruled the President's decision by concurrent resolution. That it chose not to act in this case does not rule out the possibility of intervention by Congress in the future.[5]

Other opportunities for Congress to influence U.S. policy toward South Asia will arise in the next few months. Congress is now considering the fiscal year 1979 foreign assistance legislation, including continued development and food aid programs for all of the South Asian countries. Any legislation resulting from demands for revisions in U.S. trade laws could prove important to U.S. relations with the countries of South Asia. In dealing with the fiscal year 1979 defense spending legislation, Congress may again address the Diego Garcia issue and the naval posture of the United States in the Indian Ocean.

Major issues facing the United States in respect to its South Asian policy include the following:

Political issues

(1) How, and to what extent, does the emergence of a regionally dominant India affect U.S. interests?

(2) What are India's ambitions in the region and are they compatible with U.S. interests?

(3) How do U.S. security concerns and the perceptions of U.S. security goals affect India's policies?

(4) Should the U.S. attempt to contribute to the stability of the region and if so, how best can this be accomplished?

(5) Can or should the United States attempt to shore up the territorial integrity and independence of Pakistan?

Economic issues

(1) How important is the region in terms of trade, investment, and access to raw materials?

(2) How important is the region to the United States from the point of view of worldwide food supply and demand?

(3) Should the United States involve itself in the economic development of South Asia and if so, what are the most appropriate strategies for the United States in each country?

Military issues

(1) What is the significance for the United States of India's emergence as an important regional military power and the growth of the Indian Navy?

(2) To what extent do U.S. security interests in the Indian Ocean conflict with our political interests in the subcontinent?

(3) What is the significance of India's remaining dependence on the Soviet Union for military equipment and how should the United States deal with any future Indian requests for arms or military technology?

(4) How relevant to current and future U.S. security interests are Pakistan's continued membership in CENTO and our still operable mutual defense pact?

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[5] This question is discussed in greater detail in the section beginning on p. 42. See also CRS Issue Brief by Warren Donnelly, "Nuclear Exports: Licensing of Fuel for India's Tarapur Power Plant" (IB 78043).

Nuclear issues

(1) How should the United States deal with the nuclear issues that have arisen in its relations with both India and Pakistan?

(2) What will be the consequences for U.S. nonproliferation objectives if India declines to meet new U.S. terms for nuclear cooperation and expands its indigenous capabilities for enrichment and reprocessing to meet its nuclear fuel requirements, or uses plutonium as a commercial fuel in the absense of U.S.-supplied enriched uranium?

SIGNIFICANCE OF SOUTH ASIA TO THE UNITED STATES

The region now comprising the countries of India, Pakistan, Afghanistan, Nepal, Bhutan, Bangladesh, Sri Lanka (Ceylon), and the Maldives has long posed a dilemma for the United States. Notwithstanding the fact that the United States has provided more than $17 million in bilateral economic and military assistance to South Asia since the end of World War II and additional billions of dollars through contributions to international organizations, the appropriate directions for U.S. foreign policy have always been less clear than in other regions of the world. Differing perceptions of the proper goals of American foreign policy have been shaped by disagreements over the importance of the region to the United States, over the most likely future of the region, and over the relationship of South Asia to larger U.S. foreign policy objectives.

Perceptions of Interests

The identification of U.S. interests in South Asia has always constituted the crux of the debate over U.S. policy. Historically, U.S. interests have been generally considered to be small compared to some other parts of the world, and U.S. policy has been subject to sharp fluctuations.[1] In the view of one longtime American observer of India and U.S. South Asian policy, "U.S. policies toward India have been constructed from a combination of good intentions and humanitarian elements, mixed with strategic calculations plus technocratic or mechanical approaches to economic growth, the whole edifice undergirded by upward of $10 billions in aid, usually arranged in ways favorable to private profits at home." [2]

A wide variety of opinion exists on the issue of the future importance of South Asia to the United States. One school of thought holds that South Asia may not have much importance to the United States in a positive sense, but all manner of problems could develop that would seriously affect U.S. interests. This view is argued by Myron Weiner, a political scientist at MIT with long experience in South Asia, in a contribution to a series of studies published by the Commission on Critical Choices for Americans. While criticizing the past tendency on the part of the superpowers to take an excessively global view of regional issues in South Asia, he also challenged the "new American orthodoxy" that "South Asia is an area of low priority for the United States." [3] Weiner sees in the "new orthodoxy" a failure to understand India's potential nuisance value to the world and to U.S. interests. Among the various possibilities for mischief are the export of nuclear

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[1] William J. Barnds, "United States Policy Toward South Asia: Shifting Perceptions and Policy Choices, Pacific Community," vol. 8, No. 4 (July 1977), pp. 646, 650.
[2] Richard L. Park, "Coming to Grips with India, Asian Survey," vol. XVII, No. 12 (December 1977) pp. 1158–59.
[3] Myron Weiner, "Critical Choices for India and America," in Donald C. Hellman (ed.) "Southern Asia: The Politics of Poverty and Peace" (Critical Choices for Americans, vol. XIII) (Lexington, Mass., 1976), p. 65.

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technology, the options of a country that may find itself weak economically but relatively strong in military terms, the Indian undermining of Pakistan's stability (with widespread reverberations), food shortfalls that dislocate world markets, failure to meet large international debts, or internal political disintegration that would draw in neighboring countries in Southwest Asia and the great powers.

A different view, which has supporters both within the U.S. Government and in the academic and international development communities is that positive U.S. interests in South Asia are growing. This view is often articulated by those who feel that certain global issues such as economic interdependence, food, and North-South type economic issues are acquiring increased importance, and that the countries of South Asia, with a large share of the world's poorest people, will acquire increasing importance. This view is argued by John P. Lewis, a Princeton University economist and former AID official in India, in the same Critical Choices volume cited above. Lewis argues that global issues will not supplant more traditional national interests, but will enlarge the context of national interests and the approaches to dealing with transnational problems.[4]

Some career officials in the Department of State argue along similar lines, though with a more narrow focus on specific diplomatic issues. The argument is made, for instance, that India will be the dominant regional economic and military power, and that as a country with one foot in the development world and one foot in the underdeveloped world, India is in a position to play a constructive role in international economic and political forums. This view was somewhat reinforced by the recent political changes in India and by recent diplomatic contacts between high-level U.S. and Indian officials. One important point here is that in the characterization of India as a "bridge" country, American and Indian views of India's role coincide. Overall, the view of many Department of State officials is not necessarily that South Asia has become more important to the United States—in fact, it still seems to be a region of relatively low priority—but that the nature of its significance to the United States has changed.

Stephen P. Cohen and Richard L. Park,[5] in an unpublished paper entitled "India: Emergent Power?" see American involvement in South Asia in terms of "interest clusters." U.S. interests, in their view, have been characterized by diversity, diffuseness, and a high degree of indirectness. As a consequence, different groups in the United States have had widely differing views of where America's interests lie. Essentially, Cohen and Park see U.S. interests as strategic, humanitarian, and more recently, nuclear. Strategic interests, in their view, have shifted from an earlier concern with the global balance to one of peripheral interest based on South Asia's proximity to the Persian Gulf. Currently, U.S. interests would be threatened by a disruptive South Asian war or the acquisition of base rights in the region by a hostile power. In the longer term, they argue that the region's strategic interest to the United States "would expand were India to develop an interventionist capacity in the gulf, or enhance its ties with important gulf states, or perhaps if India were to engage its Navy

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[4] John P. Lewis, "Growth and Equity in Two of the Poorest Countries: India and Bangladesh," ibid., pp. 79–138.

[5] Professor Cohen, of the University of Illinois, Urbana, has written widely on the Indian Army and military issues in South Asia; Professor Park, at the University of Michigan, has for many years been a prominent authority on South Asian politics and U.S. policy in Asia.

in threatening U.S.-U.S.S.R seapower strategies in the Indian Ocean or the Pacific." [6]

Strategic Interests

Despite its important geographic position linking the Middle East with Southeast Asia, and its almost peninsular intrusion into the Indian Ocean, the Indian subcontinent itself is not an area of primary U.S. security interest. To the extent that South Asia is a theater of Sino-Soviet rivalry, however, developments in the region can affect the larger tripolar balance involving the United States and those countries. Moreover, the instability in the region which has prevailed since 1947 has made South Asia a potential arena of superpower conflict. The 1971 Indo-Pakistan war was only the most recent example of this perennial danger.

India has made great strides in the past few years in enhancing its military capabilities. Its army is the third largest in the world, its air and naval arms are increasingly sophisticated and highly capable. Moreover, much of the country's military hardware is produced locally, either under license or from indigenous designs.[7] There are indications that India intends to acquire a "blue water" navy and to play an important role on the Indian Ocean.[8] What this may mean for U.S. interests is unclear. Certainly it is not accurate to see India's military capability as a surrogate for Soviet power. In the short term it is possible that Indian and Soviet interests in the region may coincide, but this is increasingly doubtful for the long term.

INDIAN OCEAN

The U.S. security interest in the Indian Ocean area, as contrasted with the South Asian land mass, is primarily related to sea lines of communication on which our economy and those of Western Europe and Japan are heavily dependent. More than half of all the world's seaborne oil is carried on Indian Ocean routes. During 1975 the route around Madagascar (Malagasy Republic) and the Cape of Good Hope carried some 14 million barrels a day to Europe and the U.S. east coast, while the eastern route to Japan carried another 3.7 million barrels a day.[9] These trade routes are illustrated in chart I.

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[6] Stephen P. Cohen and Richard L. Park, "India: Emergent Power?" (unpublished), pp. 57–59.

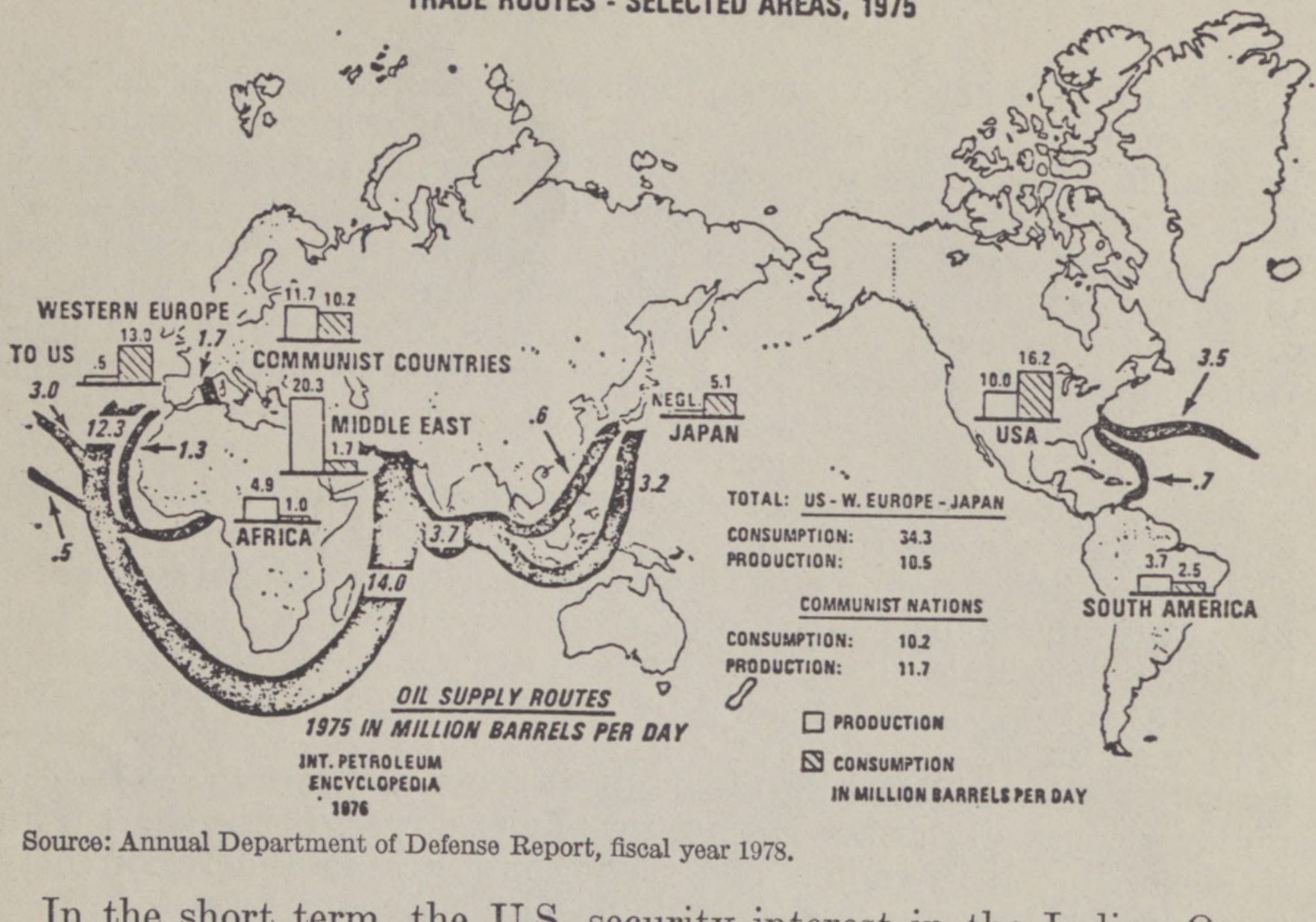
[7] India produces the MiG–21M under license at Hindustan Aeronautics Ltd. factories at Nasik, Koraput and Hyderabad, as well as the indigenous HF–24 "Marut" fighter-bomber and the "Ajeet" lightweight fighter (a modernized Hawker Siddeley Gnat). HAL also produces the French (Aeropatiale) "Aloutte" III in a combat version under license and an armed light helicopter of indigenous design. India builds a version of the British Vickers Main Battle Tank as the "Vijayanta" Main Battle Tank and a wide range of lesser military equipment and weapons. The Indian Navy operates "Leander"-class frigates built at Mazagon Docks Lt., Bombay. David A. Brown, "India's Aircraft Industry Grows," Aviation Week and Space Technology, January 17, 1977, p. 14. "India Goes it Alone," Far Eastern Economic Review, May 7, 1976, p. 39, "Indian Force Modernization Plans," International Defense Review, 4/1976, p. 535, and Jane's Fighting Ships, 1976–77 ("Forward," p. 125.)

[8] See Raju G. C. Thomas, "The Indian Navy in the Seventies." Pacific Affairs, vol. 48, No. 4 (Winter 1975–76), pp. 500–518. Factors cited by Thomas include a desire to be less vulnerable to pressure from external powers (such as the threat from the U.S. Navy during the 1971 Indo-Pakistan war), the increasing capacity of Iran and Indonesia to finance a naval buildup, and a "protective-economic rationale" related to India's expanding seaborne commerce and the development of offshore petroleum resources. See also Mohan Ram, "India Turning to West to Fill Gaps in Military," Christian Science Monitor, Dec. 15, 1977, p. 26. G. S. Bhargava, in a recent article in the Far Eastern Economic Review, noted that India's "present strategy perceives a deepsea defense role beyond the bounds of coastal defense." He also noted that "a case has been built up for an ocean-going navy, though the more grandiose idea of taking over the Indian Ocean is not heard much nowadays." Bhargava saw the main limitation on India's naval program as the financial one. "The scope for development," he wrote, "is immense but it cannot be anywhere near as fast or spectacular as that of Iran." G. S. Bhargava, "A Role for Regional Powers," FEER, Dec. 2, 1977, pp. 30–35.

[9] Annual Defense Department Report, fiscal year 1978; Report of Secretary of Defense Donald H. Rumsfeld to the Congress on the fiscal year 1978 budget, fiscal year 1979 authorization request and fiscal year 1978–82 Defense programs. Washington: Jan. 17, 1977.

CHART I

WORLD CRUDE OIL PRODUCTION AND CONSUMPTION AND TRADE ROUTES - SELECTED AREAS, 1975



Source: Annual Department of Defense Report, fiscal year 1978.

In the short term, the U.S. security interest in the Indian Ocean region is not greatly related to our policy toward South Asia except to the extent that issues such as the superpower naval presence in the region or the U.S. facility at Diego Garcia affect bilateral relations with littoral states. Currently, this potential irritant has been defused by the ongoing U.S.-U.S.S.R. talks on limiting naval forces in the region. Over the long run, the buildup of the navies of India and Iran, and a possible regional naval rivalry, could affect U.S. interests.[10]

The United States has an interest in denying the use of coastal areas on the approaches to the Persian Gulf to a hostile power. Pakistan, with an important port at Karachi and a flanking position on the Gulf of Oman, possesses strategic importance from the point of view of access to the gulf and the free movement of shipping. From this perspective, the United States retains a security interest in the continued territorial integrity and independence of Pakistan.

The United States also has a potential strategic nuclear objective in the Indian Ocean region, that of deploying, when necessary or convenient, ballistic missiles submarines targeted on the Soviet Union. This objective is seldom discussed by U.S. officials, and in fact the official public position of the U.S. Government is that the Navy does not regularly operate SSBN's in the Indian Ocean. The official U.S. position would appear to be generally borne out by the range and capabilities of the Polaris-type submarines deployed in the Pacific Ocean. Given the 2,500-nautical-mile range of the Polaris A–3 missile

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[10] While the possibility of a future Indo-Iranian naval rivalry is often discussed, current Iranian policy seems to be to encourage India to play a larger military role in the region and to promote an Indian Ocean regional economic grouping with India as a principal participant. Mohan Ram, "Shah of Iran Looks to India with Naval, Economic Aims," Christian Science Monitor, Feb. 7, 1978, p. 4.

and a normal 60-day cruise, the Polaris submarines, if deployed into the Indian Ocean and the Arabian Sea, would be in range of Soviet targets for a relatively small portion of their cruise period.

Despite these practical limitations, there is a widespread belief that the United States uses the Indian Ocean for SSBN patrols. Based on unclassified Department of Defense testimony before the Senate Committee on Armed Services in 1973 on the Trident submarine program and information gleaned from unofficial Navy-connected sources, some American critics of U.S. military strategy in the Indian Ocean have suggested that the Navy uses the area for SSBN patrols. Their evidence, however, is ambiguous. Moreover, during the same series of hearings in 1974 in which the claims of a U.S. SSBN role in the region were made by public witnesses, the then Chief of Naval Operations, Adm. Elmo Zumwalt, denied that the Navy operated Polaris submarines in the Indian Ocean.[11]

The belief that the United States deploys ballistic missile submarines in the Indian Ocean is also held by officials, former officials, and knowledgeable private citizens in various Indian Ocean countries. A retired Indian Navy officer, Lt. Cmdr. Revi Kaul, in a 1973 article in Naval Review, noted that "it is generally accepted that the United States has for some years deployed Polaris submarines in the Indian Ocean, where it is easy to avoid surveillance." [12]

Whatever current U.S. SSBN deployment policy may be, the Indian Ocean offers a partial long-term hedge against a Soviet breakthrough in developing an antiballistic missile capability, in that the Soviets would have to defend against an additional avenue of attack. With the inception of the Trident I missile system, which will be backfitted to later model Poseidon boats in addition to the new Trident boats, the Soviet Union would become considerably more vulnerable to SSBN's deployed in the Indian Ocean.[13]

A more mundane but nonetheless important military interest in the Indian Ocean is that of access of U.S. warships to ports in littoral countries for routine resupply, maintenance, and shore leave. The three-ship Middle East Force, formerly home-ported at Bahrain, other U.S. warships transiting the Indian Ocean, and elements of the 7th Fleet on periodic operations in the Indian Ocean, all require access

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[11] See testimony of Rear Adm. Gene R. La Rocque, U.S. Navy (ret.), on Mar. 14, 1974. In support of his assertion that U.S. SSBN's sometimes use the Indian Ocean, Admiral La Rocque stated: "For example, the February 1974 issue of Seapower, the magazine of the Navy league, in discussing the U.S. communications facility in Australia at North West Cape, stated that 'classified messages to Polaris/Poseidon submarines deployed in the Indian Ocean are sent from this station'."

Admiral La Rocque also introduced a map into the record which was extracted from May 1973 testimony of the Trident submarine program coordinator before the Senate Armed Services Committee. The map, as interpreted by Admiral La Rocque, purports to show present worldwide patrol areas of the Polaris/Poseidon submarines and future patrol areas of the Trident fleet ballistic missile system. According to Admiral La Rocque, the map offers "unclassified official evidence of the presence of Polaris/Poseidon submarines in the Indian Ocean." In fact, however, a reading of the testimony cited by Admiral La Rocque suggests that the map was intended only to represent potential or feasible operating areas based on the respective ranges of the Poseidon and Trident missiles. U.S. Congress. House. Committee on Foreign Affairs. "Proposed Expansion of U.S. Military Facilities in the Indian Ocean"; hearings before the Subcommittee on the Near East and South Asia, 93d Cong., 2d sess., Washington, U.S. Government Printing Office, 1974. p. 92; U.S. Congress. Senate. Committee on Armed Services. Fiscal Year 1974 Authorization for Military Procurement, Research, and Development, Construction Authorization for the Safeguard ABM, and Active Duty and Selected Reserve Strengths; Hearings on S. 1263, 93d Cong., 1st sess., Washington, U.S. Government Printing Office, 1973. Pt. 5, Research and Development, pp. 3583–84.

[12] Lt. Cmdr. Revi Kaul, Indian Navy (ret.), "The Indo-Pakistan War and the Changing Balance of Power in the Indian Ocean," Naval Review, 1973. Reprinted in U.S. Congress. House. Committee on Foreign Affairs, Proposed Expansion of U.S. Military Facilities in the Indian Ocean, op. cit., pp. 189–208.

[13] Dale R. Tahtinen, "Arms in the Indian Ocean: Interests and Challenges." Washington, D.C., American Institute for Public Policy Research, 1977, p. 20.

to friendly ports for routine bunkering and provisioning. In South Asia, the U.S. Navy presently calls only at ports in Pakistan and Sri Lanka. There would be no political problem in visiting Bangladesh, but such calls are not operationally convenient. The Navy has not called at Indian ports since mid-1971, when India instituted a requirement that naval vessels specify whether they are carrying nuclear weapons. In 1972, India modified this policy via a circular note simply requesting that host facilities in Indian ports not be sought for vessels carrying nuclear weapons.[14] Since U.S. policy precluded the acknowledgement that nuclear weapons were or were not aboard U.S. vessels, the Navy ceased visiting Indian ports.[15]

Economic Interests

REGIONAL RESOURCES

The South Asian region is not as deficient in natural resources as it was assumed to be 10 years ago. India possesses considerable deposits of high-grade iron ore, mica, bauxite, and other minerals, as well as immense deposits of coal. India is an important producer of the following essential materials that the U.S. imports: beryl, chromite, iron ore, manganese ore, and thorium ore. India, Pakistan, and Bangladesh all appear to have promising petroleum and/or natural gas resources. The mineral resources of the subcontinent appear to suffice for local development needs and to facilitate profitable exchanges with other regions.[16] Iron ore from India, for instance, has become sufficiently important to Iran's infant steel industry that the Iranian Government has provided $630 million in oil credits to finance the massive Kudremukh iron ore project.[17] The human resources of India and Pakistan—that is, the relative abundance of scientists, technicians, and skilled workers—have become very important to the development plans of the Persian Gulf states.

TRADE

Total U.S. trade with South Asia, which averaged about $2.7 billion in 1975 and 1976, is modest in comparison with many other regions. In general, trade with Pakistan, Bangladesh, and Sri Lanka has been relatively stagnant during the past few years, while U.S. trade with India has been increasing. Whereas the total value of U.S. trade with all countries in the region (including Afghanistan and Nepal) increased from $2.1 billion in 1973 to $2.6 billion in 1976, total U.S. trade with

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[14] U.S. Congress. House. Committee on Foreign Affairs. "United States Interests in and Policies Toward South Asia"; hearings before the Subcommittee on the Near East and South Asia, Mar. 12, 15, 20, and 27, 1973. Washington, U.S. Government Printing Office, 1973. (93d Cong., 1st sess.) Statement of James H. Noyes, Deputy Assistant Secretary of Defense (International Security Affairs) for Near Eastern, African, and South Asian Affairs, Mar. 20, 1973, p. 90.

[15] Based on telcon with an official in the Politico-Military Policy Division, Deputy Chief of Naval Operations (Plans, Policy, and Operations). Department of the Navy, July 12, 1977.

[16] For a fuller discussion of India's natural resources, see Lawrence A. Viet, "India's Second Revolution: The Dimension of Development" (Council on Foreign Relations: New York, 1976), pp. 59–64.

[17] The project, which is to become operational in 1980, will involve the extraction of 22.6 million tons of iron ore a year. The ore will be enriched to 66.5 percent purity, shipped 60 miles by slurry pipeline to the port of Mangalore, reduced to concentrated cake, and exported to Iran. The entire output for the next 20 years is dedicated to the National Iranian Steel Industries Co. After repaying the oil credits in iron ore exports, the contract will earn India about $2.6 billion in foreign exchange. K. C. Khanna, "Kudremukh: Project of the Century," The Economic News Digest (issued by Indian Investment Center, New York), vol. 4, No. 10, October 1977, pp. 1, 4.

India increased from $960 million to $1.8 billion during the same period. Due primarily to a recent sharp drop in food purchases from the United States by India, U.S. trade with South Asia declined to $2.3 billion in 1977.[18]

U.S. exports to South Asia, which amounted to about $2.1 billion in 1975 and $1.7 billion in 1976, represented about 2 percent of total U.S. exports. U.S. exports to the region totaled $1.3 billion in 1977.[19] About 30 percent of U.S. exports to South Asia are food grains exported under the Public Law 480 program. The United States also exports significant quantities of nonfood products such as machinery and transport equipment, chemicals, and fertilizers.

The United States has a high percentage of all South Asian import markets, on the order of 20 to 25 percent of each country's imports. The potential for trade expansion is largely a function of development programs in South Asia.

U.S. imports from South Asia totaled $901 million in 1976 and $986 million in 1977. Major items which the U.S. imports from the region include textiles and yarn, clothing, sugar, jute, and coffee, tea, and spices.[20] Trade with South Asia during 1974–77 is shown in table 1. Cereals exports to South Asia from the United States (whether subsidized sales, grants, or commercial transactions) are shown in parentheses for 1974–76. Complete data for 1977 are not yet available.

TABLE 1.—U.S. TRADE WITH SOUTH ASIA, 1974–76[1]

[In millions of dollars]

Country	U.S. imports from—				U.S. exports to—			
	1974	1975	1976	1977	1974	1975	1976	1977
Afghanistan	3.9	7.9	11.5	15.4	9.6	19.2	13.2	12.8
Cereal exports					.1	.3	.4	(2)
Bangladesh	68.2	54.2	63.7	58.5	238.2	382.1	115.6	156.4
Cereal exports					150.3	289.6	44.9	(2)
India	561.1	548.6	710.2	783.9	759.8	1,289.7	1,135.8	[3] 778.6
Cereal exports					410.1	715.9	652.9	(2)
Nepal	2.0	.8	2.4	3.7	1.8	4.0	3.5	7.9
Cereal exports					.3	.3	.4	(2)
Pakistan	60.6	48.9	70.1	57.1	396.4	372.0	394.3	292.7
Cereal exports					85.9	143.4	57.1	(2)
Sri Lanka	40.7	40.2	42.8	67.0	22.5	38.0	36.7	53.3
Cereal exports					7.6	24.1	23.3	(2)
Total	736.5	700.6	900.6	985.6	1,428.4	2,105.0	1,699.0	1,301.7

[1] "Highlights of U.S. Export and Import Trade." (FT–900/December 1974, 1975, 1976, 1977). Cereals exports are from category 04, "cereals and preparations of cereal, flour, etc.," FT–455/annual (1974, 1975, 1976).

[2] Not available.

[3] The sharp decline in exports to India in 1977 reflects an almost complete cessation of food grain imports by the Government of India.

Source: U.S. Department of Commerce. Bureau of Census.

Trade between the United States and the entire Indian Ocean littoral is shown in table 2.

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[18] U.S. Department of Commerce. "Highlights of U.S. Export and Import Trade." FT 990/December 1973–77. Tables E–3 and I–4A.

[19] U.S. Department of Commerce. "Highlights of U.S. Export and Import Trade." FT990/December 1976–77, table E–3. The decline from 1975 to 1977 largely stems from a reduction in Indian and Bangladesh imports of U.S. food grains.

[20] U.S. Department of Commerce. "U.S. General Imports: World Area by Commodity Groupings." FT 155/annual (1975, 1976, and 1977); "U.S. Exports: World Area by Commodity Groupings." FT 455/annual (1975, 1976, and 1977).

TABLE 2.—U.S. TRADE WITH INDIAN OCEAN LITTORAL COUNTRIES, 1977[1]

[In millions of dollars]

Subregion	Exports to	Imports from	Combined value
Africa	2,335.5	1,890.0	4,225.5
South Africa[2]	(1,054.4)	(1,268.8)	(2,323.2)
New East Asia	9,778.8	10,842.2	20,610.0
Saudi Arabia (petroleum exporter)[2]	(3,575.3)	(6,358.5)	(9,933.8)
South Asia	1,281.0	963.8	2,244.8
(India)	(778.6)	(781.1)	(1,559.7)
Southeast Asia/Australia	5,374.3	7,244.8	12,589.1
Indonesia (petroleum exporter)[2]	(763.2)	(3,491.3)	(4,254.5)
Total Indian Ocean littoral	18,769.6	20,920.8	39,690.4
Western Europe	33,751.8	27,414.2	61,166.0
Japan	10,522.1	18,622.7	29,144.8

[1] Includes all countries touched by the Indian Ocean and subsidary bodies of water including the Red Sea, Gulf of Aqaba, Persian Gulf, Bay of Bengal, Andaman Sea, and Strait of Malacca. Data does not include landlocked countries whose trade must pass through Indian Ocean ports but includes countries whose primary trade links are via other water bodies.
[2] Largest trade partner.

Source of Data: U.S. Department of Commerce, "Highlights of U.S. Exports and Import Trade." FT-990/December 1977 (Issued February 1978). Imports are for transaction value at the port of exportation (FAS).

India

The United States is India's best trading partner. As a result of a steady rise in Indian exports to the United States and the near cessation of food-grain imports, India's trade deficit with the United States was eliminated in 1977.[21] India's two-way trade with the United States is about twice as large as India's trade with the U.S.S.R.[22]

Traditionally, India has been a large importer of U.S. wheat. Since 1972, the vast majority of its food purchases from the United States have been commercial transactions, rather than concessional sales. Due to 3 good agricultural years, Indian foodgrain imports have all but ceased.

Currently, the United States has the largest single share of Indian imports, about 20 percent. The current growth in India's industrial sector (about 5 to 7 percent in 1976–77) and somewhat liberalized import restrictions have produced an expanded market for U.S. capital goods and technology.

India's determined exploitation of its mineral and petroleum resources has produced a good and growing market for U.S. equipment and technology. The Oil and Natural Gas Commission (ONGC) of India estimates that about $500 million will be required to develop the Bombay high offshore oilfield in the next few years, including purchases of subsea pipeline and drilling equipment. U.S. firms are already heavily involved in this project.[23] The ONGC has set a target of 200,000 barrels a day by 1981, which should satisfy about one-half of India's expected consumption.[24]

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[21] U.S. Department of State/Department of Commerce. "Foreign Economic Trends and Their Implications for the United States: India." No. 77-072 (May 1977).
[22] Indo-Soviet trade totaled about $817 million in 1976 and $1,040 million in 1975. Telecon with U.S. Central Intelligence Agency, Nov. 2, 1977.
[23] Brown & Root Co. of Houston, Tex., won a $75 million contract for pipelaying from one of India's offshore fields. This is part of a $150 million World Bank financed project. India Express, Sept. 23, 1977, p. 3 (This is a U.S.-published journal of the Young India Forum.)
[24] U.S. Department of State/Department of Commerce. Foreign Economic Trends and Their Implications for the United States: India. No. 77-072 (May 1977).

On the whole, U.S. direct investment is small—about $360 million—but still constitutes one-fourth of India's total foreign investment. In the past foreign firms have been reluctant to invest in India due to restrictive licensing regulations and requirements for joint-venture, high-technology, or export-oriented projects.[25] The prospects for increased investment mainly depend on the attitude of the present government toward the operations of foreign businesses. The current prospect is for a significant rationalization of the licensing procedures for foreign investment but strict adherence to regulations requiring majority Indian control of most foreign business operations.[26]

Pakistan

Pakistan represents a considerably smaller field for U.S. trade and investment. Moreover, the Pakistan market is highly dependent on external financing by Western and OPEC countries and international lending institutions. Imports of U.S. goods totaled $372 million in 1975, $394 million in 1976, and $293 million in 1977. Exports to the United States amounted to only $49 million in 1975, $70 million in 1976, and $57 million in 1977. U.S. equity investment in Pakistan totals about $70 million.[27]

Pakistan has a heavy external debt and has essentially depended on foreign economic assistance to cover a trade deficit equal to the total value of its exports. The former Bhutto government played a leading role among the Third World countries in demanding debt relief and more advantageous prices for commodity exports.[28] Currently, however, debt relief is only one of many urgent economic problems. The recent political turmoil has heightened the economic malaise by impeding production and exports.[29]

Bangladesh

While Bangladesh has not proven to be quite the "international basket case" that was predicted, it faces serious economic and financial problems and is a long way from food self-sufficiency. Two good harvests and a recent 11-percent economic growth rate have eliminated the immediate specter of widespread starvation. Food production is now up to pre-1971 levels, but the population has expanded at an estimated annual rate of 2.7 percent per year to á current total of about 85 million.

Political uncertainties place a major drag on economic development. The basic factors in the present improved economic situation are 3 years of good weather and massive foreign assistance. Bangladesh's imports and exports are even further out of balance than Pakistan's, with imports (primarily food) exceeding exports by a factor of 3. The trade imbalance has been paid for by $4 billion in external assistance since 1971 and short-term loans from the International Monetary

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[25] Ibid.

[26] Jayanta Sarkar, "IBM To Close Shop in India," Far Eastern Economic Review, Dec. 9, 1977, pp. 48–49, ———, "India's Takeover Race," FEER, Mar. 31, 1978, p. 47.

[27] U.S. Department of State/Department of Commerce. Foreign Economic Trends and Their Implications for the United States: Pakistan. No. 76–128 (November 1976). Department of Commerce. Highlights of U.S. Export and Import Trade. FT 990/December 1976 (issued February 1977).

[28] Ibid.

[29] Despite favorable weather the agricultural sector grew only about 2.2 percent in 1977. This included a record wheat crop but a fall in cotton production of one-third from normal levels. Financially, Pakistan faces increasingly serious debt service problems and large budget and foods deficits. The one favorable trend is a rapid growth in remittances from Pakistanis working overseas, which are expected to grow to $1 billion in 1978: Statement by the Deputy Assistant Secretary for Near East and South Asia, Adolph Dubs, before the Asian and Pacific Affairs Subcommittee, House International Relations Committee, Mar. 16, 1978.

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Fund. U.S. assistance alone has amounted to more than $1 billion since 1971.

The United States is a much more important factor in independent Bangladesh's economy than when the country was part of Pakistan (1947–71). U.S. exports of $382 million in 1975 and $117 million in 1976 (primarily food) amounted to about 30 percent of all Bangladesh imports. U.S. exports to Bangladesh totaled $156 million in 1977.[30]

U.S. investment in Bangladesh is negligible, and there now seems little to attract foreign investment in the future. The Overseas Private Investment Corporation (OPIC) concluded an agreement with the Bangladesh Government in 1975 which would facilitate the insuring of U.S. investments against war and expropriation (among other "noncommercial" risks). The actual issuance of insurance for potential U.S. investors, however, has been held in abeyance pending the compensation of U.S. investors for losses during the 1972 nationalizations. The settlement of these claims is now being negotiated.

Bangladesh has some promising natural gas possibilities. Several U.S. firms have engaged in offshore exploration and another firm has formally signified interest in a natural gas field with the objective of exporting liquefied natural gas. It appears, however, that the high investment costs of producing LNG will prevent any development of these resources in the near future.[31]

Sri Lanka (Ceylon)

The U.S. economic interest in Sri Lanka is minimal. Imports of U.S. products by Sri Lanka amounted to only $37 million in 1976, over half of which consisted of Public Law 480 wheat shipments. U.S. exports rose to $53 million in 1977. U.S. imports of Sri Lanka products, mainly tea and rubber, totaled only $43 million in 1976, but rose to $67 million in 1977. Due to an historically adverse investment climate, U.S. investment is less than $2 million. In the past the Sri Lanka Government has emphasized economic policies which included state ownership, income redistribution and subsidized consumption of rice and other basic commodities, all of which impeded economic growth and discouraged internal and external investment.[32] The recent change in Government has led to changes in economic policy including a movement away from subsidized food consumption. Present trends remain decidedly adverse. Sri Lanka imports nearly half of its food grain consumption, a very large figure for a small country with many natural advantages.

Humanitarian Interests

Historically, humanitarian concerns have been one of the prime justifications for U.S. involvement in the South Asian region. Along with the desire to reduce price-depressing agricultural surpluses, humanitarian concerns were an important motivation for the massive

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[30] U.S. Department of State/Department of Commerce. Foreign Economic Trends and their Implications for the United States: Bangladesh, No. 77–034 (March 1977); Department of Commerce. Highlights of U.S. Export and Import Trade. FT 990/December 1976: 1977.

[31] U.S. Department of State/Department of Commerce. Foreign Economic Trends and Their Implications for the United States: Bangladesh. No. 77–034 (March 1977); Telecon with Department of State, May 17, 1978.

[32] U.S. Department of State/Department of Commerce. Foreign Economic Trends and Their Implications for the United States. Sri. Lanka. No. 77–010 (January 1977); Department of Commerce, Highlights of U.S. Export and Import Trade. Ft 990/December 1976 (Issued February 1977).

U.S. food assistance programs of the 1950's and 1960's.[33] For most of the 1970's, U.S. food grain production has found ready commercial purchasers, especially during the worldwide shortages of 1972–73. Still, the United States has maintained sizable food grain assistance programs, including low-interest sales under title I of Public Law 480, and grants, largely channeled through voluntary relief agencies, under title II.

U.S. economic assistance to South Asian countries since fiscal year 1974 is shown in table 3.

TABLE 3.—U.S. ECONOMIC ASSISTANCE TO SOUTH ASIA, FISCAL YEARS 1977–79

[In thousands of dollars; fiscal years]

Country and program	1977 (actual)	1978 (estimate)	1979 (proposed)
Afghanistan:			
Development aid	20,011	18,621	21,350
Peace Corps	746	877	1,080
Public Law 480:			
Title I			
Title II	669	6,139	1,166
Total	21,425	25,637	23,596
Bangladesh:			
Development aid	60,796	64,839	87,000
Peace Corps			
Public Law 480:			
Title I	44,753	47,475	45,900
Title II	17,337	16,577	11,851
Total	122,857	128,891	144,751
India:			
Development aid		60,000	90,000
Peace Corps			
Public Law 480:			
Title I	41,789	27,800	30,900
Title II	103,930	94,071	99,337
Total	145,719	181,871	220,237
Nepal:			
Development aid	6,759	12,106	17,000
Peace Corps	1,203	1,417	1,341
Public Law 480:			
Title I			
Title II	894	2,030	483
Total	8,856	15,553	18,824
Pakistan:			
Development aid	52,715	51,805	69,000
Peace Corps			
Public Law 480:			
Title I	51,400	57,600	52,300
Title II	227	1,887	1,113
Total	104,342	111,292	122,433
Sri Lanka:			
Development aid	20,900	23,000	25,000
Peace Corps			
Public Law 480:			
Title I	36,281	e1,400	16,800
Title II	3,729	3,881	4,660
Total	60,910	58,281	46,460
Grand total	464,109	521,525	576,301

Source: Agency for International Development.

[33] Sec. 2 of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended, contains the following identification of U.S. policy: "to expand international trade; to develop and expand export markets for U.S. agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition and to encourage economic development in developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

In recent years criticism has been made of the tendency of aid receiving nations to use food and development aid to maintain political support from key groups in society, especially the urban middle classes. This criticism has been strongest in regard to U.S. concessionary food grain sales to Bangladesh under title I of Public Law 480. The general thrust of these criticisms lay behind several amendments to the law to (*a*) give priority to countries that use the proceeds from sales of title I commodities to improve the nutrition of the rural poor and to increase investment in agriculture for the benefit of small farmers; and (*b*) to focus food aid programs generally on the poorest nations (i.e., with less than $300 per capita annual income).[34] The degree to which the congressional mandate has been carried out in regard to benefiting the rural poor is a subject of controversy.

The preeminence of the United States in international grain markets is an inescapable fact, and one that will likely continue to play an important role in U.S. policy toward South Asia. Currently, U.S. food aid is much less important than in the past. This is a product both of a reduced margin of agricultural surplus in the United States and three successive good harvest years in South Asia. Inevitably, however, the natural cycle of good and bad monsoons will raise the specter of widespread hunger in one or more countries of the region, and again confront the United States with the decision of whether to transfer its grain reserves to South Asia on concessional terms.

An even more recent issue not readily susceptible to quantification is that of human rights and the political process in South Asia. Americans generally applauded the end of the emergency in India and more recently, the change of government in Sri Lanka through traditional democratic institutions. On the same grounds the developments in Pakistan have been closely watched. Historically, the feeling that these issues are important has seldom been translated into concrete policy terms. President Carter dwelt heavily on the human rights issue during his visit to New Delhi in January 1978, and the restoration of democracy was cited as justification for a congressional amendment to fiscal 1978 Foreign Assistance Act to authorize $60 million in development assistance for India. It remains to be seen, however, whether human rights considerations will substantially affect U.S. policy in the region.

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[34] All of the South Asian countries fall into the poorest category on the basis of per capita income, although the economic, technological, and administrative infrastructures in India and Pakistan are more developed than many nations having higher per capita incomes.

PLAUSIBLE DEVELOPMENTS IN SOUTH ASIA THAT COULD ADVERSELY AFFECT U.S. INTERESTS

The nature of South Asia's significance to the United States can be illustrated more graphically by considering plausible developments that could affect U.S. interests adversely. While this is a rather negative way of making the point, it is in keeping with the general thrust of many assessments of U.S. interests in the region, including those noted in the preceding section.

India-Pakistan Conflict

The heretofore endemic rivalry between India and Pakistan has always represented a threat to the stability of the subcontinent and a potential source of superpower conflict. The risk of a new Indian-Pakistan war was receded somewhat due to the outcome of the last (1971) war, in which India achieved decisive military superiority while, Pakistan was reduced to its western wing, and its sources of extraregional military and diplomatic support were found to be unreliable. In addition, India moved further toward a de facto permanent settlement of the Kashmir issue (to the extent that the policy was supported by the Kashmiri people) by the February 1975 reinstatement of Sheikh Abdullah as Chief Minister of the state, thereby ending a longstanding source of Kashmiri discontent and defusing one rationale for Pakistani intervention.[1] This policy was continued by the Desai government, even though the Janata Party contested unsuccessfully with Sheikh Abdullah's national conference in the June 1977 election.[2]

Despite the seeming Indian upper hand and better relations since the 1971 war, both countries still evince a deep concern for their security vis-à-vis each other. Once India eliminated a two-front threat by contributing morally and materially to the emergence of an independent Banglasdesh in 1971, her strategists quickly remembered that, in 1965, one motivation for not carrying the war to East Pakistan had been the realization that success would thereby remove a strategic liability for Pakistan and facilitate a consolidation of forces in the west wing (the Bengalis were always a minor element in the Pakistan military forces).[3] Fairly typical of Indian thinking on the post-1971 India-Pakistan military balance is an article by Ravi Rikhye in the January 1976 issue of Armed Forces Journal International. After allowing for supposed geographic advantages possessed by Pakistan and the threat to India from China, Rikhye compares Pakistan's forces favorably with those of India and concludes that

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[1] G. G. Bhargava, "India's Security in the 1980's." Adelphi Papers, No. 125 (summer 1976). London, International Institute for Strategic Studies, p. 5. See also, David E. Lockwood, "Sheikh Abdullah's Reinstatement," The World Today, June 1975.

[2] The State of Jammu and Kashmir retains nominal autonomy and a special constitutional status in the Indian Union. The degree of actual autonomy has long been a source of contention between New Delhi and the state, and arose again with some bitterness in the June 1977 state elections. Both the Janata Party and the Congress Party candidates generally opposed Kashmir's special status, but Prime Minister Desai gave assurances that the 1975 compromise would not be overturned. Mohan Ram, "Kashmir, Voters Boost Autonomy—Rebuff New Delhi," Christian Science Monitor, July 6, 1977.

[3] Bhargava, op. cit., pp. 10–11.

"because the balance is so fine, Pakistan might at any time consider it worth its while to use force in settling old scores." [4] More or less the same point is made by K. Subrahmanyam, the influential former director of the Indian Institute for Defense Studies and Analyses. While less alarmist about the likelihood of a new war, Subrahmanyam lists six circumstances in which war might "break out." Among the circumstances cited by Subrahmanyam are the breakdown of the ethnic equilibrium in Pakistan leading to refugee pressures on India (as in the Bangladesh situation in 1971) and the seizure of power by Army leaders "swayed by a spirit of revanchism toward India." [5]

While the thinking of Indian strategists about Pakistan's capabilities and ambitions is important, these views look alarmist to other observers. Moreover, they do not seem to be shared by Prime Minister Desai. The signs seem clear that Pakistan has given up any real hope of achieving its goals in Kashmir by military means, and the estimates of Pakistan's military capability, cited above, do not square with those of Western observers, including U.S. Department of Defense officials. The current military force levels and principal equipment of India and Pakistan are shown in table 4.

TABLE 4.—MILITARY FORCES OF INDIA AND PAKISTAN, 1977

	India	Pakistan
Population	622,375,000	74,190,000.
Military service	Voluntary	Voluntary.
Total Armed Forces	1,096,000	428,000.
Estimated GNP 1975	$89,700,000,000	$10,100,000,000.
Defense expenditure 1977–78	$3,450,000,000	$820,000,000.
Army	950,000	400,000.
Armored divisions	2	2.
Infantry divisions	17	14.
Mountain divisions	10	
Indep armored bdes	5	3.
Indep inf bdes	1	3.
Para/AD bdes	1	2.
Indep arty bdes	14	
Aviation sqdns		5.
Medium tanks	180 "Centurian"	250 M–47/–48.
	900 T–54/–55/–62	50 T–55.
	700 "Vijayanta" Med (Indian built)	700 T–59.
Navy	46,000 (inc. Air)	11,000.
Submarines	8 (Soviet F class)	3 (Fr "Daphne" class).
Aircraft Carriers	1 (25 ac)	
Cruisers	2	1 (tng ship).
Destroyers	3	4.
Frigates	25 (4 Indian built "Leander" class, 10 Soviet "Petya" class).	1.
Fast guided missile boats	8 "Osa"-class with Styx SSM	
Patrol boats	8 (incl 5 "Poluchat" class)	19 (ex-Chinese).
Minesweepers	8	7.
Landing ship/craft	1/6	
Naval Air Force	2,000	
Attack Sqdn	1 (25 "Sea Hawk")	
MR Sqdn	2 (incl 12 "Alize" and 9 Super "Constellation," 3 II–38).	
Hel sqdns	2 (with 22 "Alouette" III)	
ASW sqdns	2 (with 12 "Sea King" Hel)	
Air Force	100,000	17,000.
Lt bmbr sqdns	3 (50 "Canberra")	1 (11 B–57B).
Fgtr/gnd attk sqdns	13 (100 Su-7B, 50 HF–24 "Marut" 1A, 65 "Hunter" F56).	8 (60 F–86, 100 Mig–19/F–6).
Fighter sqdns		4 (30 "Mirage" III, 28 VPA).
Interceptor sqdns	18 (270 Mig–21F, 130 "Gnat" Mk 1)	
Recon sqdns	1 (6 "Canberra" PR57)	1 (13 "Mirage" IIIRP).
MR sqdns		1 (3 "Atlantic," 2HU–16B) (60 various tpt acft).
Transport sqdns	11 (118 acft)	
Helicopter sqdns	12 (323 acft)	
SAM sites	20 w/120 SA–2	

Source: International Institute for Strategic Studies, "The Military Balance," 1977–78 (London, 1977).

[4] Ravi Rikhye, "Pakistan Rearmed?", Armed Forces Journal International, January 1976, p. 13.
[5] Quoted in Bargava, op. cit., p. 12.

Pakistan is even more apprehensive about India, especially as a result of India's 1974 explosion of a nuclear device. Pakistan is also deeply troubled by pressures for autonomy or outright secession in two of its four provinces; namely, Baluchistan and the Northwest Frontier Province. These autonomist urges were among the major pressures which underlay the disorders and internal political strife leading to the recent military coup. Rightly or wrongly, some Pakistanis fear that India might sieze upon these stresses and tendencies as a possible excuse for future Indian intervention and the complete dismemberment of the country. Pakistan has similar fears of Soviet backed meddling by neighboring Afghanistan in these tribal areas.

On balance, the prospect of a new India-Pakistan War seem unlikely. The main element of unpredictability is the unstable political situation in Pakistan.

A new war between India and Pakistan could prove even more dangerous to U.S. interests than in the past. Pakistan's western neighbor, Iran, has a stake in Pakistan as a buffer against India and as a damper on autonomist pressures of its own minorities. Growing Iranian economic ties with India notwithstanding, a new Indo-Pakistan war could result in a wider conflict drawing in Iran against India. Due to the limitations on U.S. influence in the region and the weakness of Pakistan, the Soviet Union could well be in the best position to play a mediator's role. Several conceivable outcomes from such a struggle, including an early Soviet-sponsored cessation, would upset not only the stability of south Asia but also the military balance in southwestern Asia and the Persian Gulf.

India-China Conflict

India and China have been moving toward better relations since the 1971 Indo-Pakistan war. Relations at the ambassadorial level were reestablished in 1976, after a 14-year hiatus. The likelihood of a war such as the border war of 1962 seems remote, but cannot be ruled out as a plusible development.

Relations with China continue to have certain natural sources of tensions. These include: India's policy in dealing with the Himalayan kingdoms of Nepal and Bhutan, which border on areas of relatively weak Chinese control;[6] Indian sanctuary for the Dalai Lama and Tibetan refugees; the continued Chinese occupation of the disputed Aksai Chin region and the Chinese incursions in the Northeast Frontier Agency (NEFA) area; and Indian influence over Bangladesh. The latter factor has become less important since the overthrow of Sheikh Mujib's government in 1975.

Both India and China have been characteristically direct in furthering their regional interests. India has considerable geographic and historical, and now perhaps military, advantages over China in the buffer state areas.[7] The Indian Army occupied Sikkim (an Indian protectorate) in 1965 in response to a Chinese threat during the second

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[6] See Leo Goodstadt, "Putting the Accent on Minorities," Far Eastern Economic Review, Nov. 14, 1975 pp. 17–18.

[7] India now has 10 mountain divisions in the Himalayan region and good air capability. Many observers, credit India with sufficient power to deal with any Chinese attempt to extend the de facto border at India's expense.

Indo-Pakistan war, and India formally incorporated the kingdom as an Indian state in 1975.[8]

India keeps a close watch on developments in Nepal and Bhutan, and does not shrink from behind-the-scenes involvement in the political affairs of those kingdoms. The basis of India's relationship with Bhutan is the 1948 Indo-Bhutanese Friendship Treaty which binds Bhutan "to be guided by the advice of the Government of India in regard to its external relations." The independent kingdom of Nepal maintains close relations with China and has attempted to use Chinese friendship to keep India at arm's length, but the kingdom's main economic and communications links are with India and Indian influence is still paramount.

Both China and India have also maneuvered against each other in Bangladesh. The hands of both countries were apparent to many observers in the succession of coups and countercoups in 1975, which saw the assassination of India's close ally Sheikh Mujibur Rahman, and a substantial diminution of Indian influence. China and Pakistan quickly recognized the new government proclaimed following the initial August 15, 1975, coup, and there were unsubstantiated reports that Indian and Chinese troops clashed on the Sino-Indian border.[9] China applauded the supposedly anti-Indian character of the new government. The ill-fated November 3 countercoup was seen by the Chinese and others as the work of pro-Indian and pro-Soviet elements.[10]

Notwithstanding the continued rivalry between the countries, an important point is that China shunned opportunities to intervene militarily in the 1965 and 1971 India-Pakistan Wars. While India's ties to the Soviet Union have weakened somewhat since the signing of the 1971 Treaty of Peace, Friendship, and Cooperation, China must still consider the consequences of Soviet support for India in the event of a new India-China conflict. The prospect for the near-term future, therefore, is one of constant political maneuvering but not military conflict.

A new India-China conflict would pose problems for the United States even if it stayed aloof. In fact, the very avoidance of involvement would entail definite diplomatic and political costs. Relative Chinese success could strengthen Soviet influence in India, while relative Indian success could weaken China and tend to drain resources from the China-U.S.S.R. border.

Crop Failure in India, Pakistan, or Bangladesh

Foodgrain production has kept marginally ahead of population growth in India and Pakistan since the early 1960's, while falling behind in Bangladesh and Sri Lanka. The possibility of a widespread, weather-induced crop failure is a constant danger, especially in India which is more dependent on the rains for a successful crop. The main monsoon season in India beginning about June or July is always erratic, and generally deposits too much rain in some parts of the country—thus producing disastrous flooding—and too little elsewhere. Failure of the sparser winter rains can also be serious, as double cropping is customary in many areas.

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[8] Russell Brines, "What India Sees in Sikkim," Christian Science Monitor, May 16, 1975.
[9] Far Eastern Economic Review, Oct. 31, 1975, p. 5.
[10] Talukder Maniruzzaman, "Bangladesh in 1975: The Fall of the Mujib Regime and its Aftermath," Asian Survey, vol. XVI, No. 2 (February 1976, pp. 123-125).

India has traditionally suffered more from food shortages than Pakistan. Part of the explanation for this lies in the fact that whereas Pakistan (including the former East Pakistan) got 20 percent of the population of prepartition India, at independence it got 30 percent of area under wheat cultivation and 28 percent of the land under rice cultivation. India received 84.4 percent of the total sown area of preindependence India but only 71 percent of the irrigated lands.[11]

On the whole, food-grain production in India has kept just ahead of population growth. India's population in 1951 totaled about 361 million and food-grain production was about 50 million metric tons. With a population of just over 600 million in 1976, India's food-grain production was about 121 million metric tons in 1975–76 and 112 million tons in 1976–77.[12] The 1977–78 crop is now estimated at 125 million tons, an alltime record.[13] Because the population has increased by half again in the last two decades, the sizable increases in food-grain production have thus far provided only marginal increases in per capita output. There are some indications that food-grain output may now be accelerating at a rate substantially greater than that attributable solely to several consecutive years of favorable weather.[14] The significance of these recent advances will only be certain after a cycle of good and bad weather.

Currently, India has buffer stocks of about 14 million metric tons of food grains. Due to the record wheat harvest, the Government-owned Food Corporation of India is accumulating additional stocks at the rate of 3 million tons per month.[15] Given the current surplus situation, India could probably sustain 1 or even 2 drought years without buying significant quantities of grain from abroad. The Government's ability to purchase foreign grain, should that become necessary, will be greatly facilitated by hard currency reserves of over $5 billion.[16]

No country in South Asia currently faces the imminent threat of widespread famine. Sri Lanka and Bangladesh are likely to remain food-deficit countries for the foreseeable future, however, and dependent on external sources. India will likely remain a food-deficit country except during periods of favorable weather (as at present). Pakistan will also likely remain a food-deficit country, but less subject to radical swings in food-grain production. Bangladesh has little or no buffer stocks and a very weak transport and administrative structure. India as noted above could sustain 1, or possibly 2 years of bad weather before having to turn to external sources for major food shipments. Any severe natural catastrophe in Bangladesh, however, would almost certainly require increased external assistance to avert widespread famine. Even the achievement of nominal food self-sufficiency by any of these countries will not eliminate major deficiencies in per capita caloric and protein intake.

In the short run the main threat to the United States and the rest of the world from harvest failures in South Asia is the disruption of

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[11] B.M. Bhatia, "Famines in India: A Study in Some Aspects of the Economic History of India (1860–1965)." Bombay, Asia Publishing House, 1967, p. 340. Irrigation is much more crucial in Pakistan, where the average annual rainfall is only about 10 inches.

[12] Government of India. Economic Survey, 1976–77, pp. 59–65.

[13] "India's Crops are Setting Record," New York Times, Apr. 26, 1978, p. A3.

[14] "India's Crops are Setting Record," New York Times, Apr. 26, 1978, p. 2; William Borders, "Canal in India Raises Productivity 'Like a Miracle,' Farmer Reports," New York Times, May 9, 1978; Richard Critchfield, "The Changing Face of Rural India," Christian Science Monitor, July 3, 1978, pp. 12–13.

[15] New York Times, Apr. 26, 1978, op. cit.

[16] This assessment is based on conversation with a responsible official of the Embassy of India, Apr. 14, 1978.

grain markets and inflationary price rises. Recent experience has shown that large production failures, whether in South Asia, the U.S.S.R., or other important grain producing regions, can have injurious effects on world grain markets, including inflationary price increases and disruptive price falls when production recovers. In the longer run, increased agricultural production in South Asia contributes importantly to the continued ability of the world to sustain its increasing population.

Breakdown of the Central Government in Any South Asian Country

All of the countries of South Asia have serious problems of regionalism, political instability, and racial and ethnic animosities. Save for the breakaway of East Pakistan, which was a special case, the countries of the region have generally succeeded in keeping centrifugal forces in check. One legacy of British rule that was incorporated in the constitutions of both India and Pakistan was strong emergency powers such as the invocation of President's rule over otherwise democratically elected provincial governments. In general it can be said that centrifugal forces in South Asia are greater than is the case in the industrialized West but weaker than in many less developed countries.

The consequences for U.S. interests of fragmentation would be greatest in the case of India and Pakistan and least in the case of Bangladesh and Sri Lanka. A breakdown in the authority of the central government in the latter two countries would probably lead to some kind of Indian intervention without necessarily prompting the involvement of neighboring states. A breakdown in the central government in India or Pakistan, however, could have extraregional effects, possibly even involving one or more superpowers.

Save for still sizable minorities of Hindus and hill tribe peoples, Bangladesh is now relatively homogeneous, though strong factional, regional, and political differences continue to challenge the authority of the current martial law administration. Many of the difficulties of the central government have geographic roots. The country consists almost entirely of an alluvial plain formed by three great river systems the Ganges-Padma, Brahmaputra-Jumna, and Meghna. The country thus consists of an immense delta cut up by numerous shifting river courses. Communications are extremely difficult and the historical problems of banditry, political dacoity (armed gang violence with a thin veneer of political motivation) and localism continue to challenge the authority of the government. These problems were aggravated by the violent nature of the initial 1975 coup, in which Sheikh Mujib, his family, and many of his followers were killed. The Sheikh's Awami League retains both bitter memories and an extensive organizational network, and the country contains a host of other political factions, including militant Marxist groups, which will continue to make life difficult for the military government.[17]

Sri Lanka also has serious internal stability problems, including a basic rivalry between the majority Sinhalese population and the minority Tamil group. A rebellion in 1970 on the part of mainly rural Sinhalese-Buddhist, pro-Chinese Marxist-Leninist, young people took

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[17] See Robert S. Anderson, "Impressions of Bangladesh: the Rule of Arms and the Politics of Exhortation," Pacific Affairs, vol. 49, No. 3 (Fall 1976), pp. 443–475.

a significant toll in death and property damage. The revolt was put down with material assistance from India, including military and economic aid. Sri Lanka recently held national elections in which, for the sixth consecutive time, the government changed hands. The elections were followed by some serious Sinhalese-Tamil violence and J. R. Jayewardene's United National Party government may have difficulty in dealing with the kind of economic and other frustrations which contributed to the earlier insurgency.

The likelihood of a breakdown in the central authority in India is probably not great at this time, though there are a few potentially ominous signs. The March 1977 elections released a great deal of pent-up emotion and the government of Prime Minister Morarji Desai entered office with a large stock of good will. The Janata Party government, however, is a coalition of disparate groups originally unified mainly by their opposition to Mrs. Gandhi. The ability of the government to work smoothly and to deal effectively with India's problems is still in doubt.[18] Other potential problems include the poor showing of the Janata Party in Tamil Nadu, Jammu and Kashmir, and Bengal, during the state elections last summer, the more recent successes of Mrs. Gandhi's Congress faction in state elections in South India, and the certainty that eventually the weather will turn unfavorable causing a new inflationary spiral and again bringing to the fore the underlying tensions in the Indian political system. The Communist Party-Marxist (CPM) which won office in Bengal, has for the moment foresworn the tactics which led to the institution of President's rule in 1971, and current reports from India indicate satisfaction with the state government's policies even among the business community. The experience of the last CPM government during 1967–69, and 2 subsequent years of violent political warfare between the CPM, the pro-Moscow Communist Party of India (CPI) and the Congress Party however, left vivid memories which have not been entirely erased.[19] On balance it should be recalled that the central government in India has never broken down in the 30 years since independence and its foreseeable challenges do not appear more severe now than at times in the past.

By any measure Pakistan faces the greatest threat of disintegration. For a variety of reasons, not the least of which is geographic, such a result would be adverse from the U.S. point of view. The current martial law situation and the breakdown of the political process which led to it are the direct result of centrifugal forces in Pakistan. The promised October 1977 elections have now been indefinitely postponed. In any event it is doubtful it the electoral process can produce a national government capable of ruling with at least the acquiescence of regional and tribal factions. The aspirations of the minority Pathan and Baluchi parties have been regarded as antinational by the Punjabi-dominated Pakistan People's Party (PPP), and it is hard to see how the current differences can be resolved peacefully.

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[18] See William Borders, "Desai, After Euphoric Start, Faces Frustrating Problems." New York Times, Sept. 27, 1977; A. Hariharan, "A vote for Instability," Far Eastern Economic Review, Mar. 10, 1978, pp. 22–24; "Governing with a Broken Heart," ibid., Mar. 31, 1978, pp. 20–22; "India's Cruelist Month," The Economist, Apr. 22, 1978, pp. 75–76.

[19] See the following: Richard Nations, "The Challenge for Janata," Far Eastern Economic Review, Apr. 22, 1977, pp. 332–335; Mohan Ram and Jayanta Sarkar, "Red Star over Bengal," FEER, July 8, 1977, pp. 27–29; William Borders, "Once-Volatile Indian State Peaceful Under Red Rule," New York Times, Jan. 28, 1978.

The most recent threat to the stability of Pakistan was the conviction of former Prime Minister Bhutto before the Lahore High Court on a charge of having conspired to have a political opponent murdered. Bhutto's Pakistani People's Party supporters have charged that the trial was unfair and that the military leaders are "determined to eliminate him [Bhutto] from the political scene." In the event of Bhutto's execution widespread disorders may result.[20]

In terms of the stability of the region, a hopeful sign is that neither India, Iran, nor Afghanistan have injected themselves into the Pakistan situation. All view the situation warily, however, and at least a potential exists for the fragmentation of the country and the active involvement of its neighbors, including the possibility of armed conflict.[21] As noted earlier, such a development would not only destabilize the South Asia region but could lead to increased Soviet influence in South Asia and to a long-term rivalry between India and Iran.

Proliferation of Nuclear Weapons Capabilities in South Asia

Currently both India and Pakistan have access to nuclear materials and technology on the basis of less rigorous nonproliferation safeguards than those the Nuclear Non-Proliferation Act of 1978 has established as a requirement for U.S. nuclear cooperation. India has already exploded a "peaceful nuclear device." Pakistan, upon the consummation of a contract with France for the construction of a nuclear reprocessing facility, will theoretically have the capability to manufacture nuclear devices.

India is already a member of the "nuclear club" in most respects. Its nuclear program dates back to the establishment of the Tata Institute of Fundamental Research in 1945 and the creation, in 1948, of the Indian Atomic Energy Commission under the chairmanship of Dr. Homi Bhabba. An experimental reactor of Indian design and construction went critical in 1956. A larger research reactor ("Cirus") built with Canadian assistance in the late 1950's and operated with some U.S.-supplied heavy water almost certainly provided the plutonium for India's 1974 explosion beneath the Rajasthan Desert. Currently India has four research reactors, six power reactors in operation or in various stages of construction (including two General Electric 190-megawatt reactors at Tarapur, near Bombay), heavy water plants, chemical reprocessing facilities, plants for fabricating reactor fuel, and its own sources of uranium and thorium. India has also a breeder reactor program. The termination of Canadian nuclear cooperation with India following the 1974 explosion has had little material impact on India's program. The import content of the current Madras Atomic Power Project (two 200-megawatt Canadian-type reactors) is only 24 percent. India's remaining dependence on

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[20] William Borders, "Bhutto Considering Death-Verdict Fight," New York Times, Mar. 19, 1978, p. 7.

[21] Landlocked Afghanistan has long harbored irredentist designs on Pakistan's two western provinces. There have been numerous occasions in the past when Pakistan has accused Afghanistan of connivance with India and/or the U.S.S.R. to achieve that dream. Except for occasional border skirmishes, however, the conflict has been kept within diplomatic, propagandistic and economic channels. Recently relations between Pakistan and Afghanistan have been relatively cordial. A new and yet unpredictable element was added by the April 1978 military coup that resulted in the death of President Mohammad Daoud, and the installation of an alleged Communist civilian, Nur Mohammad Taraki, at the head of a revolutionary council. While President Daoud had improved relations with Pakistan and had attempted, with some skill, to balance the heavy Soviet presence in Afghanistan by cultivating ties with other countries, including Iran and the United States, the policy of the new government remains to be seen. William Borders, "Afghanistan Names Chief, and Soviet Recognizes Regime," New York Times, May 1, 1978, p. A-1, 11; Mohan Ram, "Afghanistan Tilted to Left by Coup," Christian Science Monitor, May 1, 1978, p. 6; Simon Winchester, "Afghan Leaders Seem Determined to Stay Independent," Washington Post, May 8, 1978, p. A-16.

foreign sources relates mainly to minor components that are not economical to produce locally. So far there has been no difficulty in obtaining these items from Western European countries.[22]

At present Pakistan has only one Canadian-built power reactor of 125 megawatts in operation and a 600-megawatt reactor under construction. It has, however, also purchased a reprocessing plant from France which will produce plutonium from spent reactor fuel. This project produced a major source of friction between the United States and France and Pakistan. The plant will be operated under International Atomic Energy Agency safeguards.[23] Proponents of Pakistan's nuclear program have been quite open in acknowledging the country's political and potential military motives. Reportedly, Pakistan's power reactors will not be able to use fuel from the reprocessing plant until more than a decade from now, a seeming economic liability that raises questions about Pakistan's objectives.

Neither India nor Pakistan is yet immune to pressure from the nuclear powers, even though the U.S. antiproliferation policy has not received complete support from other suppliers of nuclear technology. The question of India's actually building nuclear weapons and acquiring some kind of delivery capability is more a policy question than a practical one. Pakistan's acquisition of any significant weapons capability is a longer term proposition. The main constraints on the development of at least a demonstration nuclear device, however, are those that relate more to policy perceptions than to practical problems.

Either India's acquisition of nuclear weapons or Pakistan's crossing the nuclear weapons threshhold would go a long way toward accelerating nuclear weapons proliferation. From the point of view of both countries such a step would be justified, if they conclude the benefits of nuclear weapons outweigh the drawbacks, as neither accepts the basic "discriminatory" premises of the Non-Proliferation Treaty.

There is little reason to expect that India or Pakistan would more readily resort to the use of nuclear weapons than would the major powers. The psychology of deterrence, however, has the same appeal for South Asian countries as it does for the weapons powers. Still, the increase in the numbers of weapons states, especially in a region with a history of frequent military conflict, cannot but increase the odds that nuclear weapons will again be employed in future warfare.

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[22] Extension of remarks by Representative Melvin Price, Congressional Record, House, May 22, 1974, pp. H4330-32; Robert Gillette, "India: Into the Nuclear Club on Canada's Shoulders," Science, vol. 184 (June 7, 1974), pp. 1053-55; Trevor Drieberg" Journal of Commerce, June 11, 1976; and George Bindon and Sitoo Mukerji, "How Canada's and India's Nuclear Roles Have Been Sadly Misrepresented, Science Forum, vol. 10 (February 1977), pp. 3-7.

[23] "France to Add Safeguards to Nuclear Pact with Pakistan," New York Times, Jan. 10, 1978; Iqbal Akhund, "Pakistan and the Atom," New York Times, Apr. 23, 1976.

U.S. POLICY IN SOUTH ASIA SINCE 1971

Basic Features

U.S. policy toward South Asia has been largely reactive since the 1971 Indo-Pakistan war. India's military successes in that war, the birth of Bangladesh, and the apparent creation of a new regional system dominated by India undercut the previous basis of U.S. policy. For a variety of reasons, including the low priority given to the region and the uncertainty of trends, the United States did not initially feel compelled to make any basic adjustment of its policy in the subcontinent. Since 1973, however, the U.S. has gradually shifted toward a more frank acknowledgment of India's dominant position in the region.

At base, U.S. policy in South Asia in the period immediately prior to 1971 was predicated on great power considerations; that is, its global interests and relations with China and the U.S.S.R. and a perceived diminution of the region's importance from that which prevailed during the late 1950's and early 1960's.[1] The Sino-Soviet split, a perceived lack of major threat or opportunity, and the U.S. absorption with extracting itself from Indochina had effectively removed South Asia as a significant factor, in U.S. global strategy. This lower profile policy toward South Asia, which involved a frank search for a "stable balance" between the Soviet Union and China in the region, and a reduction of the U.S. role, was apparent prior to the 1971 war and was openly outlined in President Nixon's annual foreign policy addresses to the Congress in 1971 and 1972.[2]

U.S. policy toward the emerging crisis in East Pakistan in 1971 developed in the context of the opening to China (including Dr. Kissinger's secret visit to Peking via Rawalpindi, Pakistan, in July 1971) and the August 1971 Indo-Soviet Treaty of Peace, Friendship, and Cooperation. U.S. diplomacy and the "tilt" toward Pakistan failed to forestall an Indian military solution to the Bangladesh crisis. Moreover, the seeming insensitivity of the United States toward the suffering in East Pakistan and toward India's enormous refugee problem, earned widespread opprobrium both within the United States and abroad.[3]

The deployment of a task force from the U.S. 7th Fleet into the Indian Ocean and the Bay of Bengal during the Indo-Pakistan military conflict created further problems. The presence of the naval force

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[1] Barnds, "United States Policy Toward South Asia: Shifting Perceptions and Policy Choices," op. cit., pp. 649–651.

[2] Preoccupation with the Vietnam War (and disengaging from it), Indian criticism of the U.S. Indochina policy, food crises and internal instability in India, and closer relations between India and the Soviet Union on the one hand, and between China and Pakistan, on the other, all contributed to this change in American policy. See Larry A. Niksch, the India-Pakistan War of November–December 1971: background, cause, and the role of American diplomacy. Congressional Research Service, Multilith No. 72-99F, Apr. 20, 1972, pp. 30–34.

[3] As of December 1971 the United States had contributed some $900 million for the support of refugees in India and $155 million for relief in East Pakistan. The East Pakistan aid was provided through the Pakistan Government, albeit with assurances that it would be distributed through international agencies. Background press briefings on India-Pakistan with Henry A. Kissinger, Dec. 7, 1971, reprinted in Congressional Record, Dec. 9, 1971, pp. S21012–3. The doubtful value of the Pakistani assurances was noted in a Dec. 8, 1971, cable by U.S. Ambassador to India Kenneth B. Keating, which was made available to the New York Times in "slightly paraphrased form" by columnist Jack Anderson and reprinted in the paper's Jan. 6, 1972, edition.

alarmed India, but did not deter it from carrying out its ongoing military operations in East Pakistan.[4] In response to the U.S. action, India reportedly sought and received Soviet guarantees to support it militarily if attacked by the U.S. force.[5] The U.S. naval buildup was followed by a surge of Soviet naval forces into the region.[6] Since the 1971 crisis, the Soviet presence in the Indian Ocean has been significantly higher than the prewar level.[7] The extent, if any, to which developments during the 1971 war may have contributed to the long-term rise in the Soviet presence (aside from mine-clearing operations in Chittagong Harbor) is not clear.

In the aftermath of the 1971 war the United States gradually evolved a policy of accepting the new facts of life in South Asia as long as neither the Soviet Union nor China would attempt to exert undue influence in the region. One basic assumption underlying this policy was the belief, thus far justified by events, that India would respect the territorial integrity of its neighbors. The United States backed the 1972 Simla talks between India and Pakistan and declined to be drawn into any effort to rearm Pakistan, even on a sales for cash basis. The United States became the principal provider of foreign assistance, primarily food aid, to the new state of Bangladesh.[8]

U.S. Relations with India

The relationship between the United States and India has only recently recovered from the low ebb of the 1971 Indo-Pakistan war. In December 1971 the U.S. terminated the sale of agricultural commodities for nonconvertible foreign currencies, thus ending a major aspect of the food program both for India and Pakistan. This was a consequence of amendments to Public Law 480 which were passed in 1966, and not related to the crisis in East Bengal. The U.S. development aid program in India, halted during the 1971 war, was not reestablished until 1977. During the intervening years the United States participated in an aid-to-India consortium rescheduling of India's foreign debt; and the United States-India rupee settlement of 1974 reduced a longstanding source of friction by effectively writing off some $2.2 billion of India's local currency debt to the U.S. Government, with a notational earmarking of the funds for development projects in India's fifth 5-year plan.[9]

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[4] Whether the U.S. action deterred a large-scale invasion of West Pakistan is problematical.

[5] Pran Chopra, "India's Second Liberation" (Delhi, 1973), p. 201. Chopra, who had access to highly placed sources in India, maintains that New Delhi obtained assurances on the night of Dec. 11, 1971, 1 day before the U.S. force reached the Bay of Bengal, of direct Soviet support in the event of attack by U.S. forces.

[6] Testimony of William E. Colby, Director of the Central Intelligence Agency. U.S. Congress. Senate. Committee on Armed Services. Disapprove construction on the island of Diego Garcia; hearings on S. Res. 160, June 10, 1975. Washington, U.S. Government Printing Office, 1975. 94th Cong., 1st sess., p. 31.

[7] Soviet Indian Ocean ship-days totaled 4,936 in 1970, 4,023 in 1971, 8,854 in 1972, 8,895 in 1973, and 10,501 in 1974. The 1972–74 figures include about 2,500 ship-days per year attributable to vessels clearing mines in Bangladesh and the Red Sea. Testimony of Secretary of Defense James R. Schlesinger, ibid., p. 26. Soviet ship-day's in the Indian Ocean totaled 7,335 in 1976, and 4,186 through August 1977. Telecon with Office of Naval Intelligence, Nov. 2, 1977.

[8] Since the 1971 war the United States has provided more than $1 billion in bilateral assistance to Bangladesh, far more than any other donor, and indirectly the United States has contributed several hundred million dollars more through international agencies. Department of State. Agency for International Development. U.S. Overseas Loans and Grants, 1975, and AID fiscal year 1978 submission to the Congress (Asia programs).

[9] The settlement covered blocked local currency, in this case, rupees, owed to the United States for food sales under title I of the Agricultural Trade Development and Assistance Act (Public Law 480). The United States retained some $1.1 billion in rupees for its own purposes. In addition the Indian Government agreed to accelerate the conversion of certain other U.S. rupee holdings into dollars, viz, $64 million converted to U.S. dollars in 10 years rather than an earlier agreed upon conversion of $51 million over a 40-year period. U.S. Congress. House. Committee on Foreign Affairs. Indian Rupee Settlement. Hearing before the Subcommittee on the Near East and South Asia, Jan. 29, 1974. 93d Cong., 2 sess. U.S. Government Printing Office, Washington, 1974. 113 pp. (text of settlement in appendix II, pp. 44–45).

United States-India relations remained cool as a result of Indian criticism of U.S. policy in Indochina and over the U.S. decision to develop an Indian Ocean naval facility at Diego Garcia. Relations were further soured by India's explosion of a nuclear device in May 1974, a development which probably involved the use of some heavy water purchased from the United States that, in accordance with the terms of a 1959 agreement, had been commingled with larger quantities of heavy water produced in India. This led to the suspension of shipments of enriched uranium and heavy water for the U.S.-built Tarapur power reactor complex. Other irritants included a July 1974 amendment to the International Development Association Act (section 15) which required the U.S. representative to the International Development Agency to vote against loans to countries—India being the only example—which exploded nuclear devices but did not sign the Non-Proliferation Treaty.

Another basic source of irritation in United States-India relations was Prime Minister Gandhi's frequent use of anti-American themes to appeal to her domestic leftist and Communist political allies, including accusations that the CIA was being used to destabilize her regime, and the generally unfavorable view by the United States of the post-1975 state of emergency. Prime Minister Gandhi relied on these themes less during her last year of power. The United States never warmed to the emergency but neither did it openly criticize the institution of authoritarianism.[10]

The March 1977 elections and the victory of the Janata Party created an opportunity for an improvement in United States-India relations. Congress signaled its approval of the return of democracy to India by deleting section 15 of the International Development Association Act while adding a softer provision that does not single out India. President Carter and Prime Minister Desai exchanged cordial messages and Mr. Desai gave various indications that India would adhere to strict nonalinement, would voluntarily forgo any more nuclear explosions and had no desire to acquire a nuclear military capability. In May 1977 the Nuclear Regulatory Commission approved the interim shipment of fuel for the Tarapur reactors, and President Carter made additional commitments regarding fuel shipments during his January 1978 visit to New Dehli.[11]

The long-term prospect for a resolution of this and other issues is still far from clear, especially since the passage of the Nuclear Non-Proliferation Act of 1978.

U.S. Relations With Pakistan

U.S. relations with Pakistan remained ambiguous after the 1971 war. While the United States resumed development and food assistance, it declined to significantly facilitate Pakistan's rearmament. In 1973, however, the United States partially lifted its embargo in respect to "nonlethal" military equipment. In February 1975 the 10-year embargo on "lethal" arms to South Asia was lifted, but only

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[10] Barnds, "United States Policy Toward South Asia: Shifting Perceptions and Policy Choices," op. cit., pp. 650–651.

[11] Mohan Ram, "Atomic Safeguards could cloud efforts to stabilize relations," Christian Science Monitor, Jan. 3, 1978, p. 9. In April 1978 the Nuclear Regulatory Commission turned down an export of uranium fuel for the Tarapur power reactors, but President Carter has overridden the decision. See pp. 43–44.

to the extent of permitting exports for cash on a case-by-case basis.[12]

The policy of the United States regarding major weapons systems crystallized during 1977. In late 1976 the Department of Defense had recommended approval for a Pakistani purchase of 110 A–7 light attack aircraft (rumored to be financed by Saudi Arabia). The Department of State, however, made known its intention to weigh the matter carefully and without any consideration of urgency, and the issue of the A–7's soon became identified with American displeasure over Pakistan's purchase of a nuclear reprocessing facility from France. Not only was the A–7 sale in abeyance, but reportedly, the Ford administration also threatened Pakistan with the loss of American economic assistance if the agreement with France was consummated.[13] In June 1977 the Carter administration decided against going forward with the A–7 sale. Rather than associating the decision with the French nuclear reactor issue, however, the administration stressed the harmful prospects of "the introduction of a major sophisticated weapons system into South Asia," and placed the decision in the broader context of its global arms transfer limitation objectives.[14] To date Pakistan has not sought any reopening of the A–7 question nor has it asked to purchase any substitute aircraft.

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[12] An exception was made for a 1970 sale of 300 armored personnel carriers (APC's) and some combat aircraft. Due to a more stringent embargo during and after the 1971 war the APC's, though paid for, were not released for delivery until 1973. Stephen P. Cohen, "U.S. Weapons and South Asia: A Policy Analysis," Pacific Affairs, vol. 49, No. 1 (Spring 1976), p. 62.

[13] "Pakistan Bomber Purchase Cleared by Defense Department," The Washington Post, Nov. 16, 1976: "U.S. Warning Pakistan on Nuclear Plant," Washington Post, Aug. 9, 1976; "Kissinger Meets Pakistani Leader on Nuclear Issue," New York Times, Aug. 9, 1976.

[14] "U.S. A–7's Denied to Pakistan, but Door Open for Other Jets," Washington Post, June 4, 1977.

THE FUTURE: TRENDS IN THE REGION AND POLICY OPTIONS FOR THE UNITED STATES

Opinion on the future of South Asia and the most appropriate U.S. policies are as varied as the region itself. Views of experienced analysts and policymakers range from deep pessimism with a collateral recommendation of minimal U.S. regional involvement, to moderate optimism both for the region and for the benefits to the United States of an activist policy. In keeping with the uncertain state of collective wisdom on South Asia, official U.S. policy during the past half dozen years or so has closely adhered to a middle ground position of considerable ambiguity. There are some signs, however, that those who are charged with the development of policy options toward South Asia, i.e., the career officials of the Department of State, have adopted a cautiously optimistic view of regional developments and their implications for the United States. This view seems already to have influenced U.S. policy toward the region. The longer term direction of U.S. policy depends on how the President and his senior advisers see the regional situation in the context of larger policy objectives, on attitudes in the Congress, and most important, perhaps, on the attitudes and policies of the countries of the region.

Alternative schools of thought regarding South Asia can be divided into three main categories: (1) Those who see India and other South Asian countries as essentially plagued societies, incapable of surmounting their manifold problems; (2) those who see India as an emerging regional economic and military power, with slower but possibly collateral developments in one or more additional countries of the region; and (3) those who read the signs as still uncertain. Within each main school of thought there are contrary opinions as to the significance of likely regional trends for the United States. As a plagued society, for instance, India could be either passive or aggressive in dealing with its neighbors. The same holds true for India as a regional power—India could use its power for either benign or aggressive ends.

Likely Trends in the Midterm

ECONOMIC DEVELOPMENT

According to one widely accepted view of South Asia, India, Pakistan, and Bangladesh, et cetera, are essentially societies incapable of dealing with their problems and facing either stagnation or a Malthusian future. Some influential contributions to this view come readily to mind: Gunnar Myrdal's "Asian Drama: An Inquiry into the Poverty of Nations"; and Bernard D. Nossiter's "Soft State."

Myrdal's influential three-volume work on South Asia (which actually deals with both South and Southeast Asia) offers conclusions which, if correct, condemn the countries of the region to very slow

development at best. In Myrdal's view most of the conditions which led to rapid growth in the Western countries were either lacking or, if present, were not applicable to the South Asian scene. Moreover, the countries of the region are gravely handicapped by social systems rent with inequality and unconducive to the adoption of modern technology. The only hope for these countries, in Myrdal's view, lay in "radical state policies" on Socialist lines, in the absence of which little could be expected.[1]

The general view that India and other South Asian countries will not make much economic progress without a major restructuring of society is still frequently voiced. Noting a speech by Mrs. Gandhi which made reference, in vague terms, to the need for an Indian development model which, "could 'reach out to the poorest in the land,' " Norman D. Palmer, a political scientist with long experience in South Asia noted that—

> Such a model has not yet emerged, either during the more than a quarter century of democratic government, or during the few months of emergency rule. This raises questions and suggests goals much more basic than the preservation of any particular kind of political system.[2]

Other observers have focused less on the need for equality in Indian society or for radical social change under government leadership, than on the importance of freeing the economy from the oppressive weight of centralized planning and bureaucracy, especially complex tax, licensing currency, and import control requirements. In defense of this view, which is widely held by U.S. Government officials, proponents cite the much more impressive achievements of India's private sector and small-scale enterprises in contributing to economic growth, as contrasted with the relatively poor performance of the public sector industries. A corollary to this thesis is that unhindered growth will of itself produce a social revolution and greater equality in India, just as it did in the Western capitalist countries.

A related view is that of John W. Mellor, a Cornell University professor of agricultural economics and of Asian studies, and former Chief Economist of the Agency for International Development, who argues for a "rural-led, employment-oriented strategy for economic growth." Mellor sees "increased agricultural production, based on cost-decreasing technological change," as a way to "make large net additions to national income and place that income in the hands of the cultivator classes, who tend to spend a substantial proportion of it on nonagricultural commodities.[3] He argues that raising incomes in rural

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[1] Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations. vol. I. New York: The Twentieth Century Fund, 1968, p. 705. For a criticism of Myrdal see Maurice Zinkin, "South Asia's Economic Transformation: The Myrdal Thesis" (a review article), Pacific Affairs, vol. XLI, No. 4 (winter 1968–69), pp. 575–579.

[2] Norman D. Palmer, "India in 1975: Democracy in Eclipse," Asian Survey, vol. XVI, No. 2. (February 1976), p. 110.

[3] John W. Mellor The New Economics of Growth: A Strategy for India and the Developing World. Ithaca: Cornell University Press, 1976, pp. 14, 242–269.

areas is much more important than redistributive policies or radical social change in both generating economic growth and raising living standards although specialized programs to meet the health, nutrition, education, and family planning needs of the poorest classes are also necessary as a supplement to the broader growth strategy.

So far as actual trends in the medium term are concerned there presently seems to be substantial agreement that all of the countries of South Asia have the potential to make economic progress. Frequently cited reasons for this view include the reduced likelihood of regional conflict, the discovery of significant new resources such as oil and natural gas, the recent impressive growth of India's exports and hard currency reserves, and some unexpected and partially compensatory benefits of the oil price increases, including increased exports of goods and labor from South Asian countries to the rich, but in many ways less developed OPEC countries.

Opinions differ on the likelihood that India and other countries of the region will capitalize on their potential for growth. Myron Weiner, cited earlier, is, on the whole, pessimistic. His view is shaped by long study of the Indian policy and a skeptical view of the potential of either India's pre-1975 style democratic system, with its economically inefficient trade-offs and compromises, or authoritarianism as embodied in the Emergency. Economists such as John P. Lewis, John Mellor, and Lawrence Viet express varying degrees of optimism.[4]

MILITARY TRENDS

One point on which considerable consensus exists is the likelihood that India will remain the dominant regional power militarily and will continue to expand its military power.[5] Although some U.S. officials have expressed concern over possible aggressive tendencies on the part of a militarily strong India, many observers in and out of Government are relatively unworried about the possibility of an expansionist or aggressive India. While it is conceded that India has not shrunk from the use of force when its interests seemed to dictate, it has thus far defined its interests in relatively narrow terms. The Kashmir dispute with Pakistan has been resolved in a de facto sense to India's advantage, and India has given no indication of attempting militarily to reopen the Himalayan border dispute with China.

India has, however, given evidence that it wishes to play a much larger role in the Indian Ocean, and the navy has been the focus of its military buildup in recent years.[6] India is developing extensive base facilities in its Andaman and Nicobar Islands, some 1,300 kilometers

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[4] Viet's optimism, however is more on India's potential than on actual performance, which remains doubtful in his view. Viet, "India's Second Revolution," pp. 354–370.

[5] This view is either explicitly suscribed to or implicit in the following: Myron Weiner, "Critical Choices for India and America," and Robert A. Scalapino, "Alternatives for the International Order in Asia," in Donald C. Hellmann, Southern (Lexington, Mass. 1976); Richard L. Parks, "Coming to Grips with India," Asian Survey, vol. VII, No. 12 (December 1977), pp. 1158–1166; Stephen P. Cohen and Richard L. Park "India: Emergent Power," op. cit., and William J. Barnds, "United States Policy Toward South Asia: Shifting Perceptions and Policy Choices," Pacific Community, vol. 8, No. 4 (July 1977), pp. 645–659. Numerous other articles and reports have been published concerning India's weapons programs that, in an unsystematic but cumulative way, point to continued advances in the country's military power and growing technological self-sufficiency.

The latest annual report of the ministry of defense includes plans to acquire the British Harrier vertical/short take off and landing (V/STOL) aircraft for India's one aircraft carrier and, it is hoped, the licensed production in India of deep strike aircraft and submarines. Mohan Ram, "India's Military Beefs Up Despite Eased Tension," Christian Science Monitor, Apr. 17, 1978, p. 9.

[6] The Navy's share of capital expenditures in the defense budget rose from 7 percent in 1963–64 to nearly 49 percent in 1973–74. Raju G. C. Thomas, "The Indian Navy in the Seventies," Pacific Affairs, vol. 48, No. 4 (Winter 1975–76), p. 500.

east of the Indian mainland, which are seen as having strategic importance both for control of the eastern Indian Ocean and for the defense of India itself. The Indian Navy calls occasionally at ports as far west as the African mainland. The ends to which India may put her military power are not clear, but several factors are commonly cited as evidence that India will not behave aggressively. These include a pattern of firm civilian control over the military and a reluctance of even Mrs. Gandhi's authoritarian regime to levy the kind of taxes that would be necessary to support a sustained adventurist posture.[7] India's neighbors, naturally, are less sanguine about her power than observers in more distant countries.

NUCLEAR TRENDS

Nuclear trends in the region are largely synonymous with the developments discussed earlier regarding the proliferation of nuclear weapons capabilities. India has already demonstrated this capability and possesses a nuclear establishment which could become largely immune to external sanctions. Pakistan will soon have a much more limited, but still significant, capability to approach or cross the nuclear weapons threshold.

Whether India will proceed to build nuclear weapons and acquire a credible delivery system cannot be foreseen. Prime Minister Desai has expressed firm opposition to such a course, but other important menbers of his coalition have previously advocated acquiring nuclear weapons.[8] Some observers feel that the detonation of a nuclear device in 1974 sufficiently satisfied India's internal and external objectives, and that there are limited incentives to actually pursue the weapons option.[9] Others who have studied the evolution of India's nuclear program see both foreign policy and domestic political advantages in "moving toward, but not over, the nuclear weapons threshold."[10] It could be argued that the 1974 detonation brought India more trouble than it might have expected—for instance, the stiffer U.S. nonproliferation policy—but it is not at all clear that India's policymakers see the consequences of the 1974 explosion in this light.

Pakistan's course is even less predictable. On the one hand, its actual nuclear capabilities are certain to be limited in view of the small size of its nuclear program. Its nuclear objectives, on the other hand, seem clearly related to a perceived need to counter India's capabilities—if only by acquiring the wherewithal to produce nuclear weapons. Unless total and absolute mistrust of India persists, it is conceivable that a sufficiently unthreatening policy on the part of India could deflect Pakistan from the pursuit of the nuclear weapons option. Pakistan is also more susceptible to external pressure from nuclear suppliers. Pakistan probably could never match India bomb for bomb.

Both countries are firmly committed to nuclear power as a long-term major factor in meeting their energy requirements. Due to the great prestige attached to nuclear technology and the secondary

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[7] Cohen and Park, op. cit., p. 23.
[8] For instance, External Affairs Minister Vajpayee. Bray and Moodie, "Nuclear Politics in India," op. cit., p. 116. Defense Minister Jagjivan Ram previously disavowed interest in India's acquiring nuclear weapons but supported the development of nuclear explosives for peaceful purposes. Gillette, "India: Into the Nuclear Club on Canada's Shoulders," op. cit., p. 1053.
[9] William Beecher, "U.S. Presses India To Renounce N-Arms," Boston Globe, Oct. 11, 1977, p. 1.
[10] Bray and Moodie, op. cit., p. 116.

benefits of a nuclear weapons option, neither is likely to be impressed with arguments that nuclear power is uneconomic or otherwise unsuited to their requirements.

Policy Issues for the United States and Schools of Thought Thereon

ECONOMIC ISSUES

Views on what the United States should do about South Asia are, out of considerations of practicality, more constrained than opinions about the prospects for the region or its trends in the medium term. Few observers give any credence to talk of applying the medical concept of "triage" [11] to South Asia, and it may be argued whether the underlying assumptions of this concept are valid for any country in the region. On the other hand, the sobering experience of the last two decades has shown the limits of outside aid, both in terms of its effects on the recipient countries and in terms of political support within the United States.

Some development economists such as John P. Lewis and John W. Mellor,[12] who take an optimistic view of growth possibilities in the region, stress the need for a new commitment to development on the part of the United States. Both argue that agriculture must be the backbone of economic development and that the United States has a role to play in providing surpluses to cover bad years, agricultural research and technical assistance, and assistance to accelerate the production of fertilizer. Both see actions by the recipient countries as crucial, including a firm commitment to an agriculturally based, employment oriented, growth strategy, and by implication in Mellor's case, receptivity to U.S. private investment.

In a country like India with a GNP approaching $100 billion, it is obvious that U.S. bilateral aid programs can have limited effect. In fact, were it not for the food aid programs, India would not even be a net U.S. bilateral aid recipient, as its current repayments on past loans are around $160 million per year.[13]

Currently, the issue of U.S. bilateral aid to India seems to be perceived by both countries as more important as evidence of improved relations than as a critical requirement for India's development. It is increasingly clear that India itself does not desire either a large bilateral aid program involving interference in policy decisions or the piling up of new debts to other countries. This is especially true now that increasing exports, multilateral agency assistance (in large part financed by U.S. contributions), and remittances from Indians abroad have greatly improved the country's hard currency position. Many U.S. officials have expressed the view that what India needs most from the United States are technology transfers in agriculture and industry. Practical difficulties arise, however, over the issue of how such transfers are to take place in view of the past Indian

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[11] Using finite resources to aid only those most likely to respond and leaving the rest to their fate.

[12] John W. Mellor, Cornell University, prepared statement for the Subcommittee on the Near East and South Asia of the Committee on Foreign Affairs, House of Representatives, Sept. 24, 1974. Mellor's views on development possibilities are more fully stated in his book "The New Economics of Growth: A Strategy for India and the Developing World" (A Twentieth Century Fund Study) (Ithaca and London, 1976).

[13] U.S. Congress. House. Committee on International Relations. "New Directions" Aid Programs in Asia; Indochina Refugees in Thailand; Report of a Staff Study Mission to Thailand, Bangladesh, India, and Pakistan, Nov. 16 to Dec. 15, 1977." (Committee Print.) Washington, U.S. Government Printing Office, 1978, p. 51.

selectivity about desired types of private foreign investment, restrictions on the repatriation of profits, and limits on equity capital held by foreigners in Indian enterprises (generally limited to 40 percent foreign equity).

SECURITY ISSUES

Views on how the United States should pursue its security interests in the region are more divergent than opinions on economic questions. Essentially, however, security issues can be reduced to the following: (1) The nature and size of the U.S. naval presence in the Indian Ocean, (2) India's role in the military balance in Asia and the Persian Gulf, (3) the conditions under which the United States will permit the transfer of arms and defense technology to the region, and (4) the extent of remaining U.S. military support for Pakistan.

For some years now, the Department of Defense has expressed concern at the growing Soviet naval presence in the Indian Ocean and has attempted, in a relatively low-keyed fashion, to strengthen the U.S. position in the region. The principal result of this effort has been the buildup of the Diego Garcia facility, an increase in periodic deployments of task groups from the Pacific Fleet into the Indian Ocean, and regular patrols of the sealanes by reconnaissance aircraft.

This increased U.S. activity in the region has produced various reactions from littoral states. Countries more dependent on the United States or that feel threatened by the Soviet presence have exhibited greater sympathy with U.S. policy, although most countries of the littoral give at least lip service to the "Zone of Peace" concept. Despite being a major advocate of the "Zone of Peace" concept for the Indian Ocean, India has been relatively restrained in expressing its objections to the U.S. naval presence. Reportedly, India recently demonstrated a more evenhanded concern about the presence of both superpowers by supporting the Republic of the Maldives Government in its decision to reject a Soviet offer of $1 million for a long-term lease on the atoll of Gan, formerly a British RAF staging base.[14] Clearly, however, there are limits on how far the United States could go in the direction of a forward naval strategy in the region without seriously straining Indo-United States relations.

The Carter administration seems to favor dealing with the Soviet naval presence in the region by negotiating an agreement with the U.S.S.R. to limit superpower naval deployments. Talks with the Soviet Union on the Indian Ocean issue were initiated in June 1977 by Paul C. Warnke, head of the U.S. Arms Control and Disarmament Agency. Reportedly, the U.S. and the Soviet Union had tentatively agreed to limit deployments to current levels and to "avoid 'forward deployment' of forces in a fighting mode in the ocean." [15] More recently, however, the whole future of the talks became clouded by the Soviet expulsion from Berbera, Somalia, the subsequent U.S.S.R. and Cuban involvement in the Ethiopian side of the conflict between Ethiopia and Somalia over the Ogaden region, and continuing Soviet and Cuban support of Ethiopia against the secessionist movement in Eritrea. The outlook for the talks is now very uncertain.

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[14] Seymour Freidin, "Superpowers Wooing Maldives," Baltimore News American, Nov. 6, 1977, p. 10.
[15] "Indian Ocean Buildup Halted by United States, Soviets," India Express, Oct. 7, 1977. For a summary of the reported U.S. proposals see the New York Times, Sept. 26, 1977.

Some critics of U.S. policy have argued for a more forward naval posture in the region. Former Chief of Naval Operations, Adm. Elmo R. Zumwalt, Jr. (ret.), for instance, cites the Soviet naval presence and the importance of U.S. interests in the Persian Gulf and Middle East as the rationale for a naval buildup by the United States in the area. Zumwalt considers the announced plans for the Diego Garcia facility as "a bare minimum of prudence."[16] Robert J. Pranger of the American Enterprise Institute also argues for a forward, resource-oriented naval strategy in Asia. Pranger recommends the deployment of roving task forces consisting of nuclear-powered aircraft carriers and "associated amphibious elements" that "should be on constant patrol in areas where armed intervention with definitive American power would secure access to vital resources and waterways, should these be closed by the force of any power." In addition, Pranger proposes the deployment of lesser naval forces "operating out of bases and homeports" that would patrol the sealanes connecting the United States and "resource rich areas." Pranger notes that "these forces should have base support in the Indian Ocean and in Western and South Pacific."[17]

Reportedly, the Department of Defense has issued planning guidance to the services to meet possible military threats to the Persian Gulf oilfields. The implications, if any, for U.S. naval posture in the Indian Ocean or for the naval and air facility at Diego Garcia are not clear.[18]

In general, South Asian specialists in the academic and development communities tend to take a dim view of a U.S. Indian Ocean buildup, though there are a few prominent Asian experts who place more stress on strategic considerations than political issues. Myron Weiner, for instance, considers it foolhardy to pursue a forward military strategy which would make an enemy of India. In Weiner's view, even an authoritarian India will likely contain divergent interest groups, including groups which value a connection with the United States. This situation will prevent India from taking a radical course unless provoked unnecessarily. Weiner sees other countries in the area, including Iran, as much more susceptible to destabilizing events such as palace coups, revolutions, or simply the death of a dominant leader. In that sense their long-term alinements or policies are less predictable. Weiner urges, therefore, that U.S. policymakers resist the understandable tendency to think primarily in terms of strategic interests in South Asia and to focus instead on development issues.[19]

It seems clear that there has been, especially since the March 1977 elections, a decided shift by India away from any "special relationship" with the Soviet Union and toward more harmonious relations with the United States. This development would seem to be unquestionably in the interest of the United States and its friends in the Persian Gulf. Iran, for its part, has actively sought to involve India in a new regional military and economic grouping.[20]

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[16] Adm. E. R. Zumwalt, Jr., "A New Base in the Indian Ocean?" (with a contrary view by Adm. G. R. La Rocque (ret.), Baltimore Sun, July, 11 1975.

[17] Robert J. Pranger "The Evolving Role of Asia in American Policy," in Southeast Asia: "The Politics of Poverty and Peace, " op. cit., p. 225.

[18] George C. Wilson, "New U.S. Military Plan: European, Persian Focus," Washington Post, Jan. 27, 1978, p. 1.

[19] Weiner, op. cit., pp. 76–77.

[20] Iran's objectives in this regard were stressed during a February 1978 visit of the Shah of Iran to India: "Deeper Indo-Iranian Ties Visualized; Shananshah Offers Iranian Oil Credit To Finance Indian Projects"; Indian and Foreign Review, vol. 15, Feb. 15, 1978, pp. 5–6; Mohan Ram, "Shah of Iran Looks to India With Naval, Economic Aims," Christian Science Monitor, Feb. 7, 1978, p. 4.

The diminution of Soviet influence also works in China's favor, and it has been suggested that one of the most constructive things the United States could do would be to encourage India and China in their efforts at a reapprochement, while bearing in mind India's continuing need for good relations with the U.S.S.R.[25] Some degree of U.S. encouragement of India's growing self-confidence and its lessened reliance on the U.S.S.R. would seem likely to reinforce the favorable shift in India's policy. Another observer, William J. Barnds, however, has stressed that the United States has little to gain from actively supporting India's regional dominance, as the change in American policy would likely be regarded as temporary by India and would impel India's neighbors to seek unwanted accommodations with the U.S.S.R.[22]

Another security issue is that of transfers of arms and defense technology. The Department of Defense has generally recognized that India's efforts to achieve military self-sufficiency are aimed at ending any dependency on Soviet military aid. Officials also note India's desire to obtain more military technology from the West—in many areas the Soviets have little more to offer than India can obtain through its own scientific resources. These would seem to be favorable developments of considerable significance. Still, there is great concern about transferring military technology due to the total lack of American access to Indian defense facilities and the consequent inability to monitor the use of sophisticated technology.

While arms sales to Pakistan have been limited in recent years, the United States has sold relatively sophisticated defensive weapons such as wireguided (TOW) antitank weapons. In Pakistan's case, the arms sale issue is inseparably meshed with the question of the country's security problems. Pakistan is still, via CENTO, part of the Western alliance system. Thus one relevant issue is whether Pakistan should again be eligible to participate in the foreign military sales credit program. Obviously, the current political situation militates against the formulation of any longer term policy toward selling arms to Pakistan.

The question of possible arms sales to South Asia cannot be isolated from United States objectives to restrain arms transfers generally, especially transfers to the Third World. While the United States has exercised restraint in the region for more than 10 years, the recent cancellation of the A–7 aircraft sale to Pakistan stands as one of the few concrete indicators of a general change in U.S. arms transfer policy. The record of the past few years suggests a preference, in the Department of State and the White House, at least, for an intraregional political solution to the security concerns of India and Pakistan. This policy seems to be based on the reality that arms transfers to either India or Pakistan will be resented by the other, and by a general disinclination to contribute to military competition in the region. Inevitably, due to Pakistan's smaller economic, industrial and technological base, this policy discomforts Pakistan more than India, with respect to India the issue of transfers of technology that could have defense applications is probably a more relevant issue than sales of weapons or military hardware.

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[21] Richard L. Park, "Coming to Grips With India," Asian Survey, vol. XVII, No. 12 (December 1977), p. 1163. In a recent address to the United Nations, China's Foreign Minister omitted the customary criticisms of India and its relationship with the Soviet Union; and during a March 1978 meeting between Prime Minister Desai and a Chinese friendship delegation in New Delhi, the Chinese delegation leader spoke of everlasting brotherhood between the countries. U.S. Foreign Broadcast Information Services, PRC, Mar. 16, 1978, p. A–13.

[22] Barnds, "United States Policy Toward South Asia," op. cit., p. 654.

Other arms options that may be open to Pakistan include the acquisition of modern weapons from other Western countries, probably with financing by Pakistan's gulf neighbors, and the not inconceivable option of obtaining weapons from the U.S.S.R. The U.S.S.R. has shown repeatedly that is is not adverse to supplying arms to local rivals. Moreover, the decreasing Indian dependence on Soviet military and economic support, and the current strong Chinese influence in Pakistan, may seem to the Soviets to offer a promising field for maneuver. This latter prospect is one of the dangers for the United States in either unilateral arms restraint in the region or a decision to transfer arms or military technology to India.

Many observers see positive signs in Pakistan's close ties with the other Islamic countries of Southwest Asia. These ties may be especially useful as Indian economic relations grow with the same states. Due to the importance of its economic ties with the Gulf states, India may acquire an even greater interest in assuaging Pakistan's sense of insecurity than would be suggested by purely bilateral considerations.

NUCLEAR ISSUES

In light of the broad consensus in the United States that the expansion of unsafeguarded or insufficiently safeguarded nuclear technology in nonnuclear weapons states is dangerous to world peace, the nuclear issues between the United States and South Asian countries will likely be the most important issues in this region. Because of wide support in the United States for stricter nonproliferation safeguards, the less ardent attitude of other nuclear suppliers (whose domestic energy and export programs will be greatly affected by new U.S. requirements), and the firm commitment of India and Pakistan to develop nuclear energy, the nuclear issue seems to present the most difficult and important choices for the United States.

The simple fact is that the United States cannot hope to attain its nonproliferation goals without the cooperation of India, Pakistan, and the Western European countries. Except for a general agreement on the part of the major nuclear powers to adopt more rigorous safeguards on their technology exports, there has been a notable absence of support for the more ambitious U.S. objectives to defer the development of breeder reactors and the use of plutonium as a fuel. The enactment of the Nuclear Non-Proliferation Act of 1978 has generated resentment and ill will on the part of most of the other nuclear suppliers, as well as among aspiring nuclear powers such as India and Brazil.[23]

At present, India's terms for acquiescing in the new U.S. nonproliferation safeguards may be unrealizable. The Indian terms, as stated by Prime Minister Desai, include an agreement by the superpowers to limit their nuclear arsenals and specific steps toward reducing their stocks of nuclear weapons, as well as the signing of a comprehensive nuclear test ban agreement. These actions, the Indian Government maintains, are necessary to create a "nondiscriminatory regime" governing the control of nuclear energy.[24] While the United

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[23] For a detailed discussion of the current nuclear safeguards issue, including the role of India in precipitating the U.S. drive for stricter nonproliferation standards and the attitudes of the other nuclear suppliers see Karl Kaiser, "The Great Nuclear Debate," Foreign Policy, No. 30 (Spring 1978), pp. 83–110.

[24] It now appears that India has given up its earlier requirement that China and France—who have not participated in the current Geneva talks on a comprehensive test ban treaty—participate in the agreements to limit nuclear weapons and ban nuclear tests. Simon Winchester, "Callaghan, Desai Reach Agreement in Nuclear Talks," London Guardian, Jan. 10, 1978.

States has generally subscribed to these objectives itself, it is questionab e whether they will be realized in time to prevent a serious strain on Indo-United States nuclear cooperation, if not its termination.

Despite its strong nationalistic opposition to full-scope safeguards there are several factors that could lead India to reach an accommodation with the United States on future nuclear cooperation, though not, perhaps, without a legacy of resentment. At present, India's three operating power reactors are under at least partial IAEC safeguards, and the additional reactors that will come on stream in the next few years, including Canadian-type units of largely indigenous construction at the Madras Atomic Power Station, will be under safeguards to the extent that they operate with foreign-supplied nuclear materials such as heavy water or with materials derived from the operation of the reactor with foreign-supplied fuel or heavy water.[25] Currently, the main unsafeguarded facilities are a fuel fabrication plant, a reprocessing plant, and three research reactors.

Due to financial stringencies and technical problems currently being encountered in its atomic program, India has a strong incentive to seek continued foreign cooperation. India's indigenous heavy-water plants are all behind schedule and all have been struck by accidents of some type, including a December 1977 explosion at the Baroda plant. A shortage of heavy water could delay the startup of four indigenously built power reactors.[26] So far as fuel for the U.S.-built Tarapur reactors is concerned, the use of alternative fuels such as a plutonium-uranium oxide mixture would be costly and may likely present technical difficulties. Thus, while it is possible that India will ultimately achieve complete self-sufficiency, strong incentives now exist for maintaining foreign cooperation. No foreign supplier will provide nuclear materials without safeguards, although no supplier other than the United States has demanded full-scope safeguards as a condition of nuclear cooperation.

In April 1978 Congress became directly involved in the issue of continuing nuclear cooperation between the United States and India. This was a result of a 2–2 split on the Nuclear Regulatory Commission (a fifth position being vacant) on the application for a license to export 17,000 pounds of uranium fuel for the Tarapur power station. The two Commissioners opposed to the export reportedly argued that due to India's announced opposition to full-scope safeguards it was not possible to make certain statutory determinations required by the new law regarding the continuance of safeguards on the U.S. fuel. This view held that India's current opposition to full-scope safeguards implied an eventual termination of Indo-United States cooperation, thereby endangering existing safeguards on the Tarapur facility. The Commissioners favoring the export, on the other hand, suggested that this reasoning went beyond the requirements of the law and infringed upon the President's prerogatives in the conduct of foreign policy.[27]

Section 126(b)(2) of the Nuclear Non-Proliferation Act of 1978 (Public Law 95–242) provided a remedy in cases where the Nuclear Regulatory Commission failed to issue a proposed license on a timely

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[25] Reportedly, when the Soviet Union agreed, in 1976, to supply heavy water following the termination of Canadian cooperation it required India to accept IAEC safeguards on any reactor using the heavy water and on all nuclear materials resulting from the operation of the facility. "Russia Forced India to Sign Pact," India Express, June 30, 1978, p. 1.

[26] "N-Power Plants Face Heavy Water Scarcity," India Express, June 30, 1978, p. 1.

[27] Thomas O'Toole, "NRC, on a Tie Vote, Rejects Export of Uranium for India," Washington Post, Apr. 21, 1978; Warren H. Donnelly, "Nuclear Exports: Licensing Fuel for India's Tarapur Nuclear Powerplant," CRS Issue Brief IB78043.

basis or could not make the required statutory determinations required under the act. The President may, by Executive order, authorize the export, provided he determines that its denial "would be seriously prejudicial to the achievement of U.S. nonproliferation objectives, or would otherwise jeopardize the common defense and security." Such action, however, is subject to congressional review and may be overturned within a period of 60 days of continuous session by concurrent resolution.

In his April 27, 1978, message to the Congress announcing his decision to allow the export, President Carter expressed his conviction "that denial of this export would seriously undermine our efforts to persuade India to accept full-scope safeguards, and would seriously prejudice the achievement of other U.S. nonproliferation goals." He expressed the "highest confidence" that India would honor "its commitments to use exports only at the Tarapur Atomic Power Station and not for any explosive or military purpose." [28] The President's prestige was involved in the issue, as he had promised the release of the reactor fuel shipment during his January 1978 visit to New Delhi.[29]

On May 23, and June 8, 1978, the House International Relations Committee held hearings on proposed House Concurrent Resolutions 599 and 601, disapproving the export of low-enriched uranium to India. The Senate Foreign Relations Committee held a hearing on the proposed export on May 24. Essentially, testimony for and against the export revolved around the issue of whether the proliferation risks involved in the current proposed shipment of uranium outweighed the foreign policy and proliferation risks inherent in a cutoff of uranium shipments prior to the expiration of the 18-month "grace" period allowed by law for the renegotiation of the existing nuclear cooperation agreement.

Action by the House International Relations Committee in reporting unfavorably on House Concurrent Resolution 599 on June 14, approval of the export by the Senate Foreign Relations Committee on June 20, and the failure of the House (by 181 yeas to 227 nays) to agree to the resolution on July 12, 1978, had the effect of clearing the way for the uranium shipment to India.[30] The fate of future shipments remains uncertain however. The pending appointment of a fifth Commissioner to the NRC would tend to reduce the likelihood of a split decision on uranium exports, but the resultant balance of opinion on the Commission remains to be tested. Also, the expressed views of members of both congressional committees suggests that while foreign policy considerations were probably uppermost in this particular case, it cannot be assumed that Congress will continue to support nuclear exports to India in the absence of progress toward Indian acceptance of full-scope safeguards.[31]

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[28] U.S. President. Export of Special Nuclear Material to India; Message from the President of the United States transmitting his Executive order and justification for authorizing the export of low-enriched uranium to India for use in the fueling of its Tarapur Atomic Power Station, pursuant to sec. 126b.(2) of the Atomic Energy Act of 1954, as amended (92 Stat. 131). Apr. 27, 1978. Washington, U.S. Government Printing Office, 1978 (95th Cong., 2d sess., House. Document 95-327.)

[29] "Atom Fuel for India Approved," Baltimore Sun, Jan. 3, 1978, p. 1.

[30] Thomas O'Toole, "House Panel Vote Virtually Assures A-Fuel for India," Washington Post, June 15, 1978; Donnelly, CRS Issue Brief IB-78043.

[31] In a letter to President Carter of June 21, 1978, the chairman of the Senate Committee on Foreign Relations, Senator John Sparkman, communicated the view of the committee that without the achievement of full-scope safeguards "it is highly unlikely that a waiver allowing continued exports would be acceptable." Congressional Record, June 23, 1978, p. S9681.