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Policy Brief

SUMMARY

The widely noted decision to resume F-16 sales to Pakistan and, even more, the largely ignored commitment to assist India's growth in power represent a new U.S. strategy toward South Asia. By expanding relations with both states in a differentiated way matched to their geostrategic weights, the Bush administration seeks to assist Pakistan in becoming a successful state while it enables India to secure a trouble-free ascent to great-power status. These objectives will be pursued through a large economic and military assistance package to Islamabad and through three separate dialogues with New Delhi that will review various challenging issues such as civil nuclear cooperation, space, defense coproduction, regional and global security, and bilateral trade. This innovative approach to India and Pakistan is welcome—and long overdue in a strategic sense—but it is not without risks to the United States, its various regional relationships, and different international regimes.

South Asian Seesaw: A New U.S. Policy on the Subcontinent

Ashley J. Tellis
Senior Associate, Carnegie Endowment for International Peace

After months of secret deliberation, President George W. Bush finally phoned Prime Minister Manmohan Singh of India on March 25, 2005, to personally inform him that the United States would, after a hiatus of some fifteen years, resume the sale of F-16 fighter aircraft to Pakistan. Singh, according to his spokesperson, conveyed his "grave disappointment" to the president, but, in a remarkable difference from yesteryear, the government of India's overall response was uncharacteristically muted.

The manner in which this sale was handled buttresses the Bush administration's confidence that the United States can preserve good relations with both India and Pakistan simultaneously because of the conviction that both countries represent different kinds of strategic opportunities for the United States: as Secretary of State Condoleezza Rice put it, "India…is looking to grow its influence into global influence…and Pakistan…is looking to a settled neighborhood so that it can deal with extremism inside its own borders."

Although the decision to resume F-16 sales garnered the bulk of media attention in the United States, the administration's more radical conclusions with respect to its regional policy were largely neglected. Senior officials revealed through a background briefing on the day of the president's phone call to Singh that the United States had in fact reached the decision "to help India become a major world power in the twenty-first century." By further asserting that "we understand fully the implications, including military implications, of that statement," the administration effectively gave notice that it would be guided by the intrinsic importance of India and Pakistan to U.S. interests and not by fears that support for one would upset the other.

The widely noted sale of F-16s to Pakistan and, even more, the largely ignored commitment to advance India as a global power represent a new U.S. strategy toward South Asia. By expanding relations with both states, but in a differentiated way matched to their variation in geostrategic weights, the administration has implicitly conveyed that the United States not only would assist Pakistan to transform itself into a successful and moderate state—by rewarding General Pervez Musharraf as necessary through military and economic assistance—but, more important, would invest the

Ashley J. Tellis is a senior associate at the Carnegie Endowment for International Peace in Washington, D.C. Previously, he served as senior adviser to the ambassador at the embassy of the United States in India. He also served on the National Security Council staff as special assistant to the president and senior director for strategic planning and Southwest Asia. Before his government service, he was for eight years a senior policy analyst at RAND and professor of policy analysis at the RAND graduate school. He is the author of *India's Emerging Nuclear Posture,* coauthor of *China's Grand Strategy: Past, Present, and Future,* and has recently edited *Strategic Asia 2004–05: Confronting Terrorism in the Pursuit of Power.* He is deeply grateful to Jessica Tuchman Mathews, George Perkovich, and Michael Beckley for their comments and assistance in preparing this policy brief.

energy and resources to enable India—the preeminent regional state and an emerging success story internationally—to secure as trouble-free an ascent to great-power status as possible.

Washington thus has clearly placed its biggest bets on New Delhi, expecting that transformed bilateral relations would aid India in a manner that would ultimately advance America's own global interests with respect to defeating terrorism, arresting further proliferation, and preserving a stable balance of power in Asia over the long term. The administration is under no illusion that assisting the growth of Indian power will transform New Delhi into a meek and compliant ward of the United States. Given its size, history, and ambitions, India will always march to the beat of its own drummer. The administration has concluded, however—and correctly—that a strong and independent India represents a strategic asset, even when it remains only a partner and not a formal ally. This judgment is rooted in the belief that there are no intrinsic conflicts of interest between India and the United States. Consequently, transformed ties that enhance the prospect for consistent "strategic coordination" between Washington and New Delhi serve U.S. interests just as well as any recognized alliance.

Although U.S. officials depicted this strategic shift as the product of an administration-wide effort months in the making, it was probably far more improvisational than would be conceded. The new policy is due fundamentally to the strategic vision of Secretary Rice, Deputy Secretary of State Robert B. Zoellick, and Counselor Philip Zelikow, who fashioned this bold initiative to advance the president's long-standing desire for a transformed relationship with India. Their decisive intervention not only extended the administration's first-term success—Next Steps in Strategic Partnership (NSSP)—but also reached for far more ambitious objectives that, if successfully concluded, would have the effect of changing the character of the Asian strategic environment for a long time to come.

Contours of Current U.S. Regional Engagement

The administration's new strategy with respect to India and Pakistan is envisaged as moving along two distinct tracks. Where Islamabad is concerned, the administration is committed to providing a $3 billion economic and military assistance package that will be disbursed from 2005 to 2009. The administration will also continue to support Pakistan, through private-sector and international assistance, in reforming education and health and in increasing state penetration in the Federally Administered Tribal Areas. Finally, as gratitude for Musharraf's efforts in the war on terror, and in response to Islamabad's pleading for many years, the administration will proceed with the sale of F-16 aircraft to Pakistan. The exact configuration of these planes has not yet been made public, but it has been decided that no limits will be placed on the number of aircraft Islamabad can purchase. Industry sources have indicated that the initial buy would consist of a mix of some twenty-five to forty early- and late-model airframes, which are likely to be equipped with the AIM-120 AMRAAM, the best active radar missile in service anywhere in the world. The F-16 sale thus expands the access to U.S. weapons systems that Islamabad has enjoyed since the beginning of counterterrorism operations in Afghanistan. Previous transfers included C-130 transport aircraft, helicopters, and communications and electronic equipment, and the administration recently decided that P-3C Orions, TOW antitank missiles, and Phalanx terminal defense systems would also be made available to Pakistan.

Where New Delhi is concerned, the administration is pursuing two different kinds of initiatives simultaneously. First, it has decided—overcoming the hesitation of the past—to take a more liberal view in regard to supplying India with advanced defense equipment. Accordingly, it has permitted Lockheed Martin and Boeing to offer F-16s and F-18s, respectively, as candidates for the Indian Air Force's multirole fighter program, with the assurance that Washington would be

favorably inclined to license even more sophisticated sensors and weapons than those made available to Pakistan and to consider coproduction of these platforms in India. The administration has also stated directly that it will support Indian requests for other "transformative systems in areas such as command and control, early warning, and missile defense." Second, and even more important to India, the administration has expressed willingness to discuss a range of difficult and highly contentious issues through three separate, high-level dialogues with New Delhi.

The strategic dialogue will focus on global security issues, including India's quest for permanent UN Security Council membership, future defense cooperation, high-technology trade, and space-related collaboration as well as regional issues pertaining to security in and around South Asia. The energy dialogue will address energy security issues broadly understood, including the proposed Indo-Pakistani-Iranian gas pipeline, nuclear safety cooperation, and, most important of all, ways of integrating India into the global nuclear regime so as to address New Delhi's desire for renewed access to safeguarded nuclear fuel and advanced nuclear reactors. The economic dialogue, which already exists in somewhat otiose form, will be resuscitated by high-level political and private-sector participation. It will aim at increasing U.S.-Indian trade and creating new constituencies in the United States having a stake in India's growing power and prosperity.

The importance of what Washington is offering India for its future strategic trajectory helps explain the Indian government's muted response to the U.S. decision to sell F-16s to Pakistan. No matter how unpalatable this sale is to Indian policy makers, they have decided to overlook increases in Islamabad's military capability as long as such accretions are indeed marginal and as long as the administration actually makes good on its intention to strengthen Indian power by adopting new policies on issues that are fundamentally important to New Delhi. Given this contingency underlying current Indian restraint, the administration ought to guard against complacency because the delicate balance within the government of India, which makes for a muted response to Washington's defense sales to Islamabad, could quickly metamorphose into outright opposition if the United States were to either exceed certain qualitative or quantitative thresholds in its weapons transfers to Pakistan or falter in its efforts to provide India with expanded access to key controlled technologies.

Risks and Challenges to the New Strategy

The new administration approach to India and Pakistan, while welcome and long overdue in a strategic sense, is not without risks.

Two Democracies: What Could Possibly Go Wrong?

The United States and India are justifiably proud of their democratic systems. Yet, democratic politics is exactly what could sunder the bold foreign policy transformations envisioned in Washington and New Delhi. The Vajpayee government, reflecting public sentiment, rebuffed the Bush administration's plea for Indian forces in Iraq. India's Parliament today contains scores of left- and right-wing members who are highly suspicious of both U.S. intentions and economic globalization. This vibrant body could challenge U.S. interests in ways that could provoke dismay in Washington and beyond. Similarly, U.S. politicians at the state and federal levels have decried the outsourcing of jobs to India and proposed legislation to curtail it. The United States may threaten to sanction Indian or other foreign entities that seek to develop commercial ties with Iran, including in the energy sector vital to India. Expanding nuclear cooperation with New Delhi, as the administration intends, requires congressional concurrence, which may be resisted in a manner that could offend many in India.

In short, India and the United States have large populations with diverse ideologies and interests—and the means to express them politically. Both are also large and proud nations that cherish their strategic autonomy, which includes the right to choose both the friends one keeps and the policies one follows. This quest for strategic independence, even as both seek closer bilateral ties, could delay, divert, and at times dash the best plans laid out by foreign policy strategists. Will the United States and India—vibrant democracies both—then have the patience and flexibility necessary to sustain the hopeful vision laid out by their leaders?

With Pakistan, there are three dangers. The first and greatest is that Islamabad will use—as it has done in the past—the security provided by enhanced U.S. military assistance to pursue its own aggressive agendas vis-à-vis India. This could take the form of expanded state support for anti-Indian terrorist groups, increased obduracy in Indo-Pakistani negotiations over Kashmir, or more provocative needling of India through low-intensity conflict. Such outcomes would not only disrupt the current thaw in Indo-Pakistani relations but would also, by souring relations between Washington and New Delhi, undermine the administration's larger goal of transforming the U.S.-India relationship.

The second danger is that Pakistan's military rulers might read the renewed U.S. willingness to supply them with major combat systems as evidence that Washington cares little about democracy in Pakistan and, hence, would tolerate further retreats from restoring it. The administration's reticence—it has been reluctant to call Musharraf to account for broken promises on this score despite President Bush's highly vocal commitment to the spread of freedom worldwide—could embolden the Pakistan Army to treat Washington's interest in democracy as mere lip service because democracy has usually been subordinated to other strategic interests whenever they became competitive in the past.

The third danger pertains to the Pakistani attitude toward the United States and is especially linked to the history of F-16 transfers in U.S.-Pakistan relations. It is not commonly appreciated that Washington's post-1990 refusal to complete the original F-16 sale to Pakistan was not a product of U.S. capriciousness but was, instead, a result of Islamabad's violation of its bilateral commitments. There is reason to fear, therefore, that the administration's decision to resume sales of this aircraft will only reinforce the perception within the Pakistani military that the United States always comes around ultimately—so long as Islamabad remains persistent and vociferous in its claims. At a time when Pakistan's record on eschewing terrorism, curbing proliferation, and moving toward democracy is not entirely impressive, recommencing F-16 sales could enhance the prospect of further failures in these issue areas.

These risks are real. Yet, there is reason for optimism. The offer of F-16s enhances the U.S. ability to influence Musharraf and rewards his expressed desire for moderate politics. It emphasizes that Pakistan's cooperation with the United States pays off and that Washington appreciates Islamabad's security concerns. Although the administration has assiduously sought to avoid imposing any formal conditionality on military assistance to Pakistan, the fact that these transfers will take years to implement and must be approved annually by Congress imposes a form of tacit conditionality. Pakistan already has long experience with congressional wrath for having violated past promises to the United States, and so it is likely that self-interest will motivate Islamabad's good behavior in regard to terrorism, proliferation, and regional stability—at least for the foreseeable future. However, the logic of self-interest must be continually reinforced by strong U.S. activism, even if largely behind the scenes. Through quiet demarches, Washington must underscore the point that a normal U.S.-Pakistan defense relationship will be sustained only if Islamabad chooses to behave responsibly on matters of vital importance to the United States.

Another major category of risk concerns regional stability. Many observers worry that supplying advanced weapons to India and Pakistan simultaneously could feed a regional arms race, disrupt the existing military balances, and distort the political opportunities

The new administration approach is welcome and long overdue but not without risks.

that condition decisions pertaining to war and peace. At the moment, these dangers are relatively low for many reasons. The weapon sales currently approved by the administration to both sides are quite modest, with their numbers and technical quality unlikely to alter the prevailing strategic equilibrium. Future transfers to both sides, and especially to Islamabad, however, ought to receive careful attention because Pakistan's long-standing grievances make it more likely to disturb the status quo by force.

To ensure that arms transfers do not embolden Pakistan to intensify hostile competition with India, the United States ought to begin a serious, private conversation with Islamabad about its political objectives in the peace process. Washington should use its power to persuade Pakistan to reach an accommodation with India over Kashmir soon or, alternatively, to stay committed to the ongoing composite dialogue over the long haul. Given the current political facts of life in the subcontinent, any settlement will require Islamabad to accept the fact that it will never secure control of the disputed state (or its prized valley) by any means. Consequently, Pakistan will have to make its peace with reality by redefining the meaning of victory in terms of some criterion other than territorial control or fundamental changes in the existing patterns of sovereignty. The Pakistani military will be unable to reach this point without strong encouragement from the United States, and, consequently, the administration should use the influence accruing from renewed defense supply relations and additional economic aid if necessary to nudge Islamabad in this direction. Concurrently, Washington should also use its good offices with India to push New Delhi to satisfactorily address the sources of continuing Kashmiri discontent. Absent these particular outcomes, all future U.S. weapon transfers to South Asia will only become a continuing source of anxiety to one or both sides and will ultimately subvert the president's new strategy.

The final set of risks pertains to India and takes three different forms. First, there is an obvious danger that as the United States works to accommodate India on the issues of nuclear, space, and high-technology cooperation, the international nonproliferation regimes that Washington has tirelessly put in place during the past several decades could be undermined. The benefits that India seeks in these arenas unfortunately collide with many of the restrictions encoded in these universal regimes, and it is quite obvious that the administration will be unable to make good on its commitment to augment Indian power without confronting this contradiction directly. Whether the United States ought to assist India at the risk of undermining the global regime then becomes the central question facing policy makers. In the first instance, Washington ought to support New Delhi simply because India's continued presence outside the global nonproliferation architecture will be increasingly dangerous for U.S. interests, given India's vast and growing indigenous capabilities. Beyond their normative obligations, all current regime members receive material incentives—access to nuclear energy—for good nonproliferation behavior; of the three outliers, Pakistan and Israel receive their subsidies in different form, namely through large aid programs and privileged political relations with the United States. At the present time only India exists outside this circle of inducements. Consequently, the United States ought to increase India's access to controlled technologies as an incentive for New Delhi—despite its currently impeccable record—to scrupulously control outward proliferation in perpetuity and because it is consistent with the new policy of assisting the growth in Indian power for multiple reasons: India's growing geopolitical importance, the role it can play in counterproliferation activities in the Indian Ocean, its potential utility as a hedge against a rising China, and its importance for global energy stability and environmental protection.

This recommended approach, however, is in tension with the universal aspirations of the current nonproliferation regime. The solution cannot consist of jettisoning the regime; instead the regime should be selectively applied in practice. This will mean settling for,

U.S. Assistance to Pakistan, Fiscal Years 2001–2006 *(in millions of dollars)*

PROGRAM or ACCOUNT	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ESTIMATE	2006 REQUEST
Child survival and health	0.0	5.0	15.6	25.6	21.0	20.5
Development assistance	0.0	10.0	34.5	49.4	29.0	29.0
Emergency refugee and migration assistance	0.0	25.0	0.0	0.0	0.0	0.0
Economic support fund	0.0	624.5	188.0[1]	200.0[1]	297.6[1]	300.0
Foreign military financing	0.0	75.0	224.5	74.6	148.8[2]	300.0
International military education and training	0.0	0.9	1.0	1.4	2.0	2.0
International narcotics control and law enforcement (includes border security)	3.5	90.5[3]	31.0	31.5	32.2	40.0
Nonproliferation, antiterrorism, demining, and related	0.0	10.1	0.0	4.9	7.0	6.7
Peacekeeping operations	0.0	220.0	0.0	0.0	0.0	0.0
Subtotal	**3.5**	**1,061.0**	**494.6**	**387.4**	**537.6**	**698.2**
P.L. 480, Title I: trade and development assistance food aid (loans)[4]	0.5	10.0	9.0	6.0	0.0	0.0
P.L. 480, Title II: emergency and private assistance food aid (grants)[4]	1.9	5.1	9.7	8.4	0.0	0.0
Section 416(b): Agricultural Act of 1949, as amended (surplus donations)[4]	85.1	75.7	0.0	9.6	0.0	0.0
Total	**91.0**	**1,151.8**	**513.3**	**411.4**	**537.6**	**698.2**

Source: K. Alan Kronstadt, "Pakistan-U.S. Relations," Issue Brief for Congress no. IB94041 (Washington, D.C.: Congressional Research Service, March 2, 2005), p. 16.

1 Congress authorized Pakistan to use the FY 2003 economic support fund allocation to cancel $988 million, the FY 2004 allocation to cancel $495 million, and a portion of the FY 2005 allocation to cancel further concessional debt to the U.S. government.

2 The Foreign Operations FY 2005 appropriations bill allows the president to derive another $150 million in foreign military financing funding for Pakistan by transferring from unobligated economic support fund and foreign military financing balances in prior appropriation acts.

3 Included $73 million for border security projects that continued in FY 2003.

4 Food aid amounts do not include what can be significant transportation costs.

as Richard Haass once put it, a "proliferation of proliferation policies," where different countries are treated differently on the basis of their friendship and value to the United States. Such a strategy obviously requires coordination with U.S. allies and others, a matter the administration ought to focus on as it fleshes out the president's new policy toward India. Seeking limited exceptions, such as providing India with safeguarded nuclear fuel and technology in exchange for bringing its power reactors under safeguards, while still trying to maintain universal goals need not weaken the larger nonproliferation regime if the United States uses its strength artfully to bring along leading countries, especially in key cartels such as the Nuclear Suppliers Group.

Using U.S. power to prevent some countries from securing controlled technologies, even as Washington assists others to acquire them, is eminently defensible—as long as it comports with vital national interests. If nonproliferation were the sole U.S. national security objective, or if India did not matter in this regard and others, such inconsistency would be intolerable. Precisely because this is not the case, enhanced cooperation with New Delhi becomes a compromise that the United States ought to settle for—however reluctantly—given India's importance for the success of both U.S. nonproliferation goals and other geopolitical objectives.

Next, the administration's desire for dramatically transformed relations with India could undermine U.S. relations with China, which could view this objective as a means of tacitly containing Beijing. This is another issue Washington will have to manage prudently—but without apology. Preserving a stable balance of power in Asia through the presence of strong states on China's periphery constitutes a critical U.S. security interest—or, at least, it ought to be one given the prospective growth in Beijing's power over the long term. Countries like Japan and India will hedge against growing Chinese capabilities, through a mix of domestic exertions and

external balancing, because their national interests demand it. Supporting them in this regard makes sense because it coheres with the global objectives of the United States. Developing enhanced political relations with New Delhi, even as Washington continues to preserve good relations with Beijing and encourages India to do the same, may sometimes involve walking a tightrope. But Washington should always take its bearings from how the new U.S.-Indian ties advance its own interests rather than from fears of Chinese displeasure.

The first two risks associated with India grow out of a possibility that the administration's new strategy may in fact be wildly successful, but the third—and the far more likely danger—is that the new strategy may actually peter out, with serious consequences for both New Delhi and Washington. This set of risks, therefore, is of an entirely different sort. It is not lost on policy makers in New Delhi today that, although certainly welcome, the latest U.S. pronouncements about the desire to boost Indian power remain—at least at the moment—innovations at the level of intention rather than at the level of policy. Cynics within the Indian cabinet have privately expressed the opinion that, while the new U.S. approach actually provides Islamabad with airplanes, all that New Delhi has received thus far are eloquent words. Although this judgment is premature and unduly harsh, it highlights one important reality that the administration should not to lose sight of: namely, that the advances pertaining to India have occurred so far either at an ideational level or in the realm of process, but they have not yet translated into concrete policy changes that produce fresh material gains for New Delhi.

The new willingness to coproduce military equipment, for example, which administration officials view as major evidence refuting the cynics' claims, simply does not have the same resonance in New Delhi that it sometimes possesses in Washington. Indian leaders, if pressed, will concede that these U.S. offers represent an important solution to their concerns about constricted access to advanced weapon systems and the reliability of supplies, but they also reiterate that India's growing economic strength now permits it to secure a variety of comparable defense equipment on similar terms in the international market. More to the point, however, they do not see military technology as constituting the principal means of fulfilling their country's desire for greatness. These claims can be satisfied only by more liberal access to a variety of civilian technologies, such as nuclear energy, satellite components, and advanced industrial equipment, that hold the promise of helping India attain the even higher levels of economic growth necessary for rapid development.

The greatest risk to the new Bush strategy, therefore, is that the administration may be unable to realize the policy changes needed to make increased Indian access to such technologies possible. This outcome could occur because either the United States concludes that creating exceptional carve-outs for India is neither possible nor worth the costs in relation to other objectives or India fails to make itself useful enough to Washington to justify the enormous political investment that would be required to craft the accommodation that satisfies New Delhi. If either prospect turns out to be the case, the United States and India will lose the opportunity to forge a durable strategic partnership, and the cynics in New Delhi will be proved right. The administration's claim of assisting the growth of Indian power will be viewed merely as lofty rhetoric, signifying little, or, worse, as cynical manipulation designed to pacify India while the United States proceeds with its plans to rearm Pakistan. If this dismal outcome is to be avoided, senior officials will have to exercise the same kind of political initiative that was required to craft the new U.S. strategy toward South Asia to force a real transformation in policies concretely affecting India.

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1779 Massachusetts Avenue, NW
Washington, DC 20036

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