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The US-India nuclear accord

Implications for the nonproliferation regime

The US-India nuclear accord of July 2005 and the subsequent Henry Hyde nuclear cooperation act of December 2006 have generated considerable debate among supporters and opponents largely on the basis of its potential implications for the nuclear nonproliferation regime. Critics argue that the agreement undermines confidence in the nonproliferation regime; it enhances the political role of nuclear weapons, but it sets bad precedents for other states seeking nuclear weapons. It increases India's weapons capability and numbers and will result in a two-way nuclear arms race in Asia between India and Pakistan and India and China.[1]

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1 For critical views, see: Ernie Regehr, "US-India nuclear cooperation agreement: A further threat to nuclear non-proliferation," Project Ploughshares briefing, August 2005; George Perkovich, "Faulty promises: The US-India nuclear deal," Carnegie Endowment for International Peace, Washington, DC, September 2005; Gary Milhollin, The US-India nuclear pact: Bad for security," *Current History* 105 (November 2006); 371-74. See also Wade L. Huntley and Karthika Sasikumar, eds., *Nuclear Cooperation with India: New Challenges, New Opportunities* (Vancouver: University of British Columbia, 2006); Dinshaw Mistry and Sumit Ganguly, "The US-India nuclear pact: A good deal," *Current History* 105 (November 2006): 375-78.

In this article, I contend that the critics are stretching their points and that the accord's implications for the nonproliferation regime are not as negative as they portray. Although the accord may impinge on the regime in terms of legitimacy and fairness, its negatives are more than compensated by the positives, i.e., the integration of a rising major power as a responsible nuclear state with some restraints on its military program. In a political and strategic sense, it is better to have a rising global power inside the regime than of outside it. Bringing in India as a stakeholder of the regime is in the longer term to the benefit of the regime and to the cause of nuclear nonproliferation.

There are always tradeoffs and unintended consequences in major ground-breaking initiatives such as the US-India accord. For instance, during the 1970s, when the US formed an alliance with China, that event pushed India onto the Soviet side, but it could have helped accelerate the Soviet decline later on. More importantly, China's political and economic integration—resulting from the Deng era reforms—would not have taken place without China's political rapprochement with the US. One can only imagine what China would be like today had there been no economic liberalization and political and economic integration of it into the global mainstream.

THE US-INDIA ACCORD

The process that led to the US-India nuclear cooperation act began in July 2005, when Indian Prime Minister Manmohan Singh and US President George Bush signed an agreement to regularize India as a nuclear weapons state without a formal recognition of that status. That agreement simultaneously recognized India's energy needs and proliferation concerns. It stated that India would "assume the same responsibilities and practices" as the recognized nuclear weapons states. The chief components of the agreement, which were finalized at subsequent meetings between the two sides, are as follows: India will place the majority of its existing and under construction nuclear reactors as well as all future thermal and civilian breeder reactors under International Atomic Energy Agency (IAEA) safeguards; negotiate with the IAEA to put its civilian nuclear facilities under safeguards in perpetuity; permanently shut down the CIRUS reactor in Trombay in 2010; identify and declare nine other research facilities civilian; negotiate and sign the additional protocol with the IAEA (which will allow the agency to conduct inspections on civilian facilities without prior notice);

create a robust national export control system; refrain from transferring enrichment and reprocessing technologies to states that do not possess them; adhere to the missile technology control regime (MTCR) and the nuclear suppliers group (NSG) guidelines; continue its moratorium on nuclear testing; and work with the US to conclude the missile material cut-off treaty (FMCT), currently under negotiation in the Geneva disarmament forum.[2] In return, the supplier restrictions and sanctions in the nuclear area that are in existence against India will be lifted. The US would spearhead the NSG (a forum of 45 countries) to lift its ban on nuclear trade with India.

After a series of protracted negotiations, as well as a side agreement on civil-military separation plan for its nuclear facilities by India, a joint statement reiterating the agreement was issued in March 2006 during the visit of Bush to India. Following the visit, the US congress took up the agreement and formally made it into legislation after fairly lengthy committee level considerations and compromises in terms of language by both the house and the senate. The congress made substantive modifications to the agreement by adding conditions such as limiting the reprocessing rights of India over spent fuel as well as restraints on its ability to conduct nuclear testing. The legislation also required the president to issue an annual certification to congress stating that India is abiding by the clauses of the agreement. Bush signed the bill on 18 December 2006, making it a legal instrument. On 1 August 2007, US and Indian negotiators concluded a separate technical agreement under section 123 of the US atomic energy act, which spells out the precise conditions, responsibilities, and promises that each party undertakes. However, implementation of the agreement received a setback because of the opposition by the Communist parties that support Prime Minister Manmohan Singh's minority government from outside. They opposed the deal, arguing that it would place India in the US strategic orbit. The future of the coalition government may hinge on reaching a consensus on the agreement. However, it is likely that a future government will pursue the agreement even if it is delayed for evolving some consensus in India given that most of the benchmarks that the two sides wanted are in the agreement. The implementation phase is likely to be protracted as it would require the US congress approving the 123 agreement, India con-

2 "US-India civil nuclear cooperation initiative," US Department of State, 9 March 2006, www.state.gov.

cluding with the IAEA safeguards agreement on all its civilian reactors, and the 45-member Nuclear Suppliers Group (NSG) lifting the India-specific sanctions.[3]

The nuclear accord is a major step taken by the United States to dehyphenate India from Pakistan and to develop a comprehensive relationship with one of the world's fastest growing economies. The nuclear estrangement between India and the western powers—including Canada—has lasted for over three decades, and it shows no signs of ending without a radical initiative—such as the one that the Bush administration has undertaken. The US is driven by both strategic and economic considerations in its pursuit to eliminate the nuclear friction with India. Strategically, Washington perceives India as a potential counterweight to China, and by regularizing the nuclear relationship, it sees prospects for improved political relations between the two states. In economic terms, the administration would like to help India build a number of nuclear power reactors to quench the energy needs of its fast-growing economy and reduce the dependence on pollution-creating hydrocarbon fuels. India is expected to order several nuclear power reactors, and US companies could benefit from reactor sales to India. The administration also views the nonproliferation regime as not distinguishing between "good actors" and "bad actors," but that democratic India upholds many of the liberal values that the US supports, and that since it has not spread nuclear weapons or materials to other countries, it should be given special treatment.[4]

Critics are right to the extent that the US-India agreement does generate questions about equity, fairness, and the treatment of different new nuclear states and non-nuclear states by the US and other members of the

3 For the text of the agreement, see www.hindu.com. Critics in India have stepped up their opposition to the agreement on issues, such as India's ability to obtain plutonium reprocessing and uranium enrichment technologies under the agreement, as well as its right to conduct nuclear tests, and other conditions that were added by the Congress to limit India's foreign policy options, especially on Iran. On the difficulties associated with the agreement, see P.R. Chari, "Indo-US nuclear deal: Unending drama in many acts," IPCS issue brief, no. 42, January 2007. See also T.P. Sreenivasan, "IAEA and NSG will be no cakewalk," 24 August 2007, www.rediff.com.

4 For these US calculations, see Perkovich, *Faulty Promises*, 2. Nicholas Burns, under-secretary of state for political affairs, who spearheaded the negotiations on the American side, states that the deal is symbolic of "the emergence of India as a great power and the emergence of the strategic relationship between India and the US." Moreover, "India comes into the international regime along with other countries to the international order regulating trade in nuclear material," interview of the week, *India Today International*, 20 March 2006, 46-47.

official nuclear club, and their commitment to nonproliferation principles and norms. However, these critics tend to ignore the fact that the nonproliferation regime (NPR) is fundamentally based on inequality, as it enshrines two classes of memberships with different rights and responsibilities, one for the five official nuclear weapon states and the other for all the non-nuclear states.[5] The nonproliferation critics of the deal are inclined to believe that the nuclear nonproliferation treaty (NPT) and the nonproliferation regime are apolitical instruments and that all states are equals under their purview. The reality is that the permanent five (P-5) nuclear powers have a special status in the NPT structure, and the continued violations by these states of their commitments have already caused legitimacy problems for the regime. The treaty assumes that in the long run the nuclear states would disarm and at that time, the distinction between nuclear and non-nuclear states will no longer be necessary. The treaty also shows an implicit lack of recognition on the part of its designers that power capabilities rarely stay static in the international system. As a result, they designed a treaty that has no room for a rising power to enter, or for a declining great power to exit.[6]

Side deals and payoffs have been part of the NPT structure from the beginning. Nuclear umbrellas and support for civilian nuclear programs were instrumental in Germany and Japan giving up their nuclear weapons option in the 1970s. These two countries were very slow to ratify the treaty precisely because they bargained for side deals. Moreover, the implicit acceptance of Israel as a nuclear state by the US and its allies and the continuation of a strategic relationship with Tel Aviv, especially in the high technology area, have already created a precedent for exceptions. The discriminatory nature of the treaty was a key reason for India not acceding to the superpower-led NPT in 1968, as New Delhi was not given any side

5 For this discrepancy, see Michael Lipson, "Organized hypocrisy and the future of the nonproliferation regime," paper presented at the International Studies Association conference, Chicago, March 2007. For the problems with the notion of sovereign equality, see Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, NJ: Princeton University Press, 1999).

6 On this problem, See T.V. Paul, "The NPT and power transitions in the international system," in Raju G.C. Thomas ed., *The Nuclear Non-proliferation Regime: Prospects for the 21st Century* (Houndmills, UK: Macmillan, 1998): 56-74; T.V. Paul and Mahesh Shankar, "The US-India nuclear accord: A power transitions perspective," paper presented at the ISA conference, Chicago, March 1-3, 2007.

deals, partly because it was not willing to accept them given its policy of nonalignment at that time.

In the post-Cold War era, the NPT has once again been refashioned to create two classes of non-nuclear signatories: "responsible" non-nuclear states such as Japan and the EU countries, which are allowed to conduct plutonium reprocessing and uranium enrichment for their civilian programs, and other NPT parties that may be potentially inclined to acquiring nuclear weapons (e.g., Iran) and that are denied this right. Thus, signing the NPT or the IAEA safeguards system is not enough to obtain full fuel cycle facilities from abroad. The political character of the particular state and its closeness to the western countries matter immensely in determining whether it is allowed to gain particular sensitive technologies that may have dual use potential.[7]

Despite its creating two classes of states, the NPT has survived so far partly because no major power has been outside of it to challenge it. One of the reasons for the NPT's adoption in 1968 was that the nuclear haves promised nuclear disarmament as part of the grand bargain they made with non-nuclear states. When the NPT was extended in perpetuity in 1995, it enshrined inequality permanently in the international system as the five major power states were allowed to keep their nuclear weapons, even when there was no sign of a universal nuclear disarmament as promised in article VI of the treaty. Since then, the P-5 have shown little inclination to link vertical and horizontal proliferation, and the NPT has become a purely horizontal nonproliferation instrument. However, this extension in perpetuity does not assure its permanence, as evident in the serious challenge posed to it by non-nuclear states during the subsequent five-year review conferences. More importantly, status inconsistency can emerge as a major source of tension in the international system due to differential growth among countries, and the NPT can contribute to this problem if it cannot find a way to accommodate rising powers. Going by the parameters of power capabilities, India and Japan, as states with great power capabilities and ambitions that are yet outside the club of nuclear haves, are the most likely candidates for such status inconsistency.

The question naturally arises: Is India so special or unique that the US and its allies are willing to accommodate it while remaining fiercely opposed to Iran and North Korea acquiring nuclear weapons? This issue is

7 On this discrepancy, see Seema Gahlaut, "Misfiring at the Indian nuclear deal," *Foreign Policy*, February 2006, www.foreignpolicy.com.

compounded by the concerns that led to the US intervention in Iraq, the stated reason for which was Saddam Hussein's alleged efforts at nuclear acquisition. More importantly, will other fence-sitter states tempted to acquire nuclear weapons now be expecting a side deal similar to that which India has obtained from the US? The major concern is that Pakistan may gain special nuclear favours from China on the basis of its long-standing strategic relationship with the latter.

While some of these concerns are understandable, it is unlikely that additional states will seek nuclear weapons because of the accommodation of India by the US, even though some countries already seeking nuclear weapons might draw on it to justify their position or use it as a foil to advance their programs. Their justification, however, will not be as strong as it appears, partly because India is not a member of the NPT and has unequivocally expressed its opposition to joining it as a non-nuclear state. India developed and tested its nuclear weapons not as a member of the NPT, but as an outsider, whereas Iraq (under Hussein), North Korea, and Iran all sought nuclear weapons while they have been signatories to the NPT. Hence, if a state is already committed to a treaty, its breaking of that commitment has much wider implications than that of a non-treaty member going nuclear.

Further, most regional states choose to acquire or give up nuclear weapons because of situational factors—i.e., due to regional and domestic politics reasons—and, in recent years, because of their fear of US military intervention.[8] The logic of Iran's, North Korea's, and potentially Saudi Arabia's nuclear pursuits is very much idiosyncratic and is about regional considerations and regime security. The US-India nuclear deal will have marginal, if any, impact on their choices. Brazil and South Africa gave up their nuclear ambitions in the early 1990s knowing well that India was developing its nuclear weapons capability. Despite their initial uneasiness on India being recognized as a nuclear state, they have modified their positions and are considering free trade arrangements with India as they realize India's unique situation and the potential for economic and strategic

8 On why countries give up nuclear programs, see T.V. Paul, *Power versus Prudence: Why Nations Forgo Nuclear Weapons* (Montreal: McGill-Queen's University Press, 2000); Mitchell Reiss, *Bridled Ambition: Why Countries Constrain their Nuclear Capabilities* (Washington DC: Woodrow Wilson Center Press, 1995); Scott D. Sagan, "Why do states build nuclear weapons? Three models in search of a bomb," *International Security* 21, no. 3, (winter 1996-97): 54-86.

cooperation with a rising power. They are unlikely to seek nuclear weapons because India was accepted by the United States as a nuclear weapons state. If they seek nuclear weapons, they will not only be breaking their NPT commitments, but also the nuclear free zone arrangements they have signed on in their respective regions. It appears that further proliferation due to this deal is not a fear entertained even by the IAEA chief, who praised the accord as advantageous to the cause of nuclear nonproliferation.[9]

STRATEGIC BENEFITS

Concerns about the implications for the nonproliferation regime aside, strategic and economic reasons are compelling enough to integrate India as a responsible nuclear power. Critics argue that once the nuclear deal comes to full fruition, India will have more fissionable materials for producing large number of weapons. They want India to cap its fissile material production as a condition for the agreement, although the US-India joint statement of 2005 recognizes that the two countries would work toward the conclusion of a FMCT. While it is possible that the agreement will allow India to increase the size of its arsenal, as the FMCT is yet to materialize, whether India wants more weapons will be a political decision that New Delhi will have to make, taking into account its strategic environment, economic costs, and calculations about possible responses of its adversaries, especially China. India's behaviour thus far has been much restrained in the area of increasing the size of its nuclear arsenal.[10] Based on estimates of its plutonium and enriched uranium stocks, it is believed that India may possess up to 60 nuclear weapons.[11] A modest increase in that capability is unlikely to be an earthshaking event for nonproliferation.

9 Mohamed El Baradei, director general of the International Atomic Energy Agency (IAEA), applauded the agreement, stating that "it would also bring India closer as an important partner in the nonproliferation regime.... It would be a milestone, timely for ongoing efforts to consolidate the nonproliferation regime, combat nuclear terrorism and strengthen nuclear safety," IAEA press release, 2 March 2006.

10 One other aspect of the agreement is the limits it prescribes on India's nuclear testing, an issue that has created much controversy in India. It is, however, unlikely that India would go for further unilateral testing by breaking its self-imposed moratorium when the other nuclear states are observing their test ban. India may break this moratorium in the event that the US and other nuclear powers abandon their own moratoria.

11 On the nuclear arsenals of India and other counties, see www.cdi.org.

A strategic question is whether an incremental increase in the size of the Indian nuclear capability generates a major problem for the global security order or not. The answer would depend on the assessment whether an Indian deterrent of the size of the UK or France is likely to contribute to stability in the Asia-Pacific region or not. India's nuclear arsenal might be a factor in the potential balance of power vis-à-vis China, and in that sense, it will add to the mix of deterrent capabilities that will be useful to the US, Japan, Australia, and the ASEAN countries. In terms of its strategic utility, the Indian capability can be perceived as somewhat similar to the French deterrent during the Cold War era. The nonproliferation enthusiasts tend to focus on India and Pakistan in the South Asian theatre and not on India and China in the larger Asia-Pacific context, and when they do the latter, their assessment of the value of the Indian deterrent is likely to be different.

The concern of increasing weapons capability as a result of civilian nuclear cooperation from the nuclear supplier countries applies to China also.[12] However, nonproliferation advocates rarely look at China and make the same argument because they treat Beijing differently and are indifferent toward its transgressions in the nonproliferation arena. Canada, US, France, and Australia have been actively courting China to buy reactors and uranium from their suppliers. Such sales are likely to enable China to free up its domestic uranium for nuclear weapons that are aimed at the west. India's nuclear weapons are not directed against the west. Its nuclear doctrine is based on no-first-use and is defensive/deterrent in nature. India can now develop long range ICBMs with the technology that it has developed in the rocket and satellite launching area, but has refrained from doing so at least in the near term, because its threat perception is still Asia-Pacific centered. The question naturally arises why the western supplier countries excuse China despite its illegal nuclear transfers and nuclear weapons modernization, while punishing democratic India? China is a P-5 state that has consistently violated nuclear obligations even after signing the NPT and the MTCR. Very few in the nonproliferation community make any noise about

12 A similar nuclear cooperation agreement that the US signed with China in July 1985 came into force—after 13 years of wrangling—in January 1998 when President Clinton certified China's nuclear nonproliferation policy. The US nuclear companies, led by Westinghouse, have been bidding to sell four power reactors to China. On the agreement, see Shirly Kan and Mark Holt, "US-China nuclear cooperation agreement," congressional research service report for congress, Washington DC, 13 December 2005.

these Chinese transgressions because they implicitly accept power differential and status disparities in their focus on the behaviour of different states.

IS INDIA DIFFERENT?

The Bush administration has a convincing argument when it contends that India is different. India has been a reluctant proliferator and its nuclear weapons acquisition occurred over a period of 30 years. India chose the nuclear path after struggling with the unequal nuclear order that was thrust upon it by the great powers that did not allay its security concerns arising out of China's nuclear acquisition and, later on, China-Pakistan nuclear collaboration. India is different also because it is yet to become a thoroughly revisionist power in the international system, but it has the potential to do so if it is not integrated as its material capabilities grow over the coming decades. In fact, there is no comparison to India in the developing world in terms of actual and potential power capabilities on a range of parameters.[13] Although critical of the unequal international nuclear order, India has refrained from spreading such weapons or materials to other states. India's nuclear doctrine is based on no-first-use principle and it has kept the components of nuclear weapons separately, ensuring that the weapons are not fired haphazardly.

India's next door neighbour and long-term rival, Pakistan, has a different track record on the nuclear proliferation issue. It has a first-use doctrine, and it has assigned nuclear weapons a number of roles, including their use in case of economic strangulation by India. After its nuclear acquisition, Pakistan also intensified its asymmetric war in Kashmir, hoping to upset the territorial status quo under the cover of nuclear protection. The Kargil incursions in 1999 were conducted by Pakistan's military leaders with the expectation that under the nuclear cover they could challenge the territorial status quo in Kashmir. More importantly, Pakistani nuclear scientists, led by the father of the country's weapons program, A.Q. Khan, have engaged in a nuclear supplier ring that has been instrumental in providing materials to countries such as Iran, North Korea, and Libya.[14]

13 In terms of comprehensive national capability involving and hard and soft power, India has already reached a major power level, even though legally it is not accepted as one. On this, see Baldev Raj Nayar and T.V. Paul, *India in the World Order: Searching for Major Power Status* (Cambridge: Cambridge University Press, 2003): Ch.2.

14 Chaim Braun and Christopher F. Chyba, "Proliferation rings: New challenges to the nonproliferation regime," *International Security* 29, no. 2 (fall 2004): 5-49.

Some of Pakistan's nuclear scientists also harbour ultra-Islamic sentiments, and they have reportedly been collaborating with al Qaeda in building dirty bombs. According to one analyst, the Pakistani elite has viewed nuclear weapons as military "instruments that permit and facilitate low intensity conflict against India," "last resort weapons to prevent the loss of Pakistan's territory or the military defeat of the Pakistan armed forces," and "deterrents to Indian conventional military attack." It regards nuclear weapons as political "instruments for nation-building," "tools for domestic political and civil-military competition," "symbols of defiance of western influence and Pakistan's leadership within groups of regional and Islamic states," "devices to draw international attention to the Kashmir issue," and as "materials and technology as potential goods to be sold or bartered for acquiring foreign exchange and/or promoting the causes of friendly states or non-state movements."[15]

These considerations are further compounded by the deeply held Islamist notions of members of the Pakistani elite, who consider the spread of nuclear weapons to other Islamic countries in order to wage "jihad" as justifiable religious action. Pakistan pursues both territorial and ideological/religious revisionism in South Asia and beyond. The problem, however, is that nuclear weapons and active territorial revisionism form a deadly combination. The military elite of Pakistan follows a highly ambitious *realpolitik* approach toward national goals and problem solving. Nuclear possession has increased its willingness to take high risks and engage in asymmetric strategies.

The differences in behaviour vis-à-vis Pakistan has been a major asset for India and has earned it a special status in US calculations, especially since the Kargil conflict. The dissimilar treatment by the US of the two South Asian neighbours simply recognizes that, in the sphere of nuclear proliferation, there is a distinction between a responsible rising power and a revisionist regional power. The nonproliferation regime is agnostic on this political dimension in the acquisition of nuclear capability by different types of states. Why does the world shudder at nuclear acquisition by Iran

15 Peter R. Lavoy, "Pakistan's nuclear doctrine," in Rafiq Dossani and Henry S. Rowen, eds., *Prospects for Peace in South Asia* (Stanford: Stanford University Press, 2005), chapter 11. See also Zafar Iqbal Cheema, "Pakistan's nuclear use doctrine and command and control," in Peter R. Lavoy, Scott Douglass Sagan, and James R. Wirtz, eds., *Planning the Unthinkable: How New Powers Will Use Nuclear, Biological, and Chemical Weapons* (New York: Cornell University Press, September 2000), 158-81.

and North Korea? Precisely because they are middle-sized revisionist states; they have a propensity to upset regional orders, and they have active conflict relationships with the great power system and with their neighbours. In many respects, Pakistan is also part of this revisionist group of states. It no longer makes sense to hyphenate India and Pakistan in this regard as a pair, a change that the nonproliferation critics of the US-India nuclear accord are yet to acknowledge.

THE POWER TRANSITION LOGIC

Apart from this dimension of the orientation of states, a big problem with the NPT—as alluded to earlier—is that it assumes that power transitions in the international system will not take place and that the P-5 will eternally remain as the top actors. It has no room for the orderly exit of a declining power or entry of a rising power. India is perhaps the only candidate in the medium term for a major power position, as in every indicator of hard and soft power resources India has no parallels among its peer group. Brazil comes closer on some measures but situated in the strategic backwaters of South America, its chances of gaining a leadership role are not too high. It also shows little inclination to bear the costs of seeking such a role. India just happened to be a latecomer and, as a principle, late arrivals have a tough time entering exclusive clubs. It missed the boat in 1945 when the permanent membership of the UN security council was decided and again in 1967 when the cut-off date for nuclear weapons status was decided as 1 January 1967. It took India another seven years to conduct its first test, generating considerable international opprobrium at this act of defiance of the NPT.

India's non-integration into the nuclear order has consequences for the international order. Whenever a major discrepancy in acquired capabilities and ascribed status exists, a state can become highly nationalistic and revisionist and can express its anger in many ways, including military challenge and an internal shift toward extreme nationalism and repression.[16] From this systemic perspective, it is important to correct India's status discrepancy, created by historical accidents, great power politics, and India's own strategic miscalculations. It is better to manage India's rise peacefully and integrate it into the nuclear order now than to keep it an outsider and

16 On status inconsistency and its relationship to war, see Manus I. Midlarsky, *On War: Political Violence in the International System* (New York: The Free Press, 1975), 94-96.

allow the status discrepancy to grow. Thus, making India a stakeholder in the regime may have value for global peace and order in the 21st century.

International institutions and international security regimes often treat great powers differently from small and middle powers. In 1945, in San Francisco, the UN security council was created with a veto system for the great powers. Non-great powers generally accepted the distinction as legitimate. By allowing the great powers to keep their weapons, the NPT in 1968 did the same thing. This two-tier system was reinforced in 1995, when the treaty was extended in perpetuity. The smaller states in the international system were agreeable to this status differentiation.[17] These arrangements assume that no new great power will arise in the system. Critics who oppose India gaining differential status under the regime are the same critics who would not like to see India become a great power. The smaller states are more likely to eventually accept the differentiation of India as they did with the NPT's own distinction between nuclear haves and have-nots.

Moreover, the nonproliferation critics have not offered a feasible alternative to the status quo (which is not sustainable in the long run, as India is fast emerging as a global economic and military power). The status quo has negatively affected India's technological and economic growth to some extent, as it has stifled the attainment of the full potential of US-India relations. As the reigning hegemon, it is in the interests of the United States to shape the emerging international order. The socialization of a new great power into the order has value for peaceful transition in the international system. A rising power should also have its security taken care of as its sense of insecurity can lead to turbulence. India is perhaps the only candidate great power that is not protected by any nuclear umbrella or alliance framework. India's concerns are similar to other democratic great powers that worry about non-democratic adversaries. For these states, nuclear weapons are very much a deterrent force and an insurance against future military challenges.

The Indian elite seem to have figured out that major powers such as the US and China will not take India seriously until it achieves a certain capability threshold. The major powers are unlikely to form strategic partnerships of any consequence with a weak state, even if it is big in population. The interesting dimension of India's behaviour is the increasing pragma-

17 On the calculations of different categories of states, see T.V. Paul: "Systemic conditions and security cooperation: Explaining the persistence of the nuclear non-proliferation regime," *Cambridge Review of International Affairs* 16, no. 1 (April 2003): 135-55.

tism in foreign policy as its elite is moving beyond its traditional non-alignment rhetoric. The Indian elite has become more sophisticated in its interactions with the rest of the world and this is reflected in its simultaneous engagement with the US, China, Japan, and other major powers. It realizes that if India has limited region-bound military capability, it has no value for the US or for other potential strategic partners. Even when China opposes India's nuclear ambitions openly, its contempt for India has been based on the expectation that India will never catch up economically or militarily with China. But as this perception has been slowly eroding, China has stepped up its economic and strategic interactions with India. There is a domestic consensus in India that, in order to be taken seriously, India has to achieve both economic and military power, although in the medium term, substantial distributional problems and social maladies will act as a drag on India's ambitions. The US and other democratic states have begun to acknowledge that a fairly strong India in the Asia-Pacific region is in the interest of the US, even if it does not engage in a direct balancing of China. Multiple centres of power in the region would remove the Chinese incentives to act rashly in the future.

The domestic politics of India are quite unique, partly because of its unwieldy democratic system. Whenever the supplier countries through the nonproliferation regime imposed new restrictions, the Indian reaction has been defiance and an increase in nuclear and missile activity. Past efforts to cap the Indian weapons program through the NPT or CTBT aroused intense nationalism in India. This form of nationalism is much higher in India than in any other near-nuclear countries and it is very much tied to the notions of national independence that Indians hold in the light of their peculiar colonial history. No Indian political party with a chance to gain political power will ever agree to India's unilateral nuclear disarmament unless it is part of global disarmament involving all major powers. This is one reason why India is quite different from other non-nuclear states, where sustained sanctions may alter the calculations of the ruling class on nuclear choices and where domestic actors who want to integrate with the world economy could emerge to abandon their nuclear programs, as happened in Argentina and Brazil. In India, domestic coalitions for unilateral nuclear disarmament are nonexistent despite its integration into the world economy. If the regime has not succeeded in forcing India to accede to NPT so far, what guarantee is there that it will do so in the future?

Economic and developmental concerns are important in this context as well. Although nuclear energy constitutes only three percent of India's

energy needs, India has an ambitious plan to raise that to eight percent by 2020 and more beyond. Nuclear reactors are very much part of India's energy plans. There are 14 reactors now in operation in India, nine under construction, and four more planned. Only six are currently safeguarded by IAEA or bilateral agreements. India hopes to install 25-30 nuclear reactors in the next three decades to fulfill its plans for 65,000 mw energy from nuclear sources.[18] It is better that India builds environmentally safe nuclear reactors that are safeguarded against diversion. It is equally important that India does not burn more low-quality coal and upset the global ecological system and put more upward pressure on worldwide oil/gas prices. Further, if India, with its abundant supply of thorium, succeeds in developing thorium-based reactors, such reactors will be under no international safeguards. On the other hand, under the US-India agreement, India will have to place all future civilian reactors under international safeguards in perpetuity. This managed development of nuclear energy has both economic and nonproliferation benefits. The critics' assumption that keeping India's economic development under threat would cause India to one day give away its nuclear weapon capability is based on a wrong reading of the will of that country, its history, and its future trajectory. Further, should nonproliferation be the chief concern when millions of people languish in poverty while nuclear power may offer hope for their economic development when the price of oil is going to increase? These tradeoffs are important in a globalized world economy in which India offers a rapidly growing market for not only its own growth, but for the sustenance of the information-based global economy.

Relations between India and western countries (including Canada) will not improve to their fullest potential without a rapprochement on the nuclear issue. This issue has plagued economic relations between India and these countries for well over 30 years. How long do the western countries want to hold hostage the tremendous potential for economic and political relations with the world's fourth largest economy in terms of purchasing power parity, fast emerging as the world's second largest in two to three decades, on the basis of a single issue? As for US-India relations, the nuclear issue has been perhaps the single most important irritant for the past 30 years or so that has prevented the full rapprochement of the two estranged democracies. Nuclear rapprochement between India and the

18 "Foreign firms make a beeline to reap n-deal benefits," *The Times of India*, 12 November 2006.

west will have substantial spillover effects in deepening cooperation and understanding in all major domains of interaction. It will be nearly impossible to bring US-India relations to the next level of higher economic and technological cooperation, especially in the area of cutting-edge technology in information and space, without a nuclear rapprochement. It is unlikely that the Indian and US economies will achieve higher levels of economic integration when sanctions are maintained that deny India the benefits of modern science and technology. The two countries have plans to cooperate in the development of the international thermonuclear experimental reactor project on nuclear fusion as well as the generation IV international forum for future design of reactors.[19] India's full cooperation in the development of these new technologies will not be possible without the nuclear accord coming into effect.

IMPLICATIONS FOR ASIA

The US rapprochement with India has implications for Asia, especially for South Asia. The immediate reaction of Pakistan and China has been to increase their bilateral nuclear cooperation, which is already in existence. But under the nuclear agreement the US is not giving India weapons or weapons technology and all nuclear material transfers will be safeguarded by the IAEA. Hence, China has little justification to provide Pakistan unsafeguarded nuclear materials. In fact, China is already building civilian reactors in Pakistan; their cooperation has a logic of its own, irrespective of what India does. The American accommodation of India on the nuclear issue has occurred due to India's responsible behaviour as a new nuclear state. If there is any lesson that Pakistan can learn from this event it is that its rogue nuclear behaviour can obstruct its chances of recognition, but that responsible behaviour might one day bring a similar deal for that country as well.

The US-India accord is unlikely to cause major shifts in the regional balance of power in the short and medium terms. India's political and economic relations with all Asian countries, including China, are increasing rapidly and Beijing may also engage in civilian nuclear trade with India.

19 Sharon Squassoni, "US nuclear cooperation with India: Issues for congress," congressional research service report for congress, Washington, DC, 12 January 2006, 3. In November 2006, India joined the seven-member, €10 billion ITER project aimed at creating fusion technologies that are expected to produce limitless, clean energy. Vaiji Naravane, "India becomes part of ITER experiment," *The Hindu*, 22 November 2006.

The US also has a nuclear relationship with China, and it is unlikely that China will break or slow down its nuclear relations with western suppliers because of the India-US rapprochement.

However, the Indian nuclear capability is part of the strategic equation in the soft balancing and pre-balancing taking place in Asia now. An economically and militarily strong India and Japan and economically diversified southeast Asia that are not fully dependent on China would mellow any desire on the part of Beijing to dominate the regional subsystem. The best option now for the regional states is to institutionally constrain China, while keeping the option of employing long-term military containment and hard balancing if its behaviour becomes aggressive.[20] The Indian nuclear deterrent, as well as its increasing naval capabilities in Asian waters, could constrain Chinese military options in a significant way.

CONCLUSION

Bringing India in as a stakeholder of the nonproliferation regime is likely to have longer-term benefits for the regime itself and the cause of nonproliferation and energy security in the world, although it does create short-term legitimacy issues. The systemic implications for peaceful order in the Asia-Pacific region and the larger international system are even greater. If a rising power such as India is left behind, it may develop status inconsistency and disenchantment with the system. Peaceful change in the international system requires the socialization of such a power into the virtues of existing institutional and normative orders. The trade-off between narrow legalistic interpretations of the nonproliferation regime and the wider goal of integration of rising powers is what we discern in the current dilemma, expressed by both enthusiasts and opponents of the US-India nuclear deal. The world has changed since 1968 when there were only five powers in the great power system. Today, India is rapidly rising as a great power, although acceptance of its status, such as membership in the UN security council, may be delayed. Strategic adjustment by the US and other nuclear powers will aid India's full economic and political integration, a goal that has value for peaceful transition in the international system and the world economy as well.

20 On the value of institutional binding, see John Ikenberry, *After Victory* (Princeton: Princeton University Press, 2000).