Chapter 1

Evolution of US-India Relations
Since the Second World War, the relations between the United States of America and India, the two largest democracies have been characterized by dramatic oscillations. While there have been occasional phases of warmth and intimacy, tension and mistrust have marked the bilateral ties for the larger part of the relationship.

Formal diplomatic relations between the two countries was flagged off on 25 June 1947, with Henry F. Grady assuming charge of the US Embassy in New Delhi. The Indian approach to the forthcoming ties was marked by expectations of continued political cooperation and economic assistance. However, the US initially maintained a low profile in South Asian affairs. Nevertheless after the abortive visit of the Cripps Mission in 1942, President Roosevelt had sent a strongly worded cable to Churchill, blaming the mission's failure on "the British Government's unwillingness to concede to the Indians the right of self-government". However, he was aware that he could not press the issue harder since "it would be playing with fire if the British Empire told me to mind my own business [about India]". Realpolitik and regional balance of power considerations characterised the foreign policy of all US administrations in the post-war period. The core strategy of the US during this period was containment of Communism and all its policies toward South Asia were designed for serving this objective.

This chapter illustrates the historical development of Indo-US relations with respect to the important landmarks during the tenures of various US

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2 Gary Hess, America Meets India (Baltimore: John Hopkins University Press, 1979), p.82.
Presidents after India’s independence. A study of the policies of various presidents till Ronald Regan (November 1989) reflects only minor changes in the overall US policy geared towards South Asia, which were framed in consonance with the broad considerations of US national security interest and global political compulsions.

Truman

In a meeting with the first US Ambassador to India, Henry Grady in July 1947, Prime Minister Pandit Jawaharlal Nehru outlined India’s priorities and concerns with respect to the United States of America. He pointed out that while India was eager to develop friendly ties with the US, it was unwilling to become part of any superpower configuration and was keen on maintaining distance from the existing power blocks. Nehru was worried about America’s economic superiority. Nehru feared of ‘American economic penetration’ which he viewed could impinge upon India’s sovereignty. At the same time, India required US economic and technological assistance for fostering the country’s development. As the premier of a newborn nation with a colonial past, Nehru seemed to be attracted towards the Soviet Union for its ability to grow rapidly from the initial adverse situation and for providing the world with an alternative development model. While the Cold War dynamics affected Indo-US relations for decades, there were a few crucial issues, not directly related to the Cold War, which influenced the course of Indo-US relations.

One of the issues instrumental in shaping Indo-US relations was the controversy over, what Washington calls, the ‘disputed territory’ of Kashmir. Initially, the US was reluctant to get involved in the Indo-Pakistan dispute over Kashmir and avoided supporting either India or Pakistan. The US preferred to cooperate with the British when the Kashmir issue came before the United Nations Security Council. During the discussion on the Kashmir issue in the UN Security Council, both Washington and London projected it as a dispute between India and Pakistan and refused to highlight the aggression committed by Pakistan. It appeared as if the Anglo-American stance was aimed at wooing Pakistan as a member of anti-communist international coalition. Nehru reacted strongly to the tacit alliance of the US and Britain by calling their common stands ‘completely wrong’ and warning that the stance would have ‘far-reaching results in our relations’. He asserted that the fate of Kashmir was important for India’s policy of secular democracy, which, was in complete contrast to Pakistan’s ideas of a theological state.

President Harry S. Truman imposed an embargo on arms exports to India and Pakistan in order to avoid fueling the armed conflict in the subcontinent and to simultaneously project as image of American neutrality. The friction between Washington and New Delhi over Kashmir had its undeniable bitter impact on bilateral relations between the two countries. Washington favoured a plebiscite and was worried that in the absence of a settlement of this issue, hostilities would commence between India and Pakistan. As McGhee pointed out, the US backed
the UN call for a plebiscite since 'we wanted to avert full-scale war between India and Pakistan—this was always a threat. Our efforts failed because of Nehru.⁴

After the Indo-Pakistan agreement on ceasefire in January 1949, the ban on arms export was lifted. Soon after, Pakistan began to be seen softly by the US. George McGhee, the then Assistant Secretary of State for Near Eastern and South Asian Affairs’ stated ‘Without Pakistan, I don’t see any way to defend the Middle East’.⁵ (Emphasis added)

A couple of years after the first round of Indo-Pak war, a Communist led war broke out in the Korean peninsula. North Korea, a staunch Soviet ally, crossed the 38th parallel line and attacked South Korea in January 1950. The US, which had championed the cause of anti-communism, could not simply remain neutral in this war. The Korean War (1950) spurred American interest in containing the Soviet threat to Asia through a chain of security alliances.

Despite being at loggerheads over Kashmir and sharp differences on anti-colonial issues, Nehru was hopeful of improving ties with Washington. His optimism was based on the conviction that ‘it is well recognized today all over the world that the future of Asia will be powerfully determined by the future of India’.⁶ While conducting negotiations on a commercial treaty with the US he underlined his hope by mentioning ‘America is the most powerful and richest country in the world and can certainly help India a great deal’.⁷

India voted for the UN Security Council’s condemnation of the aggression in the Korean Peninsula. This came as a pleasant surprise to Washington. However, Nehru disapproved President Truman’s linking of the Korean conflict to the problems of Formosa and the Indo-Chinese issues. India favoured Chinese incorporation of Formosa and the withdrawal of the French from Indo-China. For Nehru, the demands were reflective of a larger struggle to free Asia from Western domination, rather than a conflict between pro-and anti-Communist ideologies. India’s refusal to brand China as an aggressor in Korea were seen as further sufficient indices of Indian incompatibility with the ‘free world’ thinking by the policy-makers in the State Department.

In September 1950, the North Korean military succumbed to military pressure. The moot question at the juncture was whether UN forces should cross the 38th parallel into North Korea. The move was opposed by India as it felt that the initiative would pave the way for entry of the Chinese communists. The US visibly was upset with the Indian stand. President Truman went to the extent of accusing India of playing ‘the game of the Chinese Communists fairly regularly’. When the UN General Assembly condemned the Chinese as aggressors in the Korean War by a resounding majority, India and Burma were the only two countries to join the communists in opposing this resolution.

Indo-US relations had to contend with another ticklish issue of granting recognition to Communist China. Nehru was keen on having good relations with China right from the days before the Indian independence. In his democratic perceptions, China and India stood out as two remarkable exceptions to European

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domination, aided by the strengths of their ancient civilization and heritage. He was certain that the Communist takeover of China was largely fallout of the shortcomings of the Chiang Kai-Shek regime rather than a victory of the Communist ideology. In October-November 1949, he paid his first visit to the US. China figured dominantly in the talks with Nehru arguing that Chinese nationalism would prevent the domination of China by Soviet Union and attempts to deny recognition to China would have the opposite effect.

The peace treaty with Japan (1951) emerged as another bone of contention between Washington and New Delhi. Nehru refused to sign the treaty believing it should have included the Soviet Union and Communist China. He was also critical of the security arrangements between Japan and the US. In all the ensuing confrontations between the superpowers India’s stand appeared contrary to American interests and led to growing mistrust and suspicion between the nations. The US foreign policy operated on the premise that any state that had not declared itself an unqualified member of the free world was ipso facto a real or potential enemy. India was not an exception in this regard.

There was no great cooperation between India and the US on the economic front too. US Corporate disinterest in South Asia was the result of India’s socialist economic policy and the country’s reputation of being a difficult place to do business. Despite being inclined towards greater inflow of US investment, India was apprehensive about the US using its economic might to extract political concession. Certain sections in India also felt that the US intended to curb India’s economic sovereignty and misutilise the country’s resources.

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Threats of outbreak of a famine-like contingency during 1949-50 due to poor monsoon and a heavily depleted food situation forced India to seek food imports from the US. The country received wheat from the US after much procedural delay and extended haggling. The US delay in responding to the exigency came in for sharp criticism in India. In contrast, the Soviet Union received greater accolades for a far smaller shipment that arrived before US supplies.

The induction of Chester Bowles in place of Loy Henderson as the US Ambassador to India in 1951 was an important and positive development. Bowles took the lead in initiating meaningful dialogue thereby helping to eradicate various existing misunderstandings between the two countries. He projected the first election to the Indian Parliament in 1952 as a personification of the strong democratic foundations in the country and as an adherent to the democratic principles of the US. Bowles's job however, was made easier by the emergence of the Indian lobby, an informal group of liberal activists strongly supporting better relations with India, in Washington.

The most significant military sales to South Asia during the Truman administration, ironically, were not to Pakistan, but to India. In the summer of 1952, India sought a substantial number of tanks and military aircrafts for modernising its forces. The demand for 200 Sherman tanks, worth US $19 million, received rapid approval and drew sharp reactions from Pakistan. From the broader perspective of US military interests, despite a certain interest shown

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10 KFX, no. 6, p.65.
11 Ibid.
12 Ibid, p.86.
by the Defense Department in creating US bases in Pakistan, South Asia was relatively low in terms of priorities in Pentagon’s strategic planning.

By the end of the Truman presidency, Indo-American relations, victim of friction and apparently irreconcilable difference of opinions, became a perplexing issue for observers. After the Korean War in particular, that turned the Cold War into a global struggle, the US and Indian worldviews often clashed sharply, practically on all major fundamental security and strategic issues.

**Eisenhower: 1st term**

The bilateral relations between India and the US experienced dramatic shifts during the two terms of President Dwight D. Eisenhower. The first phase was witness to a low point under the burden of policy differences between Washington and New Delhi. Central to the dip in the relations was the US response to the perceived threat of likely emergence of Communism in South Asia by establishing a military relationship with Pakistan in 1954. However, the second term witnessed a relative upswing in the relationship.

The Korean War had substantial significance for both American and Indian foreign policies. For the US, the North Korean military invasion into South Korea served to indicate that the danger of Communism was real. The War firmed up the policy of containment as the chosen means for countering the Soviet Union and its Communist allies. The Korean War also began the American search for allies and military pacts for containing what Washington perceived as the global Communist threat. For India on the other hand, the War put to test Nehru’s
concept of neutralism and ‘non-alignment’.\textsuperscript{13} Despite a disgruntled US, the War established India’s credentials as an honest broker and an effective conduit between the Western and the Communist powers.

In May 1953, John Foster Dulles visited South Asia. This was the first trip to the region by a US Secretary of State.\textsuperscript{14} The summer of 1953 saw India and the US involved in an acerbic dispute over the Battle Act, a US law sponsored by Congressman Laurie C. Battle, barring American aid to any country that traded in strategic goods with Communist China.\textsuperscript{15} The trouble arose after American officials became aware of the Indian public sector undertaking Rare Earth Corporation’s shipping to China, thorium nitrate, a strategic element used in the production of uranium. When the US ambassador tried to raise the issue with Nehru, the PM stated categorically that India would never permit the US to tell it with whom to trade, as a price for American aid.\textsuperscript{16}

Although Dulles had yet to declare neutralism ‘immoral’, he was known for his hard line views on the Communists and his dislike for India’s nonalignment. In terms of Indo-US relations, the most important issue pertaining to his visit was Pakistan’s membership in a pro-West Middle East defense grouping and its receipt of American military assistance. The issue was of serious concern to India. Prime Minister Nehru had commented, ‘If such an alliance takes

\textsuperscript{13} Foreign Relations of the United States (FRUS), 1952-54, vol. XV, pp.831-32, memorandum of conversation between Messrs. Johnson (State Department) and Tomlinson (British Embassy), 1 April 1953 In Kux, no.6, p.114.
\textsuperscript{14} Kux, no.6, p.100.
\textsuperscript{15} Kux, no.6, p.124.
\textsuperscript{16} The State Department however, decided against discontinuing aid even though India refused to bend.
place, Pakistan definitely enters into the region of Cold War....”¹⁷ He further remarked:

“a military pact between Pakistan and the US changes the whole balance in this part of the world and affects India more especially...”¹⁸

The US realized the importance of having a geographically strategic ally in South Asia for balancing the Soviet influence. Pakistan was an important location for establishing air bases and intelligence gathering facilities for countering the Soviets. Moreover, Pakistan’s proximity to the Persian Gulf made it useful as a shield for protecting the Middle East oil fields in the eventuality of hostilities in Asia. The US gradually began encouraging Pakistan as a partner and an ally. The country was invited to join US sponsored defence pacts like the South East Asian Treaty Organisation (SEATO) and the Central Treaty Organisation (CENTO), originally the Baghdad Pact, and began receiving American weapons.¹⁹ In May 1954, US and Pakistan signed the Mutual Defense Assistance Agreement, formally confirming Pakistan’s alignment with the West.²⁰ The agreement fuelled apprehensions of an arms race in the sub-continent and creation of a roadblock in peaceful settlement of regional disputes.

For Washington, cultivating Pakistan was an important step for containing Communism by strengthening the chain of collective security arrangements around the contiguous border of the Soviet Union. As reflected in NSC 5409, the action strengthened the US defence of the region against the Communist threat

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¹⁸ Ibid., p.442, letter of 15 November 1953.
¹⁹ Rajagopalan, no.9, pp.1999-2001
and was not intended to make Pakistan the dominant power in South Asia.\(^{21}\) However, the obvious fallout of the security arrangement was greater rift between India and Pakistan. In so far as India was concerned, Nehru felt, the US opposition to India’s non-alignment in part motivated the American decision to militarily support Pakistan.\(^{22}\)

It was only but natural that an American-armed Pakistan would encourage closer ties between India and the Soviet Union. Till 1953, Indo-Soviet relations were basically lukewarm. The international communist movement castigated Nehru’s policy of non-alignment and considered him a pro-West leader. After Joseph Stalin’s death in 1953 and the visit of Communist Party Secretary Nikita Krushchev and Premier Nikolai Bulganin to India in 1954, new fronts opened in the Indo-Soviet relationship. Ties between the two nations improved as a result of the US political support to Pakistan’s position on the Kashmir issue and the signing of the Mutual Security Agreement in 1953. On the question of Kashmir, the Soviet Union began to side with India and opposed plebiscite in Kashmir. The Communist Party General Secretary declared:

"The question of Kashmir as one of the constituent states of the Indian Union has already been decided by the people of Kashmir. Facts show that the populations (sic) of Kashmir do not wish that Kashmir became a toy in the hands of imperialistic forces."\(^{23}\)

Despite Indo-US differences over key Cold War issues and the core issues such as Kashmir and arms supply to Pakistan, there was a silver lining in the dark

\(^{21}\) FRUS, no.13, vol. 9, pp.1717-39, Embassy Delhi telegram to the State Department, 24 February 1954.
\(^{22}\) Kux, no.6, p.113.
clouds of Indo-US relations. The Battle Act was not allowed by the State Department to come on the way of US aid policy towards India. In other words, Washington refrained from punishing India by cutting off assistance despite Nehru's refusal to pay heed to the Battle Act.

In fact, Secretary John Foster Dulles set up a special study group for looking into aid programme for India. The result was sanction of US $80 million as development aid to India and approval for proceeding with a new PL480 agreement. Signed in August 1956, the food accord was the first concrete indication of an upswing in American economic assistance to India. 24

Eisenhower: 2nd term

President Eisenhower's worldview was a set of traditional American values tempered by the Cold War calculations. Like previous presidents, he believed in the 'exceptionalism' of the US i.e. the US had a special mission and unique responsibility for spreading the message of democracy around the world. 25

Nothing could have exemplified the President's desire to promote democracy better than improving ties with India. The new economic aid policy appeared to be a part of this foreign policy initiative. Indeed a few months after the enactment of Public Law 480 in August 1956, Prime Minister Nehru landed in Washington----his second trip to the US.

Apart from reviewing world affairs and discussing developments in South Asia with President Eisenhower, the Prime Minister was aware of India's

24 Ibid, p.126.
requirement of greater economic assistance from the US for bolstering its development efforts. In contrast to his 1949 talks with Harry Truman, Nehru's 1956 visit was a success, despite the two leaders continuing to differ on Communist China. Nehru stuck to his stand for Peking's acceptance into the family of nations. Although the talks yielded no specific agreements, the leaders departed with larger mutual respect as well as better understanding of the two country's differing stands on the major issues of the day.

Unlike the other US Presidents, Ambassador Bunker in 1957 is supposed to have believed that Eisenhower supported the policy of 'nonalignment' pursued by the Indian government. However, President Eisenhower had remarked a year before that: 'They are using the term 'neutral' with respect to attachment to military alliance. And may I point out that I cannot say that that is always to the disadvantage of such a country as ours.' At the same time he was aware that 'the risks to US security from a weak and vulnerable India would be greater than the risks of a stable and influential India...'.

Yet another landmark in Eisenhower's new approach towards South Asia, particularly India, can be seen in a National Security Policy paper 5701. The NSC5701, a revised South Asian policy, underlined South Asia as an important Cold War front, where the Soviet Union was seeking to roll back support for the West. The policy emphasised upon better relations with India and stressed upon economic, rather than military means, in countering the Soviet challenge.

28 Ibid, p.36.
29 Kux, no.6, p.154.
Mounting tensions between India and China added a new dimension to Washington's relations with New Delhi. As the Sino-Indian turned sour, the US reaction was supportive of India. Even though the State Department took no official stand, it perceived China as an aggressive bully. For the first time since post World War II, US and India centred round to a common position on an important security issue, as both had strained ties with Communist China.

In May 1959, a "Conference on India and the United States" was organized in Washington. Besides humanitarian concern for the poor of India, India's democratic experiment was hailed by a large number of participants. It was felt that communism must not gain ground in the developing world's largest democracy. The conference indeed marked a high point in generating support for additional assistance to India. Eisenhower's second term saw US assistance growing substantially from about US $400 million in 1957 to US $822 million in 1960. The US and Indian governments also signed a mammoth US $1.276 billion PL480 food agreement.

Another development, leading to better relations between the two countries, was the coming in of Christian A. Herter as the Secretary of State in place of John F. Dulles, after the latter's death in 1959. Unlike his predecessor, Herter was a strong supporter of greater foreign assistance to India. In addition to boosting bilateral assistance, the US also became the major source of funds for implementing the Indus Waters Agreement. US funds accounted for nearly half of

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30 Ibid, p.163.
33 Kux, no.6, p.149.
34 Ibid, p.150.
the US $1 billion worth of dams, irrigation works and other construction projects envisaged under the Agreement.

President Eisenhower’s visit to India in December 1959 was the first by a US Head of State to independent India. Several analysts considered the visit a major success. In May 1960, India approached the US for 29 Fairchild C-119 transport aircrafts for augmenting supplies to the Himalayan defenses, though the sale was quickly approved by the Eisenhower administration. However, it refused to provide the Sidewinder missiles that India had asked for, because it could have annoyed Pakistan---America’s strategic ally. The action made it clear that the US was not willing to equate India and Pakistan in terms of military supplies. It also indicated that Pakistan still led India on the US priority list. In fact, since the 1954 arms pact Pakistan kept insisting that the United States must keep the Kashmir issue alive internationally in the United Nations as well as in the SEATO & Baghdad Pact communiqués. Washington obliged to some extent. And this was a way of indicating to Pakistan that America, at least politically, was supportive of its cause.

One of the fallout of the US-Pak friendship was subjecting India to constant pressure by scrutiny of Kashmir through various missions during 1957. The US influence in determining the actions of the UN was evident. In 1959, Pakistan agreed to provide the Peshawar airfield to the US for keeping a vigil on the Soviet activities. Due to its geographic location, the Peshawar base was ideal for electronically monitoring the Soviet missile tests. Pakistan’s willingness to

provide facilities for US intelligence operations increased its importance to US national security.

The National Security Council's Operations Coordinating Board (OCB), entrusted with the responsibility of monitoring implementation of US policy around the world, reported that 'US-Indo relations' were becoming 'increasingly cordial'.38 Despite President Eisenhower failing to affect a rapprochement between India and Pakistan, he was able to put bilateral relations with India on a firmer and friendlier footing. India's nonalignment no longer seemed to be an anathema to the US.

Kennedy

President John F. Kennedy was more sympathetic towards the aspirations of developing nations and less antagonistic toward nonalignment. His tenure began on a positive note for India with the appointment of Chester Bowles as Under Secretary of State.39 For Kennedy, India, with its vast human capital, economic potential and democratic aspirations, was the core of the developing world, worthy of serious attention from the United States. Aware of the acrimonious ties between India and Pakistan, Kennedy and his administration were confident of improving ties with New Delhi, without spoiling relations with Pakistan and pursued the objective as a basic foreign policy goal.

The South Asian policy of the Kennedy administration was a continuation of the shifting emphasis towards India that was initiated during the later years of

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38 Ibid, p.172.
President Eisenhower. Notwithstanding the similarity of objectives, the functional styles of the two administrations were striking in their contrast.

Even before his entry in the White House in January 1961, Kennedy had appointed a task force for reviewing economic assistance to India. The task force outlined targets for ensuring sufficient resources for financing India's Third Five Year Plan, due to commence in 1962. The United States sought to commit US $1 billion annually for the first two years of the Third Plan on the understanding that other countries match its share (US $500 million) in development loans or grants and the remainder in PL480 food assistance. The net result was tripling of US development assistance from the US $135 million granted by the Eisenhower administration in 1960. Further, in April 1961, at the meeting of an India Aid Consortium, the United States pledged a massive US $1 billion in development assistance for the first two years of the Third Five Year Plan. 40

In a reciprocating gesture, India agreed to use only US-supplied enriched uranium for its Tarapur nuclear plant and also agreed to abide by specific controls to the satisfaction of Washington.41 Ironically, the Tarapur power plant, a functional example of US high technology assistance to India, became the center of a bitter controversy in the 1970s, after India exploded its first nuclear device.42

Vice President Lyndon Johnson was the first senior US visitor to South Asia in May 1961. Nehru and Johnson held several amicable discussions on India's development programmes. The Vice President however, recommended that the US seek ways to modernize Pakistan's military, asserting that General

40 Ibid, p.186.
41 The project was approved in May 1963.
42 Madumbai, no. 37, p.189.
Ayub Khan “wants to resolve the Kashmir dispute to release Indian and Pakistani troops to deter the Chinese rather than each other”. 43

In mid 1961, the Pakistani President Ayub Khan himself traveled to Washington for convincing the US that Pakistan was, and would remain a close ally, willing to help US in Southeast Asia and elsewhere. Although Ayub Khan failed to persuade Kennedy to use America’s status as a donor to press India for a Kashmir settlement, the President agreed to support further discussions on Kashmir at the UN, in the event of no further bilateral progress. Kennedy also agreed to honour the Eisenhower administration’s promise to provide Pakistan with F-104 fighter aircraft. 44

In the fall of 1961, Kennedy’s South Asian performance was literally a mixed bag. For India, the brightest development was on the economic side, where the US had dramatically increased its economic assistance. Through Kennedy, for the first time, India began visualizing the US as a friend. Senator John Sherman Cooper, after a visit to New Delhi sometime around 1961, told Kennedy that “relations between India and the United States (were) the best I have ever known”. 45 Notwithstanding such optimism, on several other issues, the Indian & US positions continued to reflect conflicting perspectives. The Kennedy administration looked up to the visit of Prime Minister Nehru in November 1961 with the hope of creating the ground for a more productive partnership but unfortunately, Nehru’s last visit to the US failed to meet the expectations.

43 Vice President’s Report to President Kennedy on his Mission to Southeast Asia, India and Pakistan, 23 May 1961, No. 6, p.190.
45 Letter from Senator Cooper to President Kennedy, undated but possibly January 1961, Kennedy Library as cited in No.6, p.192.
Later developments, further, put some strains on the improving US-India bilateral ties. In December 1961, reports circulated that orders had been issued in Goa, and that Goa was engaged in the process of building up military defences for attacking the Indian vessels. Nehru as a result set military force to liberate the Portuguese colony.\(^46\) W. Norman Brown wrote:

"The American press almost without exception... strongly condemned India on the ground of practicing aggression, especially a kind of aggression which India through the voices of Nehru had always denounced in others in high sounding moral terms."\(^47\)

However, a high point in the Indo-US relations was reached during the Sino-Indian war of 1962. During the war, America promptly came to India's aid, much to the displeasure of Pakistan. Nehru despite his policy of nonalignment sought military assistance from the US, Great Britain and other Western powers. President Kennedy obliged immediately with the objective of demonstrating to the US allies in Asia that Washington was ready to assist against Chinese Communist aggression.\(^48\) Stemming the tide of communism remained the principal objective of US foreign policy during the Kennedy administration, as was the case during all other US administrations. President Kennedy firmly believed that a strong India was important for a 'free and politically stable Asia'.

\(^46\) The US Secretary of State John Foster Dulles, and Portugal's Foreign Minister Cunha issued a formal statement in December 1955, in which they jointly spoke of the Portuguese possession in India as a 'province' of Portugal. India was bitter about this US position, In Chintamani Mahapatra, *Indo-US Relations: Into the 21st Century* (New Delhi: Shri Avtar Printing Press, 1998), p.38.


After the 1962 war with China, Kennedy sent a mission to India for reviewing the ground realities. The joint State and Defense Department group was entrusted with the responsibility of proposing a South Asia policy for the US in the coming days as well as for assessing India’s military requirements against the Chinese. Averell Harriman, the head of the mission, hinted at the need for a Kashmir settlement and for taking joint defense measures, only to find Nehru non-committal.49 It was evident to the US administration that for India and Pakistan the Kashmir dispute was “more important than the struggle against the Communists”.50

In 1962, the US announced its decision to give US $60million worth of military aid to India, as part of the US $120million Anglo-US Commonwealth military aid programme. In 1964, agreements were reached between the Indian and US governments over supply of US $110million worth of military equipment annually, by way of grant and aid for the next five years.51

The US First Lady Jacqueline Kennedy visited India in March 1962. The visit was a resounding success and generated a lot of goodwill. However, a further deterrent arose over the procurement of MiG-21 fighter aircraft from the Soviet Union in 1962. This marked a major breakthrough for the Soviets who would, from now on, displace the British as the principal supplier of fighter aircraft to the Indian Air Force. The negotiation rubbed Washington the wrong way and it reacted by collaborating with the British in presenting a variety of counter proposals for scuttling the Soviet deal.52

51 Kux, no.6, p. 212.
52 Ibid, p. 212.
Notwithstanding the US unhappiness over India’s greater military cooperation with the Soviets, President Kennedy did not refrain from extending economic support to India. In the National Security Action Memorandum No.209, approved in December 1962, Kennedy agreed to a three-phase military aid package for India, but didn’t specify a price. The first stage of the deal involved aid for reequipping the battered Indian forces and for making up the deficiencies in Indian mountain defense capabilities. The second involved help to Indians for increasing indigenous arms production capabilities. The final phase envisaged a review of possible US-Commonwealth help for the Indian air defense. An Agreement was also reached on a US$120 million short-term package to be contributed equally by the US and the Commonwealth. The package however, proved to be disappointing for the Indians because they were expecting a larger arms aid programme.\(^\text{53}\)

During Kennedy’s presidency, the US placed considerable emphasis on improving relations with India, principally through devolution of greater economic assistance. After the 1962 border conflict broke out, Kennedy rapidly responded with US military aid. Even a battered Nehru was ready to accept what a first hand observer described as “military reliance if not military alliance”.\(^\text{54}\)

Notwithstanding his broad support to the bipartisan policy of containment of communism and development assistance to the poorer nations of the world,

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\(^\text{53}\) Ibid, pp. 211-212.
President Johnson appeared skeptical about the favoured treatment handed out by Kennedy to India. In the beginning however, he tended to reinforce Kennedy's stand on India, as he was motivated to some extent by India's democratic credentials and by the NSC staffer Robert Komer's argument that if India chose the communist path, US interests in Asia would suffer heavy losses. In his memorandum to President Johnson, Komer pointed out:

"India, as the largest and potentially most powerful non-Communist Asian nation is in fact the major prize for which we, the Soviets, and Chicoms are competing in Asia".55 (Emphasis added)

However, there were limits to US military cooperation with India. India, due to its non-aligned foreign policy, would not seek an alliance relationship with the US. And Pakistan, an American strategic ally, would naturally goad on the US to refrain from supplying weapons to India --- its perceived foremost enemy. The American defence department was, in fact, not responsive to the Indian interest in obtaining three squadrons of supersonic F-104 aircraft. Although Pakistan had received the same aircraft, the Pentagon argued against India's procuring them on the grounds that the supersonic fighters would be of limited use against the Chinese and would consume nearly a third of the US $500 million aid package.56

An arms aid agreement however, did materialize in May 1964 between the Indian Defense Minister Y.B.Chavan and the then US Secretary of Defence, Robert McNamara, establishing a new chapter in the security relationship between the US and India. But it could not stand the test of time. During the Kashmir war of 1965, the US stopped arms exports & military assistance.

55 Memorandum to President Johnson from Robert Komer, 24 February 1964, Lyndon Baines Johnson (LBJ) Library In Kux, no. 6, p.228.
When General Ayub Khan launched Operation *Gibraltar* for seizing the initiative on Kashmir. US-supplied Patton tanks led a major attack across the ceasefire line in southern Kashmir with the objective of cutting off the road that linked Srinagar to India. The American unwillingness to subdue Pakistan, and its apparent readiness to equate the aggressor with the victim, strengthened Indian fears about US intentions. Significantly, the Soviets became proactive at this juncture and worked with the US in support of the UN peace effort to stop the war between the two South Asian neighbors. This was a rare occasion of East-West cooperation during the Cold War! The fighting stopped on 23 December 1965 with New Delhi succeeding in thwarting Pakistan’s attempt to seize Kashmir by force.\(^\text{57}\)

The Indo-Pakistan war of 1965 stands as a watershed in the history of American relations with the Indian subcontinent. President Johnson and his chief foreign policy advisers recognized the obvious: the war signaled the end to a policy cycle set in motion with the formation of the Pakistani-American alliance eleven years earlier. Pakistan’s alignment with the US, combined with subsequent US efforts to balance its South Asia priorities by pumping massive economic assistance into India during the late 1950s and military aid as well as after 1962, had been predicted on the belief that the US could cultivate friendly productive relations with both countries.\(^\text{58}\) All these illusions lay shattered.

The unwillingness of either India or Pakistan to stand by the US in Vietnam further separated America from South Asia.\(^\text{59}\) Convinced that previous


\(^{58}\) *Kux*, no.6, pp.239-240.

administrations had exaggerated the salience of India and Pakistan for broader Cold War security interests, President Johnson directed that the US adopt a lowered profile in the subcontinent and pursue a more limited policy objective there. President Johnson’s backing for a pro-Soviet mediation offer between the two nations reveals just how radically the war had shaken the long held American policy assumptions about the region. The Secretary of State, Dean Rusk, recalled that the administration encouraged the Soviet initiative because ‘We encouraged the Russians to go ahead with the Tashkent idea because we felt we had nothing to lose’.

South Asia had actually ceased to matter much to the Americans. That the two nations went to war with each other, after a decade of heavy American investment in economic assistance and major fusions of military equipment to Pakistan and to a lesser degree to India, signaled the futility of pursuing initiatives in South Asia. Moreover, with Vietnam emerging as the crucial foreign policy agenda, South Asia’s importance in US strategic priorities declined further. The disillusionment with South Asia had its impact on development assistance.

The new Indian Prime Minister Indira Gandhi traveled to Washington on her first foreign trip as the head of the state in March 1966. The US President and the new Prime Minister struck a good rapport. President Johnson sanctioned 3.5 million tons of food aid for India on an emergency basis. The Minister for Planning, Ashok Mehta, went to Washington and worked out a tentative reform package with the World Bank President George Woods that included decontrol of Indian imports, streamlining of licensing procedures (detailing various sectoral targets) and a major devaluation of the Indian Rupee. The 57 % devaluation

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60 Dean Rusk OH Interview, 2 January 1970; LBJL, In Kux, no.6, p.238.
announced by Indira Gandhi provoked harsh criticism of her leadership at home on the grounds of compromising with the country's economic sovereignty.  

Soon after, the Indian Prime Minister visited Moscow and made a significant foreign policy gesture by agreeing to a communiqué on Vietnam that, in US perception, shifted India from an essentially neutral stance to one that echoed the Soviet line. In contrast to earlier Indian statements, linking reconvening of the Geneva Conference and putting a halt to US bombing of North Vietnam, on this occasion, Indira Gandhi emphasized the importance of the US taking the first step. President Johnson immediately called for a halt to routine approval of new aid commitments for India and Pakistan and pressed for a 'hard new look...before we spend a lot more money'. India was almost forced to review its agricultural policy with the objective of becoming more self-sufficient, as all further US food aid to India was made conditional on its cessation of criticism of the American war effort in Vietnam. Herein started the ill-fated 'short-tether' policy. India announced a higher priority to agriculture within the sphere of its planned development, marking a substantial shift from the earlier policy emphasis on industry.

President Johnson's regime was significant for the emergence of nuclear non-proliferation as a major global concern. After China went nuclear in 1964, Washington was worried about India following suit and becoming the sixth member of nuclear club. In June 1966, the NSC considered the Indian nuclear issue. Johnson underlined his worries about India going nuclear and said that

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61 Kux, no.6, pp.249-53.
63 Memorandum for President Johnson from Robert Komer in preparation for the 9 June South Asia Aid Meeting; 8 June 1965, LBJ Library, In Kux, no. 6, p.240.
64 Kux, no.6, p.263.
India’s economic progress and the stability of South Asia depended on India’s nuclear status. Over the next couple of years, the United States and the Soviet Union worked together for framing the Non-Proliferation Treaty in an effort to ban further proliferation. India refused to join the treaty since, it felt, the treaty divided the world into nuclear haves & have-nots. It was also silent on the issue of disarmament by nuclear countries. Moreover, India envisaged threats from nuclear China with which she already fought a war and wanted to keep the nuclear option open.

In 1967, Washington announced a new arms policy for cash sales of spare parts of weapons which it previously supplied on a ‘case-by-case’ basis, but continued the ban on sale of new weapon systems and barred credits or grant of military assistance. The basic purpose was to align US arms supply with the reduced US security engagement in the subcontinent. Pakistan was unhappy with the partial lifting of the embargo. India was relieved that the US had not opened the door wider for a resumption of arms supplies to Pakistan.

Johnson’s tenure ended with India, along with South Asia, suffering major erosion in importance. India, to the US, was now little more than a big country of poor people.

Nixon

President Nixon was a firm believer in use of force for achieving foreign policy goals and in standing firm in the face of aggression. He considered himself a practitioner of realpolitik. Nixon stressed balance of power, pragmatism, and

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secrecy over idealism, morality, legality and openness. He wanted to preserve and solidify the position of the US as the leader of the ‘free world’. He emphasized upon the need for the US to be not a ‘pitiful giant’, reaffirmed the importance of standing by its allies and for reassuring states in the ‘free world’ of a strong anti-communist stance.

In August 1969, six months after assuming presidency, Nixon became the second US President to visit India (after Eisenhower) and Pakistan en route from the Far East to Europe. In comparison, he received a warmer reception in Pakistan, even though relations between the two nations continued to remain strained due to Pakistani resentment over US arms restrictions.

With the objective of appeasing Pakistan, Nixon, in October 1970, approved a ‘one-time exception’ to the 1967 policy of not exporting lethal weapons systems to India and Pakistan. Washington agreed to sell Pakistan 300 armored personnel carriers and aircraft worth US$50 million, while reaffirming the intention to continue the 1967 policy. Needless to say, the move did not win Nixon many friends in India.

The military package was followed by a second source of tension involving Vietnam, when India expressed its desire to raise the level of its diplomatic mission in Hanoi to an Embassy. Washington warned New Delhi about the consequences of the step in terms of a cutoff in US aid. Indira Gandhi prudently deferred action. Although assistance levels were lower than before, India was still receiving several hundred million dollars of American aid annually.

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67 No.65, 1 August 1969.
With US assistance continuing to be an important source of foreign funds for development, India decided against paying a far too heavy price for an act of political symbolism.  

The third disturbing development occurred in the Fall of 1970 when the UN celebrated its 25th anniversary. President Nixon invited both Indira Gandhi and General Yahya Khan for dinner at the White House to commemorate the UN anniversary. Indira Gandhi turned down the invitation while Yahya Khan accepted it. During the Pakistani premier's visit to Washington, Nixon chose the occasion to refer to China. He regarded Sino-American rapprochement as an 'essential' step towards creating a late 20th century global version of the 19th century European Balance of Power. The first requirement for this was to include China in the family of nations. Nixon had said:

"just as American and Soviet interests were involved there [Middle East], so Chinese, Soviet, and American interests were at stake in South Asia and the Indian subcontinent".

For serving the purpose, Nixon was aware that he required Pakistani assistance and was indeed obliged by the country. During the East Pakistan Crisis, in spite of the existing arms embargo, US shipped arms to Pakistan.

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72 The 1971 Indo-Pak war was aptly described by Kissinger as ‘perhaps the most complex issue of Nixon’s first term’. He even complained that, ‘I am getting hell every half hour from the President that we are not being tough enough on India’. Melvin Small, *The Presidency of Richard Nixon*, p.106.
underlining President Nixon's submission to Yahya Khan, "nobody has occupied the White House who is friendlier to Pakistan than me". 73

In July 1971, the head of the National Security Council, Henry Kissinger, left Washington for a routine trip to the Far East and South Asia. He stopped at New Delhi and subsequently flew to Islamabad. The real objective of the visit was a covert trip to Beijing with Pakistani assistance. After the truth came to light, India was alarmed at the likely repercussions of closer US-Chinese relations on the regional power in South Asia. 74 The Indian fears were confirmed when Kissinger clarified in course of a policy statement that "we would be unable to help you against China" in the event of Chinese military response to a war between India and Pakistan. 75

USA's closer ties with China and using Pakistan as a mediator in opening up China made it appear as if a new axis of power, comprising of US, Pakistan and China was emerging. India was terribly concerned of these developments and this became a primary motivating factor behind the signing of a friendship treaty with the Soviet Union in 9 August 1971. This was further necessitated with India facing the prospect of war with Pakistan and the possibility of Chinese joining the war on behalf of Pakistan. On the other hand, Kissinger had described the accord in his memoirs as a 'bombshell' and as 'throwing a lighted match into a powder

74 Keesings, no. 57, p.867.
Nixon went further in regarding India as a Soviet client for the rest of the crisis in East Pakistan.\(^7^7\)

The unavoidable war between India and Pakistan began on 3 December 1971 with Pakistani aggression on eight Indian airfields in the western part of the country. India retaliated militarily and gave recognition to the Awami League government-in-exile as the government of Bangladesh. The US promptly froze its economic assistance to India.\(^7^8\) A State Department briefing blamed India for being responsible for the aggression. In the UN Security Council, the US representative George Bush, acting under direct orders from Nixon, criticized India for the war and called for an immediate ceasefire. The Soviet Union, however, vetoed the resolution.\(^7^9\)

During the East Pakistan crisis, the US blatantly supported Pakistan and Indo-US relations reached its lowest point. The dispatch of a US naval task force (Task Force-74) headed by the nuclear-powered aircraft carrier, Enterprise, into the Bay of Bengal at the height of the India-Pakistan hostilities on 10 December 1971, further strained the Indo-US relations.\(^8^0\) The gunboat diplomacy was too blatant to be missed.\(^8^1\) For Nixon and Kissinger, the tilt against India was not just a means of expressing appreciation to the Pakistanis for their help in the opening to China, but, more importantly, efforts to impress the Chinese by the US handling of the crisis.

\(^7^6\) Keesings, no. 57, pp. 867-88.
\(^7^8\) No.65, 27 April 1974.
\(^7^9\) Kux, no.6, p.303.
In 1972 the Simla Agreement was signed by India and Pakistan. The Agreement underlined the resolve of both the countries to settle differences through bilateral negotiations or by other peaceful means mutually agreed upon. It also specified that both nations would respect each other’s territorial integrity, political independence and sovereign equality in accordance with the UN Charter. With regard to Jammu and Kashmir it was decided that the LOC (Line of Control) resulting at the time of ceasefire on 17 December 1971, should be respected by both the countries.\(^\text{82}\) The US appeared receptive to the spirit of the accord.

The Simla accord led to a change in the US stance towards the Kashmir dispute. Previously, the US supported relevant UN resolutions calling for a plebiscite. After 1972, the US position shifted in favour of bilateral resolution. The agreement was also seen as India’s attempts at normalization and reconciliation of relations in the subcontinent and cemented India’s position as a major power in the region.

On 8 May 1974, India exploded an underground nuclear device in Pokhran. The event drew the attention of the US nonproliferation lobby toward the nuclear power plant at Tarapur, a hallmark of US-India nuclear cooperation.\(^\text{83}\) Tarapur received enriched uranium from the US supplied under a 30-year commercial contract. In return, India agreed to bilateral, and later International Atomic Energy Agency (IAEA) inspections and safeguards, designed to ensure that sensitive materials not be diverted for non-authorized uses. Subsequent to Pokhran, for the next 8 years (until alternative fuel supplied arrangements were

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\(^{83}\) Nixon, no.68, p.63-65.
worked out in 1982), the issue of licensing exports of enriched uranium for Tarapur became a major irritant between New Delhi and Washington.\textsuperscript{84}

Ford

Nixon’s successor, Gerald Ford had limited experience in dealing with issues of foreign relations, including South Asia. In most foreign policy matters, he depended heavily upon his Secretary of State, Henry Kissinger. Apart from India’s self-sufficiency in food, the partition of Pakistan in 1971 led India to rise as an unchallenged superpower of South Asia. This led the new President to deal with this new reality rather than ignore India and continue its closer ties with defeated nation---Pakistan. This led Kissinger to visit New Delhi in October 1974, in course of his tour to Moscow and the Middle East. He was appreciative of India’s importance to the US. He focused upon a ‘better, more realistic relationship’ between the two countries.\textsuperscript{85}

During Kissinger’s visit, an agreement was signed for establishing an Indo-US Joint Commission. The subcommissions under this broad umbrella were to deal with science and technology, education and culture, and economics and trade. The science and education subcommissions subsequently, have overseen a host of joint projects, ranging from the 1985 Year of Indian Art Exhibition to hundreds of scientific research projects. The economic and trade subcommission and a parallel private sector joint business council have served as platforms for periodic airing of Indian and American views on contemporary economic and

\textsuperscript{84} Ibid, p.65.
\textsuperscript{85} No.65, 28 October 1974.
business issues. The then US Ambassador to India, Daniel P. Moynihan, commented in the context of the agreement, 'We've now reached a kind of plateau, less volatile and unstable than in the past, but also fragile and thin'. During Kissinger's subsequent visits to New Delhi, he asserted that in future there could be no question of equating India with Pakistan.

During President Ford's tenure, the State Department announced the lifting of the arms embargo to Pakistan, in effect since September 1965. Indira Gandhi referred to the US decision as "opening of old wounds". President Ford nominated William Saxbe as the new Ambassador to India. Saxbe, who genuinely liked India, became pessimistic about the prospects for better relations. His view was that the US wished India well, but Mrs. Gandhi needed to decide whether she wanted better relations with Washington or not, something only the Indian government could decide.

Imposition of emergency in India in 1975 by the Indian Prime Minister did not go down well in the US. The action was looked down upon as anti-democratic. Because of the Emergency, President Ford, decided to postpone indefinitely a proposed trip to South Asia in 1976. Throughout this period, Indo-Soviet relations remained cordial and close. In October 1976, Ford announced revised and tougher nuclear export controls shortly before the general elections to the

86 Kux, no.6, p.329.
87 No.65, 15 December 1974.
89 No.65, 29 February 1975.
Indian parliament\textsuperscript{92} since India had tested its nuclear capability in 1974 at Pokhran.

It was not in India’s national interest to aggravate hostilities with Washington as a permanent foreign policy feature. Despite Indira Gandhi’s chronic sniping at Washington, she appeared wary of India’s growing intimacy with the Soviet Union and its likely repercussions on the policy of nonalignment. A firm nationalist, Indira Gandhi wished to maintain her country’s freedom of maneuver in the international arena.\textsuperscript{93} To realize this goal, India needed at least the semblance of a working relationship with US. After all, the US had a strong voice in the multilateral financial institutions and in the devolution of multilateral aid flows that were emerging as important sources of external finance for India’s development.

Carter

One of the most distinguishing features of President Jimmy Carter’s foreign policy was its moral overtures, which, at times, came into conflict with the US economic interests. The extension of the most-favored-nation (MFN) status to the Soviet Union is a relevant example.

On assuming office in January 1977, Carter promised to begin negotiations with the Soviet Union for ‘demilitarisation’ of the Indian Ocean, which was welcomed by India.\textsuperscript{94} However, India soon discovered that the two superpowers were more interested in converting the issue into one of arms reduction rather than

\textsuperscript{92} Kux, no.6, p.341.
\textsuperscript{93} No.44, p.110.
\textsuperscript{94} The Statesman, 11 March 1977.
of a total withdrawal of their naval presence from the area.\footnote{Ibid, 27 September 1977.} India would have clearly favoured the latter.

President Carter was keen on making human rights a cardinal principle of the US foreign policy. The new President’s emphasis on human rights threatened to collide with the emergency clamped by Indira Gandhi in India in the mid-70s. However, just a week before Carter’s inauguration, India ended its emergency\footnote{A number of newspapers described the imposition of the Emergency as ‘dictatorial’ and called Mrs. Gandhi a ‘tyrant’ who had assumed ‘a role like that of Catherine the Great’.} and announced elections.

Notwithstanding human rights and nonproliferation policies, the Carter’s Administration sketched out a foreign policy agenda that gave India a higher priority compared to his predecessors. The overall thrust was to de-emphasize Cold War or East-West concerns and pay more attention to North-South issues. This involved strengthening relations with nations likely to move into positions of prominence by the end of the 20\textsuperscript{th} century. Along with Saudi Arabia, Iran, Indonesia, Nigeria, Brazil and Venezuela, India was listed as one of the regional ‘influentials’. Personally, Carter was favorably predisposed towards the Third World in general, and India, in particular.

Around this time the Congress Party, led by Indira Gandhi, suffered defeat in the national election and the Janata Front formed the government. The new coalition had declared in its manifesto that ‘it stands for friendship for all’. The coming to power of the Janata government was viewed as evidence of India’s democratic fundamentals.\footnote{Stephen Barker, ‘Carter’s New Directions’, \textit{Far Eastern Economic Review}, 28 January 1978.}
Accordingly, India was identified as a key stop for Carter’s first major overseas tour as President. Before his visit to India, Carter declared, ‘restoration of strong ties of friendship, trade and commerce was a very important consideration for me’. At this point of time Washington was a firm believer in ‘ideological pluralism’ as an understandable and acceptable notion in the emerging nations of the world.

Both President Carter and the new Indian Prime Minister Morarji Desai owed their elections to popular reaction against major domestic traumas, the Watergate scandal in the US and the Emergency in India respectively. As leaders, both were deeply influenced by morality as the fundamental governing parameter and professed concern for the principles of human rights, disarmament, democracy and economic development of poor countries. In contrast to Indira Gandhi’s identification by Washington as a pro-Soviet leader, Morarji Desai had the reputation of being more positively inclined towards the US.

In a meeting with Ambassador Robert Goheen before departing for India, President Carter focused on the nuclear problem, directing the Ambassador to convey to the Indian PM, ‘if India would restrain from developing atomic weapons and agree to discuss nonproliferation, he would clear the pending Tarapur shipment’. Morarji Desai assured the Ambassador regarding the US apprehensions and indicated his willingness for discussions. The outcome of the stand was approval of export license for nine tons of enriched uranium fuel for

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98 No.65, 16 December 1977.
99 Barker, no.97.
100 Kux, no.6, p.357.
Tarapur\textsuperscript{102} by the Nuclear Regulatory Commission (NRC).\textsuperscript{103} Though US looked up to India 'as the leader in South Asia',\textsuperscript{104} Carter felt, America should refrain from supplying sophisticated weaponry to the subcontinent. Caught in the dichotomy, Tarapur remained an irritant in the way of better bilateral ties.\textsuperscript{105}

In keeping with his new approach to South Asia, Carter did not extend his trip to India with a stopover in Pakistan. The objective behind the one-stop visit was to indicate that 'the irritants of the past have been removed and now the groundwork for better relations, better mutual respect and trust is there'.\textsuperscript{106} To emphasize the importance attached to the visit in changing the tides of Indo-US relations, President Carter and Prime Minister Morarji Desai issued a 'Delhi Declaration', at the end of the President's trip instead of the usual communiqué.\textsuperscript{107} Both the heads of state stressed upon common support for democracy, economic development and opposition to war, and pledged that both countries would do their utmost to resolve disputes with others amicably.

As the decade of the 1970s drew to an end, India could feel the tangible benefits of improving ties with the US, in the substantial expansion of multilateral assistance. The bulk of this assistance was funded by the US as IDA through the

\begin{thebibliography}{100}
\bibitem{102} In August 1960, Nehru announced that India would build its first power-generating nuclear station at Tarapur in the Lok Sabha. During the period, India successfully approached the US to finance and supply the Tarapur power station. According to a nuclear cooperation agreement signed between the US and India in 1963 and a related 1966 contract the US was mandated to sell enriched uranium to India for Tarapur. Even after Pokhran-I in 1974, the US in June 1974 proceeded to ship an installment of previously approved uranium fuel to India's Tarapur reactor, see George Perkovich, \textit{India's Nuclear Bomb: The Impact on Global Proliferation}, (Oxford University Press, 2000), pp.37, 183-184.
\bibitem{103} Kux, no.6, p.349.
\bibitem{105} Kux, no. 6, p.357.
\bibitem{106} No.65, 2 October 1977.
\bibitem{107} No.65, 4 January 1978.
\end{thebibliography}
World Bank's soft money loan window. Greater inflow of multilateral assistance helped in reducing the country's dependence on bilateral American aid.\textsuperscript{108}

In 1978, the Nuclear Nonproliferation act (NNPA), the legislative cornerstone of the Carter administration's nuclear policy, declared that the US could henceforth export sensitive nuclear material (e.g. as enriched uranium fuel) only to countries that placed all their nuclear facilities under IAEA (International Atomic Energy Association) safeguards. Countries, not complying with the requirements specified under the Act was deemed ineligible for nuclear exports from the US.\textsuperscript{109} The binding provisions of the Act implied trouble for India since it had not accepted 'full scope safeguards' and soon the NRC refused to sanction the forthcoming shipment for Tarapur. The disturbing development prompted Morarji Desai to visit Washington and explain the salient principles of India's nuclear programme.\textsuperscript{110} While highlighting that India was disinclined to development of nuclear weapons, he conveyed the country's disapproval of the discriminatory safeguards imposed by IAEA and made it clear that India would not consider signing the NPT in exchange for fuel inputs for Tarapur.\textsuperscript{111}

All this while, Pakistan was involved in the covert exercise of developing nuclear weapons. The generous US military assistance provided the country with ample resources for harnessing its capabilities. However, a hitch in the way of military support to Pakistan arose in the form of the Glenn-Symington Amendment passed by the US Congress in 1977. The law called for termination of assistance to any state importing uranium enrichment equipment or technology

\textsuperscript{108} Kux, no. 6, p.356.
\textsuperscript{109} Ibid, pp.356-57.
\textsuperscript{110} No.94, 15 June 1978.
\textsuperscript{111} No.56, 28 April 1978.
after 1977. In view of Pakistan importing equipment for its uranium-enrichment plant at Kahuta, the Carter administration felt compelled to invoke the amendment to the Foreign Assistance Act, leading to termination of US economic and military aid.112 The firm step resorted to by the US administration was another example of its efforts to forge a more positive relationship with India.

Despite sincere attempts at cultivating better ties, the improvement in the political relationship between India and the US, though real, was somewhat deceptive. As Ambassador Goheen pointed out, the relations remained “thin below the levels of broad principles and personal diplomacy”113. On the economic front however, things improved with the US regaining its status as India’s largest trading partner. But strict regulatory measures with respect to foreign investment norms obliterated expectations of increased American investment in India. Invocation of the Foreign Exchange Regulation Act (FERA)114 led to the exit of prominent American multinationals like Coca Cola and IBM, sending out adverse signals to the overseas investing community. In spite of greater multilateral assistance, India looked forward to more bilateral US aid. But with President Carter’s foreign policy agenda weighing heavy with other engaging issues (e.g. the Panama Canal Treaty, Middle East peace negotiations, the SALT II etc.), he desisted from personal and political commitment to an expanded foreign assistance program and India’s bilateral aid program hovered round the US $100 million annual level.115

112 Kux, no. 6, p.362.
114 Under the FERA, foreign investors could not own more than 40% of the share capital of Indian enterprises; In The Statesman, 4 June 1979.
115 Kux, no. 6, p.364.
The forces of internal contradiction within the ruling Janata coalition led to the resignation of Prime Minister Morarji Desai. Chaudhari Charan Singh, who replaced him as the new Prime Minister of India, had a much tougher stand on the country’s nuclear policy compared to his predecessor. He made it clear that India wouldn’t hesitate to review its existing approach to nuclear development, if its neighbour Pakistan kept up its efforts to design nuclear explosives. Charan Singh however, had a brief duration at the helm of affairs. The Parliament got dissolved before it could complete its full term. In the ensuing general elections, the Congress party, led by Indira Gandhi, was reinstated to power.

During the later phase of President Carter’s regime, Cold War hostilities resurfaced with the Soviet invasion of Afghanistan in 1979. The Soviet move was instrumental in reinforcing the military ties between the US and Pakistan.\textsuperscript{116} The political dynamics of the Indian subcontinent and the instrumental variables governing the equations between India and the US changed rapidly, as Pakistan became a ‘frontline state’ (more used in Washington than in Pakistan) against the threat of Soviet expansionism. American strategic compulsions were given a fillip by Indira Gandhi’s reluctance to condemn the Soviet offensive. Judging by popular reaction, her stand took Washington a trifle by surprise and ‘hit people like a ton of bricks’.\textsuperscript{117} India, as in Hungary (1956) and Czechoslovakia (1968) earlier, decided against joining the international community in condemning the Soviet military intervention in another country.\textsuperscript{118} The underlying reason, most

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\textsuperscript{116} No.94, 3 January 1980.
\textsuperscript{117} Interview with Ambassador Howard Schaffer, 17 December 1990, In Kux, no.6, p.367.
\textsuperscript{118} India Today, 18 Jan 1980.
\end{flushright}
ostensibly, was attaching greater threat perception to revival of US military aid to Pakistan, as compared to Soviet armed presence in Afghanistan.

Nonetheless, the Carter administration didn’t come down heavily upon India, presumably with the hope of utilising Indira Gandhi’s good offices with the Soviets. An Indian military procurement team visited the US in 1980 for exploring the possibility of obtaining bulk TOW anti-tank missiles and long-range howitzers, amounting to a deal worth US$300 million. It is rather interesting to note that in the midst of Afghanistan crisis, when India declined to condemn the Soviet, an Indian delegation went to the US with a shopping list. The US administration too, reversed its earlier decision of disapproving use of an advanced US electronic guidance system in the Jaguar aircraft that India was availing from Britain.

At a personal level, President Carter spared no effort in ensuring approval for the Tarapur shipment in 1980. At the end of his tenure, however, Indo-US relations seemed to have reverted to where they belonged in the beginning of his presidency. The wheel appeared to have turned a full circle, traversing through high expectations generated in 1977 after the end of the Emergency in India, to largely lukewarm ties, following resumption of Cold War in the wake of the Soviet invasion of Afghanistan in 1979.

Reagan

Ushered to office on 20 January 1981, Ronald Reagan’s entry into the White House signaled the revival of the Republican tradition, after a brief control

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119 No. 65, 2 February 1980.
of the White House by a Democrat ---Jimmy Carter. The new President had a ‘bipolar' view of the world in the literal sense of the phrase. To him, the world was sharply divided between allies and adversaries, patriots and fifth column, loyal friends and untrustworthy enemies. The Soviet Union and other communist nations symbolized the evil forces. Other nations, siding or sympathizing with the Communist bloc, were equally villainous in his perspective.

The Reagan administration devoted its complete attention to the primary foreign and national security policy goal: revitalization of US military might for negating the Soviet influence in various parts of the world. Pursuance of this objective called for renewed focus on South Asia in the context of Soviet military presence in Afghanistan. The administration decided to revive close security ties with Pakistan by equipping the country appropriately for fighting back the Soviets in neighbouring Afghanistan.

In the revised policy agenda, as Pakistan was identified as a key strategically, the Reagan administration was unfavourably disposed towards India’s close association with the Soviet Union and its stance on Afghanistan. But, on the other hand, Prime Minister Gandhi was keen to bridge the distance between New Delhi and Washington. She never wanted India to lose the freedom of maneuver or become a Soviet satellite. She even wanted to reduce the country’s dependence on Soviet arms supplies, since it was making India overtly reliant on Moscow, and wished to have access to diverse sources and better technology. For this, it was important to source advanced technology from the West, and the US in particular, in defence as well as economic sectors. Accordingly, India acquired Jaguar bombers from Britain, submarines from West Germany, Mirage aircraft from France and for the first time since 1965, contemplated purchasing arms from the
This was however, contingent upon better political ties with the US. Indira Gandhi felt that improved relations with America could also get reflected in a more positive US attitude towards India in various multilateral financial institutions, and in a more pragmatic assessment of India's interests with regard to US dealings with Pakistan.\(^{121}\)

Regarding Afghanistan, there were media reports suggesting covert approval of US assistance to the Afghan freedom fighters channeled through Pakistan. Military and economic assistance to Pakistan was enhanced to US $2.5 billion, envisaging a multi-year commitment, including supply of 40 F-16 fighters (the most advanced US aircrafts, previously supplied only to NATO allies, Egypt and Israel).\(^{122}\)

President Reagan suspended the sanctions applicable under the Glenn-Symington Agreement with respect to Pakistan for a period of six years to clear the legal hurdle. While the ostensible reason was fighting the Soviet troops in Afghanistan, and preventing further Soviet expansion by strengthening Pakistan, the Reagan administration justified greater military assistance to Pakistan on the grounds of promoting nuclear non-proliferation goals by pointing out that a more secure Pakistan would not have nuclear ambitions.

Pakistan put the magnanimity to good use. Realising the consequences of Pakistan's growing nuclear capabilities, the US, occasionally, tried to discourage Pakistan. The Pressler Amendment, enacted in 1985 by Senator Larry Pressler, specified freezing of US aid and government-to-government military sales to

\(^{120}\) Kux, no. 6, p.381.
\(^{122}\) Kux, no.6, p.381.
Pakistan, unless the US President certified at the beginning of each fiscal year that Pakistan '... did not possess a nuclear explosive device and that the proposed US assistance programme will significantly reduce the risk that Pakistan will possess a nuclear explosive device.'

The Amendment in effect gave Pakistan a choice: either hold off crossing the Bomb threshold or forego US aid. But it could never be forceful due to the country's critical support in Afghanistan. Instead the Reagan Administration kept certifying Pakistan's nuclear virginity in the face of evidence to the contrary. According to an American journalist, the Reagan administration 'looked the other way throughout the mid-nineteen eighties as Pakistan assembled its nuclear arsenals and aid of many million of dollars worth of restricted, high-technology materials bought in the United States'.

In the midst of closest ever US-Pakistan strategic cooperation and rising military/nuclear capabilities of Pakistan, India sought to improve ties with the US. The Reagan Administration too was not averse to the idea of improving ties with India. In April 1981, Indira Gandhi sent two high-level envoys, foreign policy adviser G. Parthasarathy (regarded as a pro-Soviet voice) and Eric Gonsalves (former second-in-command of the Embassy in Washington) for deliberating with the US administration on a range of issues, including the arms transfer. Indira Gandhi's envoys surely broke the ice by involving the US policy makers in a dialogue with India. It was not expected that they would achieve anything more than establishing appropriate contacts with Washington. Pakistan was definitely closely watching the Indian effort to bring about a rapprochement with the US.

The State Department, in particular, was not in favour of making announcements or taking steps that could raise concern in Islamabad. In fact, around this time Secretary of State, Alexander Haig, justified billions of dollars assistance to Pakistan as a means of achieving 'global peace and stability'. Undersecretary of State James Buckley signed an agreement with Pakistan in June 1981 to supply about forty F-16s fighter aircraft. India's protestations fell on deaf ears. Around this time, the US was also hesitant to give its support to India's application for 5.8 billion loans from the IMF. Indira Gandhi was not in a leader who would relent so quickly. She pursued her diplomatic initiative to build bridges with the US. Significantly, after the meeting between President Reagan and Indira Gandhi at Cancun in Mexico in October 1981, the US diluted its stand by deciding to abstain, rather than voting against India's loan application to the IMF. With no other major global economic power joining the US, the reigning impression was that the US position was more politically than economically motivated. The leading economic journal Economist commented, 'It is difficult to believe that the US administration would have dealt in this way with one of its friends'.

Two other key issues that assumed critical importance in the context of Indo-US relations at this point of time were related to India's continuation with IAEA safeguards after the United States pulled out of Tarapur Agreement and the likely substitute of the US as a supplier of enriched uranium fuel for the plant. In December 1981, the Prime Minister ruled out unilateral action on Tarapur. In her

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124 No.94, 2 April 1981.
125 No.65, July 1981.
126 No.65, 10 November 1981.
deposition before a Parliamentary Consultative Committee, she stated that any
decision for terminating the fuel supply agreement would be taken in the context
of 'the national interest and overall bilateral relations with the US'. From early
1982, the Tarapur negotiations began to make progress.

In 1982, Indira Gandhi was invited by President Reagan to visit United
States. After the 'ill fated' November 1971 meeting with President Nixon in the
wake of the East Pakistan crisis, this was to be her first visit to the US. India was
under no illusion over effecting any radical change in the US policy towards
Pakistan. The then foreign Minister P. V. Narasimha Rao stated that India
henceforth tried 'to be more persuasive and less rhetorical' in addressing the arms
question. In her interactions with the US media on the eve of her departure,
Mrs. Gandhi’s made it clear that she was striving for a productive visit. She
remarked, 'My major aim is to try to convince people that you can have friendship
even if you do not agree on all matters'.

Prime Minister Gandhi’s visit was a major success in the sense that
tensions began to ease between Washington and New Delhi and there were three
major bilateral accomplishments. The two leaders announced the Tarapur
settlement under which, France was chosen as the replacement for the United
States as the enriched uranium fuel supplier with India continuing to abide by the
IAEA safeguards. Secondly, President Reagan and Prime Minister Gandhi
announced the launching of a joint initiative on science and technology co-

128 The Hindu, 23 December, 1981.
129 Ibid.
130 No.65, 30 July 1982.
133 No.65, 30 July 1982.
Finally, 1985 was declared as 'the year of India' during which, large-scale displays of Indian art and culture were planned throughout the United States.\footnote{Ministry of External Affairs Reports (GOI: MEA, 1982-83), p.26. The US side originally spoke of a 'blue-ribbon' science panel to explore possible co-operation. But later changed the name when it became clear the Indians didn't understand the expression.}

Regarding bilateral economic aid, the Reagan administration stuck to the initiatives begun by President Carter, maintaining roughly an annual disbursement of US$ 100 million worth development assistance and another US$ 100 million of food aid, distributed through voluntary agencies.\footnote{Kux, no.6, p.391.} The administration was encouraged to approve any military equipment sale "India dares to request"\footnote{Kux, no. 6, p.393.} The objective behind the directive was idea was to gradually wean New Delhi away from Moscow by reducing India's dependence on Soviet weaponry. However, the arms talks did not materialize in any sales agreements.

In July 1983, the then Secretary of State George Shultz visited India. In terms of hierarchical importance, he was the second highest state dignitary to visit the country since President Carter's visit. Unlike Carter, Shultz reverted to the earlier tradition of combining countries during South Asian visits.\footnote{No.65, 20 May, 1983.} Visiting Pakistan was important for demonstrating continued support to the Afghan struggle against the Soviets. India took the opportunity to underline its reservations about supply of US arms to Pakistan. Indira Gandhi commented that while she couldn't object to sale of US arms to Pakistan, 'they are being armed to an extent that is well beyond their need' and the "guns are pointed toward us and

\footnote{No.134, 1983-84, p.31.}
not Afghanistan” 139 (Emphasis Added). The US too, drove home their displeasure about India’s unwillingness to condemn the Soviets over Afghanistan.

The chinks in bilateral ties with the US were evident in the various direct and indirect pressures brought upon by the US upon multilateral lending institutions (the World Bank, the International Development Authority and the Asian Development Bank) with respect to assistance for India. The US supported China’s membership in the IDA and a related drop in India’s traditional 40% share of low interest IDA loans.140 With multilateral lending being the key source of external finance, India found herself squeezed on resources for development.

In May 1984, Vice President George Bush arrived in India for promoting high-level dialogue141 on his way from Indonesia. George Bush had remarked that the US supported ‘a strong, stable and united India at peace with itself and its neighbours as a key element in a stable, peaceful and prosperous South Asia’.142 He further gave assurances that modernization of Pakistan’s forces was not in any way targeted at India but was a preventive measure necessary for countering Soviets in Afghanistan. The Vice President saw ‘no major stumbling block’ between the US and India and praised Indira Gandhi’s leadership of the NAM (Non Aligned Movement) and urged Pakistan to restore democracy.143 His visit lent support to the important negotiations on the high technology MOU, suffering from delays due to internal differences within the Reagan administration.

140 No.56, 1 July 1983.
141 MEA, no.134, 1984-85, p.34.
143 India Abroad, 19 May 1984.
On 31 October 1984, Indira Gandhi was brutally assassinated sparking off unprecedented communal riots and disturbance within the country. Her elder son Rajiv Gandhi replaced her as Prime Minister. The latter personified the youthful face and new generation in Indian politics. In the general elections to the Parliament held in January 1985, Rajiv Gandhi and the Congress party was voted to power with an overwhelming majority.

In the arena of foreign policy, Rajiv Gandhi adhered to the principles practiced by Indira Gandhi and Pandit Nehru. He recognised the Soviet Union as India’s chief ally and developed friendship with the Soviet President Mikhail Gorbachev. His immediate challenge was to overcome the obstacles impeding technology transfer from the US to India. In December 1984, the MOU was concluded successfully. This was followed by conclusion of the MOU implementation agreement in May 1985.\textsuperscript{144}

In May 1985, the Pentagon’s Under Secretary for policy, Fred Ikle, visited India and explored the possibility of technical cooperation in India’s development of a next generation fighter aircraft, referred to as the Light Combat Aircraft (LCA).\textsuperscript{145} This was to be the first defense collaboration with the US after the limited production arrangements put in vogue after the 1962 Chinese war. The talks signaled a shift in US arms policy towards India with Washington agreeing to cooperate with India’s growing defense industry by providing technical assistance and high technology components for the production of advanced weapons system.

\textsuperscript{144} No.65, 17 May 1985.
\textsuperscript{145} No.94, 4 May 1985.
Rajiv Gandhi paid his first official visit to the US in June 1985 and succeeded in imparting a highly positive impression. In course of his trip to the NASA space center at Houston, Texas, he developed a good friendship with the Vice President George Bush. The Prime Minister departed, having lived up as a 'young, modern, well-informed, pragmatic leader, someone Americans can like, understand and deal with'.

The US agreed to provide a highly sophisticated Cray supercomputer model (XMP-24) to the Indian Institute of Science for helping the country's weather research programme. This was among the world's most advanced computers. It had the capability of being used for nuclear weapon and ballistic missile development, deciphering cryptographic codes and for a host of other theoretical tasks and military applications. All these, obviously, had little to do with India's stated objective of aiding agriculture through enhanced tracking of global weather patterns. With the US hitherto having not sold such a powerful computer beyond the circle of its close allies, the export raised security questions from the Soviet angle and concerns about its possible use for nuclear weapons and missile guidance development. This was an acid test for the Reagan administration as far as improving bilateral relations was concerned.

In September 1985, the science adviser to the defense ministry in India, Dr Arunachalam, visited a number of US defense plants, as part of the continuing exploration of possible US collaboration in the LCA project. In the end, the Indians expressed interest in procuring the General Electric 404 engine as the

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146 No.94, 16 June 1985.
147 Interview with former Deputy Assistant Secretary Robert Peck, 19 May 1991. Peck was in charge of South Asia from 1984-88, In Kux, no.6, p.420.
initial power plant for their next generation fighter. This was again one of the most advanced US aircraft engines. Another striking development was obtaining the legislation for setting aside US $100 million from the dwindling pool of US owned PL-480 Rupees for funding science, technology and education programmes.\textsuperscript{148}

In the fall of 1985, Rajiv returned to the US for the UN General Assembly session. The visit was not as successful as the earlier one. In October 1986, Caspar Weinberger became the first US Secretary of Defence to visit India.\textsuperscript{149} His trip underscored US interest in expanding contacts and initiating dialogue on security issues, a vital input lacking in the bilateral relations in the first four decades since Indian independence.

Around this time, the sale of the CRAY supercomputer was encountering major obstacles within the US government. In March 1987, the Reagan administration decided on a compromise solution: it would approve the sale of a CRAY model (XMP-14) computer having lower capability than the earlier CRAY model (XMP-24) preferred by India. It was asserted that the new model could do sophisticated weather research work but lacked the code-cracking capabilities that had aroused NSA concerns. The proposal was accepted by India.\textsuperscript{150}

The bilateral assistance programme for the fiscal year 1988 was slashed from US $50 million to US $35 million after Michigan Republican Congressman William Broomfield, criticized India’s foreign policy for supporting the Kabul regime, the Sandinistas in Nicaragua and the pro-Vietnamese Kampuchean.\textsuperscript{151}

\textsuperscript{148} Kux, no.6, p.407.
\textsuperscript{149} MEA, no. 134, 1986-87, p.41.
\textsuperscript{150} Interview with former Foreign Secretary Venkateshwaran, 14 January 1991, In Kux, no.6, p.114.
\textsuperscript{151} No.94, 4 April 1987.
In the autumn of 1987, Rajiv Gandhi paid a second visit to Washington. President Reagan and Rajiv Gandhi ‘agreed to expand defense co-operation, proceeding along the lines we have already established in working together on aspects of the Light Combat Aircraft, and in other areas’. The Indian intervention in the Maldives and the treatment of Nepal, led the US to declare in 1988 that India is now ‘the biggest kid on the block and she is beginning to feel her oats’. While in the dispute with Nepal Washington maintained a discrete public silence, the intervention in the Maldives won its approval and was closely co-coordinated with the US.

Immediately before the 1988 US elections, Foreign Minister P.V. Narasimha Rao called on President Reagan in Washington. The talks underscored the change in Indo-American relations during the Reagan presidency. The two terms of Reagan presidency saw a gradual warming of ties between Washington and New Delhi. Although neither country shifted radically from their basic and often conflicting, bilateral relations experienced a paradoxical improvement. The Reagan administration had initially discredited India as a politically opposed and economically irrelevant entity. But Rajiv Gandhi’s entry in office was instrumental in changing the US perspective. This was evident in the high frequency of dialogues and mutual discussions at the highest levels of both governments.

By the end of the Reagan presidency, both the US and India had developed realistic expectations about each other. Even though the operative bilateral

framework remained fragile, and co-operation uneven, optimism for better
relations was certainly not unfounded, when Vice President George Bush, a friend
of Rajiv Gandhi, won the November presidential 1988 elections.