

**CARNEGIE ENDOWMENT FOR INTERNATIONAL
PEACE**

“U.S.-INDIA RELATIONS: THE GLOBAL PARTNERSHIP”

PANEL III SPEAKERS:

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MR. TELLIS: We don't have a chairperson for this panel, so we're both going to be on our best behavior and try and regulate our remarks. What we propose to do is speak for a few minutes, basically outlining our position, and have a brief interchange of ideas after that, and then really leave the discussion open to the floor for comments or questions or criticisms or what have you.

MR. PERKOVICH: We'll bring the house to order and we'll start because I've got to run. And Ashley is going to go first, right, because you're arguing the affirmative? Is that the way this works?

MR. TELLIS: Yes.

MR. PERKOVICH: Ashley is going to lead off.

MR. TELLIS: We've done this once too often. The next time we do this, we're going to charge money. (Chuckles.)

Let me start off by giving you what I think are the three basic reasons why this agreement that the U.S. has reached with India to change its policies on nuclear cooperation is actually justified. I think successive U.S. administrations tried to craft a new relationship with India, but were essentially unable to overcome the liabilities of the past, and the critical liability that appears to be consistent across administrations since 1974 is really India's anomalous status in the nuclear nonproliferation order.

I make the point when I speak on the subject that there were historically three constraints that prevented the U.S.-India relationship from coming to fruition. The first was India's non-aligned policy, which did not fit quite well with our own worldviews of geopolitical competition during the Cold War. The second was India's economic underperformance for most of the post-independent period. And the third was India's anomalous nuclear status. By 1991, two of those three disappeared. The problems posed by India's nonalignment essentially became irrelevant because there was nothing to be nonaligned against. India became an economic performer actually starting in the 1980s when it moved out of the 3.5 percent growth trap and suddenly in the 1990s moved into the 5 or 6 percent growth band and so really become worthy of American commercial and economic attention.

But the third question -- the third problem of India's anomalous nuclear status continued to hobble successive administrations since '74. And the Clinton administration's expedience is actually very instructive because what the Clinton administration tried to do from '92 to 2000 was really do its damndest to create a new relationship with India while quarantining the disagreement over nuclear issues. And so that period in U.S. policy was absolutely essential because we wanted to test what change was possible within the limits of the existing framework. And by the end of the Clinton term, I think both people who supported the administration and the people who opposed the administration basically agreed on one fact: that the long-standing U.S. strategy of

attempting to improve the relationship while quarantining the nuclear disagreement was not going to work, and therefore a new approach was possible.

Now, we can disagree about the terms under which the new approach was undertaken, but the basic insight that you could not get a new relationship with India unless you kind of removed this nuclear "sword of Damocles" was really, I think, the first and most important piece.

The second reason was the reason that Nick alluded to earlier, that as we look out at Asia and the out years and see the tremendous changes that are afoot and the tremendous rise in Asian power that's basically going to confront the United States, it just does not make grand strategic sense for the U.S. to have an alienated relationship with India. And I think this administration made the right choice in saying it is going to be in U.S. national security interest to support the rise of Indian power in multiple dimensions, and a very important component of supporting the rise of Indian power would be to advance its economic performance. We want to see an India that grows at 8 percent, if not more. And if you buy that argument, then you're inevitably led to the conclusion that you have to deal with India's deficits in energy.

And, again, I'm not one who argues that nuclear energy is the ticket to solve all of India's problems, but because of the way the nuclear nonproliferation regime is constructed, the nuclear issue becomes really the core that ties together a wider set of restrictive regimes. And you cannot open the technologies that are controlled by those wider restrictive regimes unless you come face to face with the central question of what is India's location in the global nonproliferation system?

And so what the administration is doing in this effort at resuming nuclear cooperation is to kill really two birds with one stone. One is to address the narrow question of giving India access to nuclear energy, for whatever it's worth -- and I believe it's actually far more -- it's worth far more than the skeptics sometimes believe -- but, equally importantly is bringing India into a regime which makes it less of a target with respect to access to a whole range of control technologies, because the way the regime is developed, it's basically a web-and spokes approach. And so if we rectify -- if we normalize India's location in that regime, then access to a whole range of technologies -- not simply nuclear but going into other areas of high technology -- will come open.

And the third is simply to bring India into the nonproliferation regime. I think that as we go into the next 50 years of Asian geopolitics, it's extremely important to have India tied into a network of binding obligations because I personally would not feel comfortable with a country of this size and this capacity sitting outside the regime essentially making, in effect, what are sovereign choices -- sovereign choices that we may not like down the line. And for me it's an old principle of politics that if you want countries to do certain things, you have to give them incentives to do it. And I have seen successive administration officials going back at least to the 1980s, since I came to this country, which would repeatedly lecture to the Indians that virtue is itself its own reward. And I've always said that that is fine in, you know, a class on Aristotle at the University of

Chicago, but it does not cut any mustard in international politics. People don't do things because it's virtuous to do it; they do things because they have certain interests and certain gains from the system. And what this proposal is, in a sense, saying is if we want India to behave as a well-behaved actor, acting in accordance with nonproliferation rules, then we have to give it some of the benefits of the nonproliferation regime.

And those are the three reasons that to my mind are pivotal and justify this decision on the part of the president.

MR. PERKOVICH: Let me not directly take on those, but offer a critique that speaks to that. And leaving aside what a lot of the focus on the Hill has been, which are a lot of the details of the agreement, which I think many people, when you look at it there's flaws and there are ambiguities, and then there is a whole process problem that Congress is very upset about, and I think most people would agree wasn't handed well by the administration people other than Ashley. (Laughter.)

MR. TELLIS: Of course. (Chuckles.)

MR. PERKOVICH: And what I want to get to is the fundamental issue, which I think the fundamental problem with this deal stems from the president's guidance that said this deal shall not constrain India's strategic programs in any way, okay? Everything else follows for that. You could have said -- and I would support and lots of people would support cooperation with India in developing its civilian nuclear technology sector, providing fuel and other things for India, dealing with the technology denial that Ashley talked about. All of that could be supported if it were paired with some constraint in the Indian strategic programs. I'm not talking about signing the NPT, not talking about giving up nuclear weapons. No one was talking about that, but some constraint. But when your guidance is no constraint in any way on India's strategic program, then what you're doing is inflating the perceived value of nuclear weapons internationally, and I think that's the strategic problem with this deal.

I believe that it's in the U.S. national interest and it's also a legal obligation under the NPT that we should be leading efforts to devalue nuclear weapons worldwide, constraining not just India's nuclear capability but everyone's nuclear capability, including our own. And we used to do that, or we used to try to do that. Ronald Reagan made that a centerpiece in the late '80s and Bush's father -- President Bush's father also did a lot of that. And we've abandoned that idea of constraining nuclear weapons technology globally as a central element of our foreign policy, and that is then reflected in this deal. And so, many of the flaws of the deal, which people focus on, primarily relating to fissile material production, flow from this decision not to try to constrain India's strategic program.

Now, everything that Undersecretary Burns said about how the deal won't lead to an arms buildup can be negated by three real simple facts or tests. Number one is that the State Department has not undertaken a legal review of the proposed deal and asked whether it

would violate Article 1 of the NPT. And they have asked Congress and Congress has agreed not to ask for such a legal review. And the reason for that, in my view, is if you had a legal review of it, you could demonstrate that it does abet, or potentially abet, India's production of nuclear weapons, which violates the NPT through transference or the fungibility of fuel that would be supplied.

The second issue or problem would be to say, okay -- actually, the administration argues that this deal is good for nonproliferation, or at least isn't really bad for it. Well, there is a very simple way to test that proposition. The marketplace is the Nuclear Suppliers Group (NSG). That is a sympathetic market of 45 nuclear technology countries who we could say, you debate this proposal and you decide whether you can live with it or how you would improve it, and then we'll ask Congress to vote after that marketplace has said whether this proposed deal is good for nonproliferation or bad. Instead of going to the marketplace, the administration is saying, no, no, we want Congress to vote before you go to the marketplace.

Now, it seems to me if the proposed deal is harmless from a nonproliferation point of view, the NSG is going to say that, then fine. If the NSG doesn't say that it's harmless, then it's not harmless, because these are the people you need to strengthen the international nonproliferation rules.

And the third test on this score is the Indian refusal to put the breeder program -- to declare the breeder program as a civilian program and put it under safeguard. You can't have it both ways. You can't say that India is not going to build up its nuclear arsenal, which would be bad from a proliferation point of view. You can't say that that won't happen and on the other hand say we can't ask India for constraints on building up its nuclear weapons program. And the breeder is the centerpiece of that because that's a program that the Indians always said was purely civilian and yet we've given them a pass on that program.

So I think on those simple tests, that the claims that this is not harmful from a nonproliferation point of view fail, and it all stems from the intention not to constrain in any way the strategic program. And I'm talking about constraining in some way that program, not totally.

MR. TELLIS: I just want to respond to two or three of the issues that George raises, which are certainly important. I think a deal that required India to constrain its nuclear weapons program as the price for cooperation was a deal that could not be had. This is a matter of straightforward realism. The Indians are located in the part of the world where there are two nuclear neighbors, both of whom have active nuclear weapons programs, both of whom have nuclear programs that, in a sense, are not frozen or show no signs of ending. And in that kind of circumstance, the Indians would certainly not accept any agreement that required them to cap their nuclear weapons as the price of entry.

Now, the argument is often made that the Big 5 have adopted a moratorium on the production of fissile materials; why can't the Indians, you know, follow suit? And my

friend Michael Krepon has made the argument that if India really is interested in taking on the rights and responsibilities of advanced nuclear states, this would be a good place to start. And my response to Michael, if I had a chance to say to him in person, would be, you know, you've got to be careful about what you ask for because if you want the Indians to emulate the advanced nuclear weapons state, you know, they might get the idea that they've got to build 50,000 weapons before they declare a moratorium. I mean, they've got to be real about these things. The reason why the five declared nuclear weapons states have a moratorium and they've stopped the production of fissile materials is not because they've suddenly discovered that nuclear weapons have no value; they've just discovered that they have far too many nuclear weapons for their needs. And until India reaches that privileged position of having far too many nuclear weapons, it's not going to countenance any suggestion that it stop its program.

Now, of course, we don't want it to get there. We don't want it to get to the point where it engages in, you know, an untrammled buildup. But on the other hand, as long as the Indians feel that they have two neighbors who continue to produce nuclear weapons -- and that's really the test; it's not production of fissile materials because you're sitting on, at least in one case -- in the case of China, you're sitting on fairly large inventories of fissile materials. The Indians are simply not going to acquiesce to that agreement. And so the challenge for us was how do you bring the Indians into this existing regime while still meeting what are clearly for them core security requirements? And there was no way to square the circle through a fissile material cut-off condition. In fact, George knows the record. The idea for cut-off was explored with India, and they politely said, thank you very much.

On two other issues that George raises, the question of the legal review of Article 1, in fact, the State Department has conducted a legal review of Article 1. Several congressman have asked for the substance of the legal review, and I believe it is being provided in the QFRs that have been asked for both by Lugar and Biden, so --

MR. PERKOVICH: Is it going to be published?

MR. TELLIS: I believe it is. I think all the QFRs that are unclassified are essentially the answers come out unclassified too. Am I right, Alan (sp), if there is a QFR that's public --

MR. : Yes.

MR. TELLIS: Yeah, and so the question about whether this in any way violates our legal obligations will be addressed. In fact, I would find it hard to believe that we could get consent for an agreement of this kind on the Hill if State's legal department said, you know, this approach is in complete violation of standing U.S. legal obligations.

MR. PERKOVICH: A couple of weeks ago the point was they didn't want it to be asked, because some of us were asking and they said, no, you're not allowed to ask that question. So it's good that they're asking.

MR. TELLIS: Yeah, my understanding is that in fact the question has been asked.

MR. PERKOVICH: Okay, great.

MR. TELLIS: And you will see the response on that.

On the question of the NSG, I think the idea of going to the NSG for us is an attractive one, but I'm not entirely convinced by it because I don't think of the NSG as a marketplace. I mean, the NSG is a cartel. It's a cartel that has been started by us, and it's a very good cartel and we want --

MR. PERKOVICH: It's favorable.

MR. TELLIS: And we want it to stay that way, but it's not necessarily a cartel unlike the World Nuclear Association, which aims to put the nuclear reactor in everyone's backyard. The NSG doesn't have quite the same objectives. In fact, there is a great disadvantage to us going to the NSG first because you don't want to be in a position where the NSG blesses the deal, there are delays in Congress in blessing the deal comparably, and so all the business that comes as a result of this relationship goes to the French, the Russians and those 44 other guys who also want to send nuclear fuel and nuclear reactors to India.

I take this very seriously because there are many actors in the NSG who would be dying to sell India nuclear technology and nuclear resources. In fact, we already know the Russians at least in one instance have already done an end run on this question. So I would be reluctant to do this.

MR. PERKOVICH: But that can easily be taken care of as a condition of Congress is that Congress could already pass a judgment on it contingent upon change in the NSG guidelines, and so you could have it simultaneously and you're good to go. I mean, there is an aversion to doing it, not just because of competitive reasons with France and Russia; it's because there are a lot of other states in the NSG who have real problems with the increased value of nuclear weapons that the deal conveys. I mean, you said it in your own remarks -- you know, it would be great if India were in the privileged position of having too many nuclear weapons, but I think that's the problem with the approach is the that the valuation of nuclear weapons is this is a real privilege and go forth and multiply with them.

And I agree with you on the issue of capping. India was not going to agree to a unilateral cap, but that's not the issue. The issue -- we've talked about this. And I've suggested to Congress that this should be a condition, not a cap, not a fissile material, but at least that the administration be required to go to China and report back to Congress and say, we've proposed to China a form, or we've asked under what conditions you could limit the further production of nuclear weapons in China to have this kind of discussion. The administration doesn't want to have that discussion for other reasons, because China is going to then say, and what about what you're doing that threatens us? And so we don't want to have that discussion.

Ron Lehman, who is as hard-core realist as there is and actually has quite an affection for nuclear weapons, you know, said this last week. He talked about, you know, raising this issue. He said, well, but when you talk to China, China has got security problems with the United States and with Russia, and I say, exactly, that's part of the problem, and the problem with this approach is that instead of seeking to constrain everybody's nuclear programs and everybody's modernization, including our own, of nuclear weapons technology, we're saying, well, you can't do that because we don't want to do it.

Therefore, we're not going to ask India to do it but we're going to change all the rules and say to the rest of the world, well, the constraints aren't such a good idea for our friends.

We're still going to hammer the guys who aren't our friends, but everybody else, if you're a friend, don't worry about the constraint.

And the Turks look at that and Egyptians and others and they kind of go, okay, so -- you know, at some point they get used to it, and I think that's the part that alarms people in the NSG who don't have nuclear weapons and say, wait a minute, is this way of changing rules the way we want to go?

MR. TELLIS: You know, my view of that -- I take what you're saying seriously because there is a real concern that we don't let the regime unravel, but the point I would make is that the NSG is going to get a chance to make its decision, and it can make its decision irrespective of how Congress comes out on this. There is nothing that prevents the NSG from saying, okay, you Americans, you have decided to take this bold and great step of changing the rules with respect to India; you're on your own. Go ahead. Do it. We're going to sit this one out because we have a principled commitment to a global nuclear order that we have tried to put in place. And to my mind, the idea of going first to going second really doesn't change the fundamental rules of the game on this question.

MR. PERKOVICH: Well, it does if you're going to break the -- in essence because we've not -- I mean, Undersecretary Burns was very artfully ambiguous because he had talked about the NSG and U.S. as if somehow the NSG were a requirement, but it's not, and so the issue is if we change the law, then the administration can say, all right we don't care what the NSG does; we're going to do it unilaterally. So it's a little specious to say, well, then the NSG can decide to sit it out. You absolutely know that if the U.S. does it unilaterally, the Russians, who may do it anyway, you know, will seize the initiative, and the Chinese will do the same thing with Pakistan.

So the whole problem, it seems to me, with that approach is that the only chance of holding the line with the NSG is if the U.S. is holding hands with everybody. But if we go first and break that chain, as it were, then everybody is going to do it.

MR. TELLIS: And I appreciate this point, but it leads, in my mind, to a deeper question, and the deeper question is that there is a universal recognition that India is the exception. I mean, if the U.S. --

MR. PERKOVICH: An exception, but not the exception.

MR. TELLIS: Well, I think we will get a chance to test this proposition. We will get a chance to ask the international community and the Congress whether they believe that India is truly an exception. And I think there is a very good chance that the international community will say that India is in fact the exception, and the reason they will do this is because I think there is a conviction that while the global regime is under stress, it is by no means coming apart. And therefore, if you -- I mean, if there was a fear that the global regime was coming apart, then no one would have acquiesced to this kind of a solution. But I think there is somehow, as a background piece of information in people's minds that India has always been this anomaly -- it's sitting out there -- and that there comes a time when one has to rectify this.

Now, one can debate whether this is the best time or whether one should have waited for another moment, but there is a general view that India, Pakistan and Israel are really the three exceptional characters in this cast, and of the three, a compelling case for accommodating a new entrant can be made only for India, for very simple reasons: that Pakistan has a nonproliferation record today that is less than satisfying. It does have energy needs, but at least until questions about its past behavior have been addressed, the question of whether one ought to extend nuclear cooperation I think ought to be held in abeyance. With respect to Israel, the questions of civil nuclear cooperation don't even arise because the Israelis have never made the argument that they require nuclear energy for meeting their energy needs.

So you come down at the end of the day only to India, at least as a practical matter for the moment, and if people are somehow convinced that accommodating India is going to kind of open the floodgates to the complete unraveling of the regime, I think you would get much greater reticence on the part of the principle NSG states than we have seen so far. So the market has spoken.

MR. PERKOVICH: Well, according to people that I've talked to at the NSG, the market is grumbling a lot, and if the market's already spoken, then why wouldn't the administration get it through the NSG first before going to Congress? I mean, it's a very simple proposition to test. You put it in the NSG and we wait until they speak. But to say simultaneously there isn't going to be a problem in the NSG, we have to go now before the NSG, I don't understand.

MR. TELLIS: Well, the administration, as I understood their original plan, was not necessarily to go to the Congress first or the NSG first. I mean, their plan was to kind of do this in tandem.

Now, the problem is that the administration, as we all know, is just one part of the U.S. government; it's not "the" U.S. government, and Congress has its own wisdom and will make its own decisions. And so, the congressional aspect of this strategy has, in a sense, been delayed, I think, beyond what the original kind of conception of the administration was, but in practical terms, the two tracks are moving simultaneously. I mean, there are negotiations that are going on between the U.S. and the NSG partners, briefings that are

being done by India and the NSG partners, and the hope is that when the NSG is satisfied that the Indians really have honorable intentions, they will act. Of course we would prefer them to act sooner rather than later, other things being equal, but we are continuing to press Congress to bring this to a vote. As Nick said this afternoon, the hope is that somehow over the summer this will somehow be brought to a close.

So I think -- let me accept up front what you're saying. What the administration is doing is clearly a game-changing, a rule-changing initiative. There is no question about it. The question really is, is it worth the -- (inaudible) -- given all the benefits that we've seen not only to the U.S. but also to the global regime at large. And my view has always been that -- leave the U.S. aside because this is a parochial issue -- you know, we want India for our own reasons, some good, some less than good, but leave the U.S. aside. For the international community, I think an India that is part of the regime is of immense benefits to the non-nuclear weapons states because if India does something crazy, those actions would hold at risk the security of non-nuclear weapons states even more than nuclear weapons states. Nuclear weapons states have insurance, and that insurance is their own nuclear weapons. But for me the importance of getting India in the to camp by, in a sense, giving it access to these technologies in my judgment is actually far more important.

MR. PERKOVICH: We go around on this -- I mean, it doesn't -- it seems you're getting so so little in the perceptions of so many, give away so much that it's just totally disproportionate, again because you didn't ask for a single constraint on their strategic program -- not stopping it, not giving up nuclear weapons; any kind of constraint, and in return, though, for tightening up export controls, which the U.K. does for nothing, which we do for nothing because it's in our national interest and we think this is how countries should behave with nuclear technology. You're throwing away all of the existing means by which you devalue nuclear weapons, and you've not asked for a single constraint.

And then to try to have it both ways -- because I agree with you and others who say the Indians aren't going to go crazy and build up nuclear weapons. It's not in their interest, it's not in the priorities, it's not in the culture. So if that's true, then why can't you get some kind of constraint that you can then say to people, you know, is a devaluation of nuclear weapons -- which is vital at this point in time, but in the absence of that, I don't see what you're really getting when you say about all the great nonproliferation affect. Sixty-six percent of the reactors -- everywhere else in the world we focus on the percentage that's not being covered and here we're going, well, two-thirds are. Well, a third produces a hell of a lot of nuclear weapons material if you want to, and so since when in nonproliferation do we focus on the ones that are in the net? You focus on the ones that are out of the net.

MR. TELLIS: My view is that the administration -- well, I don't want to say anything about the administration, but the gains -- the nonproliferation gains from this agreement are not in the number of reactors that are in or out, because to my way of thinking, once you've accepted the principle that the Indians are going to have nuclear weapons, and that they are going to continue to build nuclear weapons, whether you get a couple more reactors in the tent, a couple more reactors out of the tent really becomes irrelevant. The real gains to nonproliferation to my mind are two-fold.

One, you get India locked into a set of regime standards which now bind it multilaterally so that India's good behavior is no longer a function of sovereign decisions it makes by itself. It now is committed to a set of understandings. And the second thing is that -- and this is again in the ethereal category -- but you move India from being the permanent critic of the NPT regime into now a cheerleader for the NPT regime, which you've written the definitive history. You know exactly how India's positions on this matter work. Bringing India in this way -- and the first fruits, I would argue, are being seen, for example, in the case of Iran, offer the prospect of long-term payoffs.

And you're right. I mean, you know, men of good will, as they used to say, could quibble about whether we should have had two-thirds of the reactors or three-fourths, or five-sixths or what have you, but to my mind that is kind of less relevant once you have accepted the fact that they're going to have their nuclear weapons. And if you compared this, for example, to other nuclear weapon states, I mean, the ratios are asymmetrical. If you ask the nuclear weapon states how many reactors do they have under safeguards, the ratios are completely asymmetrical. I mean, they have, at most, a token number of reactors for the very simple reason that once you have nuclear weapons, these numbers become less relevant.

Do you want to --

MR. PERKOVICH: My problem is I've got to go. We can do a couple of questions but I -

MR. TELLIS: I'm sorry, but why don't we take a few questions?

MR. PERKOVICH: Yeah, yeah.

MR. TELLIS: Yes, I want to just open it to the floor, and if you have any questions --

Q Actually, I have a basic question. I would like you to respond to something that George kept hammering away at in terms of what did we get, and the more simple question that Congress keeps asking -- what are we going to get out of India; what are we going to get -- because Nick spoke about the fact that Congressman Lantos was one of the most fierce advocates on behalf of this agreement, but at the same time -- let's forget all the other yahoos in Congress -- he keeps hammering away at the Iran thing, you know, virtually with a whole heap of caveats, even while he keeps supporting the agreement, saying virtually that India will have to break of relations, almost to that extent.

So that's the question I ask you. How do you respond to that when, notwithstanding all the policy formulations of the administration's, you will have Congress asking what the heck are we going to get out of it, at a very basic level?

MR. TELLIS: My view about this is exactly the argument that George made in his previous panel presentation, which is to ask what we get out of this relationship is to my

mind a second-order question. The question we ought to be asking ourselves is a different one, and that is, is the increase in India's power -- and I don't mean power in a political sense, but in its ability to meet its developmental goals -- is that fundamentally in America's strategic interest? And to my mind I think this is where I support the president full square because this is the question he set out to answer. I mean, the question is -- you remember the March 25th decision? The March 25th decision was we're going to help India maintain its economic growth rate. And in that context, we're going to start talking about nuclear energy this, that and the other.

And so to me the first-order question is India as a success is in America's strategic interest, period. Flowing from that there is a second-order question: How can it help us? To my mind, what they've done in Iran should actually answer the question, that here is a country that has swallowed a very bitter pill. They have very strong relations with Iran, they need Iran for geopolitical reasons -- for access to Afghanistan, for oil and natural gas -- and yet, on the one issue that had the potential to cause them great pain, they basically chose correctly.

MR. PERKOVICH: I'm going to kind of make your point and then I really have to run, but I want to push on that because I think we must -- the vote in the IAEA was on a question of fact, and you could not simultaneously be a responsible state and a responsible steward of nuclear technology and not have voted the way India did in the IAEA because it was a matter of fact. It wasn't about how you're going to act and whether you're going to go to war against Iran; it was the director general and the secretary of the IAEA finding that Iran was in noncompliance, and the vote was just a recognition of that fact.

And so the idea that somehow we had to pay India to pronounce on a matter of fact to me was an insult to India, but the idea of that's the nature of the relationship it seems to me is very problematic.

MR. TELLIS: Behind the question of fact lay a more fundamental question, and that fundamental question was, has Iran, by its actions over the last 20 years, forfeited the confidence of the international community with respect to what ordinarily its treaty-allocated rights --

MR. PERKOVICH: No.

MR. TELLIS: -- to enrich material?

MR. PERKOVICH: No.

MR. TELLIS: And in September, the international community did not quite see it the way India did. There were many other countries that were confronted with that same choice, and they didn't make it.

MR. PERKOVICH: No, it's a statutory issue. Iran was found in noncompliance. The Statute 12 of the IAEA says a state found on noncompliance shall be referred to the U.N. Security Council. That referral was suspended for three years pending the EU negotiation. Iran broke off the EU negotiation. The IAEA staff comes forward and says they're in noncompliance, and as a measure of statute, it has to be reported to the Security Council. That was what was being presided upon. We helped screw it up by making it sound like this was the punishment phase, but it was a matter of fact in the IAEA statute that was only at stake. Once you get them to the Security Council and you decide what do you do about it, that's a political judgment where India would have a very different role. But this is a matter of fact, and I thought we misplayed it and put the Indians in a more difficult position by treating it as a big political contest.

MR. TELLIS: No, but when it comes to these votes, these are never simply matters of fact. Of course matters of fact implicated, but when a nation has to make a vote of this kind, there are serious political consequences that accompany this vote. And the reason why you got the numbers you did was because many countries said, we are not prepared to make this call, and they didn't take the narrow legal view that this was simply being asked to confirm a matter of fact. I mean, these are political issues that are inextricably linked with what are clearly, at root, legal questions.

Bill?

Q (Off mike.)

MR. PERKOVICH: I really -- go ahead, yeah. (Laughter.)

Q You wrote last week -- I'll try to be brief -- and you just proposed again that as a condition, Congress should require the administration to report to Congress on the conditions under which India, China, and Pakistan would agree to fissile production moratoria for weapons, and that this would force the administration to enter into negotiations or a discussion with those parties.

I guess my question is, do you think the administration would take such a charge seriously and would have a meaningful set of discussions, because I'm skeptical, based just on how the administration reacts to any direction from Congress -- and I could imagine the scenario where basically they get all these guys together and say, you know, gee, we've got to have this discussion because Congress has asked us to have it. We know you're not wild about it; we're not wild about it. And then coming back Congress and saying, gosh, we really tried to get this deal but it just didn't happen. Now will you go ahead and ratify the agreement? So, in my sense then misplaced --

MR. PERKOVICH: No.

Q But then what's the point of going through that process if we --

MR. PERKOVICH: Try to at least have a discussion like this because what we have is everybody saying, you know, China is going to do what it's going to do and it's never going to agree to a moratoria, and nobody is asking anybody and nobody is talking about it. And so of course it would be a cynical exercise, but nobody's saying it, so I try to figure out, well, how do you at least ask the question of, gee, is there an alternative to everybody building more nuclear weapons in Asia, because the administration is not interested in having that discussion with anybody.

Q So it's exposing the cynicism is --

MR. PERKOVICH: Yeah.

MR. TELLIS: The cynicism just shocks me. (Laughter.)

Well, let me at least thank George.

MR. PERKOVICH: I'm sorry. You guys -- I'm really sorry.

MR. TELLIS: I'll be happy to stay with you for a few more minutes, but let me thank George.

MR. PERKOVICH: Oh, thank you.

MR. TELLIS: Thank you so much -- (applause) -- for doing double duty, actually.

MR. PERKOVICH: Thank you.

MR. TELLIS: I'll be happy to stay for a few minutes if any one of you have specific questions for me, but --

Q Actually, I have a few points on the arguments that you made. Number one is that you talked of restrictive regimes. Who brought about those restrictive regimes? The NSG and all those things came up as a result of India's 1974 test. Before that, India was getting an unrestricted supply of nuclear technology from the United States, from Canada, from France, from Sweden, from Russia, from everywhere around the world. Nobody was asking any questions. Once India got the reprocessing plant, no eyebrows were raised. So it was India's own misconduct which brought about the restrictive regime. So when you advocate, keep that in mind. And because of that, in fact, not only India but many other countries suffered because restrictions applied to everybody.

The second this is that you talked of the Indians coming into the nonproliferation regime. What has India given up afresh, and how come they have come more deeply into the nonproliferation regime? They were already part of IAEA. They were on the permanent board of governors of IAEA. They had six reactors under IAEA safeguards. Now they're adding 8 more. So how does it bring India more deeply into the nonproliferation regime, and how do you justify India keeping its 8 power plants out of the safeguards? One can

justify, yes, they are justified in keeping their military facilities out of it, but why those 8 power plants. What's the justification? This only goes to show that the intentions are not clear.

The second thing about the Chinese -- you said that they are going on building up. There is a recent study which has come up where people have said the Chinese, actually, arsenal was being overestimated in terms of 400 or 550 and it's only around 200 weapons. So how do you say the Chinese are continuing to build up? So I think there are some very cogent reasons for looking at the other side and not just be dismissive of the criticism and the cynicism on the deal.

The next point I would like to make is that how many great powers in the history of mankind have been propped up by others? Because from your argument, it appears that somehow the United States has taken upon itself, as a divine duty, to prop up India and bring up India as a major power. What kind of major power is that which needs crutches from other powers?

MR. TELLIS: That's a short list. (Laughter.)

Q (Off mike.)

MR. TELLIS: I'll give you quick responses. I have no -- I agree with you completely that the reason why we got the regimes was India's previous actions, but the issue, as far as we are concerned, is that India's previous actions did not violate any legal obligations. The Indians didn't sign the NPT and they went ahead and tested the weapon. That's their business. We may not like it as a matter of policy, but we certainly can't object to it as a matter of law. You know, there is a convention in Vienna which regulates how treaty obligations apply to countries, and one of the standing tenets of the convention of Vienna is that you cannot apply to countries legal obligations that they have not really undertaken.

And so you're absolutely right. The whole nonproliferation regime falls in place after the '74 test, and that regime was kept in place so long as it served its purposes. The judgment of the administration now is that continuing to sustain that regime does not advance our interests as far as India is concerned, and that's why there is a change in policy. Nobody disagrees with you that there is a turnabout in 30 years of U.S. policy. That's a fact.

The second question of what has India done since it was already part of the regime? The big value for us is not the fact there was an IAEA board of governors or that it had 40 actors or whatever of the safeguards. The big value for us is that it has now brought its export control regimes -- well, let me say it in several stages. First, it has accepted the principle that India's national resources in the area of strategic technology are not, in principle, available to the international community simply as a matter of India's sovereign choice. This is fundamentally important.

Secondly, it has codified that by bringing its export control legislation now in line with the standards of the NSG and the MTCR, essentially accommodating to the list, which in effect is saying that we take upon ourselves restraints with respect to who we sell these technologies to. Then of course there is a whole list of other things, like, for example, agreeing not to export reprocessing and enrichment technology, et cetera, et cetera. I mean, none of these were originally -- these are not binding obligations that are associated with NPT signatories. These are new obligations that India has undertaken. And so for me, the abiding value of bringing India into the regime is these obligations, not necessarily what is the relationship with the IAEA.

Third, on the question of a power plant, this is really a discussion for another time and place because it's a very involved issue of why they kept the 8 out. And, you know, I'm actually in the process of writing a short piece for Carnegie that will try and lay out what I think the rationale was for keeping these 8 reactors out.

And the question of China building up -- the question of what China -- the difficulty I have in answering that question is that it's never been transparent, what the Chinese nuclear arsenal has been, at least on a non-classified level. And people have provided as many numbers that range from 200 at the lower end to like 500 to 600 at the high end. One group now has come out and said, oops, you know, it wasn't 400 as we previously said; it's actually 200. I really can't comment on either the high end or the low end of those numbers. What we know very clearly for a fact because the Chinese themselves have admitted it, is that they have new generations of missiles, they have new generations of delivery systems, all of which I presume are not armed with conventional warheads.

And so, if you imagine that the eventual Chinese force size, five years, 10 years out, will be a larger force size than what they had historically, you're left to one of two choices: Either they're building up their nuclear inventory or they're arming these with conventional warheads. And I prefer to think that these are not being armed with conventional warheads; they're being armed with nuclear warheads. And so the numbers just speak for themselves.

Now, whether these numbers are as high or as low as different groups in the community discuss, I don't know. I mean, I don't have a view on that. But the trend line is very clear that there are more Chinese strategic nuclear systems coming into the inventory. And so the only way you can escape the conclusion that they're not building up is by saying that these are armed with conventional warheads, because otherwise, by themselves, the numbers simply seem to be pointing in one direction.

On the last question of where in historical record has there been an instance of the U.S. propping up a great power -- Secretary Rice actually took a very nice formulation in her first testimony sometime in April or March. She said, look, India is not going to become a great power because the United States makes it so. Great power status and great power capabilities, even more relevantly, are not a garland that we can somehow come there and put around India's neck. India is going to become a great power based on the decisions it makes internally with respect to its own economy and its own polity. All that the United

States is saying is that as you make those decisions, we want to create an environment whereby you have access to the resources that you have long longed for, and that is within our partnership. Now if Indians use that in a way that enhances their capabilities is really up to them.

I'll take two more questions. David?

Q (Off mike) -- the whole afternoon has been the debate here in the United States. Can you give us a sense of the debate going on in India right now about this? And if there are changes or anything relating to the legislation, what's that going to do to the Indian debate?

MR. TELLIS: Well, the Indian debate is actually an interesting one because it's almost the mirror opposite of the debate in the U.S. In the U.S. the argument is that the administration has basically sold short. It could have gotten a better deal, but it didn't, and therefore it must have either some geopolitical compunction -- a.k.a. China -- or they were just simply sloppy negotiators. I mean, those are essentially the two broad arguments in which the critics are. If you've done it with full malice of forethought, it's because you really are using these guys to balance China. And if you didn't do it with full malice of forethought, then you're just basically stupid. You ought not to be conducting these negotiations.

In India, the deal is just the opposite. The debate there is India has given away too much because India could have had -- there are two variations of this. India could have got the same deal for less, which is the BJP position, because they claim that when they were in office, they provided a proposal which, if the U.S. had to accept, would have had that effect, giving them more for less. Or India does not require this deal, and this is also fascinating because it also comes from the BJP. And it basically says -- and it makes many of the arguments you heard today. India's need for nuclear energy is really very modest. Nuclear energy is not going to be the ticket to India's development, so why are we getting into this giant exercise of giving away our precious natural resources, our 16 reactors or 14 reactors, or whatever they're putting under safeguards when it's not going to make a difference in the end?

Both these are BJP positions primarily. Now, these are also surrogates. Now, we can debate both these positions, but these are also surrogates for something else. These are surrogates for a very deep discomfort with the most recent turn in U.S.-India relations. There are lots of people in India -- and I think Dan was absolutely right about this -- there are lots of people in India who still are prisoners of old think who still feel very uncomfortable that the relationship that these two countries have have moved in directions that their forefathers could never have estimated.

And so what is happening is, at least in some instances, the nuclear deal is becoming a proxy for people's worst fears, for people's worst anxieties, and for a real fear that the U.S. and India might have a future that is completely unlike its past. At the other end, sometimes it's simply a matter of politics, you know, like -- and I know some people in

the current BJP leadership who, in their more candid moments, will tell you, we are opposed to this deal because you didn't give it to us. If you had given us this deal, we would have been in the forefront, you know, talking about how valuable this was for the country.

And so it spans the whole spectrum. My own judgment is that any legislation that Congress -- any riders that Congress attaches which changes the fundamental structure of the deal -- and by "fundamental structure" I mean anything that constrains India's right to have a strategic program as the price for nuclear cooperation is something that will kill the deal. And so there are other things that Congress can think about in terms of process, and even on substance, but anything that moves in this direction I think will be fatal to the agreement. And my own view is that Congress also understands this, so we'll see how they come out.

I'll take one last question from Adil and then I will -- oh, all right. Adil, you had your chance. You can ask me your question privately.

Q First of all, I think your debate ought to be sold on DVD. It not only provides entertainment but enlightenment. (Laughter.) Having said that, I'm just curious because the theme seems like India is the exception and -- let's say, for example, Congress does pass the changes to the law and India gets access to the Nuclear Suppliers Group. I'm just curious -- will this help or hinder or remain neutral toward India's bid for a permanent seat on the U.N. Security Council?

MR. TELLIS: I think it has no difference because we've had extended discussions with India about the Security Council seat, especially in the last year, and none of those have any bearing with what happens with respect to India's nuclear status. The issues about India and the Security Council are trapped completely in the larger question of how you want to manage and sequence U.N. reform. And there is a real division among the great powers -- I mean, the existing great powers, about how they want to do the management and the sequencing. This is not a debate that will end anytime soon, and my own view is that, you know, it will certainly not occur within the lifetime of this administration. Any shift towards giving India a permanent Security Council status, not because there is no willingness -- I mean, I think this administration has come closer than most. If you look at the speech that Nick Burns made, I believe in April or May of last year, where he laid out some very interesting criteria of what a country would have to meet if it has to get permanent membership. It's a remarkable list.

And the administration has come close to saying, you know, we treat you as serious contenders for this position, but this is not something we can do unilaterally, much as we would like. But so until we can get this consensus on process issues -- you know, until we can get this consensus on process issues -- you know, how do you want to sequence reform, what kind of model do you want to use for expansion? None of which -- there is no agreement anywhere in sight. So I don't expect this to happen anytime for the next several years.

Thank you very much for coming and for surviving the session. (Applause.) I appreciate your presence. Thank you much.