

# Clinton visit to the Indian subcontinent sets a new strategic orientation

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**23 March 2000**

Bill Clinton's current trip to the Indian subcontinent, the first by a United States president since Jimmy Carter toured in 1978, marks a further shift in Washington's orientation in the region away from its previous Cold War alliance with Pakistan and towards a new, as yet tentative, strategic and economic relationship with India.

In a sense, Clinton's itinerary says it all—he has spent a day in Bangladesh, is in the middle of five days in India and visits to five cities including Hyderabad, a centre for India's burgeoning software and computer industries, and on Saturday will stop for a mere five hours in Pakistan. The lopsided character of the travel arrangements is matched by the different nature of Washington's political messages to Pakistan and India.

In India, the US president has signed a joint “vision” statement with Indian Prime Minister Atal Behari Vajpayee, which in glowing terms pledges to create “a closer and qualitatively new relationship” between “two of the world's largest democracies”. “In many ways,” the document proclaims, “the character of the 21st century world will depend on the success of our cooperation for peace, prosperity, democracy and freedom”.

Neither Clinton nor the US media has seen fit to mention, let alone criticise, the fact that Washington's new partnership is with a coalition government headed by the Bharatiya Janatha Party (BJP)—an extreme rightwing formation intent on pressing ahead with its Hindu chauvinist agenda.

Washington has made several significant concessions to India in order to allow the visit to proceed. The trip was proposed several years ago but was abruptly halted after New Delhi exploded five nuclear devices in May 1998, followed shortly after by nuclear tests in Pakistan. The US imposed economic and technical sanctions against both countries, and pressed them both to sign the Comprehensive Test Ban Treaty (CTBT). In recent months, however, the Clinton administration not only lifted some of the sanctions against India but also indicated to the Vajpayee government that a pledge to sign the CTBT would not be a precondition for the presidential tour.

In contrast, in the case of Pakistan, even Clinton's brief stopover in Islamabad was a matter of debate within the US administration. It was only decided earlier this month after officials particularly from the CIA and Pentagon insisted that it was necessary to maintain longstanding ties with Pakistan. Clinton is likely to use the stopover to publicly pressure Pakistani leader General Musharraf, who seized power in a military coup last October, to set a timetable for a return of parliamentary democracy and to rein in Islamic fundamentalist groups, particularly Kashmiri separatists operating from Pakistani territory.

Those in the US administration opposed to the Pakistan visit pointed out that Clinton would be seen to be endorsing the military junta. Since seizing power the Musharraf regime has banned all strikes and political rallies, and has put deposed prime minister Nawaz Sharif and a number of his top aides on trial on trumped up charges of terrorism, hijacking and

attempted murder. The prosecution in the case has just called for Sharif to be put to death if he is found guilty.

Clinton aides are attempting to put the best possible light on the visit to Islamabad claiming that it is necessary in order to encourage the two protagonists to reach a solution to the Kashmir dispute. India and Pakistan were brought to the brink of war last year when Pakistani-backed separatists seized key strategic positions in the Kargil region of the Indian state of Jammu and Kashmir. Others have argued that Musharraf is a necessary bulwark against a regime dominated by Islamic fundamentalists.

US administrations, of course, have never been loathe to embrace military dictatorships in Pakistan or anywhere else when it suited US interests. In different circumstances, Clinton's spindoctors would be quite capable of inventing justifications for signing a “visions” document with Pakistan and reading the riot act to the BJP government in India for fomenting Hindu fundamentalism. The present line of diplomatic bouquets for India and political brickbats for Pakistan is determined by more fundamental economic and strategic interests, not concerns over democracy or regional peace.

A key factor in Clinton's visit is the growing economic importance of the Indian subcontinent, particularly India, for US corporations. The chief purpose of the brief side trip to Bangladesh—the first ever by a US president—was to discuss US investment in the country's substantial natural gas fields. Clinton used the opportunity to announce increases in US aid programs to Bangladesh which included a pitiful \$97 million in food assistance—less than \$1 a person—for one of the world's poorest countries.

In the backrooms the real business of encouraging the Bangladeshi government to permit the export of natural gas was being hammered out by US officials including Energy Secretary Bill Richardson. US oil companies have already increased their investment in Bangladeshi gas fields from \$20 million in 1996 to \$700 million. According to *Time* magazine, the US Department of Energy has identified \$15 billion to \$20 billion of potential investment projects in South Asia—mostly in India.

India itself is beginning to be discussed in international financial circles with the same enthusiasm as China was five to 10 years ago. Commentators point to annual economic growth rates in the 1990s of around 6 percent, an expanding middle class variously estimated to number between 30 and 180 million and growing export industries.

A former US ambassador to India Frank Wisner enthused in a *New York Times* article that in coming years \$250 billion will be spent in India on power-generating equipment and \$100 billion on telecommunications. “The visit is a terrific opportunity for the United States to root itself in the region, to get some traction on the issues to create a privileged position for us as we go forward,” he said. US corporations are also eyeing off medicines, airport equipment, food processing, mining including gas and oil, engineering equipment and sporting goods as potential areas for investment.

But the greatest hype is reserved for India's burgeoning computer software and technology industries. Indian-based hi-tech companies have been able to exploit the country's large pool of graduates, who are paid a fraction of the salaries received by their counterparts in Europe or the US, to carry out the labour intensive work of computer programming. A report by the management consulting firm McKinsey & Company forecast that by the end of the decade the Indian software industry could earn \$87 billion and employ over 2 million people.

An article in the British-based *Economist* magazine entitled "The elephant and the pekinese" noted: "Perhaps for the first time since inventing zero, India has a hot product to sell and can keep the profits for itself. All this is entwining India with the rest of the world and especially with the United States in new ways. Software exports are growing at a rate of 50 percent a year, and around two-thirds of them go to the United States. Much of that is serviced by Indians on temporary work visas; India gets about a third of these, and hopes that Mr Clinton will increase them. Indian companies are listed on American stock exchanges; Indian Americans, an increasingly rich community, are lobbying on behalf of India in their adopted country and investing in their native land. A global bidding war has broken out for Indian brains."

Investment opportunities for US corporations go a long way to explaining the US administration's embrace of the Vajpayee government in India. Powerful sections of the ruling class in India and internationally calculate that the Hindu chauvinist BJP is the best means to press ahead with the economic restructuring measures demanded by corporate investors, including the privatisation of state-owned industries, the axing of the country's limited social services and prices subsidies and the removal of trade and investment barriers. While appreciative of the steps carried out in the 1990s, the IMF and other financial institutions are insisting that the BJP government continue and accelerate the process.

The *Economist* hinted at the logic behind the willingness of the US and other powers to turn a blind eye to the BJP's Hindu extremism. Since 1991, it noted, India "has opened up its economy to world trade and started to privatise, albeit too slowly in both respects. The coming to power two years ago of Atal Behari Vajpayee's Bharatiya Janata Party, which leads the coalition government, has probably hastened the process. Although the Hindu-nationalist party has a xenophobic streak, it has also been friendlier to business and more hostile to communism than the opposition Congress party, which dominated Indian politics for most of its past 50 years of independence... Increasingly, these days, India is being treated with more respect in economic councils. When new-economy issues, such as e-commerce, come up at the World Trade Organisation, India and the United States find themselves on the same side."

Clinton will no doubt press Vajpayee to go further in the IMF's agenda of economic restructuring than has been set out in the latest Indian budget. Last November at a US investment summit held in Mumbai (formerly Bombay), Dean O'Hare, Chubb Corporation chairman and head of the US-India Business Council, noted rather caustically that two main obstacles remained to further investment ties: disrespect for the sanctity of contracts and "the tardy pace of economic reforms".

The *Economist* also noted: "Like dot.com shares, India's economy is more exciting for its potential than for its current performance. Though it is the world's fifth largest economy in terms of purchasing power, it accounts for less than 1 percent of world trade and attracted just \$2.5 billion in foreign investment in 1998, about a twentieth of China's. The United States has a bigger economic stake in India than any other single country, but would barely notice if that commerce dried up."

Clinton is in India not just to pursue economic opportunities, however, but also to feel out the prospects for closer strategic ties. In an article entitled "US and India, Often at Odds, Are on the Same Side" in last Saturday's *International Herald Tribune*, US Secretary of State Madeleine Albright outlined—in veiled terms at least—some of the US calculations

behind Clinton's visit. After referring obliquely to the hostile relationship that existed through much of the Cold War, she stated: "Today, however, the mutual distrust is beginning to change. I believe that both the United States and India are coming to realise that there has always been something unnatural and regrettable about the estrangement of our two democracies."

During the Cold War, US policy in the region was "tilted" towards Pakistan. Washington supported what were often military dictatorships in Pakistan with diplomatic, financial and military assistance against its rival India, which, although part of the so-called non-aligned bloc, had close relations with the former Soviet Union. During the 1980s, US reliance on Pakistan became even stronger as the CIA used the country as a base for funding, arming and training Islamic fundamentalist groups in their war against the Soviet-backed regime in Afghanistan.

But following the collapse of the Soviet Union, US strategic concerns in the region have shifted. The US now regards the Islamic fundamentalists it helped to organise as a danger to its interests in the Middle East and also in Central Asia, where US corporations are in competition with European and other rivals to exploit vast reserves of oil, natural gas and minerals. The US has imposed economic sanctions on the Taliban regime in Afghanistan for continuing to give sanctuary to Saudi millionaire Osama bin Laden who is accused of organising the bombing of US embassies in Kenya and Tanzania. But the US administration is also concerned at the activities of a number of armed opposition groups from the unstable Central Asian republics that are thought to have bases in Afghanistan.

During the Kargil dispute last year, Clinton made an open political overture to India when it pressured the Pakistani government of Nawaz Sharif to withdraw support for the Kashmiri separatists on Indian territory. Behind-the-scenes talks on strategic matters between the US and India had, however, been going on for some time. Under the guise of reducing tensions between India and Pakistan following the 1998 nuclear tests, eight rounds of "strategic dialogue" have taken place between US Deputy Secretary of State Strobe Talbott and Indian Foreign Minister Jaswant Singh—the lengthiest ever discussions between Indian and US officials. In the aftermath of the Kargil clashes, US and Indian intelligence services have begun to collaborate more closely in the name of "combatting terrorism".

The US has been careful to couch the strategic issues raised by Clinton's visit in terms that indicate a pronounced "tilt" towards India. In her article, Albright mentioned that India's nuclear arsenal was still the "No. 1 security concern" of the US but was at pains to point out that the "US does not regard India's missiles or nuclear weapons as a direct threat" and would seek "to reconcile, to the greatest extent possible, our nonproliferation concerns with India's appreciation of its security requirements".

Combined with the fact that the US has not insisted that India sign the CTBT agreement during the Clinton visit, the message is being interpreted in Indian ruling circles as a tacit acceptance of a nuclear-armed India. L. Subrahmanyam, head of an Indian committee to investigate the army's performance in Kargil, bluntly pointed out: "This visit is purely symbolic of the fact that two years after the nuclear tests, India had done nothing to comply with the stentorian demands of the nuclear hegemonists and still the US president is coming to visit. In spite of all the rhetoric, the US accepts reality."

On the key issue of Kashmir, the US has also bent the stick in India's direction. Clinton has shelved offers to personally mediate the dispute between India and Pakistan in line with the Indian government's longstanding insistence that Kashmir is an internal problem and that it will not accept international mediation. Moreover, Albright has called for the Line of Control (LoC)—the demarcation between Pakistan- and Indian-held Kashmir established to end the 1971 war—to be respected. Translated from diplomatic language, her statement was directed against the

infiltration of Kashmiri separatist fighters from Pakistan into Jammu and Kashmir.

Prior to his visit, Clinton described the Indian subcontinent as “the world's most dangerous place”. He has promoted his trip as a means reducing tensions in the region and establishing a lasting peace—particularly between India and Pakistan. But there is every reason to believe that closer ties between the US and India—ruled by the Hindu extremists of the BJP—far from leading to peace will further destabilise an already unstable area of the globe.

Subrahmanyam's comments are symptomatic of discussion in New Delhi that India should take a far more aggressive stand towards Pakistan and throughout the region. Indeed, the BJP-led government has just brought down a budget that hikes defence spending by a massive 28 percent. Indian Defence Secretary George Fernandez has made renewed efforts to sell the doctrine of “limited war”—the dangerous idea that Pakistan and India may engage in fighting in Kashmir or even all-out conventional war without resorting to nuclear weapons.

In Washington, the even more dangerous idea is being entertained that a nuclear-armed India may be a useful tool against China, which continues to support Pakistan and has a longstanding border dispute with India. The *Economist* article, cited above, commented: “The second point of convergence between Indian and American interests is one that may get no public mention on this visit. It is this: that some strategists are beginning to think of India as a counterweight to China. The world is beginning to notice that India has nearly the same number of people as China, plus a more benign system of government and no designs on its neighbours. China-hawks in both India and America dream of a ‘strategic partnership’ between the two great democracies.”

While the article notes that neither the US nor India “wants their friendship to be seen as the start of an anti-China axis,” it nevertheless points out: “Some people, such as Richard Haass, of the Brookings Institution, a Washington think-tank, wonder whether India and the United States can agree on an approach to Asia, and thus to China. Maybe not. Nonetheless, both must be aware that today's friendship could become tomorrow's alliance if China turns hostile, a relationship ‘that's there in time of need,’ as Haass obliquely puts it.” Haass is tipped to win a top appointment should the Republicans win the US presidential election.

Regardless of the exact nature of the discussions between Clinton and Vajpayee, a closer relationship with the US will encourage India to adopt a more aggressive stance within the region. A concern that the US may unleash something it is unable to control is no doubt one of the calculations behind Clinton's touchdown in Islamabad. In the uncertain and highly unstable period that has opened up following the end of the Cold War, the US is not inclined to put all its eggs in one basket—certainly not all at once. With a foot in both the Indian and Pakistan camps, it is able to play one off against the other—a game which is also fraught with immense dangers.



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