The U.S.-India Nuclear Deal: Violating Norms, Terminating Futures

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In September 2008, the U.S. brought a proposal to lift the ban on nuclear trade with India to the Nuclear Suppliers Group (NSG), which sets widely observed export controls on nuclear technology. The NSG's agreement to lift the ban constituted yet another blow to an already beleaguered Nuclear Nonproliferation Treaty and global nonproliferation regime.
The implications of the deal for the non proliferation regime were misrepresented by many, including by Mohamed ElBaradei, Nobel Peace Prize winner and the Director General of the International Atomic Energy Agency (IAEA), who termed it "a milestone, timely for ongoing efforts to consolidate the non-proliferation regime."

Such an assessment is in complete contradiction to the fact that the exemption granted by the NSG will actually allow India to expand its nuclear arsenal, permitting it to buy fuel for nuclear power reactors on the international market while using scarce domestic uranium in nuclear weapons production.[1] It will further aggravate tensions with Pakistan, which has signaled that it would respond in kind to a more ambitious Indian nuclear weapons program. Thus, the deal could further fuel an arms race between nuclear-armed neighbors that have fought multiple wars.

Advocates of the deal see an increase in India's nuclear capabilities as positive. To quote Ashley Tellis of the Carnegie Endowment: "If the United States is serious about advancing its geopolitical objectives in Asia, it would almost by definition help New Delhi develop strategic capabilities such that India's nuclear weaponry and associated delivery systems could deter against the growing and utterly more capable nuclear forces Beijing is likely to possess by 2025.[2]" Such thinking only serves to legitimize the ultimate weapons of mass destruction and encourage the United States to ignore its nuclear disarmament obligations under the Nuclear Non Proliferation Treaty and India to continue its nuclear weapons build-up.

Violations

Like many other assaults on the non-proliferation order, the US-India deal is a violation of both procedure and substance. The basic bargain underlying the NPT is that non-weapon states would get access to nuclear technology in exchange for giving up the possibility of developing nuclear weapons. Implicit in this bargain is that this access would be conditioned on not acquiring nuclear weapons. The nuclear deal is a clear violation of this implicit understanding. Procedurally, if such a deal were to be agreed to at all, it should have been voted on by all the 189 states that are party to the treaty rather than just by a minority of countries, i.e. members of the NSG. By its very constitution, the NSG, consisting mostly of countries that engage in and profit from nuclear commerce, is a biased body, not suited to decide on the future of non-proliferation norms.

[1] Zia Mian, A.H. Nayyar, R. Rajaraman and M.V. Ramana, "Fissile Materials in South Asia: The Implications of the U.S.-India Nuclear Deal," International Panel on Fissile Materials Research Report #1, September 2006.
[2] Ashley Tellis, "India as a New Global Power: An Action Agenda for the United States," Carnegie Endownment for International Peace, Washington, D. C., 2005.

The attack on the non proliferation regime was led by some of the usual suspects. The prime instigator, as the nuclear supplier party to the deal, was the United States. France, U.K. and Russia joined the fray in the hope of selling billions of dollars worth of nuclear reactors and other accessories. The many NSG states that did oppose the deal were stifled by the United States, which engaged in what Jayantha Dhanapala, former United Nations Under Secretary General for Disarmament Affairs, described as a campaign of "brutal and unconscionable pressure.[3]" There is a sour irony in the NSG making such an exception for India, since the trade cartel was formed largely in response to India exploding a nuclear device in 1974.

In domestic circles too the deal was the outcome of procedures that were only superficially democratic. It was widely alleged that the ruling Congress party in India resorted to bribes to members of the Parliament in exchange for supporting it on the deal. The Bush Adminstration rammed the deal through Congress under the cover of the financial crisis as time wound down in its fall 2008 session. The Senate vote on the deal was overshadowed by the debate on massive bank bailouts that were pending the same day.

The deal also was the last nail on the coffin of the UN Security Council Resolution 1172, passed in response to the 1998 nuclear tests by India and Pakistan. The Resolution outlined a series of demands on both countries, including, calling on them to stop the further development of nuclear weapons, not to deploy their nuclear weapons, to stop developing ballistic missiles, and to stop producing fissile materials for nuclear weapons. The two countries have not complied with any of these demands.

The Larger Picture

Originally announced in July 2005 by President George Bush and Indian Prime Minister Manmohan Singh, the nuclear deal is part of a broader set of agreements centering on increased U.S.-India military cooperation and high-tech trade. U.S. military planners envision India as a possible forward base for operations from South Asia to the Middle East, and perhaps as a junior partner in those operations as well. Arms makers see huge potential profit from increased arms sales, with India being one of the world's largest importers of high-tech weapons. U.S.-based multinationals are gearing up for expansion into India, hoping to use the enhanced "security" partnership as a wedge to further open India to foreign investment and sales, not only in nuclear technology and services but in everything from banking to food and agriculture to big box retail stores.

The ambitions of elites in the two countries to strengthen an array of military and economic ties is reflected in the set of initiatives announced by U.S. President Bush And India's Prime Minister Singh in July 2005 together with the agreement in principle on nuclear trade and cooperation.[4] Important among these is the establishment of a "CEO Forum" to "harness private sector energy and ideas to deepen the bilateral economic relationship," an agreement for closer cooperation in

[3] http://www.ippnw-europe.org/?expand=359&cHash=317853fe50

[4] Just a few weeks earlier, the two countries had agreed to a "New Framework for the U.S.--India Defense Relationship. The "New Framework" called for increased military cooperation across a wide range of activities, from joint exercises and intelligence exchanges to increased weapons trade to collaboration in missile defense development. See http://www.indianembassy.org/press_release/2005/June/31.htm

space technology and commercial space activities and a "Knowledge Initiative on Agriculture." The operations of the latter are dominated by a number of agro-businesses and other corporate giants.[5]

A significant item on the CEO Forum's agenda is to greatly expand the degree to which foreign banking and financial services companies can do business in India.[6] This position was duly echoed by the U.S. government, with a Treasury Department fact sheet stating that

> the development of the financial sector and trade in financial services will play a key role in promoting private-sector led growth and economic stability in India. Opening the financial sector to foreign participation would make additional long-term financing available for infrastructure development. The development of a greater array of insurance and savings products (including for retirement) would provide for greater income security and reduce the need for high precautionary savings.[7]

In light of the spiraling collapse of the U.S. financial sector, the notion that opening India to its particular brand of radically deregulated, short-term profit-driven "financial services" will promote "economic stability" is highly suspect.[8] The assertion that it would serve the interests of any but a wealthy minority in either country is even less believable.

Nonetheless, both the U.S. and Indian governments seem determined to continue along the same path. The joint statement issued during Secretary of State Hillary Clinton's July 2009 visit hailed upcoming negotiations on a Bilateral Investment Treaty, and called for a "newly configured CEO Forum" to "harness the ingenuity and entrepreneurship of the private sectors of both countries."[9] The priority that Clinton placed on strengthening connections between U.S. and Indian economic elites can be deduced from the fact that "a power breakfast with bankers

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[5] The U.S. private sector members of the Agricultural Knowledge Initiative governing board represent Archer Daniels Midland, Monsanto, and Walmart. See http://www.fas.usda.gov/icd/india_knowl_init/board.asp India provides a complementary set of business representatives: ITC, Venkateshwara Hatcheries, and Firoze Masani (a leading cut flower exporter).

[6] "US – India Strategic Economic Partnership," US India CEO Forum March 2006, http://www.usindiaceoforum.com/pdf/USIndia.pdf pp.20-22

[7] Fact Sheet Department of Treasury Washington, DC March 2, 2006 U.S.-India Economic Dialogue: U.S. - India Financial and Economic Forum http://www.state.gov/p/sca/rls/fs/2006/62494.htm

[8] The meltdown in the U.S. financial markets should raise the question of whether a global development path driven by private finance capital is sustainable even for the general run of capitalists. As Willem Buiter, former chief economist of the European Bank for Reconstruction and Development, put it,

"The argument that financial intermediation cannot be entrusted to the private sector can now be extended to include the new, transactions-oriented, capital-markets-based forms of financial capitalism. The risk of a sudden vanishing of both market liquidity for systemically important classes of financial assets and funding liquidity for systemically important firms may well be too serious to allow private enterprises to play. No doubt the socialisation of most financial intermediation would be costly as regards dynamism and innovation, but if the risk of instability is too great and the cost of instability too high, then that may be a cost worth paying." Willem Buiter, "The end of American capitalism (as we knew it)," Open Democracy, September 17, 2008

[9] "U.S. India Joint Statement," U.S. Department of State Bureau of Public Affairs, July 20, 2009.

and billionaires" was the first stop on the first visit to India by a high-ranking Obama administration official, even before she met with her official counterparts.[10]

Likely Result

The socioeconomic impact of these proposed new arrangements–how they will affect the mass of the populations in India, the United States, and world-wide – has remained almost entirely outside the ambit of discussion of the "nuclear deal. This might not be greatly surprising in the United States, where the debate was primarily over weighing the strategic and non-proliferations benefits and costs. In India, the deal was viewed by the elite, the circle within which much of the domestic debate within India was conducted, as another marker of India's emergence as a great power. For these elites, the impact of the emerging U.S.-India relationship on the larger population is of little interest. As political commentators and peace activists, Praful Bidwai and Achin Vanaik point out, in the last couple of decades, the "upper-crust of society, have set their face against the rest, especially the poor. Culturally, economically, and politically, they are closer to Northern elites and their own kin in North America and Europe. Strongly influenced by social-Darwinist ideas, they see the poor as a drag on 'their' India". [11]

The effect of the U.S.--India deal– or deals– will be to bind India to a development path favorable to particular elements in the U.S. political and economic elite, and to their Indian counterparts. In this future, India's development will center on production of goods and services that serve global supply chains controlled by multi-national corporations. In addition to consumer goods and export crops that are mass commodities available to many in a few wealthy countries, but are luxury items available only to a fraction of the world's population as a whole, there will be further expansion of "service industries" such as back-office corporate operations ranging from call centers to billing and information technology support. Also part of this global circuit of trade and investment are armaments and the capital goods, and engineering and construction services necessary to build new infrastructure to sustain components of these global production chains in "underdeveloped" regions.

This global circuit of trade and investment emphasizes international supply chains for the production of goods and services that only a small minority of the world's population can afford. In the United States and a few other wealthy countries, cheap imported consumer goods are available to much of the population, but even in those places the general trend is towards extreme polarization of wealth amidst growing economic insecurity for the majority. Still-powerful but declining economic centers in the United States and Europe face competition for resources, markets, and investment from new economic power centers in Asia, where the relatively rapid accession to the global capitalist economy of China and India in particular has opened vast new frontiers for both production and sales.

Aggravating these forces tending towards economic uncertainty and potential conflict among major powers are emerging challenges that present all humanity with profound choices in the next few decades. We are approaching the end of the age of cheap fossil fuels and nearing limits

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[10] Mark Landler, "Seeking Business Allies, Clinton Connects With India's Billionaires," *The New York Times,"* (internet edition) Huly 19, 2009.

[11] Praful Bidwai and Achin Vanaik, *New Nukes: India, Pakistan, and Global Nuclear Disarmament* (New York: Interlink Books, 2000), p.136.

to the carrying capacity of the planet. A global economic system that long has depended on an apparently limitless world, and also on a hinterland that is "outside" it both materially and conceptually, also must confront a future where everywhere it turns it soon will find only itself.

The set of U.S.-India agreements of which the nuclear deal was the centerpiece will strengthen the trajectory that the both countries are on today, and will reinforce the kind of global economy that is most favorable to those currently in power. Increased U.S.-India trade and cooperation in high tech weapons, space, and nuclear technology will produce few well-paying jobs for those below the top 20% of either country in income and little that benefits the majority of the population in either country, further increasing wealth disparities and consolidating the power of elites in both states.

The proliferation of global supply chains producing goods and services for the global metropole pushes the majority of the population to the margins as a growing proportion of land and resources are devoted to serving the needs of an ever wealthier few. Development along these lines is encountering resistance from rural populations everywhere that feel its effects in land expropriations, rising inflation, environmental destruction, and disrupted markets for traditional agriculture. This emerging economic order, which systemically generates huge disparities of wealth both within and among nations, is itself a source of conflict. The answer envisioned by the military elites is to throw ever more sophisticated levels of high tech violence at these conflicts. The agreements surrounding the US-India deal will buttress this trend.

The Role of Nuclear Power

Nuclear technology is a prototypic element of this global system and –in the future envisioned by the elites of many countries – is poised to become more important as supplies of fossil fuels are depleted. Producing energy in large, expensive centralized facilities, nuclear power is most useful for serving the emerging production and service centers of the global corporate capitalist metropole, and the consumption needs of the elites who profit from them. It has far less promise, however, for solving the energy needs of the vast majority of India's population, much less so in a way that offers any net environmental gains.

Advocates for the deal argue otherwise. On September 18, 2008, speaking at a hearing convened by the Senate Foreign Relations Committee, William J. Burns, Under Secretary of State for Political Affairs in the Bush Administration, stated,[12] "For the people of rural India, where only 55 percent of households even have access to electricity, the reality of a reliable, uninterrupted source of electricity will improve quality of life for millions, promote economic development, and help to stabilize spiraling food prices".

Nuclear power, as the most expensive form of centralized electricity generation, is an inefficient way to deliver energy to this population living in villages spread out over a vast country side. As distances increase, the losses incurred during the transmission and distribution become higher, eventually making it uneconomical to deliver electricity. Further, as energy analyst Amulya Reddy pointed out, "If the goal (objective to be achieved) for all energy systems is sustainable

[12] http://www.carnegieendowment.org/static/npp/reports/burnstestimony20080918.pdf

development, then the goal for rural energy systems is that they must be instruments of sustainable rural development. Rural energy systems, therefore, must advance rural economic growth, that is, they must be economically efficient, need-oriented and equitable, self-reliant and empowering, and environmentally sound".[13] Reddy also emphasized that generating sources be "amenable to local control and enhance it" [i.e., local control and self reliance].

The history of energy planning in India, as elsewhere, also shows that even though large generation projects are often constructed in the name of poverty alleviation and rural development, they are largely focused on meeting the demands of the urban rich. (Note: "Demands" should be differentiated from the normative term "needs.") But even in terms of the urban rich, the reality is that nuclear power in India has been mostly a failure, even more than in other countries. Nuclear plants today generate only three percent of India's electricity and less than one percent of its total energy needs. This is unlikely to grow significantly. [14]

Alternative vision

The single most pressing "security" issue of the 21st century will be assuring the essentials of a healthy, dignified life for the billions of people who are left out of a global economy focused on delivering mass consumption items to urban middle classes, luxuries to wealthy elites, and weapons to enforce this inequitable status quo. In the rising global awareness of both looming climate change and limits on oil supplies, there is an opportunity for a different path of both technology development and trade. This path would emphasize environmental sustainability and equity, rather than profits and maximizing consumption. Nuclear energy is neither environmentally sustainable nor socially equitable.

The alternative is to expanding use of decentralized, renewable energy technologies in India also would promote further innovation and bring down prices, encouraging their spread in the U.S. and elsewhere as well. Which exact mix of technologies will and should be determined by a combination of local resource availability, technological adaptability, and democratic principles. This alternative, therefore, is necessarily a vision rather than a rigidly determined path.

Several virtuous, mutually reinforcing cycles can be created in this way: improving energy access; providing employment, and generally broadening the economic potential of areas left out of the current mode of corporate globalization; reducing both greenhouse gas emissions and oil consumption in the United States, and reducing as a consequence the need for access to foreign oil and gas that is a significant factor driving an aggressive U.S. foreign policy world-wide. This kind of approach, furthermore, can more easily be achieved incrementally, with constantly improving decentralized energy technologies being deployed a household, a village, a city at a time, without the kind of massive, one shot capital costs that commit entire regions to a narrow set of technologies and generating facilities for decades at a time.

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[13] Amulya K N Reddy, "Goals, Strategies and Policies for Rural Energy," *Economic and Political Weekly*, December 4, 1999.

[14] M. V. Ramana and J. Y. Suchitra, "Slow and Stunted: Plutonium Accounting and the Growth of Fast Breeder Reactors," *Energy Policy*, Forthcoming, doi:10.1016/j.enpol.2009.06.063.

This is what the 21st century could look like. In contrast, building on the U.S. India nuclear deal and expanding nuclear power, both in India as well as other countries, would build another set of institutional ties binding us to the power structures, both technical and political, of the last century, strengthening those who profit from centralized control of energy resources, a society that generates and tolerates great disparities in wealth, and a global weapons trade that further concentrates wealth while raising the risk of catastrophic wars from the local to the global. Nuclear power, nuclear weapons, and arrangements like this deal are all bad risks for ordinary people everywhere, risks that humanity can no longer afford. It is time to chart a different future.

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