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Dr. Singh of India Comes to Town

by Arvind Subramanian | November 20th, 2009 | 01:48 pm

Hard on the heels of his tour of China—a visit that produced mixed results and even more mixed reviews—President Obama welcomes Prime Minister Manmohan Singh to the White House in the first state visit of his presidency. For both Mr. Obama and Dr. Singh, the trip will be important symbolically, politically, and economically—even if it does not produce the kind of concrete results that flowed from the Indian leader’s relationship with former President Bush, especially the epochal civil nuclear accord of last year that ended India’s pariah status in the nuclear field.

For the United States, the trip will serve to underscore the fact that there is more to international cooperation than what many, including C. Fred Bergsten, director of the Peterson Institute, have called the G-2 relationship between Washington and Beijing—or “Chimerica” in Niall Ferguson’s memorable phrase. Success on trade, climate change, and other G-20 issues will require India’s participation. Indeed, the United States may well find that even bilateral issues such as China’s undervalued exchange rate are more effectively addressed multilaterally with the presence of India, Europe, and other emerging markets. In fact it is unfortunate that the bilateralization of the Chinese exchange rate has obscured the large and adverse impact of China’s currency policy on other emerging markets and developing countries.

There is an important contrast to be made here. Chimerica is a relationship of necessity, of expedient but uneasy accommodations. India–United States is a relationship of choice between people who share similar and enduring values. This contrast has become a cliché. But the abiding images—reflecting the fundamental realities—that both countries and their leaders should keep an eye on are these: When President Obama reached out to the Chinese “people,” the great wall of state censorship stood in the way. President Clinton’s reaching out to the Indian people nearly ten years ago erupted in a spontaneous dance with a group of poor, illiterate rural women, and the president etched himself in the Indian psyche as the modern day Lord Krishna—the god of Indian mythology who was worshipped for his legendary attractiveness to the opposite sex. President Bush then came along and endeared himself to Indians by pushing through the civil nuclear deal, whose real import was the signal that: “You, India, are one of us.” Now President Obama is in a position to reaffirm that signal.

Substantively, it will be hard for Mr. Obama and Dr. Singh to match—in terms of scale and importance—the landmark civil nuclear agreement concluded between the United States and India under the Bush presidency. It was a landmark because it allowed India to be accepted as a member of the exclusive nuclear club and also, less symbolically, purchase much-needed civilian nuclear reactor technology and fuel from the West.

Three possible big-ticket issues that could be discussed are India’s bid to get a permanent seat on the United Nation’s Security Council, the Taliban–Al Qaeda insurgency in Afghanistan and Pakistan, and a serious deepening of economic ties through a possible US–India free trade or economic partnership agreement.

These will be hard. International politics rules out any immediate prospect for reform of the United Nations’ leadership structure. The wars in Afghanistan and Pakistan are too fraught with historical baggage to be resolved easily. The United States remains frustrated that Pakistan views India as a greater threat to its security than the Taliban in its northwest frontier, but it is not clear what, if anything, the Obama team wants India to do about that.

The logic of a “free trade area of the democracies” (as Aaditya Mattoo of the World Bank and I called

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it a decade ago) is becoming more compelling for the United States even if this logic is a defensive one. India has negotiated or is negotiating a series of free trade agreements in Asia—Singapore, ASEAN, Korea—with the European Union and has initiated talks for such an agreement in America's backyard, i.e., with Canada. The risk for US firms from such deals is clear. They would be discriminated against in all these markets and will eventually be forced to take matching action. But trade is not high on this administration's list of priorities, and that fact seems to rule out for the moment the idea of free trade between the two countries.

Other substantive issues are simply not big-ticket enough. The civil nuclear agreement still awaits final clearance. But this clearance is important now more to facilitate the United States' ability to sell nuclear equipment, including reactors, to India. Similarly, US firms are also competing for a share of India's planned defense purchases of about \$18 billion, including 126 military aircraft.

For India, intelligence cooperation with the United States—especially to interrogate suspects involved in last November's Bombay killings (India's 26/11)—is an important issue. But major progress is unlikely, at least partly because of the always sensitive issue of sharing secrets between the two governments.

The two leaders will therefore announce a number of joint initiatives—in clean energy and climate change, education, and agriculture and technology. While useful, they will be process related rather than lead to substantive outcomes.

But the symbolism of Mr. Obama's welcoming India's democratically elected leader, who won an impressive mandate of his own from the voters only a few months ago, should serve as a reminder of the values shared by the two countries. It is certain that Indians—unlike the Chinese—will get an unfiltered look at what the two leaders say and do. That alone is reason to be confident that they can build an even stronger relationship in the future.

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