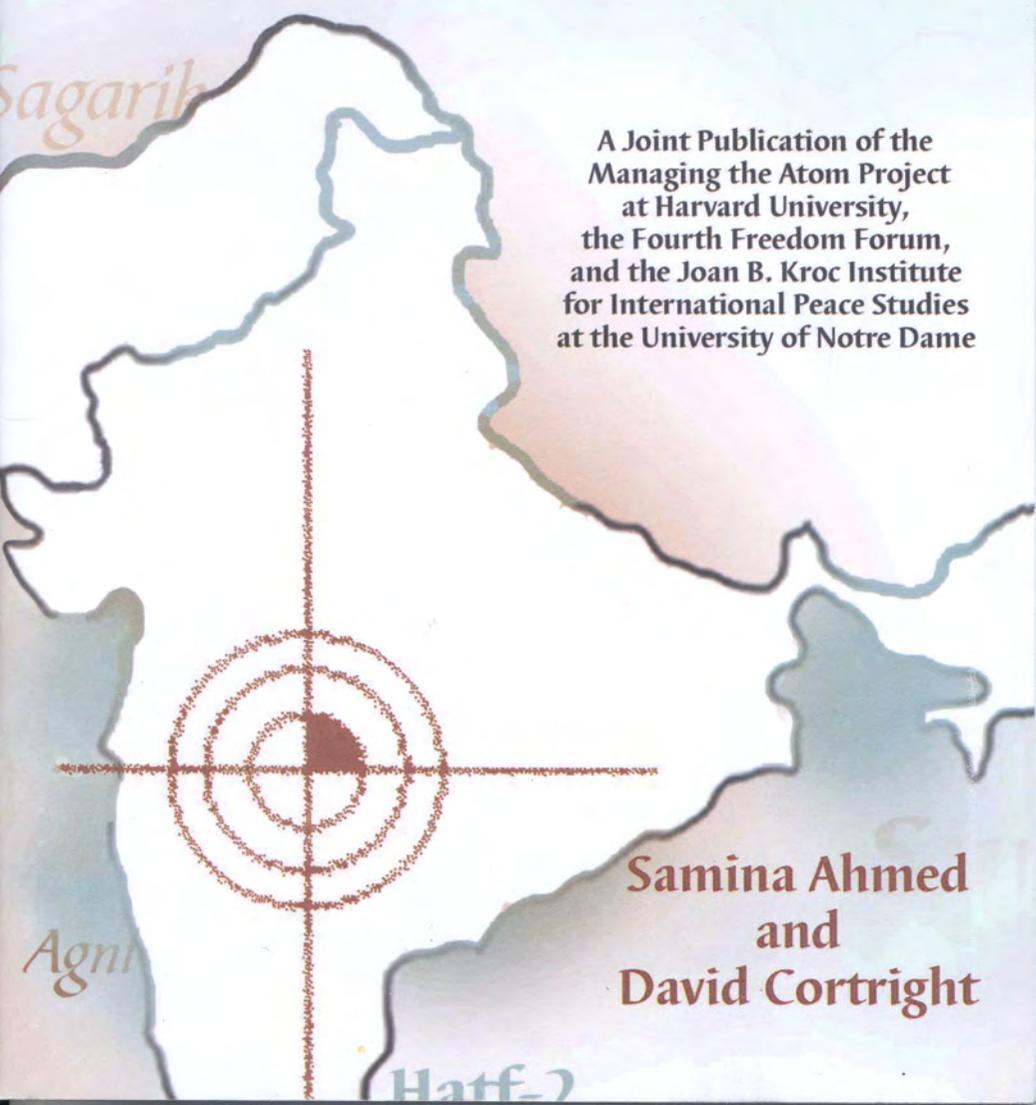


Policy Report

# South Asia *at the* Nuclear Crossroads



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at Harvard University,  
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for International Peace Studies  
at the University of Notre Dame

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# **South Asia at the Nuclear Crossroads**

**U.S. Policy Options  
Toward South Asian  
Nuclear Proliferation:  
The Role of Sanctions and Incentives**

**Samina Ahmed  
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## Executive Summary

- India and Pakistan stand at a nuclear crossroads, poised between demonstrated nuclear weapons status and the deployment of deliverable nuclear arsenals. The presence of nuclear weapons in the volatile and strategically located region of South Asia poses a serious threat to vital U.S. regional and global interests. The Bush administration can prevent India's and Pakistan's nuclear competition from assuming the shape of an all-out nuclear arms race through a coherent and consistent nonproliferation policy and suitable influence strategies.
- The interim goal for the Bush administration should be to cap India's and Pakistan's nuclear weapons programs below the deployment threshold. However, the U.S. should also seek to persuade and pressure India and Pakistan to roll back and eventually eliminate their nuclear weapons programs.
- An arms control strategy that aims at mere risk reduction and nuclear restraint is neither feasible nor desirable. As long as India and Pakistan possess nuclear weapons, the threshold for unauthorized, accidental, or intentional use will remain dangerously low. The risk of nuclear use will increase even further if India and Pakistan opt for operational nuclear arsenals.
- Diplomatic engagement and other incentives can play a major role in convincing India and Pakistan to curb their nuclear weapons programs. However, inducements on their own will fail to influence South Asian nuclear decision makers unless they are accompanied by sanctions.
- The U.S. should therefore adopt a carrots-and-sticks approach toward South Asian nuclear proliferation in which the promise and provision of targeted and conditional incentives are accompanied by the threat and the use of targeted and flexible sanctions.

- Since a unilateral carrots-and-sticks strategy is less effective than a multilateral approach, the U.S. should build an international coalition in support of its nonproliferation goals in South Asia, enlisting the support of important external actors and organizations, including the international financial institutions.
- The U.S. must retain the ultimate goal of eliminating nuclear weapons in South Asia. Toward this end, the U.S. should take tangible steps to meet its obligations under Article VI of the Nuclear Nonproliferation Treaty (NPT) to advance the goal of global disarmament.

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# South Asia at a Nuclear Crossroads

## *1.1: Challenges and Opportunities*

U.S. nonproliferation policy faces major challenges in South Asia. Both India and Pakistan have flight-tested missiles and combat aircraft with unarmed nuclear assemblies. In August 1999 an officially constituted advisory panel to the Indian National Security Council released a draft nuclear doctrine envisaging a nuclear triad in which nuclear weapons would be delivered by aircraft, submarines, and mobile land-based ballistic missiles.<sup>1</sup> Should India opt for nuclear weapons deployment, the likelihood of a retaliatory Pakistani deployment would be great, given Pakistan's India-centric and reactive nuclear policy. Operational nuclear weapons and their delivery systems would thus be deployed on both sides, greatly increasing the prospects of a catastrophic nuclear exchange. A nuclear arms race between India and Pakistan would bear serious consequences for South Asian security, Middle East stability, and global peace.

However, nuclear weapons deployment is not inevitable in South Asia. Following their nuclear weapons tests in May 1998 and the abandonment of nuclear ambiguity, India and Pakistan have refrained from taking tangible steps to integrate nuclear weapons and their delivery systems into their military arsenals or their military doctrines. Neither India nor Pakistan have institutionalized nuclear command, control, communications, and intelligence infrastructures. The Bharatiya Janata Party (BJP) government in New Delhi has yet to accept the August 1999 draft nuclear doctrine recommending a fully weaponized nuclear triad; nor has it taken steps to bring the armed forces into India's nuclear planning.<sup>2</sup> Both sides have demonstrated an interest in further developing their nuclear capabilities and have flight-tested ballistic missiles. Technological and financial constraints have so far prevented India and Pakistan from deploying operation-ready nuclear weapons and their delivery systems.

Technological and financial constraints aside, Indian and Pakistani nuclear decision making will also be influenced by their assessment of the international, in particular the U.S., response to overt weaponization and the deployment of nuclear weapons in South Asia. This presents an opportunity to the Bush administration to influence the ongoing debate in India and Pakistan on the cost and benefits of nuclear weapons deployment and to encourage both states to exercise nuclear restraint. To exploit this window of opportunity, the new U.S. administration should

reassess U.S. priorities toward South Asia and rethink the current directions of U.S. nonproliferation policy in the region.

### *1.2: South Asian Nuclear Proliferation and U.S. National Security*

For the past three decades, India and Pakistan have been engaged in a nuclear rivalry that is both a symptom and a cause of their bilateral discord. India and Pakistan have a long history of conflict, including three wars and a long-standing territorial dispute over Kashmir. Each step up the nuclear ladder by India and Pakistan introduces a new tension in their troubled relationship. India's decision to acquire nuclear weapons and demonstrate its nuclear weapons capability in 1974 resulted in the Pakistani adoption of a nuclear weapons program. As the nuclear weapons capabilities of the two states grew, so did their mutual suspicion and animosity. In May 1998 India and Pakistan conducted nuclear tests, abandoning nuclear ambiguity for overt nuclear weapons capability. In 1999 the two countries came perilously close to major war in the disputed territory of Kashmir, a conflict that had the potential of escalating into a nuclear exchange. While timely U.S. intervention prevented a fourth war between India and Pakistan, mistrust and hostility continue to mar their relations.<sup>3</sup>

Tensions have reached new heights since the military takeover in Pakistan in October 1999. There is no official bilateral dialogue between the two belligerent states. Military exchanges and guerilla attacks on and across the Line of Control in Kashmir, interspersed with sporadic and short-lived cease-fires, heighten bilateral mistrust and hostility.<sup>4</sup> The potential for a conventional war remains high.<sup>5</sup> Should such a war occur, the possible use of nuclear weapons, whether intentional, inadvertent, or unauthorized, cannot be ruled out. These risks would increase considerably if the two sides deploy operational nuclear weapons and their delivery systems.

Beyond the immediate threats posed by such an arms race to the one-fifth of humanity which resides in South Asia, nuclear weapons deployment in India and Pakistan would also have a far-reaching impact on the nuclear dynamics in the region and beyond, threatening vital U.S. national security interests. The deployment of nuclear weapons and their delivery systems in Pakistan would strengthen the position of nuclear advocates in neighboring Iran. The deployment of nuclear weapons and nuclear-capable ballistic missiles by India would influence China's nuclear doctrine. An India-Pakistan nuclear arms race could therefore result in parallel Pakistan-Iran and Sino-Indian nuclear arms

rices, destabilizing the entire region.<sup>6</sup> A South Asian nuclear arms race would also erode the global nonproliferation regime, embodied in the Nuclear Nonproliferation Treaty (NPT), undermining the confidence of signatory states in the treaty's ability to buttress their security. For all these reasons, the U.S. has a strong interest in preventing the incipient nuclear arms competition in South Asia from becoming an all-out arms race and in persuading both sides to roll back and eventually eliminate their nuclear weapons programs.

### *1.3: U.S. Nonproliferation Policy: Guidelines for the New Administration*

Since India and Pakistan are unlikely to end their nuclear rivalry either unilaterally or through a bilateral dialogue, U.S. intervention may be necessary to prevent the deployment of nuclear weapons and their delivery systems in South Asia. The United States has urged both states to restrain their nuclear and ballistic missile programs and to refrain from embarking on a full-fledged nuclear arms race, but it has not developed an effective program for achieving these objectives. Past U.S. policy initiatives in the region have failed to contain nuclear proliferation. At this critical juncture, as the Bush administration formulates nonproliferation policy toward South Asia, it is vital to identify and remedy the shortcomings of past U.S. nonproliferation efforts, and to craft new policy directions that might be more successful in the future.

A number of influential analysts and think tanks in the West and in South Asia argue that the best policy for the United States is to learn to live with the reality of nuclear weapons in South Asia, and to grant India and Pakistan the nuclear status they desire. Instead of attempting to roll back nuclear proliferation, critics contend, the United States should help India and Pakistan stabilize their nuclear deterrent at a safe level. Some analysts even advocate that the U.S. transfer nuclear weapons safeguard technologies to India and Pakistan to reduce the risk of nuclear war. Critiquing past U.S. nonproliferation policies as overly ambitious and excessively reliant on sanctions policies and denial strategies, these analysts also argue that Washington's one-point agenda of nuclear proliferation harms political relations with India and Pakistan, undermining other equally vital political, strategic, and economic goals. To achieve these multipronged goals, they argue, policies of engagement should replace sanctions as the primary means of influence in the region.<sup>7</sup>

It is indeed important to examine the previous shortcomings of U.S. nonproliferation policy in South Asia and to identify alternative policy

options, but this must not mean abandoning nonproliferation goals in favor of arms control. The United States must engage with India and Pakistan to promote its national interests. However, the U.S. will undermine its national interests if it abandons nonproliferation goals and tacitly accepts India's and Pakistan's nuclear weapons status. Unconditional engagement and an acceptance of India's and Pakistan's nuclear status would encourage both states to deploy operational nuclear arsenals and their delivery systems. The U.S. should not only dissuade India and Pakistan from going further down the nuclear road but should retain its stated commitment to a nuclear weapon-free future in South Asia and throughout the world. Inducement strategies, including diplomatic engagement, can be highly effective in shaping the policy preferences of recipient countries, but it would be a mistake in our view to abandon all sanctions policies in favor of unconditional engagement. This would be seen as a reward for nuclear proliferation and could have detrimental consequences for U.S. nonproliferation policy not only in South Asia but globally. Incentives strategies can play a role in achieving nonproliferation objectives, but they work best when they are combined with sanctions as part of a carrots-and-sticks bargaining process.

In this report we explore how the U.S. can reshape its South Asian nuclear nonproliferation policies to more effectively contain and reverse Indian and Pakistani nuclear ambitions. We examine the actors that have impeded or promoted U.S. nonproliferation goals in the past, and identify the most appropriate policy options, sanctions as well as incentives, that could contain, reverse, and eliminate South Asian nuclear proliferation in the future.

## Sanctions and Incentives

### *2.1: Successful Influence Strategies*

Sanctions and incentives have been used successfully by the United States and other concerned actors to persuade a number of states to drastically change their nuclear policies and to join the nonproliferation regime. In the 1970s the United States and Canada persuaded South Korean decision makers to abandon a reprocessing plant deal with France. Threats were made to withdraw military support and to impose economic sanctions on financial assistance to South Korea's civilian nuclear energy program. Compliance was rewarded with economic and security incentives.

Two decades later, the United States, South Korea, and Japan successfully used carrots and sticks to persuade North Korea to cap its nuclear weapons capabilities. North Korea was threatened by punitive measures such as UN sanctions and the use of force. The North Korean regime was also promised incentives, including the provision of heavy fuel oil, light water reactors, and an opening of diplomatic relations. Incentives-based bargaining led to the 1994 Agreed Framework and a verified freeze on North Korea's nuclear program.<sup>8</sup>

After the dissolution of the Soviet Union, the United States and other influential foreign actors used economic, security, and diplomatic incentives to pressure Belarus, Ukraine, and Kazakhstan to give up the nuclear weapons on their soil and to join the NPT as nonnuclear weapons states, threatening to withhold these incentives in the case of noncompliance.<sup>9</sup> In all these cases, carrots-and-sticks strategies successfully persuaded target states that the costs of nuclear proliferation exceeded its benefits.

## *2.2: Understanding Sanctions*

Encompassing economic, military, and diplomatic penalties, sanctions can serve a variety of goals: to punish a target state, express disapproval of the target state's behavior, change that behavior by imposing costs, deter other states from following suit, or a combination of the above.<sup>10</sup> Sanctions can be deemed successful if the intended policy objective or objectives are achieved. While sanctions seldom result in a drastic transformation of the target state's behavior, coercive measures can change the cost-benefit analysis of targeted policymakers, resulting in a reconsideration of policy options.

As instruments of persuasion, sanctions can play a significant function by "bringing the targeted regime to the bargaining table."<sup>11</sup> Moreover, sanctions can have a spillover effect. They might, for instance, only minimally affect the target state's economy but could result in the questioning of a policy choice by adversely affecting domestic actors. Sanctions might result in a decline in internal and external investor confidence thereby prompting a reevaluation of policy options.<sup>12</sup> When punitive measures signal strong international disapproval or condemnation for a particular policy, they strengthen constituencies for reform and at the same time weaken the internal bargaining position of opponents of reform within the target state. By signaling disapproval of the target state's policies and by imposing diplomatic or economic costs, sanctions can also deter other states from adopting the same behavior.

To use sanctions effectively, consistent policies and clearly identified goals are essential. Sanctions are, as Kimberly Elliot emphasizes, “a tool of policy and cannot succeed alone when the policy they serve is incoherent and inept.”<sup>13</sup> If the objectives of the enforcing state are contradictory, the necessary political will to sustain punitive measures will be absent. This undermines the internal cohesion of an enforcing state or coalition and may give the target state an opportunity to exploit internal disagreements to restrict the scope and duration of sanctions. When sanctions are only nominally imposed or are lifted before the achievement of the desired goal, they send the wrong signal to the target state, reinforcing its unacceptable behavior.

Multilateral sanctions regimes are more effective than unilateral measures since they undermine the target state’s ability to exploit alternative sources of supply, thereby increasing the costs of the undesirable behavior.<sup>14</sup> Although sanctions must impose sufficiently high diplomatic and economic costs to force the target state to the bargaining table, comprehensive and sweeping sanctions can prove counterproductive since they do not target key elites or regimes and may have an adverse humanitarian impact. Their legitimacy is thus eroded, while governing elites are given an opportunity to rally domestic support around the unacceptable policy.<sup>15</sup> Smart or targeted sanctions apply pressure on policymakers responsible for the offending behavior while minimizing harm to the innocent.<sup>16</sup> Sanctions are most effective when there are clear preconditions for their withdrawal, and when punitive measures are accompanied by the offer of incentives.

### *2.3: Using Incentives*

Like sanctions, incentives can also have multiple objectives: to demonstrate the sender’s commitment to a desired norm or policy preference, to persuade the recipient to change its behavior through the promise and provision of rewards, to signal approval of the change in the target state’s behavior, and to encourage other states to adopt norm-based behavior. As in the case of sanctions, incentives are a policy tool and will not succeed if the policy itself is incoherent and has contradictory goals.

Incentives need to be carefully calibrated to ensure that the promised rewards will change the recipient’s calculations of the costs and benefits of a policy choice.<sup>17</sup> At the same time, care must be taken to ensure that incentives empower supporters rather than opponents of reform. Above all, incentives strategies will prove counterproductive if rewards are provided unconditionally, without tangible evidence of change in the target state’s behavior.

Perverse incentives are those inducement policies that are perceived by recipients as indications of the sender's weakness. These are unearned rewards that strengthen the position of those responsible for objectionable behavior. Such policies undermine external support for the desired policy or norm, weaken the internal bargaining position of supporters of reform, and encourage other actors to adopt the same behavior. Thus the provision of incentives should be conditional on tangible evidence of the desired change in the recipient regime's behavior and should be accompanied by the threat and the use of sanctions if there are no reciprocal concessions.<sup>18</sup>

#### *2.4: Carrots and Sticks*

A carrots-and-sticks strategy that mixes incentives and sanctions can prove most effective in bringing targeted regimes to the bargaining table and encouraging decision makers to reconsider their policy options. Sanctions are used to pressure the policymaking elite within the target state and incentives are promised to change their assessment of costs and benefits.<sup>19</sup> The effectiveness of such a strategy will depend on sanctions and incentives that are carefully targeted, vigorously monitored and enforced, and sustained.<sup>20</sup> A carrots-and-sticks strategy requires cohesion within the enforcing state or coalition of states and must, above all, serve a coherent policy and consistent goals.

According to Spector and Foran, the success of a carrots-and-sticks strategy for nuclear nonproliferation depends on the motives of the proliferator and the level of commitment of the sender. The greater a target state's perceived need for nuclear weapons, the stronger its motivation to proliferate.<sup>21</sup> However, motives are not constant and can be subject to change, depending on the cost-benefit calculus of the proliferator. Thus, an incentives offer could be sufficiently lucrative and the cost of sanctions high enough to change the target's calculations of the costs and benefits of retaining nuclear weapons. The motives of the sender are equally important. If the motives that shape a sender state's policies toward the target regime are inconsistent with its nonproliferation objectives and goals, then a carrots-and-sticks strategy is bound to fail.

## Learning from the Past

### *3.1: The Perils of Inconsistency*

In the past, the United States has failed to bargain effectively with India and Pakistan because of a historical disjunction between U.S.

operational and declared policy. U.S. declared goals in South Asia have emphasized nonproliferation, but these objectives have often taken a back seat to other perceived political, commercial, and strategic interests. As a result, the U.S. has pursued a policy of engagement with South Asia that has seldom been conditioned on nonproliferation progress. The U.S. has also regularly changed the goalposts of its nonproliferation policy, shifting from an emphasis on keeping South Asia nuclear weapon-free, to a demand for rolling back nuclear development, to the current emphasis on capping Indian and Pakistani nuclear capabilities.

At various junctures, the United States has relied on incentives, sanctions, or a combination of both to persuade or pressure India and Pakistan first to give up, then to reverse, and subsequently to freeze their nuclear weapons programs. However, U.S. nonproliferation rhetoric has seldom matched its operational policy. As a result, contradictory signals have been sent to Indian and Pakistani decision makers, undermining U.S. credibility and influence on Indian and Pakistani nuclear policy. These contradictions in U.S. operational and declaratory policy have been used by Indian and Pakistani nuclear advocates to strengthen their internal bargaining position and standing.

Because U.S. objectives in South Asia have been inconsistent, the tools used to carry out U.S. nonproliferation policy, incentives or sanctions, have had only limited impact on Indian and Pakistani nuclear decision makers. Punitive measures were inconsistently applied and proved ineffective. Sanctions did not target key decision-making elites, and they were not accompanied by incentives for supporters of reform. While much of the discussion of U.S. policy has focused on sanctions, Washington has relied primarily on incentives to influence India's and Pakistan's nuclear behavior. These incentives strategies have also been ineffective, however. They served contradictory goals, were extended unconditionally, were delivered to opponents of reform, and were seldom accompanied by targeted, substantial, and sustained sanctions. Following the Indian and Pakistani nuclear tests in May 1998, the United States applied new coercive pressures to bring India and Pakistan to the bargaining table, but sticks were quickly replaced by carrots as the United States reverted to an incentives-based approach.

### *3.2: Imperfect Incentives*

During the decade of the 1950s, U.S. nuclear policy was guided by cold war imperatives. The U.S. therefore assisted the nuclear weapons programs of chosen cold war partners and ignored the nuclear ambitions of other potential cold war allies. In the South Asian context, the U.S. provided training, technology, and materials for India's nuclear

energy program under the Atoms for Peace program. Aimed at promoting the peaceful uses of nuclear energy, the program placed few effective curbs on the diversion of technology and hardware to nuclear weapons programs by states such as India.<sup>22</sup> By the 1960s, more concerned about the spread of the bomb, Washington employed incentives to persuade states to abjure nuclear weapons, making such inducements conditional on acceptable nonproliferation behavior. The cornerstone of the nonproliferation regime, the 1968 Nuclear Nonproliferation Treaty, promised access to nuclear technology in return for nonproliferation pledges. However, this emphasis on conditional incentives was not linked to stringent sanctions. The only sanction imposed on nonsignatory states was a denial of nuclear technological and material assistance.

India was among the states that refused to sign the NPT. Neither the promised incentives nor the threatened sanctions contained in the treaty influenced India's decision makers, since their nuclear weapons program was already underway. India's political leadership and its scientific-bureaucratic estate were determined to attain a nuclear weapons capability.<sup>23</sup> India's humiliating defeat in its 1962 war with China and the Chinese acquisition of nuclear weapons strengthened Indian perceptions that nuclear weapons confer both military security and political prestige.

The U.S. response to India's nuclear ambitions was shaped by geopolitical considerations. Democratic India did not pose a threat to U.S. national security. The United States was disinclined to exert nonproliferation pressures since India confronted communist China. India's nuclear capability was seen by some as a potential counterweight to a nuclear-capable China.<sup>24</sup> U.S. officials therefore chose to overlook India's fast-expanding nuclear infrastructure, and continued to provide unsafeguarded technology and materials for India's civilian nuclear energy program even after India's refusal to join the NPT.

### *3.3: Sanctioning Nuclear Proliferation*

Neighboring Pakistan also acquired a nascent nuclear infrastructure as the result of U.S. assistance under Atoms for Energy programs.<sup>25</sup> A cold war ally of the U.S. and thus the recipient of U.S. preferential arms and economic assistance, Pakistan's politically dominant military was initially disinterested in nuclear weapons. However, India's fast-expanding nuclear weapons infrastructure and continuing hostilities between the two countries motivated Pakistan to explore the nuclear weapons option.<sup>26</sup> Nuclear weapons were perceived as a means of matching India's technological prowess, countering India's conventional

superiority, and offsetting its regional influence. The first signs of Pakistan's nuclear ambitions became evident when it refused to join the NPT. In subsequent years, as Pakistan actively embarked on a nuclear weapons program after its defeat in the India-Pakistan 1971 war, its nuclear choices were influenced by U.S. policy toward India.

In response to India's explosion of a nuclear device on 18 May 1974, U.S. nonproliferation strategies shifted from incentives to denial regimes and sanctions. The U.S. Congress enacted the Symington and Glenn amendments and the 1978 Nuclear Nonproliferation Act (NNPA), requiring full-scope safeguards for the transfer of nuclear hardware and material, and threatening military and economic sanctions on any state attempting to acquire or supply unsafeguarded nuclear technologies. Sanctions were also to be imposed on any nonnuclear weapons state that conducted a nuclear explosion.

The U.S. did not, however, develop or implement tangible, targeted, and sustained sanctions against India's nuclear weapons program. On the contrary, the U.S. agreed to reschedule India's external debt, increased its economic assistance to India, and for a few years continued to supply nuclear fuel to India's nuclear reactors.<sup>27</sup> India was exempted from congressionally mandated sanctions, since these were only applicable to states that conducted nuclear explosions after the enactment of the legislation. The modest measures that were eventually employed—halting the transfer of nuclear weapons materials and technology—failed to change the cost-benefit analysis of India's nuclear decision makers since the costs imposed were insufficiently large. U.S.-backed multilateral strategies to curtail the diffusion of unsafeguarded nuclear technology did slow the pace of Indian weaponization. India's nuclear weapons program suffered as a result of the suspension of foreign technology transfers and assistance.<sup>28</sup> But these sanctions did not reverse India's nuclear development. India was capable of sustaining its nuclear weapons program through indigenous means and it continued its efforts to achieve nuclear weapons status.

Had the United States opted for either a formal or an ad hoc multilateral regime of targeted sanctions against India, it could have more decisively influenced the nuclear policies of both India and Pakistan. Although its close ties with the Soviet Union would have helped India to circumvent some of the pressure of a U.S.-led sanctions regime, such sanctions would have sent a strong signal of international disapproval, strengthening nuclear opponents in the internal Indian debate. In the Pakistani context, where the military was still hopeful of reviving its previously close strategic and economic relationship with the United States, the economic and diplomatic costs of a U.S.-sponsored sanctions regime against India could have dissuaded Pakistan from following suit.

India's 1974 nuclear explosion and the U.S. failure to sanction India motivated Pakistan to accelerate the pace of its nuclear activities. Pakistan attempted to acquire a nuclear reprocessing plant from France. Although the United States dissuaded France from going ahead with the sale, Washington failed to reverse the course of Pakistani nuclear proliferation. Exploiting the absence of an international consensus on countering nuclear proliferation and the gaps in the nonproliferation legislation of supplier states, Pakistan acquired nuclear technology and know-how through alternative sources of supply or through clandestine means.<sup>29</sup>

Continued Pakistani attempts to clandestinely acquire nuclear technology and materials resulted in the imposition of U.S. military and economic sanctions in April 1979. U.S. punitive measures were unilateral and restricted in scope, however. Since the United States did not opt for a multilateral sanctions regime on grants and loans from international financial institutions, the impact of sanctions on the Pakistani economy was limited. This in turn reduced their influence on Pakistan's cost-benefits analysis of its nuclear weapons program. Moreover punitive measures were not accompanied by substantive, conditional, and targeted economic and diplomatic incentives that could have strengthened internal constituencies for reform. U.S.-led multilateral military sanctions could have had a significant impact on Pakistan's military-dominated nuclear decision-making process. However, the unilateral nature of the sanctions merely led the Pakistani military to seek alternative sources of supply. In December 1979, just a few months after they were imposed, U.S. economic and military sanctions were waived, despite evidence that Pakistan was actively pursuing a nuclear weapons program.

### *3.4: From Pressure to Persuasion and Back Again*

In the 1980s cold war strategic interests again overrode U.S. nonproliferation objectives and concerns. The U.S. not only waived military and economic sanctions against Pakistan but provided the military regime of General Zia-ul-Haq with billions of dollars in military and economic assistance as a reward for its anti-Soviet activities in Afghanistan. To justify this policy shift, U.S. policymakers claimed that the provision of conventional arms would reduce the Pakistani military's dependence on nuclear weapons. Military and economic incentives were described as an appropriate alternative to an ineffective sanctions-based nonproliferation strategy.<sup>30</sup>

To assuage nonproliferation concerns and to bypass the sanctions imposed by the Symington amendment, Congress adopted the Pressler amendment in 1985. The amendment made economic aid, military assistance, and arms sales conditional on annual presidential certification that Pakistan did “not possess a nuclear explosive device and that the proposed United States assistance program will reduce significantly the risk that the recipient country will possess a nuclear explosive device.”<sup>31</sup> Subsequently, ignoring intelligence reports of Pakistani nuclear activities, consecutive presidential certifications were provided to continue the flow of economic and military assistance to Pakistan.<sup>32</sup>

As in the case of Pakistan, the Indian nuclear weapons program also benefited from the renewed cold war between the United States and the Soviet Union. The United States was hesitant to pressure India on the nuclear issue, hoping to woo India into abandoning its close ties with Moscow. To improve relations with India, the U.S. continued to provide inducements such as access to high technology and the resumption of arms sales, despite evidence that India had moved further down the nuclear road, obtaining weapons-grade material from unsafeguarded facilities.<sup>33</sup> These U.S. inducements were perverse in nature since they undermined U.S. nonproliferation objectives and were not targeted to internal supporters of reform.

The U.S. provision of unconditional military, economic, and technological assistance to countries with active nuclear weapons programs highlighted the contradictions between its declared and operational nonproliferation policies. These inconsistencies were perceived by Indian and Pakistani nuclear decision makers as a sign of weakness. The incoherence in U.S. nonproliferation policy and the inadequacy of its influence strategies strengthened the standing of Indian and Pakistani nuclear advocates within their respective policymaking processes. As a result, both India and Pakistan advanced their nuclear programs.

In 1984, Prime Minister Rajiv Gandhi declared that India could exercise its nuclear weapons option in “a few days or a few months.”<sup>34</sup> By the mid-1980s, India also embarked on an Integrated Guided Missile Development Program, developing short- and medium-range ballistic missiles.<sup>35</sup> In Pakistan, the head of its nuclear enrichment facility, Dr. Abdul Qadeer Khan, disclosed as early as 1984 that Pakistan could enrich weapons-grade uranium. In 1987 Qadeer claimed that Pakistan could assemble a nuclear device.<sup>36</sup> However, the U.S. continued to certify Pakistan’s nonnuclear status until 1990, when Pakistan finally lost its strategic significance for the United States following the Soviet withdrawal from Afghanistan. The imposition of the Pressler amendment sanctions failed to influence Pakistani nuclear decision making since the economic costs of unilateral U.S. sanctions were considered bear-

able by Pakistan's nuclear establishment. In any case, the reimposition of sanctions was short-lived, since the United States once again reversed course a few years later, opting for an incentives-based influence strategy despite the lack of any nonproliferation progress in either Pakistan or India.

### *3.5: Employing Carrots and Sticks*

The Clinton administration opted for a policy of diplomatic and economic engagement with India and Pakistan in the hope that inducement strategies would translate into a constructive dialogue on nuclear nonproliferation. This policy of engagement was also meant to further other perceived U.S. political, strategic, and economic interests in South Asia. In the Pakistani case, the United States weighed its nonproliferation concerns against other geostrategic interests. Pakistan borders on Iran and China, and is close to the Gulf and neighbors the resource-rich Central Asian Republics. The United States hoped to revive its cold war pattern of friendship with Pakistan, and to use Islamabad as a stabilizing influence in the region. In the Indian case, the end of the cold war and the opening of India's economy in 1991 gave the United States an unprecedented opening to gain economic and diplomatic advantages.

The Clinton administration's initial nonproliferation goals were "first to cap, then over time reduce, and finally eliminate weapons of mass destruction and their means of delivery in South Asia."<sup>37</sup> These nonproliferation objectives were soon overshadowed by other political, commercial, and strategic interests, however. The Clinton administration formally retained its ultimate objective of eliminating nuclear weapons and their delivery systems in South Asia, but it shifted the nonproliferation goalposts first to the interim goal of a rollback of India's and Pakistan's nuclear weapons programs, and subsequently to a cap on their nuclear weapons capabilities.<sup>38</sup> The Clinton administration's policy directions were rightly perceived by Indian and Pakistani policymakers as a watering down of the U.S. resolve to eliminate the presence of nuclear weapons in South Asia.

The U.S. offered diplomatic and economic incentives to India and Pakistan with the dual motives of reaping the political and economic benefits of engagement and persuading both states to accept some curbs on their nuclear and ballistic missile programs. Although incentives were linked to the threat and use of sanctions, engagement policies continued to take precedence. Some sanctions were retained to signal U.S. disapproval of India's and Pakistan's nuclear development, but these unilateral measures were too limited in scope to change the cost-benefit analysis of Pakistani and Indian decision makers. India was not sub-

jected to military sanctions. The limited and unilateral military sanctions imposed on Pakistan under the Pressler amendment were waived in favor of a one-time sale of military equipment and spare parts, authorized by the 1995 Brown amendment. In India, where by the late 1980s sufficient plutonium had been stockpiled to produce between twenty to forty nuclear weapons,<sup>39</sup> these military sales to Pakistan created public resentments which were exploited by its nuclear estate to press for a more assertive nuclear posture.

The position of Indian nuclear advocates was also strengthened by U.S. inaction regarding Pakistan's nuclear linkages with China. These included the Chinese transfer of nuclear enrichment technology, weapons-grade material, weapons design information, nuclear-capable ballistic missiles, and missile technology to Pakistan. Although the U.S. pressured the Chinese to discontinue this nuclear and missile assistance to Pakistan, U.S. trade relations with China took precedence over non-proliferation goals. The U.S. failure to effectively sanction Pakistan and China for their nuclear relationship fed into Indian policymaking.<sup>40</sup>

Accepting the nuclear scientific-bureaucratic estate's demands for a demonstration of India's nuclear prowess and for the need to test new weapons designs, the government of Narasimha Rao prepared to hold a series of tests in Pokhran in 1995. The United States responded by reminding India that a test would trigger mandatory and comprehensive economic sanctions.<sup>41</sup> These threats, at a time when the Indian economy was in the process of opening up, prompted a postponement of the Indian nuclear tests, but only for a short period of time.<sup>42</sup> From 1995 to 1997, the U.S. continued to engage in a strategic dialogue with India, hoping to persuade Indian officials to accept a nuclear cap in return for diplomatic incentives. In May 1998, the inadequacy of U.S. nonproliferation policies toward South Asia became evident when India conducted a series of nuclear tests, resulting in a tit-for-tat Pakistani response.

It is important to note that India and Pakistan decided to test knowing full well that U.S. law required the imposition of sanctions. The Indian decision to test was taken when the nationalist BJP government came to power with an election manifesto that declared its intention to "exercise the option to induct nuclear weapons."<sup>43</sup> The BJP's nuclear preferences converged with those of India's powerful and ambitious nuclear establishment. The Indian decision to test included an assessment of the potential costs of U.S. diplomatic and economic sanctions. Given the past inconsistency of U.S. sanctions in South Asia, however, Indian decision makers could have safely assumed that any punitive measures

would be unilateral and short-lived, and that the diplomatic and economic costs would be bearable.

Following the Indian tests, the United States concentrated its attention on dissuading Pakistan from following suit, threatening punitive action and offering military and economic incentives. For Pakistan's politically dominant military and its nuclear scientific community, however, nuclear tests were considered necessary to counter India's nuclear capabilities and to match India's technological prowess. The Pakistani decision to test was also influenced by calculations of the potential costs of U.S. sanctions. Given its past experience, Pakistan could assume that the new U.S. sanctions, like previous coercive measures, would be limited in scope and duration.

## Nuclear Tests and the U.S. Response

### *4.1: International Sanctions and Conditional Incentives*

As India and Pakistan abandoned nuclear ambiguity for overt nuclear weapons status, the Clinton administration confronted profound challenges to its nonproliferation policies. In its initial response, the U.S. imposed military and economic sanctions mandated by the 1994 Nuclear Proliferation Prevention Act and strengthened existing sanctions including those on dual-use technology.<sup>44</sup> The U.S. also successfully rallied international opinion against the nuclear tests. With the support of influential international actors such as China and Russia, the G-8 and the European Union, the U.S. created an ad hoc international sanctions regime, imposing sanctions on new nonhumanitarian credits and loans to India and Pakistan from international financial institutions such as the IMF and the World Bank.

These punitive measures were accompanied by offers of conditional inducements. In its negotiations with India and Pakistan, the United States offered to lift sanctions incrementally in response to Indian and Pakistani progress toward nonproliferation. The international community's benchmarks for the removal of the multilateral sanctions on India and Pakistan included: 1) restraints on their nuclear weapons and missile programs, especially nondeployment of nuclear weapons and an end to missile testing; 2) accession to the Comprehensive Test Ban Treaty (CTBT); 3) participation in international negotiations for a Fissile Material Cutoff Treaty (FMCT); and 4) stronger export controls on nuclear materials and technology.

## 4.2: *Nonproliferation Progress*

The U.S.-led sanctions regime against India and Pakistan was meant to signal strong disapproval of their nuclear tests, and to impose sufficiently high diplomatic and economic costs to force them to the bargaining table.<sup>45</sup> Although international censure and pressure initially created a “rally-round-the-flag” effect in India, the erosion of India’s international prestige and moral standing prompted questioning of the BJP’s nuclear directions within and outside Parliament. By signaling strong international disapproval, the U.S. influence strategy achieved one of its major objectives. It contributed to the emergence of a vigorous debate in India on the merits and costs of nuclear proliferation.

The U.S.-led international sanctions regime also had tangible economic effects. Sanctions were imposed on nonhumanitarian assistance by Japan, India’s largest aid donor. India’s relations with the U.S., its main source of direct financial investment and its largest trading partner, were also adversely affected. As a result, direct foreign investment in India declined, and external and internal investor confidence faltered, motivating influential sections of the Indian business community to express support for nonproliferation restraints. After the imposition of U.S. sanctions, Moody’s Investors Service downgraded India’s debt offerings, resulting in increased interest rates and higher borrowing costs for all Indian businesses.<sup>46</sup> Unilateral U.S. sanctions on scientific cooperation were also significant, since they specifically targeted those sections of India’s influential scientific community that were responsible for its nuclear weapons program.

The economic impact of the multilateral sanctions regime on Pakistan was even more significant. Decades of economic mismanagement and mounting debt obligations had made the Pakistani state heavily dependent on multilateral lending and grants to meet its budgetary needs. The U.S.-initiated multilateral sanctions regime therefore brought the Pakistani economy to the brink of collapse, threatening an internal and external default.<sup>47</sup>

Hoping to ease U.S. pressure by appealing to anti-Chinese sentiments in Congress, India’s BJP-led government attempted to justify its nuclear tests on the grounds of a perceived Chinese threat and Sino-Pakistani nuclear collaboration. As early as 1996, however, hoping to diffuse tensions with the U.S. over its nuclear relationship with Pakistan, China claimed to have discontinued its assistance to Pakistan’s nuclear weapons and ballistic missile programs. In 1998, in concert with the U.S. and India’s ally, Russia, China strongly condemned both the Indian and Pakistani nuclear tests and called upon both South Asian actors to sign the CTBT and to join the NPT as nonnuclear weapons

states.<sup>48</sup> China's response was motivated by its apprehensions about a potential nuclear arms race between its two adversarial South Asian neighbors.

Initially it appeared that the U.S. carrots-and-sticks strategy had succeeded in achieving its major objectives. In India as well doubts were raised about the costs of nuclearization. Subjected to international condemnation and deprived of Chinese support, Pakistan's military-dominated nuclear decision makers were forced to reconsider their nuclear choices. The desire to ease international pressure and to avail of U.S. incentives brought India and Pakistan to the bargaining table. U.S. negotiations resulted in some positive movement. India and Pakistan declared unilateral moratoriums on further testing and appeared willing to curb their nuclear weapons programs. In their addresses to the UN General Assembly in September 1998 Prime Ministers Vajpayee of India and Sharif of Pakistan declared their intention to consider signing the Comprehensive Test Ban Treaty. Both states hedged their pledges of nuclear restraint, however. Pakistan promised to draft national legislation for stringent curbs on the transfer of nuclear technology and to participate in FMCT negotiations, but it attached conditions to its entry into the CTBT and to its support for a future fissile material cutoff. India expressed support for a future FMCT but offered only a conditional promise to sign the CTBT.

#### *4.3: Reversing Course*

If the U.S. had sustained its policy of sanctions pressure combined with incentives promises, it might have successfully cajoled India and Pakistan to translate their conditional pledges into tangible curbs on their nuclear and ballistic missile programs.<sup>49</sup> Instead, the U.S. began easing sanctions soon after they were imposed. In July 1998, after only two months of sanctions, the U.S. Congress passed legislation exempting agricultural producers from sanctions. In November President Clinton exercised general waiver authority, granted by the Brownback amendment, and suspended all sanctions on India and Pakistan, with the exception of restrictions on military assistance and sales of dual-use and military equipment.<sup>50</sup> Responding to pressures from U.S. business and agricultural interests and from the politically influential Indian American community, Congress passed the Brownback II amendment in October 1999, which extended the previous legislation and gave the president permanent authority to waive all economic and military sanctions against India and Pakistan.<sup>51</sup> The granting of waiver authority was meant to strengthen the administration's ability to use carrots and sticks in its negotiations with India and Pakistan. The authority to waive sanctions

enabled the Clinton administration to offer incentives to India and Pakistan in return for nonproliferation concessions. The administration also could have retained sanctions if there were no nonproliferation progress. However, this carrots-and-sticks strategy was undermined when the U.S. used the waiver authority and lifted almost all sanctions, without any concrete concessions from the other side. For Indian and Pakistani policymakers, this sudden shift in U.S. influence strategies signaled that the U.S. had once again downgraded its nonproliferation objectives in South Asia, and that it was more interested in pursuing other political, strategic, and commercial interests in the region than in exerting pressure for denuclearization.

## U.S. Policy Options

### *5.1: Engaging with South Asia*

A sustained policy of diplomatic engagement with India and Pakistan has enabled U.S. policymakers to play a positive role in containing conflict between the two nuclear-capable adversaries. On three different occasions, in the period from 1986 through 1987, in 1990, and more recently in 1999, U.S. intervention successfully dissuaded India and Pakistan from going to war. The U.S. role in the Kargil crisis is particularly significant. From May to July 1999, large-scale conventional hostilities along and across the Line of Control in the disputed territory of Kashmir threatened to escalate into an all-out war that could have assumed a nuclear dimension. The Kargil dispute was resolved when the United States persuaded and pressured Pakistan to withdraw its armed supporters from Indian-administered territory. The fact that U.S. intervention played a major role in defusing the Kargil conflict is indicative of the weight of U.S. influence in both India and Pakistan. The U.S. could also use its regional influence to promote nuclear nonproliferation in South Asia. There is a pressing need for the new U.S. administration to constructively engage with India and Pakistan to achieve nonproliferation objectives.

### *5.2: Potential Policy Options*

In dealing with South Asian nuclear proliferation, the Bush administration can choose from three policy options. First, the United States could tacitly accept India's and Pakistan's nuclear weapons status in return for the creation of a stable nuclear arms control regime that

includes nuclear risk reduction measures. Second, a nuclear cap in South Asia could be the long-term and ultimate goal of U.S. nonproliferation policy. The United States would attempt to freeze India's and Pakistan's nuclear weapons and ballistic missile capabilities at the level of nonweaponization and nondeployment. Third, U.S. nonproliferation policy could combine the near-term goal of freezing current capabilities with the long-term objective of eliminating nuclear weapons altogether. The U.S. could urge both states to freeze their nuclear weapons programs and the development of nuclear-capable delivery systems, while urging them to roll back their nuclear weapons with the ultimate goal of complete elimination.

*(i) Arms Control and Nuclear Risk Reduction in South Asia*

The first option, a tacit U.S. acceptance of the nuclear weapons status of India and Pakistan in return for a stable South Asian nuclear arms control regime, is not only unworkable, it is also undesirable. U.S. endeavors to either cajole or pressure the two South Asian adversaries to enter into a mutually acceptable arms control regime are not likely to succeed. Apart from the problems of conventional and nuclear asymmetry between India and Pakistan, a nuclear arms control regime requires at the very least the absence of war and a modicum of mutual trust and transparency, preconditions that are absent in the India-Pakistan context. India and Pakistan have gone to war on three separate occasions and have faced several near-war scenarios. Tensions between India and Pakistan have escalated since 1999, threatening the outbreak of yet another armed confrontation.

India's insistence on China's inclusion in the South Asian nuclear equation poses another formidable obstacle to an India-Pakistan nuclear arms control arrangement. Indian nuclear advocates are using a perceived Chinese threat as a justification for an operational nuclear arsenal. Given the centrality of the China factor in India's nuclear rhetoric, Indian nuclear decision makers will insist on the inclusion of China in any future negotiations on a South Asian nuclear arms control regime. China, however, refuses to accept a linkage between its nuclear capabilities and India's declared nuclear motivations. Hence there is no possibility of Chinese participation in any arms control measures for South Asia in the foreseeable future.

If the United States abandons nonproliferation for limited arms control objectives in South Asia, it will signify an implicit acceptance of India's and Pakistan's nuclear weapons status. Should a U.S. administration opt to tacitly accept a "third tier" of nuclear states in the global

nuclear order, it will impair the global nonproliferation regime, violate its NPT commitments, and undermine U.S. national security. If the U.S. acquiesces to India's and Pakistan's nuclear ambitions, the international nonproliferation order will unravel as other states follow the South Asian nuclear example.<sup>52</sup> Potential proliferators could include Pakistan's regional adversary, Iran, and Iran's regional rival, Saudi Arabia. Horizontal proliferation would threaten the stability of a volatile and conflict-prone region. A weakening of the NPT, the cornerstone of the nonproliferation regime, could result in global nuclear anarchy.

If the U.S. were to provide technological and material assistance for nuclear risk reduction, as some analysts advise, this could seriously weaken the international nonproliferation regime. Should the U.S. provide India and Pakistan with technological risk reduction tools such as Permissive Action Links, it would violate Article I of the NPT.<sup>53</sup> U.S. provision of nuclear weapons technology to India and Pakistan would also undermine U.S.-led multilateral denial regimes. The transfer of U.S. nuclear weapons technology would give China and Russia the justification to strengthen the nuclear weapons infrastructures of their respective South Asian allies. Since a U.S. transfer of nuclear weapons technology would also give other states the opportunity to sell such technology to potential proliferators such as Iran, the resultant horizontal proliferation would seriously undermine U.S. national security. Nor would the transfer of U.S. nuclear weapons safeguards reduce the dangers of a nuclear exchange in South Asia. On the contrary, the strengthening of their nuclear weapons infrastructures might embolden military hawks on both sides.

### *(ii) Nonweaponization and Nondeployment*

Prior to the Indian and Pakistani nuclear weapons tests of May 1998, some policy analysts in the West and in South Asia urged the U.S. to base its nonproliferation policy on nonweaponization and nondeployment. It was argued that India and Pakistan would reject any U.S. demand to roll back their nuclear weapons programs. Previous Indian and Pakistani policies of nuclear ambiguity were cited as evidence of a willingness to exercise nuclear restraint. It was claimed that India and Pakistan would be more amenable to a nuclear cap than a weapons rollback since this would allow them to exercise their sovereign right to meet their security needs. Pursuing a nuclear cap would enable the United States to meet multiple objectives in South Asia rather than focus on a singular nonproliferation agenda. The U.S. would thus prevent India and Pakistan from going further down the nuclear road without antagonizing two friendly regional states.

During the 1990s the U.S. retained the goals of rollback and the elimination of nuclear weapons in South Asia, but nuclear restraint became the cornerstone of U.S. nonproliferation policy. Hence U.S. bargaining with India and Pakistan focused on a nuclear cap in South Asia. According to the main U.S. negotiator, Deputy Secretary of State Strobe Talbott, “having India and Pakistan stabilize their nuclear competition at the lowest possible level is both the starting point and the near-term objective of U.S. diplomatic effort.” U.S. negotiations with both states aimed “at heading off an escalation of nuclear and missile competition in the region.”<sup>54</sup> To create a positive atmosphere for its nuclear bargaining with India and Pakistan, the U.S. also relied primarily on diplomatic and economic inducements to cajole the two South Asian rivals to practice nuclear restraint.

Although U.S. nonproliferation rhetoric linked the promise and provision of incentives to the threat and use of sanctions, inducements were provided without concrete nonproliferation results. Moreover, U.S. unilateral sanctions were too insubstantial and its sanctions episode too short in duration to influence Indian and Pakistani nuclear decision making. To reap the benefits of engagement, India and Pakistan continued their nonproliferation dialogue with the U.S., but in practice they flaunted nonproliferation norms. Both states continued to expand their nuclear weapons infrastructures, to increase their stockpiles of fissile materials and to acquire or develop weapons designs and ballistic missile-based delivery systems. India’s and Pakistan’s rejection of U.S. demands for a nuclear cap were conclusively proven by their nuclear tests of May 1998.

Following the May 1998 tests, the U.S. briefly employed carrots and sticks to encourage India and Pakistan to adopt a number of steps toward nuclear restraint, but U.S. policy increasingly focused on the minimal goal of convincing the two states to sign the test ban treaty. Within policymaking circles a broad debate took place on the most appropriate direction for U.S. policy. Nonproliferation advocates urged the Clinton administration to make the provision of incentives contingent on positive signs of progress toward a nuclear cap in South Asia. Supporters of engagement advocated unconditional inducements to create a positive atmosphere for U.S. nuclear bargaining, and to promote a range of other perceived U.S. regional interests. Accepting the latter approach, the Clinton administration gradually abandoned its initial policy of carrots and sticks, and pursued a policy of unconditional engagement.

The October 1999 coup in Pakistan forced the Clinton administration to reverse course again and impose a new set of mandatory sanctions on that country, under laws that automatically cut off aid to countries where the democratic process is disrupted. However, the waiver on

sanctions against India was extended. During Clinton's visit to South Asia in March 2000, the U.S. offered substantial diplomatic and economic benefits to India despite its refusal to sign the CTBT or make any concrete nonproliferation concession. This policy of unconditional engagement has strengthened the hand of Indian nuclear advocates and weakened the U.S. ability to bargain effectively with India and Pakistan on even the minimum goal of a nuclear cap.

Neither India nor Pakistan presently possess the fiscal means or the technological resources for fully operational nuclear weapons systems. Even at their current levels of spending, India's and Pakistan's nuclear and ballistic missile programs are a strain on their economies. With a foreign exchange reserve of only \$1.3 billion and a foreign debt of over \$37 billion, Pakistan currently lacks the fiscal resources for full-scale weaponization and deployment, including survivable and effective command, control, communications, and intelligence mechanisms.<sup>55</sup> Although India has many more resources than Pakistan, the present state of its economy also places curbs on its nuclear ambitions. Foreign investor confidence has yet to revive to pretest levels, while the growth rate of India's economy has declined. India can ill-afford the costs of nuclear weaponization and deployment in the foreseeable future, which have been conservatively estimated between \$10 to \$25 billion over the next ten years. This would raise India's defense expenditure by 20 to 40 percent a year over current levels.<sup>56</sup>

Technological constraints will also prevent either India or Pakistan from opting for operational nuclear weapons in the near future. Deprived of Chinese assistance, Pakistan lacks access to outside technology for an effective command, control, communications, and intelligence system. This acts as a constraint on full-scale Pakistani weaponization and deployment. Technological factors also place curbs on India's nuclear ambitions. Unlike Pakistan, which has acquired and tested proven Chinese nuclear weapons designs and Chinese and North Korean nuclear-capable missiles, India cannot have confidence in the capabilities, efficiency, reliability, and deployment readiness of its indigenously designed nuclear warheads and ballistic missile delivery systems without further and sustained field testing.<sup>57</sup> These technological and financial constraints provide an opportunity for the United States and other external actors to prevent further steps toward nuclear weapons development or the deployment of such weapons in South Asia. External economic and diplomatic factors can significantly influence the ability of India and Pakistan to develop reliable nuclear weapons and ballistic missile programs. The U.S. and other countries should therefore use their influence to ensure that the two countries do not acquire the means to weaponize and deploy weapons of mass destruction.

*(iii) A Nuclear-Free South Asia*

While the interim goal for the new U.S. administration should be a cap on nuclear development in India and Pakistan, this should be linked to the traditional objective of persuading India and Pakistan to sign on to the Nuclear Nonproliferation Treaty as nonnuclear weapons states, thereby eliminating nuclear weapons in South Asia. To do otherwise would be to undermine international nonproliferation norms, impair the NPT, and encourage others to emulate India's and Pakistan's nuclear behavior in a proliferation-prone region. While it is unlikely that India and Pakistan will accede to the NPT in the near term, the United States must retain this objective as the long-term goal of its nonproliferation policy in South Asia. There are no shortcuts to achieving the objective of a nuclear-free South Asia. Achieving this goal requires a sustained, consistently applied policy of encouraging first a cap on present nuclear capabilities and then the progressive denuclearization of the subcontinent.

To build support for this objective the United States will have to lead by example in fulfilling its obligations to negotiate a global ban on nuclear weapons. In Article VI of the NPT the United States and the other nuclear weapons states have agreed to negotiate in good faith for global nuclear disarmament. This provision is a crucial part of the NPT bargain in which most of the nations of the world agree to forego the nuclear option in exchange for a commitment to disarmament by the existing nuclear weapons states. The United States and the other nuclear weapons states have reiterated this pledge several times in recent years. At the 1995 NPT review conference which agreed to the permanent extension of the NPT, the nuclear weapons states released a document, "Principles and Objectives for Nuclear Nonproliferation and Disarmament," that pledged "the determined pursuit by the nuclear weapons states of systematic and progressive efforts to reduce nuclear weapons globally, with the ultimate goal of eliminating those weapons."<sup>58</sup> At the NPT review conference in May 2000, the parties to the treaty approved a concluding document pledging the "unequivocal undertaking by the nuclear weapons states to accomplish the total elimination of their nuclear weapons."<sup>59</sup> The call for nuclear weapons abolition has been seconded by a number of prestigious private study groups in recent years, including the Carnegie Commission for Preventing Deadly Conflict, the 1997 Canberra Commission, and the 1999 Tokyo Forum.

India and Pakistan criticize the unwillingness of the United States and other nuclear weapons states to fulfill their commitments to disarmament, arguing that the NPT system is discriminatory and ultimately unworkable. A 1997 report of the U.S. National Academy of Sciences

essentially agreed with this assessment and argued that the nuclear weapons states “cannot be confident of maintaining indefinitely a regime in which they proclaim nuclear weapons essential to their security while denying all others the right to possess them.”<sup>60</sup> The discriminatory nature of the NPT regime and the lack of a legally enforceable universal obligation for eliminating nuclear arsenals weaken U.S. non-proliferation policy and indirectly contribute to the spread of nuclear weapons in South Asia.

Indian and Pakistani leaders have repeatedly said that they will only consider abandoning the nuclear option in the context of global disarmament. If the United States and other nuclear weapons states were to agree to a verifiable process of eliminating nuclear weapons, Indian and Pakistani leaders have pledged their commitment to participating in the disarmament process. This position was reiterated in speeches by the Indian and Pakistani heads of state at the UN Millennium Assembly in September 2000. Such declarations may be primarily intended for public relations purposes, but one of the ways of testing the sincerity of Indian and Pakistani leaders is to call their bluff, agree to the commitment to global disarmament, and invite them to participate in the timetable of worldwide disarmament.

The linkage between global and regional disarmament is broadly supported in Indian and Pakistani public opinion. Surveys sponsored by the Fourth Freedom Forum in both countries in the mid-1990s documented widespread support for nuclear disarmament, and a willingness by elites to forego the nuclear option if the major powers were to abandon their weapons. Among survey respondents, 94 percent in India and 97 percent in Pakistan expressed total or partial support for an international agreement to ban nuclear weapons. When respondents were asked under what circumstances India and Pakistan could renounce the nuclear option, by far the largest group in each country cited a time-bound plan for global nuclear disarmament. Even among the strongest nuclear advocates in India, 42 percent said that India could abandon nuclear weapons in the context of a global nuclear ban.<sup>61</sup>

Should the U.S. and other nuclear weapons states codify their NPT pledge to global disarmament in a binding legal convention, nonproliferation and disarmament diplomacy would be greatly strengthened. Under such conditions, as Jonathan Schell has observed, a nation seeking to develop nuclear weapons would arouse a vigorous and unified response by the international community.<sup>62</sup> In the specific context of South Asian nuclear proliferation, the United States would obtain both the legal and the moral authority to convince India and Pakistan to roll back their nuclear capabilities and to abandon the nuclear option.

Achieving these disarmament objectives will take time and will require a major change in the domestic politics of the United States and other nuclear weapons states. The U.S. should, in the meantime, focus its attention on advancing the interim goal of capping South Asian nuclear capabilities to prevent full-scale nuclear weaponization and deployment in South Asia. At the same time, the U.S. should publicly and privately urge India and Pakistan to roll back their nuclear weapons programs and, in their own national security interests, to sign the NPT as non-nuclear weapons states.

## Pursuing a New Nonproliferation Policy

### *6.1: Identifying An Appropriate Influence Strategy*

The cost-benefit analysis of nuclear decision makers in India and Pakistan is strongly influenced by their perceptions of U.S. behavior, their desire to gain benefits from the U.S., and the effects of U.S. pressure. As in the 1994 Agreed Framework for North Korea, the U.S. should devise a carrots-and-sticks strategy for South Asia that pledges and incrementally provides carefully targeted inducements in response to specific Indian or Pakistani nonproliferation measures. Since inducements on their own will fail to influence the cost-benefit analysis of Indian and Pakistani policymakers, the retention, easing, or imposition of sanctions should also be conditional on Indian and Pakistani nonproliferation omissions or commissions.

The impact of even the limited punitive measures employed to date can be seen in India's calls for a removal of all economic sanctions, especially restrictions on the transfer of dual-use technology. India is particularly interested in expanding trade and economic relations with the U.S. and gaining greater access to direct U.S. financial investment. In its ongoing strategic dialogue with the U.S., India is also bargaining for incentives, such as U.S. recognition of India's regional and global status, U.S. consideration for Indian security interests in the formulation of Sino-U.S. relations, U.S. recognition of the bilateral nature of the Kashmir dispute, information sharing on subcritical tests, and progress toward disarmament.<sup>63</sup> Pakistani policymakers also place great weight on their relationship with the U.S. hoping to obtain political and economic benefits. While their primary goal is the removal of economic and military sanctions, additional Pakistani demands include the sharing of high technology and U.S.-led international mediation in the Kashmir dispute.<sup>64</sup> The incentives that India and Pakistan are attempting to acquire and the coercive measures they hope to ease should provide guide-

lines for an appropriate and targeted U.S. carrots-and-sticks approach for a cap, a rollback, and the eventual elimination of nuclear weapons in South Asia.

In formulating an effective carrots-and-sticks strategy toward India and Pakistan, the United States will inevitably face the difficulty of ensuring that carrots for the one are not seen as sticks by the other.<sup>65</sup> Technologically inferior Pakistan will, for instance, see the removal of restrictions on the sale of dual-use technology as working to India's military advantage, undermining the influence of Pakistani advocates of nuclear restraint. Similarly, U.S. military concessions to Pakistan could strengthen the internal bargaining position of Indian nuclear advocates.<sup>66</sup> The United States also faces the problem of dealing with two adversarial states with a vastly differing political, economic, and geostrategic potential. Incentives and sanctions policies will therefore have to be devised in such a way as to minimize resentment in either India or Pakistan. Care must also be taken to ensure that carrots are not perverse in nature and that sanctions target opponents of reform.

## *6.2: Carrots and Sticks for India*

In the Indian case, where the nuclear scientific estate has aggressively promoted nuclear weapons development, U.S. sanctions on scientific collaboration should stay in place until there is evidence of tangible Indian progress toward nonproliferation.<sup>67</sup> The U.S. should also indefinitely retain sanctions on the sale and transfer of dual-use technology that could potentially contribute to Indian nuclear weapons and missile development. Since unilateral sanctions are limited in their effectiveness, the U.S. should encourage other influential actors to impose similar sanctions on the sale and transfer of dual-use technology.

As India's economy continues to open to the international marketplace, so does its vulnerability to external pressure. The U.S. can and should pressure India from going further down the nuclear path by threatening the imposition of unilateral and international economic sanctions if it opts for nuclear weapons deployment. Indian decision makers should also be made to realize that the denial of international prestige and recognition is one of the costs of nuclear proliferation. Hence any consideration of providing India a permanent seat in an expanded or reformed UN Security Council should be deferred until India agrees to join the NPT as a nonnuclear weapons state.

At the same time, the United States should offer substantial economic and diplomatic incentives to India if New Delhi agrees to rein in its nuclear capabilities. The U.S. could, for instance, use its leverage

within the international financial institutions to support enlarged concessional lending and grants to India, incrementally provided and conditional on verifiable nonproliferation benchmarks. India's interest in expanding its business links, particularly in the information technology sector, presents a tangible opportunity to reward Indian nonproliferation progress with U.S. government-backed direct financial investment and enhanced trade opportunities.

### *6.3: Carrots and Sticks for Pakistan*

In the Pakistani case, given the importance of U.S. arms sales and supplies to its military-dominated nuclear establishment, the United States should retain military sanctions, encouraging other influential actors to follow the U.S. example. Military concessions to Pakistan should be made contingent on demonstrated progress toward nonproliferation. Since the military's dominance over nuclear policy also acts as a barrier to an internal debate on the utility of nuclear weapons, the U.S. should preferably extend economic as opposed to military incentives to Pakistan. With its slow rate of economic growth, galloping inflation, and declining internal and external investment, Pakistan is a suitable candidate for external inducements and pressure to cap its nuclear weapons program. Since its ailing economy remains heavily dependent on external grants and loans, substantial unilateral and multilateral soft grants and loans, enhanced U.S. economic aid, and preferential access to U.S. markets in return for nonproliferation progress will influence Pakistan's cost-benefit analysis of nuclear weapons. At the same time, the threat and use of targeted economic sanctions can be used to pressure Pakistani policymakers to exercise nuclear restraint.

Since the May 1998 South Asian nuclear tests, sections of the Pakistani political and opinion-making elite have questioned the wisdom of acquiring nuclear weapons and have expressed concerns about the potential economic burden of an overt nuclear weapons program and the neglect of human security. This debate, which received a serious setback with the military coup of 12 October 1999, should be vigorously encouraged by the United States through targeted support for reform-oriented civilian constituencies. Targeted financial and military sanctions should be maintained to exert pressure for the restoration of the democratic process.<sup>68</sup> A carrots-and-sticks strategy that combines conditional financial and political incentives with multilateral military sanctions could influence Pakistani public opinion and pressure Pakistani officials to incrementally accept nonproliferation norms.

#### 6.4: *Debt for Disarmament*

While there is public support in India and Pakistan for official nuclear weapons postures, the issue of nuclear weapons ranks far below other societal concerns, including the perceived need for economic development and poverty alleviation. This reflects the fact that both states have failed to provide basic amenities such as employment, education, health, housing, water supply, and sanitation to the vast majority of their populations.<sup>69</sup> A carefully targeted incentives strategy based on a debt-for-disarmament plan could therefore play a major role in changing Indian and Pakistani public attitudes, building domestic pressure against the possession of nuclear weapons, and changing official perceptions of the costs and benefits of nuclear weapons. Such an inducements strategy has the added advantage of promoting nuclear restraint in both India and Pakistan without impinging on their bilateral sensitivities.<sup>70</sup> In Pakistan, where foreign currency reserves are extremely low and where 45 percent of governmental expenditure is allocated to debt servicing, the very survival of its fragile economy depends on debt rescheduling.<sup>71</sup> A major recipient of credits and loans from the international financial institutions, India is also a strong advocate of international debt relief by the donor states.

Targeted incentives could include an incremental forgiveness of India's and Pakistan's external debt by the advanced industrialized states and the international financial institutions, conditional on nonproliferation progress. Savings from reduced debt service payments would be allocated exclusively to finance basic human needs. Thus, a portion of India's and Pakistan's external debts would be forgiven by creditor nations in response to verifiable steps taken to freeze and roll back their nuclear programs. Future payments would go into a trust fund for social and economic development that is managed by the international financial institutions, donor governments, Indian and Pakistani officials, and civil society stakeholders including economists, nonprofits and human rights organizations, etc.

At the Millennium UN summit in September 2000, Secretary-General Kofi Annan strongly supported the expansion of debt relief programs for developing countries, a call that has been endorsed by international nonprofit organizations as well as by the World Bank.<sup>72</sup> The G-8 leaders have supported relieving the old debts of developing countries to international financial agencies, and President Clinton offered to cancel the debt owed to Washington by the world's poorest countries, as long as the savings were used for health, education, and antipoverty programs. If the Bush administration links debt forgiveness to disarmament in South Asia, U.S. national security interests would be served in

multiple ways by advancing nonproliferation goals and by enhancing economic, and hence political, stability in a geographically strategic and volatile region. If such a strategy is sustained over a period of time, it will strengthen the bargaining position of advocates of military and nuclear restraint in both states, changing internal perceptions of the benefits of retaining nuclear weapons in two of the world's poorest states.

### *6.5: U.S. Policy and South Asia's Nuclear Future*

Since heightened tensions between India and Pakistan following the Kargil conflict have increased the risk of an accidental, unauthorized, or deliberate nuclear exchange, the United States has stepped up its efforts to convince India and Pakistan to reconsider their nuclear ambitions. U.S. officials claim that both states have been urged, in closed-door negotiations, to join the NPT and have also been warned that the U.S. "cannot have normal, effective, businesslike relations with countries that are nonadherents to the NPT."<sup>73</sup> However, the U.S. appears hesitant to publicly state its opposition to the presence of nuclear weapons in South Asia. During his trip to South Asia in March 2000, President Clinton merely cautioned India and Pakistan about the dangers posed by nuclear weapons to regional security.<sup>74</sup> During Prime Minister Vajpayee's return visit in September, President Clinton lauded India's commitment to a voluntary moratorium on further nuclear testing, expressing the hope that the United States and India could "turn back what could otherwise be a dangerous tide of proliferation."<sup>75</sup>

The U.S. might be hopeful that engagement with India will translate into Indian nuclear restraint, inducing, in turn, Pakistani restraint. However, the current U.S. approach is being misconstrued or deliberately misrepresented by India and Pakistan as a tacit U.S. acceptance of their nuclear weapons status. The Bush administration must unequivocally demand that India and Pakistan join the NPT as nonnuclear weapons states. Unconditional engagement and an aversion to South Asia-specific nonproliferation sanctions will merely strengthen the position of nuclear advocates in both states, encouraging them to move toward operational nuclear arsenals. Engagement has contained nuclear proliferation in North Korea because the U.S. has retained the threat and the use of sanctions, making their removal conditional on nonproliferation progress. In South Asia too, a policy of incentives will only pay nonproliferation dividends, if the United States is also willing to use punitive measures to curb and reverse India's and Pakistan's nuclear weapons programs.

The Bush administration should warn India and Pakistan that further development of their nuclear weapons and missile programs will result in the imposition of stringent unilateral and international political and economic sanctions that would target policymakers and organizations responsible for their nuclear weapons programs. To constrain South Asian nuclear development, the U.S. should also encourage restrictions on military funding and dual-use technology to both states.

With the support of other influential actors, the U.S. should ensure that credits and loans from the international financial institutions are not diverted to India's and Pakistan's nuclear weapons and missile programs. Agencies such as the World Bank and the IMF should also be encouraged to pressure both states to restrain their defense spending. These smart sanctions would not harm innocent civilians or destabilize the Indian or Pakistani economies. They would be designed to constrain India's and Pakistan's ability to expand or even to sustain their nuclear and ballistic missile programs at current levels.<sup>76</sup>

The new U.S. administration should take the lead in strengthening the international nonproliferation regime. It should expand multilateral denial regimes to restrict India's and Pakistan's access to technologies that would enable them to further develop their nuclear weapons and ballistic missile programs. The U.S. has successfully persuaded and pressured China to end its ballistic missile assistance to Pakistan.<sup>77</sup> It should also ensure that India's ally, Russia, and other arms suppliers refrain from transferring destabilizing advanced military technologies to India that would empower opponents of nuclear restraint in Pakistan.

Since inducements are more effective than sanctions in influencing state behavior, the U.S. must continue to engage with India and Pakistan in a constructive manner. However, engagement will only yield nonproliferation benefits if the U.S. links any new inducements, diplomatic, economic, or military, to verified Indian and Pakistani progress toward nonproliferation.<sup>78</sup> During Prime Minister Vajpayee's visit, for example, \$6 billion in economic and trade agreements were signed, including a \$900 million loan from the Export-Import Bank for the purchase of U.S. goods and services. This and similar offers could and should have been made conditional on some demonstrated Indian progress toward nonproliferation. The Clinton administration did reject Indian demands for a removal of remaining sanctions on direct military sales as well as on investment restrictions, despite support for such a measure by the House of Representatives.<sup>79</sup> The Bush administration will also have to resist domestic pressures to undermine long-term nonproliferation interests in South Asia for short-term political and economic gains.

Finally, in devising and implementing a carrots-and-sticks strategy toward South Asia, the new U.S. administration must obtain the support of other influential actors, including the G-8 states for a debt-for-disarmament strategy as well as for investment and assistance that would be linked to progressive steps toward nuclear disarmament. Japan could play a particularly significant role in sustaining such a strategy since it is currently the main aid donor to India and Pakistan and thus possesses considerable leverage that it has as yet to exercise. The post-cold war environment provides unprecedented opportunities for U.S., Chinese, and Russian collaboration in containing and reversing nuclear proliferation in South Asia. Regional instability and the dangers posed by the proliferation of weapons of mass destruction pose a threat to the interests of all three major states. Despite their support for their Indian and Pakistani allies, both China and Russia continue to call for India and Pakistan to sign the CTBT and accede to the NPT as non-nuclear weapons states.<sup>80</sup> The new U.S. administration should therefore strengthen international consensus against South Asian nuclear proliferation, persuading China, Russia, and other NPT member states to cooperate in formulating and implementing a carrots-and-sticks strategy that would persuade and pressure India and Pakistan to contain, roll back, and ultimately eliminate nuclear weapons.

## Policy Recommendations

The U.S. policy objective in South Asia should be to cap existing nuclear weapons capabilities below the threshold of deployment and to encourage a rollback and elimination of nuclear weapons in the region.

The Bush administration should explicitly declare that the long-term objective of U.S. policy remains for India and Pakistan to accede to the Nuclear Nonproliferation Treaty as nonnuclear weapons states.

To encourage Indian and Pakistani acceptance of the NPT and to fulfill its obligations under Article VI of that treaty, the United States should declare its intention to negotiate an international nuclear disarmament agreement and should initiate concrete steps toward that end.

The United States should formulate and implement a coherent, consistently applied set of incentives and sanctions to encourage denuclearization in South Asia.

Current U.S. sanctions policies should be retained until India and Pakistan adopt concrete steps toward denuclearization, including signing the Comprehensive Nuclear Test Ban Treaty and vowing to refrain from nuclear weapons deployment:

- Maintain current sanctions on Indian and Pakistani scientists and scientific institutions involved in nuclear weapons-related activities.
- Maintain sanctions on the sale or transfer of military goods and services and dual-use technologies or materials, and continue the ban on civilian nuclear energy cooperation.
- Block any consideration of providing India a permanent seat on an expanded or reformed UN Security Council until India agrees to join the NPT as a nonnuclear weapons state.

If India and/or Pakistan conduct additional nuclear tests or otherwise take further steps to deploy nuclear weapons, the U.S. should cooperate with other nations to impose a comprehensive set of targeted political and economic sanctions against decision makers and institutions responsible for nuclear weapons development and policy.

Engagement and incentives policies toward India and Pakistan should be retained, but they should be made conditional on demonstrated progress toward denuclearization.

- Utilize U.S. influence in international financial institutions to support enlarged concessional lending and grants to India and Pakistan in response to specific acts of nuclear weapons restraint such as signing the CTBT.
- Provide to Pakistan increased U.S. economic assistance, rather than military aid, to encourage civilian economic development. Promise to provide greatly increased levels of economic assistance, including substantial soft loans and grants, in response to specific steps toward nuclear weapons restraint.
- Develop a program of “debt for disarmament,” cooperating with other nations and international financial institutions to forgive portions of the foreign indebtedness of India and Pakistan, conditional on specific steps toward denuclearization, and with assurances that the savings from debt servicing will be devoted exclusively to civilian economic development.

## Notes

1. Statesman News Service, “N-Button in PM’s Hands,” *Statesman* (Calcutta), 18 August 1999.
2. V.R. Raghavan, “Where the NSC Has Failed,” *Telegraph* (Calcutta), 11 December 2000.
3. During the Kargil episode, U.S. intelligence agencies put the chances of a nuclear exchange in the “50-50” range, prompting President Clinton to call the Indian subcontinent “the most dangerous place in the world.” Judith Miller and James Risen, “A Nuclear War Feared Over Kashmir,” *New York Times*, 8 August 2000.
4. India blames Pakistan for aiding and abetting cross-border violence in Indian-administered Kashmir which has claimed more than 50,000 casualties in the past decade. On its part, Pakistan claims that the Kashmiri people are justified in their struggle against Indian occupation, and accuses Indian forces of indiscriminate violence against Kashmiri civilians.
5. In the wake of the Kargil conflict, the Indian and Pakistani militaries have been periodically placed on high alert. The Pakistani armed forces were placed on high alert after the 10 August 1999 downing of a Pakistani naval plane by Indian jet fighters, the first such incident since the 1971 India-Pakistan war. India’s armed forces were placed on high alert after the imposition of military rule in Pakistan on 12 October 1999 by army chief Pervez Musharraf, who was primarily responsible for the Kargil misadventure.
6. Cirincione warns that “one nation’s actions can trigger reactors throughout the region, which, in turn, stimulate additional actions. These nations form an interlocking Asian nuclear reaction chain that vibrates dangerously with each new development.” Joseph Cirincione, “The Asian Nuclear Reaction Chain,” *Foreign Policy* 118 (Spring 2000): 120–36.
7. In a report preceding the Indian and Pakistani nuclear tests of May 1998 and in a joint report with the Brookings Institution following the tests, the Council on Foreign Relations called for the replacement of the U.S. goal of eliminating nuclear weapons in South Asia with the more “realistic” goal of arms control. Policy recommendations included U.S. support for a special nuclear status for India and Pakistan as a “third tier” within the NPT system.

The reports also recommended that sanctions be replaced by incentives and argued that political, economic, and strategic goals rather than nonproliferation objectives should shape post-cold war U.S. relations with India and Pakistan. See Report of an Independent Task Force, *A New U.S. Policy Towards India and Pakistan* (New York: Council on Foreign Relations, 1997), and Independent Task Force, *After the Tests: U.S. Policy Towards India and Pakistan* (New York: Brookings Institution and the Council on Foreign Relations, 1998). Similar arguments are made by other experts on South Asian nuclear proliferation. See, for instance, Francois Heisbourg, "The Prospects for Nuclear Stability Between India and Pakistan," *Survival* 40 (Winter 1998–99): 72–92; Brahma Chellaney, "After the Tests: India's Options," *Survival* 40 (Winter 1998–99): 93–111; Hasan Askari-Rizvi, "South Asia's Nuclear Dilemma: What Next? Controlling the Genie," (paper delivered to a conference on *South Asia's Nuclear Dilemma*, organized by the Weatherhead Center for International Affairs, Harvard University, Cambridge, Massachusetts, 19 February 1999); and Selig Harrison, "Armed India Can Help Stabilize Asia," *Los Angeles Times*, 12 September 2000.

8. See Scott Snyder, "North Korea's Nuclear Program: The Role of Incentives in Preventing Deadly Conflict," in *The Price of Peace: Incentives and International Conflict Prevention*, ed. David Cortright (Lanham, Md.: Rowman and Littlefield, 1997), 55–81. See also Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton: Princeton University Press, 1998); David Albright and Kevin O'Neill, eds., *Solving the North Korean Nuclear Puzzle* (Washington, D.C.: Institute for Science and International Security Press, 2000).

9. Belarus and Kazakhstan signed the NPT as nonnuclear states in 1993 and the Ukraine joined the NPT in 1994.

10. David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1985), 17–18. See also Margaret P. Doxey, *International Sanctions in Contemporary Perspective* (New York: St. Martin's Press, 1987), 9.

11. David Cortright and George A. Lopez, *The Sanctions Decade: Assessing UN Strategies in the 1990s* (Boulder, Colo.: Lynne Rienner Publishers, 2000), 18.

12. Ivan Eland, "Economic Sanctions as Tools of Foreign Policy," in *Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World?* eds. David Cortright and George A. Lopez (Boulder, Colo.: Westview Press, 1995), 37–38.

13. Kimberly Ann Elliot, "The Sanctions Glass: Half Full or Completely Empty?" *International Security* 23 (Summer 1998): 59. Examining the effectiveness of UN sanctions, Cortright and Lopez also conclude that "the limits to sanctions effectiveness are due less to inherent shortcomings in the instrument itself than to flaws in the design, implementation, and enforcement of specific policies." Cortright and Lopez, *The Sanctions Decade*, 10.
14. Margaret P. Doxey, *Economic Sanctions and International Enforcement*, 2d ed. (London: Macmillan, 1980), 90.
15. Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security* 22 (Fall 1997): 93.
16. Stremlau identifies a number of specific smart financial sanctions, including a freeze on the foreign deposits and other assets of targeted policymakers and curbs on foreign loans and credits to responsible organizations and institutions. John Stremlau, *Sharpening International Sanctions: Towards a Stronger Role for the United Nations* (New York: Carnegie Endowment, 1996), 62–63.
17. David Cortright and George A. Lopez, "Carrots, Sticks, and Cooperation: Economic Tools of Statecraft," in *Cases and Strategies for Preventive Action*, ed. Barnett R. Rubin (New York: Century Foundation, 1998), 116–17.
18. Cortright and Lopez, "Carrots, Sticks, and Cooperation," 115.
19. David A. Baldwin, "The Power of Positive Sanctions," *World Politics* 24 (October 1971): 25.
20. Cortright and Lopez, *The Sanctions Decade*, 9.
21. Virginia I. Foran and Leonard S. Spector, "The Application of Incentives to Nuclear Proliferation," in Cortright, *The Price of Peace*, 27–28, 30–31.
22. U.S. assistance included the provision of heavy water and blueprints for setting up the Trombay reprocessing plant. Plutonium produced at the Trombay plant was used in India's 1974 test.
23. See the discussion in George Perkovich, *India's Nuclear Bomb: The Impact on Global Proliferation* (Berkeley, Calif.: University of California Press, 1999), 14–21, 25–59.
24. Some U.S. government analysts concluded that "the military security argument for an independent Indian nuclear deterrent to a Chinese attack is

a particularly powerful one,” but this advice was rejected by Johnson administration officials. *Background Paper on Factors Which Could Influence National Decisions Concerning Acquisition of Nuclear Weapons* (SECRET/NOFORN background paper from the Committee on Nuclear Proliferation, 21 January 1965). Cited in Sumit Ganguly, “India’s Pathway to Pokhran II: The Prospects and Sources of New Delhi’s Nuclear Weapons Program,” *International Security* 23 (Spring 1999): 157.

25. Hundreds of Pakistani nuclear engineers and scientists were trained by the U.S., which also supplied a small nuclear research reactor to Pakistan.

26. In 1966, Bhutto declared that if India acquired nuclear weapons, “even if Pakistanis have to eat grass, we will make the bomb.” Quoted in Zafar Iqbal Cheema, “Pakistan’s Nuclear Policies: Attitudes and Postures,” in *Nuclear Proliferation in India and Pakistan: South Asian Perspectives*, eds. P.R. Chari, Pervaiz Iqbal Cheema, and Iftikharuzzam (New Delhi: Manohar, 1996), 10.

27. The United States continued to supply nuclear fuel for India’s nuclear power reactors until the enactment of the NNPA in 1978. Reiss, *Without the Bomb: The Politics of Nuclear Nonproliferation* (New York: Columbia University Press, 1988), 232–33.

28. Perkovich, *India’s Nuclear Bomb*, 236.

29. Leonard S. Spector with Jacqueline R. Smith, *Nuclear Ambitions: The Spread of Nuclear Weapons 1989–1990* (Boulder, Colo.: Westview Press, 1991), 91.

30. According to a senior U.S. official, “In place of ineffective sanctions on Pakistan’s nuclear program imposed by the past administration, we hope to address, through conventional means, the sources of insecurity that prompt a nation like Pakistan to seek a nuclear capability in the first place.” Quoted in Akhtar Ali, *Pakistan’s Nuclear Dilemma: Energy and Security Dimensions* (Karachi: Economic Research Unit, 1984), 10.

31. Cited in Peter van Ham, *Managing Non-Proliferation Regimes in the 1990s: Power, Politics and Policies* (London: Pinter Publishers, 1993), 80.

32. Pakistan periodically extended some nonproliferation assurances to the U.S. However, when Pakistan failed to put these assurances into practice, it was still granted presidential certifications of its nonnuclear status.

33. Leonard S. Spector, *Going Nuclear* (New York: Harper Business Publishers, 1987), 93.
34. Spector, *Going Nuclear*, 87.
35. Ganguly, "India's Pathway to Pokhran II," 163–64.
36. Samina Ahmed, "Pakistan's Nuclear Weapons Program: Turning Points and Nuclear Choices," *International Security* 23 (Spring 1999): 187–88.
37. President William J. Clinton, "Report to Congress on Progress Toward Regional Nonproliferation in South Asia" (Washington, D.C.: Government Printing Office, April 1993. Cited in Mitchell Reiss, "Safeguarding the Nuclear Peace in South Asia," *Asian Survey* 33 (December 1993): 1116.
38. Sandy Gordon, "Capping South Asia's Nuclear Weapons Programs: A Window of Opportunity?" *Asian Survey* 34 (July 1994): 663–64. See also Mario E. Carranza, "Rethinking Indo-Pakistani Nuclear Relations: Condemned to Nuclear Confrontation?" *Asian Survey* 36 (June 1996): 570–71.
39. Ganguly, "India's Pathway to Pokhran II," 165.
40. According to Indian Foreign Minister Jaswant Singh, despite Chinese provision of nuclear and missile technology to Pakistan, "the Clinton administration was still unwilling to certify that China was not proliferating or—even worse for India—the United States was either unable or unwilling to restrain China." Jaswant Singh, "Against Nuclear Apartheid," *Foreign Affairs* 77, no. 5 (September/October 1998): 46.
41. Perkovich, *India's Nuclear Bomb*, 368–69.
42. Neil Joeck, "Nuclear Developments in India and Pakistan," *Access Asia Review* 2 (July 1999): 11.
43. Cited in Ahmed, "Pakistan's Nuclear Weapons Program," 193. See also T.T. Poulouse, "India's Deterrence Doctrine: A Nehruvian Critique," *The Nonproliferation Review* 5 (Fall 1998): 77.
44. U.S. sanctions included suspension of other-than-humanitarian assistance; sanctions on all dual-use items controlled for nuclear and missile reasons and denial of all other dual-use exports to Indian and Pakistani entities involved in nuclear and missile programs; cessation of military sales

and assistance; prohibition on new credits by U.S. government entities such as the Overseas Private Investment Corporation and the U.S. Export-Import Bank; restrictions on loans and credits from U.S. banks; and U.S. opposition, in collaboration with the G-8, on credits and grants from the International Financial Institutions to India and Pakistan.

45. According to the State Department, the sanctions sought to “have a maximum influence on Indian and Pakistani behavior.” Summary of Fact Sheet, *India and Pakistan Sanctions*, U.S. Department of State, Washington, D.C., 18 June 1998.

46. John Cherian, “Worldwide Condemnation,” *Frontline*, 5 June 1998. See also Daniel Morrow and Michael Carriere, “The Economic Impact of the Glenn Amendment: Lessons from India and Pakistan,” in *Repairing the Regime: Preventing the Spread of Nuclear Weapons*, ed. Joseph Cirincione (New York: Routledge, 2000), 158–62.

47. Pervez Hoodbhoy and Zia Mian, “Sanctions: Lift ‘em,” *The Bulletin of the Atomic Scientists* 54 (September/October 1998): 20.

48. China has since repeatedly claimed that it has discontinued any assistance to Pakistan’s ballistic missiles program. Zou Yunhua, *Chinese Perspectives on the South Asian Nuclear Tests* (Working Paper. Center for International Security and Cooperation, Stanford University, 1999), 13; David E. Sangar and Eric Schmitt, “Reports Say China is Aiding Pakistan on Missile Project,” *New York Times*, 2 July 2000; Associated Press, “China Denies Aid Went to Missiles.” *New York Times*, 5 July 2000.

49. The impact of international economic sanctions on India, for instance, would have been far more substantial had the sanctions regime been sustained long enough to affect new credits and loans from the international financial institutions. Morrow and Carriere, “The Economic Impact of the Glenn Amendment,” 163.

50. Morrow and Carriere, “The Economic Impact of the Glenn Amendment,” 152.

51. Robert M. Hathaway, “Confrontation and Retreat: The U.S. Congress and the South Asian Nuclear Tests,” *Arms Control Today* 30, no. 1 (January/February 2000): 7–14.

52. Thomas Graham, Jr., “Nearing a Fork in the Road: Proliferation or Nuclear Reversal?” *The Nonproliferation Review* 5 (Fall 1998): 73–74.

53. Article I of the NPT clearly states that, “Each nuclear weapon State Party to the Treaty undertakes . . . not in any way to assist, encourage or induce any nonnuclear weapons state to manufacture or otherwise acquire nuclear weapons or other nuclear devices.”
54. Strobe Talbott, “Dealing with the Bomb in South Asia,” *Foreign Policy* 78 (March/April 1999): 111, 119.
55. “State Bank of Pakistan Sees Slow Economic Growth: Predicts High Inflation Rate, Rising International Oil Prices, Tight Monetary Policy; Vows to Keep Dollar Purchase From Kerb,” *News* (Islamabad), 7 November 2000.
56. Mohammad Ahmedullah, “Let ‘em Eat Nukes,” *The Bulletin of the Atomic Scientists* (September/October 2000): 52–57; Praful Bidwai and Achin Vanaik, *South Asia on a Short Fuse: Nuclear Politics and the Future of Global Disarmament* (Karachi: Oxford University Press, 2000), 162–64. See also Aaron Karp, “India’s Ambitions and the Limits of American Influence,” *Arms Control Today* 28, no. 4 (May 1998): 14–21.
57. A former director of the Bhabha Atomic Research Center, A.N. Prasad, emphasizes that the results of the May 1998 tests were insufficient to “convince” India’s armed forces of the accuracy and yields of its nuclear arsenal unless more tests were carried out. A review conducted by the Indian Air Force also reveals that the pretest status quo prevails since only fixed wing aircraft can be used as a nuclear delivery system by India. Debashis Bhattacharya, “Indian Scientist Feels Need to Conduct More Nuclear Tests,” *Telegraph* (Calcutta), 1 November 2000; Shishir Gupta, “IAF suggests Nuclear Air Command,” *Hindustan Times* (New Delhi), 28 November 2000. See also P.R. Chari, “India’s Slow-Motion Nuclear Deployment,” (Issue Brief, Carnegie Endowment for International Peace, New York, 7 September 2000), 3, 26.
58. “Documents: Resolutions Adopted at the NPT Extension Conference,” *Arms Control Today* 25, no. 4 (June 1995): 30.
59. Rebecca Johnson, “The 2000 NPT Review Conference: A Delicate, Hard-Won Compromise,” *Disarmament Diplomacy* 46 (May 2000): 16.
60. Committee on International Security and Arms Control, National Academy of Sciences, *The Future of U.S. Nuclear Weapons Policy* (Washington, D.C.: National Academy Press, 1997), 9.
61. Samina Ahmed, David Cortright, and Amitabh Mattoo, “Public Opinion and Nuclear Options for South Asia,” *Asian Survey* 37 (August 1998): 724–44.

62. Jonathan Schell, "The Folly of Arms Control," *Foreign Affairs* 79, no. 5 (September/October 2000): 44.

63. Tariq Rauf, "Accommodation, not Confrontation," *The Bulletin of the Atomic Scientists* 55 (January/February 1999): 15.

64. Rauf, "Accommodation," 15.

65. David Cortright and Amitabh Mattoo, "Carrots and Cooperation: Incentives for Conflict Prevention in South Asia," in *The Price of Peace*, 134–35.

66. India expressed its opposition to the waiver on sanctions on military sales and equipment to Pakistan authorized by the Brownback II amendment.

67. There are restrictions on all contacts and collaboration between U.S. government agencies and Indian and Pakistani scientists working for nuclear-related laboratories and facilities.

68. The U.S. decision to remove sanctions on educational assistance to Pakistan in November 2000 and to impose sanctions on Pakistan's defense and space related entities for a two-year period under the MTCR regime the same month are steps in the right direction since these constitute targeted and flexible carrots and sticks. Tahir Mirza, "U.S. Imposes Missile Sanctions on Pakistan," *Dawn* (Islamabad), 22 November 2000; Tahir Mirza, "Grant for Education Soon As U.S. Amends Law," *Dawn* (Islamabad), 29 November 2000.

69. In a public opinion poll held in India in May 2000, when asked to specify the one program that urgently needs governmental attention, half the respondents named population control or job creation and only 3 percent named nuclear weapons development. In the Fourth Freedom Forum poll held in Pakistan, respondents identified domestic issues as the most urgent areas of concern, with 43 percent choosing economic instability and 48 percent choosing poverty as the most important issue. Office of Research Poll, Department of State, Washington, D.C., L-52-00, 12 July 2000. Samina Ahmed and David Cortright, "Going Nuclear: The Weaponization Option," *Pakistan and the Bomb: Public Opinion and Nuclear Options*, eds. Samina Ahmed and David Cortright (Notre Dame, Ind.: University of Notre Dame Press, 1998).

70. Ahmed and Cortright, *Pakistan and the Bomb*, 105–106.

71. Addressing the General Assembly in November 2000, Pakistan's Ambassador, Shamshad Ahmad called upon the world community to allow "indebted developing countries to utilize resources allocated to debt servicing for development of the social sector, especially education and health care. Substantive debt relief through innovative approaches would strengthen new economic partnerships between the North and the South." "Pakistan seeks Relief in Debt for Developing Countries," *Dawn* (Islamabad), 3 November 2000; Farrukh Saleem, "At the Crossroads of Decisions," *News* (Islamabad), 17 September 2000.

72. The World Bank has also announced its plans to set up a new multibillion dollar fund to provide low-interest loans to states for poverty eradication programs. Editorial, "Unburdening the Third World," *New York Times*, 4 October 1999; Joseph Kahn, "International Lender's New Image: A Human Face," *New York Times*, 26 September 2000.

73. Statement by the U.S. ambassador to the Conference on Disarmament, Geneva, 9 June 2000.

74. Addressing the Indian Parliament, Clinton stated that: "India's nuclear policies, inevitably, have consequences beyond (its) borders: eroding the barriers against the spread of nuclear weapons . . . encouraging others to keep their options open." On Pakistan television, he asked the Pakistani people, "Will these [nuclear] weapons make war with India less likely, or simply more deadly?" Quoted in Matthew Rice, "Treading Lightly in South Asia, Clinton Reaffirms Non-Proliferation Goals," *Arms Control Today* 30, no. 3(April 2000): 27.

75. D. Ian Hopper, "India PM Backs Better U.S. Relations," *Washington Post*, 16 September 2000.

76. Ahmedullah, "Let 'em Eat Nukes," 52-57.

77. In November 2000, the U.S. and China jointly announced that China has pledged to end its sale of ballistic missile-related items, resulting in the U.S. decision to lift sanctions on responsible Chinese entities, imposed under the MTCR regime. Beijing stated that it "had no intention to assist in any way, any country in the development of ballistic missiles that can be used to deliver nuclear weapons." Jane Perlez, "China To Stop Selling A-Arms Delivery Systems," *New York Times*, 22 November 2000; Tahir Mirza, "U.S. Imposes Missile Sanctions on Pakistan," *Dawn* (Islamabad), 22 November 2000.

78. Ralph A. Cossa, "CTBT Remains Unsigned: Pressure India and Pakistan," *PacNet Newsletter* 36 (8 September 2000).

79. A House resolution was introduced calling on the administration to "consider removing existing unilateral legislative and administrative measures imposed against India, which prevent the normalization of United States-India bilateral economic and trade relations." House Resolution 527, 106th Cong., 2d. Sess., 12 September 2000.

80. Announcing Russia's new foreign policy guidelines, Russian Foreign Minister Igor Ivanov stated: "Russia views the signing by India and Pakistan of CTBT and NPT as an important factor of stability in the Asian-Pacific region." "Russia Wants India, Pakistan to Sign CTBT," *Hindu* (Chennai), 10 July 2000.

The Managing the Atom Project (MTA) is based in the Belfer Center for Science and International Affairs of Harvard University's John F. Kennedy School of Government.

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The Fourth Freedom Forum is a not-for-profit, nonpartisan, nonsectarian, private operating foundation. Founded in 1982, the Forum stimulates informed public discussion of international security issues, emphasizing the use of economic power instead of military force. Its goal is to achieve "freedom from fear" through the large-scale reduction of armaments and the establishment of enforceable international law.

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