The United States and the Negotiation of the Indus Waters Treaty*

Dr David R Stone**

World Bank Vice-President Ismail Serageldin predicted in 1995 that the wars of the next century will be over water. South Asia's need for rational water management to sustain an ever-growing population means that water has an ever-present potential to provoke conflict, both within states and internationally. Given that threat, the survival of the 1960 Indus Waters Treaty, governing India and Pakistan's use of the Indus River system, is a remarkable achievement. It has survived full-scale wars in 1965 and 1971, as well as numerous limited conflicts and war scares. As climate change may make water an even more precious resource, the origins of the Treaty are well-worth exploring.

This essay looks specifically at the role of the USA and Dwight D Eisenhower's presidential administration in the negotiation of the Indus Waters Treaty. Though credit for the Treaty properly belongs to the diplomats and statesmen of India and Pakistan, together with the World Bank's chief negotiator and intermediary Sir William Iliff, the US did play an important supporting role in closing the deal, a role explored here using sources from the US State Department and the White House itself. While these American sources shed light on Indian and Pakistani diplomacy, they reveal much more about American strategy—what the Eisenhower administration perceived in South Asia, where those perceptions matched reality, what Eisenhower wished to achieve, and how he wished to achieve it. Exploring these questions will, I hope, help to understand American policy in South Asia more generally and shed light on contemporary water issues.

Scholars have seen a number of factors as explaining American policy towards South Asia, but for the Eisenhower

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Dr David R Stone is Picket Professor of Military History and Director Institute for Military History and 20th Century studies, Kansas State University.

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administration and the Indus Waters Treaty, the central issue was Security and the Cold War. While considerations of economics and finance were ever-present in Eisenhower's policy towards Europe, his administration's discussions of South Asia were always focussed on the twin threats of Soviet expansion and Communist subversion. Economics was secondary: a means of dealing with those threats, but not an end in itself. Indeed, some members of Eisenhower's administration objected to the cost of American participation in the Indus settlement, but Eisenhower's own commitment to the project on security grounds never wavered.[1] Some researchers have seen cultural issues as making it easier for the US to deal with Pakistan than with India.[2] Indeed, Eisenhower and Ayub Khan were both military men, while the intellectual, pacifist Pandit Nehru came from a different background. In fact, though, the records of Eisenhower's conversations with Nehru suggest that the two men understood one another quite well. Both saw themselves as statesmen, not politicians. Eisenhower as a career military officer avoided identifying himself with a political party until late in life, and Nehru likewise saw himself as above sordid political.

The evidence makes it clear that the US policymakers were preoccupied by the Cold War, and their policy in South Asia was subservient to that greater goal. Because of this emphasis on Security, Eisenhower faced a structural problem in South Asia that was almost impossible to solve. In American thinking, both Pakistan and India were allies in the Cold War, but allies of a very different kind. Pakistan, though it did not border the Soviet Union, was a military ally against the Soviet Union, providing manpower and an important airbase. It was a founding member of the American-supported 1955 Baghdad Pact. Pakistan's price for this alignment with the West was American military aid, an ongoing source of tension in the US relationship with India. Nehru repeatedly stressed that the central problem in relations with the US, indeed the only problem in relations with the US, was American arms to Pakistan.

India was also seen in Washington as an ally, but of a different sort. Nehru's commitment to Non-Alignment and India's geographic position meant that the Eisenhower administration could not conceive of India as a potential military ally. Instead, India's greatest potential benefit to the American government was as an alternative

to Communism: i.e., a model for democratic, non-communist development. Despite Nehru's policies of state-led economic growth and central planning, India's mixed economy and democratic institutions marked it as clearly distinct from Communist China in the competition for hearts and minds among the newly-independent states of Africa and Asia. A non-aligned India, as long it combined economic growth and democracy, was as useful as if it had been an ally.[3]

In both cases, Indo-Pakistani hostility worked against American interests. America wanted weapons provided to Pakistan aimed at the Soviet Union, not Kashmir, Punjab, and Rajasthan. In addition, American officials regarded Pakistani military expenditures as excessive, hurting Pakistani economic development and thereby reducing the country's usefulness as a military ally. At the same time, Indo-Pakistani hostility worked against American interests in India as well. Money expended on an arms race could not be spent on economic development, and India's economic success was an important part of India's role in American strategy. In addition, the US could live with a non-aligned India, but a hostile India was something else again. American arms to Pakistan, an essential part of Pakistan's role in American strategy, almost guaranteed Indian hostility.

So if the US wanted Pakistan as a military ally and India as a model of non-communist development, the resolution of Indo-Pakistani tension was a necessary first step. As seen from Washington, there were three fundamental issues that separated the two sides. While other questions might create problems, they paled in significance next to those three: Kashmir, the Indus River system, and Pakistani arms. In each case, the difficulty of a solution was clear.

The ongoing Indus Waters negotiation enters the picture here. For Washington, water was a means of producing a broader settlement between India and Pakistan. Partition had created an international boundary that cut through Punjab's elaborate network of rivers and canals. Management of its water had thus been a clear question of national survival even before Independence. The Boundary Commission, meeting in Lahore at the end of July 1947, raised the issue of Punjab's irrigation system. Cyril Radcliffe proposed joint management of the canals, to which Jinnah replied

that 'he would rather have Pakistan deserts than fertile fields watered by the courtesy of the Hindus', and Nehru responded to that, 'what India did with India's rivers was India's affair.'[4] Mountbatten's haste to achieve a division meant that no solution was achieved, and tensions over the Indus system began immediately after Independence. India's later plans to build the Rajasthan canal (later named the Indira Gandhi canal) to divert water for irrigation raised the temperature of the dispute. In 1952, the World Bank offered its "good offices" as an intermediary, but painful and tortuous negotiations stretched out for years. By 1954, the Bank had proposed the outlines of the compromise settlement that would eventually prevail: after construction of the dams, canals, and reservoirs to enable Pakistan to fully use available resources, the three main Eastern rivers of the system (the Sutlej, Beas, and Ravi) would be for India's exclusive use; the three Western rivers (the Indus, Jhelum, and Chenab) would be for Pakistan's exclusive use. The World Bank, inspired by David Lilienthal, former head of America's Tennessee Valley Authority, would have preferred cooperative development of the Indus basin, and the final treaty included language allowing for joint exploitation of water resources. Political reality, though, produced a simpler and more politically-feasible proposal: three rivers for each party.[5]

To the US State Department, the three key issues (Kashmir, Indus Waters, Arms), taken on their own, were deadlocked; the new idea was to treat the three questions together. The Indus Waters and Kashmir questions were already closely linked, as key waterways originated in and flowed through disputed territory. More significantly, though, the hope was that concessions by one side on one issue could be matched with concessions by the other side on another issue. The State Department laid out this position to the American military's Joint Chiefs of Staff in January 1958. The State Department's 'basket solution' would link all three elements. First, settlement of Kashmir in India's favour—turning the cease-fire line (perhaps with minor adjustments) into an internationally-recognised border. Second, a resolution of the Indus Waters in favour of Pakistan by Indian support for Pakistani infrastructure improvements. Finally, solution of those two issues would allow resolution of the third through mutual arms reductions.[6] Assistant Secretary of State William Rountree laid out the logic for the Secretary of State John Foster Dulles: the US would assist in

moving toward a compromise settlement on the three issues by serving as a mediator and underwriting financially an Indus Waters deal. As he put it to Dulles:

> *For almost ten years now the 'Kashmir problem' has been before the Security Council for solution and the 'Indus Waters problem' before the Indus Basin River Development (IBRD). Neither of these problems has proved during this decade to be susceptible to solution taken independently. A basic principle, therefore, behind the presently proposed approach is to unite the Kashmir and Indus problems and to see whether, if considered together, there exists a greater opportunity to effect the necessary compromises . . . .'*[7]
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> *Dulles presented this to Eisenhower himself a week later, and the President gave his enthusiastic agreement.*[8] *The result was a simultaneous letter from Eisenhower to Prime Minister Nehru and President Mirza offering his good offices as an intermediary.*[9]

The Pakistani response was cautiously positive; India's was not. While careful to thank Eisenhower for his concern and his offer, Nehru did not see American good offices as helpful. Nehru was not opposed to ongoing negotiations, but he regarded normal diplomatic channels and not presidential intervention as the proper means for any potential improvement in relations.[10] Keeping discussions low-key reduced the danger of public backlash in the event of leaks, but more importantly Nehru regarded any American role as a go-between as putting India and Pakistan on an equivalent footing, something he would not accept. It smacked of, he said, 'each side arguing its case before an umpire'. As Nehru later explained to Eisenhower, 'If third parties intervene, even though that intervention proceeds from goodwill . . . the aggressor country and the country against whom aggression has taken place are put on the same level, both pleading before that third party.'[11]

There was, in addition, a basic structural problem with the American package deal. The two key issues—Kashmir and the Indus Waters—had India in an advantageous position and Pakistan as the dissatisfied party. India held the Vale of Kashmir, and India possessed the headwaters of the rivers in the Indus system. America wanted concessions by one side on one issue to balance concessions by the other side on another issue, but Kashmir and

Indus Waters would *both* require Indian concessions, meaning that no Indian government could see real benefit from connecting the two problems. British diplomats had noticed this difficulty in the American proposal immediately.[12] The American assumption had been that Pakistan would surrender its claims to the Vale of Kashmir and accept the Cease-Fire Line as an International Border in return for a successful resolution of the Indus Waters. At least judging by available evidence, this assumption was entirely incorrect, and it is not clear why American officials thought Pakistan might accept the permanent status of the de facto border. No Pakistani official ever told an American that Kashmir itself was negotiable, though the concession of Jammu was possible.[13]

With the failure of the package deal, American policymakers recognised the need for a change of tactics. Dropping the idea of tying issues together, American diplomats threw their support instead behind achieving an Indus Waters settlement in the belief that the goodwill it generated would bring movement on the Kashmir question. The American ambassadors to India and Pakistan jointly told the State Department that it was absolutely vital that the US be prepared to throw financial resources into the Indus Waters dispute at a moment's notice in order to achieve a settlement. By early 1959, the US government informed the British of its new tactic: settling one issue at a time, beginning with the Indus Waters.[14]

Circumstances in 1958 and 1959 made an Indus Waters settlement more likely. In both the USA and India, Ayub Khan's takeover in Pakistan was perceived positively. Though neither approved of military government in itself, after initial skepticism both Washington and Delhi regarded Ayub Khan as significantly more effective and stable than the political chaos he replaced. As Langley and Bunker eventually saw it, 'the government of Pakistan now in better position to make agreement which government of India would consider firm.'[15] Iliff agreed that the Indian government likely trusted Ayub's regime more than its predecessor.[16] Immediately after the signing of the Treaty, Nehru told Eisenhower 'with some admiration in his voice that Ayub works in a military way...'[17]

In addition, difficulties with India's Second Five-Year Plan also seem to have played a role in India's willingness to

accommodate World Bank priorities. The 1956 Second Five-Year Plan had been considerably more ambitious than the First and focussed on the development of industry. As a result, it required significant foreign investment. The Second Five-Year Plan encountered foreign exchange difficulties from the beginning; as well as, a drought in 1957 forced the import of wheat from Canada and the USA. Eighty per cent of the Plan's foreign exchange was initially intended to come from the United Kingdom, but the 1956 Suez Crisis revealed Britain's financial weakness and India was forced to rely far more heavily than expected on loans from the USA.[18] Langley, the US ambassador to Pakistan, saw this weakness as enabling greater pressure on Nehru. As he saw matters in September 1958, 'both Pakistan and India are edging closer and closer to bankruptcy', and India in particular was in financial terms becoming 'more desperate daily'. The USA was thus in a position to put conditions on loans to make Nehru more amenable to a settlement with Pakistan. Persuasion alone had failed, and would continue to fail 'unless some of the facts of international life are impressed upon Nehru.' Financial pressure could serve that purpose.[19]

Nehru's financial difficulties provided a means for the USA to provide substantial support for an ultimate settlement. The outline deal that had been on the table since 1954—three rivers for Pakistan, three rivers for India, and Pakistan given money and time to prepare its rivers for use—required funds. The details of the plan—the timing of Pakistan's shift to using the western rivers, the extent and cost of infrastructure improvements, and the division of the bill—took years of painstaking negotiation to resolve, and almost derailed the entire settlement. Indian money going to Pakistan was difficult enough for Nehru to sell under normal economic circumstances; in the financial straits of the Second Five-Year Plan, outside assistance was clearly required. The projected cost kept rising. In May 1958, Iliff had suggested it would be $660 million, but by December Pakistan was asking for $700 million. By April 1959, the cost was $985 million. A year later, the cost had risen to $1033 million.[20] The ability of American money to smooth over ongoing differences was vital. As early as June 1959, Iliff reported an agreement in principle between India and Pakistan; a year of hard bargaining over the details of the arrangement would be necessary before final resolution. The Pakistani

government in particular wanted firm assurances of financial support before it surrendered its claims on the Eastern rivers. As late as July 1960, there seemed serious danger of a breakdown.[21]

The new American position, of supporting an Indus Waters settlement as a mean of improving Indo-Pakistani relations more generally, still required a great deal of delicacy. America's public position was that it supported the World Bank's efforts, but had no involvement in the process.[22] This was not the case; the US State Department officials and World Bank negotiator Iliff regularly informed each other of their efforts. In May 1958, for example, Iliff gave the US State Department the estimated cost of infrastructure improvements in Pakistan, and expressed his hope that Pakistan *not* raise the Indus Water question in the United Nations and risk disrupting progress; only one week later, Dulles instructed his ambassador in Pakistan to dissuade the Pakistanis from going to the Security Council.[23] Iliff continued to brief American officials on the negotiations, including Pakistani negotiating tactics.[24] American strategy also required restraining Pakistan's desires for additional weaponry. American diplomats spent much of 1958 and 1959 putting off Pakistan's requests for military assistance.[25]

Patient effort by all parties produced the 19 September 1960 Karachi signing of the Indus Waters Treaty. It created an Indus Basin Development Fund of $900 million, underwritten by an international consortium of governments together with the World Bank. That Treaty has survived fifty years, though hopes that it might produce joint and cooperative development of the Indus basin, or lead to progress on the Kashmir question, proved hollow.

The Indus Waters Treaty provides some insight into contemporary South Asian water questions. While water has the potential to create conflicts, to date there are numerous encouraging signs, not least the resilience of the Treaty itself. In 1996, India and Bangladesh signed the Ganges River Treaty, and in the last few months concluded additional talks on the Teesta River. Also in 1996 India and Nepal signed a Mahakali River Treaty, suggesting that ample precedent exists for the peaceable settlement of water disputes.

The exception to this pattern, however, is the question of China's plans for the Brahmaputra / Yarlung Zangbo. In the autumn of 2009, India's mass media raised concerns about the possibility

of China damming or even diverting the river's waters, either for hydroelectric power or to supply the water needs of northern China. Much remains mysterious, as the real intent of the Chinese government is difficult to ascertain, particularly given the lack of opposition parties and a free press. Some possibilities for development in the Brahmaputra system would be unproblematic. Run-of-the-river hydroelectric plants (that is, those which do not interfere with natural flow) pose no threat. During Indus Water negotiations, Pakistan accepted India's building hydroelectric plants (without diversion) on upper reaches of the western rivers intended for Pakistan's use.[26] The creation of reservoirs with the potential to withhold or release water is a far more serious issue, and certainly diversion of the Brahmaputra's water would prove an ecological and human catastrophe.

Even here, though, there are reasons for optimism. Dams cannot be constructed quickly or in secret, reducing surprise and providing time for diplomacy to function. Any potential implications for India from dams on the Brahmaputra would have serious consequences for Bangladesh, a country enjoying good relations with China. The most dangerous possibility—diversion of the Brahmaputra—would be an engineering feat of unprecedented scope, and whether such an action is even technically feasible is still unclear.

Finally, the emerging consensus of International Water Law is on India's side. In 1966 the Helsinki Rules (a set of principles agreed by authorities on water law, not an international convention) established "reasonable and equitable" as the standard for sharing the benefits and burdens of water usage and dam construction between upstream and downstream states. A 1992 Helsinki Convention used 'reasonable and equitable' as the basis for International Water Law, though only for the European states involved in that Convention. A proposed 1997 United Nations convention took as its basis the 'equitable and reasonable' use of water. India, Pakistan, China, and Bangladesh all participated in the debate. Bangladesh voted in favour of the convention (which is not yet in force). Pakistan and India abstained, but in each case the objections to the convention were narrow and technical. It is easy to imagine a revised convention meeting both sets of objections while still holding to the principle of 'reasonable and equitable'. China, by contrast, held to an increasingly outdated

principle of absolute territorial sovereignty.[27] China's representative stated in the UN debate that 'territorial sovereignty is a basic principle of International Law. A watercourse State enjoys indisputable territorial sovereignty over those parts of international watercourses that flow through its territory. It is incomprehensible and regrettable that the draft Convention does not affirm this principle.'[28]

Long before the United Nations attempted to establish 'reasonable and equitable' usage of water between upstream and downstream states, the Indus Water Treaty employed the same concept of a just and fair settlement, one that has endured severe trials. India and the broader world community have an opportunity to promulgate that principle further. Not only could this promote mutually-acceptable use of the Brahmaputra system, but also provide a model for solving the ever-growing number of disputes where environment and security collide.

End Notes

1. Discussions of South Asia policy within the Eisenhower administration are relentlessly focused on security issues with economic questions of minor and secondary importance. See, for example, the security-focused discussion of South Asia policy at the 6 August 1959 meeting of the National Security Council: *Foreign Relations of the United States 1958-1960* (hereafter FRUS), volume XV, document 4, pp. 15-26. By contrast, the files of the Eisenhower Administration's Council on Foreign Economic Policy have very little material on South Asia, and no serious discussion of the Indus Waters Treaty. For objections to the Indus Waters Treaty on cost grounds, see Dennis Fitzgerald memorandum of 31 July 1959: Dwight D. Eisenhower Presidential Library (hereafter DDE): Dennis A. Fitzgerald Papers, Box 37, folder Reading File 7/1/59-12/30/59 (5).

2. Most notably, Andrew J Rotter, *Comrades at Odds: The United States and India, 1947-1964* (Ithaca, NY, 2000).

3. See Eisenhower's remarks to National Security Council, 28 May 1959: FRUS, vol. XV, doc. 2, p. 9; also NSC 5909/1, 21 August 1959: FRUS, vol. XV, doc. 6, p. 38. Robert McMahon, *The Cold War on the Periphery: The United States, India, and Pakistan* (New York, 1994), pp. 272ff, sees this approach in the subsequent Kennedy administration, though it is clearly at work in the earlier Eisenhower administration as well.

4. Ian Talbot and Gurharpal Singh, *The Partition of India* (Cambridge, 2009), p. 45, citing Leonard Mosley, *The Last Days of the British Raj* (New York, 1962), p. 199.

5. RK Arora, *The Indus Water Treaty Regime* (New Delhi, 2007), pp. 3-9; Joshua Nichols, 'The Indus Waters Treaty: A History', Henry L Stimson Center (http://www.stimson.org/southasia/?sn=sa20020116301); Ramaswamy Iyer, 'Water-Related Conflicts: Factors, Aspects, Issues', in *Searching for Peace in Central and South Asia* (Boulder, CO, 2003), pp. 278-283. The three western rivers enjoy a much larger volume of flow than the three eastern; the simplicity of the 3-3 division seems to have outweighed a more even but more complicated proposal.

6. State-JCS meeting, 10 January 1958: FRUS, vol. XV, doc. 8, pp. 48-9.

7. Rountree to Secretary of State, 10 April 1958: FRUS, vol. XV, doc. 26, pp.75-81.

8. Dulles to Eisenhower, 17 April 1958: FRUS, vol. XV, doc. 27, pp. 81-82.

9. Eisenhower letter to Nehru and Mirza, 2 May 1958: FRUS, vol. XV, doc. 34, pp. 101-2.

10. Bunker (Embassy in India) to State, 8 June 1958: FRUS, vol. XV, doc. 44, pp. 119-123; Bunker to State, 11 June 1958: DDE (Whitman File) International Series, Box 29, folder India, PM Nehru 1957-1961 (2).

11. Bunker (Embassy in India) to State, 17 May 1958: FRUS, vol. XV, doc. 37, pp. 108-9; Nehru to Eisenhower, 7 June 1958: FRUS, vol. XV, doc. 43 , pp. 117-19.

12. Memorandum of conversation, Rountree (State) with British representatives, 25 April 1958: FRUS, vol. XV, doc. 29, p. 87.

13. See, for example, the report from the embassy in Pakistan of a conversation with Prime Minister Noon: FRUS, vol. XV, doc. 47, pp. 128-130

14. Langley (Ambassador to India) and Bunker (Ambassador to Pakistan) to State, 5 December 1958: FRUS, vol. XV, doc. 59, pp. 148-9; Bartlett meeting with British government representatives, 19 January 1959: FRUS, vol. XV, doc. 61, p. 153; see also McMahon, *Cold War on the Periphery*, pp. 263-4.

15. Langley and Bunker to State, 5 December 1958: FRUS, vol. XV, doc. 59, pp. 148-9.

16. Report of Iliff's views in memo from Embassy in Pakistan to State Department, 19 May 1959: FRUS, vol. XV, doc. 69, p. 168.

17. Record of Eisenhower-Nehru meeting, 26 September 1960: DDE (Whitman File) International Series, Box 29, folder India, PM Nehru 1957-1961 (5).

18. J Anjaria, 'Industrial Planning in India', *Current History* # 174 (February 1956), pp. 98-99, 102; Norman D. Palmer, 'India and the US: Maturing Relations', *Current History* # 211 (March 1959), pp. 132-33.

19. Langley to Rountree, 2 September 1958: FRUS, vol. XV, doc. 52, pp. 136-139.

20. Bartlett and Iliff conversation, 13 May 1958: FRUS, vol. XV, doc. 35, pp. 104; Memorandum of conversation, Pakistani ambassador to the US Mohammed Ali with Donald Kennedy (State), 22 December 1958: FRUS 1958-1960, vol. XV, doc. 60, pp. 150-1; Rountree to Acting Secretary of State, 28 April 1959: FRUS, vol. XV, doc. 66, pp. 163-4; Fitzgerald memo, 31 July 1959: DDE: Dennis A. Fitzgerald Papers, Box 37, folder Reading File 7/1/59-12/30/59 (5).

21. Iliff report to Western representatives, 1 June 1959: FRUS, vol. XV, doc. 73, pp. 170-171; Kennedy to Dillon, 6 November 1959: FRUS, vol. XV, doc. 84, pp. 190-1; Aziz Ahmed (Pakistani ambassador to US) meeting with State Department, 7 July 1960: FRUS, vol. XV, doc. 96, pp. 210-212.

22. See, for example, Christian Herter's instructions to the US embassy in Pakistan, 14 March 1958: FRUS, vol. XV, doc. 18, pp. 66-67.

23. Compare memorandum of conversation, Rountree and Iliff, 13 May 1958: FRUS, vol. XV, doc. 35, pp. 102-5 and Dulles to Embassy in Pakistan, 20 May 1958: FRUS, vol. XV, doc. 39, pp. 110-111; also Herter to Embassy in Pakistan, 29 May 1958: FRUS, vol. XV, doc. 40, pp. 112-114.

24. Eugene Black and Iliff meeting with Douglas Dillon (Undersecretary of State for Economic Affairs), 29 April 1959: FRUS, vol. XV, doc. 67, pp. 164-5.

25. McMahon, *Cold War on the Periphery*, pp. 232-271 and Shuja Nawaz, *Crossed Swords: Pakistan, Its Army, and the Wars Within* (Oxford,

2008), Chaps. 8-9 both mention Pakistani frustration, but not the specific link to American efforts not to disrupt the Indus Waters talks.

26. See, for example, Embassy in Pakistan to State Department, 19 May 1959: FRUS, vol. XV, doc. 69, pp. 167-8.

27. Often called the Harmon Doctrine, named for American Attorney General Judson Harmon who articulated this concept in a dispute with Mexico over the Rio Grande.

28. Gao Feng, 21 May 1997: UN Official Records A/51/PV.99, p. 6.