



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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**U.S. Senator Max Baucus (D-Mont.)
"Where Our Paths Meet"
Keynote Address Before
the Confederation of Indian Industry and
the American Chamber of Commerce
New Delhi
Monday, January 16, 2006
(as prepared for delivery)**

Thank you, Phiroz, for that kind introduction. And thank you to CII and AmCham for hosting this wonderful event for me and the delegation of Montanans traveling with me. It is a fitting end to our trip.

Today is our last day in India. In fact, it is the last day of our 11-day journey through China, Singapore, and India. The generosity of CII and AmCham will allow us to end on a high note as we start on the road back to America later this evening.

East and West, cultures speak of "the road" or "the path" as a metaphor for life. In the Biblical book of Jeremiah, the Lord says: "Stand at the crossroads and look. Ask for the ancient paths. Ask where the good way is, and walk in it. And you will find rest for your souls." In the Bhagavad-Gita, Krishna tells Arjuna: "Whatever path a person may travel, it leads to me in the end."

FROM DELHI TO WASHINGTON AND BACK

I stand before you today, a former Chairman — and God willing, a future Chairman — of the U.S. Senate Finance Committee, in large part because I walked this way before, 43 years ago.

It was 1963. Charles De Gaulle vetoed the United Kingdom's entry into the European Economic Community. The Kennedy Administration banned U.S. travel to Cuba. Kenya became independent. I was a student at Stanford University. I wanted to learn more about other countries. But I did not get as much out of Stanford's six-month program in Tours, France, as I had hoped. So I decided to hitch-hike around the world.

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With a knapsack on my back, I traveled across Europe, Africa, and Asia. I took trains across India. I rode second and third class. I remember sitting on the floor of one car from Patna to Delhi. The sign said: "This compartment is designed for 12 people." I counted 36 people in the compartment.

My path brought me here. I stayed in the YMCA here in Delhi.

Now I heard that the Prime Minister met with Americans every second Thursday. I was skeptical. But I called to see if it was true. And lo and behold, the Prime Minister's office said it was. So I went back to my room. I opened my knapsack. I took out my wrinkled blazer. I smoothed it out as best I could. And I found a ride over to the Prime Minister's office.

I walked Prime Minister Nehru.

I would like to say that I talked with him about economic development, world peace, or other weighty matters. In fact, we talked about little of consequence. But the meeting itself had a dramatic effect on me. It was incredible. I was able to meet with this mythic character from history, this political visionary.

Here was the democratically-elected leader who represented more people than any other person on Earth. But he took 30 to 40 minutes to meet with a young man from Montana about whom he had never before heard a word. I was struck by how tired Prime Minister Nehru looked. The times appeared to have put Nehru under some stress. Not long before, border conflict between China and India had erupted into a shooting war.

But immediately after my visit, I saw the Prime Minister meet with some pilgrims from Bangalore, and he blossomed like a flower. He was a gifted politician.

That meeting with Prime Minister Nehru was a catalyst. It encouraged me to enter public service. And it had a lot to do with my interest in international trade and foreign policy.

I am standing here today because of that one-year trip. I then recognized that the world is getting smaller. I realized that no country has a monopoly on culture, values, or religion. I understood that we – Americans, Indians, Chinese – are all in this world together. And as a consequence, we have to learn to work better together.

Today, 43 years later, I have taken a different road back to India. I am not hitchhiking, or traveling deck class on boats, or staying in youth hostels. But my reasons for being here are very similar: to learn more from you and determine how we can together face the challenges of the future.

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CONVERGING PATHS

It has been 43 years, but I have never lost my fascination with India, one of the most vibrant and varied countries on Earth. India is often called a kaleidoscope, and with good reason.

There are literally dozens of languages and dialects. At lunch the other day, I sat with a Tamil speaker from Chennai, a Bengali speaker from Calcutta, and a Kannada speaker from Bangalore. And we all conversed in English.

The President of India was born in a Muslim family. The Prime Minister is a Sikh. And the leader of the ruling Congress Party is a Catholic – all within a largely Hindu nation. This diversity – of religions, languages, and peoples – is perhaps one of your country's greatest strengths, as it is for the United States.

There is much that brings the paths of India and the United States together. The United States is the world's oldest democracy, and India the world's largest. We share a common language. And we both have tolerant, multi-religious, and multi-cultural societies.

Indian-Americans are the fastest-growing ethnic group in the United States. 1.7 million Americans trace their origin to India. As a whole, they are a successful lot. Three out of five Indian-American adults in the United States have a college degree, and nearly half in the workforce are managers or professionals. The median Indian-American family earns more than \$60,000 a year, nearly double the Nation's median income. And there are more foreign exchange students from India in the United States than from anywhere else.

After years of strained relations during the Cold War, the relationship between India and the United States now appears to be on the right path. The July 2005 summit between President Bush and Prime Minister Singh concluded a wide-ranging "Joint Statement" promising cooperation in trade, investment, space exploration, satellite launches, and civilian nuclear energy.

Prime Minister Singh deserves much credit for helping to move relations with the U.S. onto this better road. Both now as Prime Minister and as Finance Minister in the early 1990s, Dr. Singh helped steer India's economic reforms in what was to become the turning point in the economic history of India. Under his guidance, India first opened itself to foreign direct investment and began the process of streamlining laws and reducing bureaucratic red tape which continues today.

COMMON CHALLENGES

These efforts have not gone unnoticed. They are much appreciated. And they make a big difference.

Such reforms are obviously not easy, especially for a representative government led by an array of coalition partners from across the ideological spectrum. With so many different constituencies who might object, it can be hard to get anything done. I might say I know a thing or two about the difficulty of serving constituencies with diverging interests. The Democratic Party in the United States is home to many such groups.

As we both know, democracies can be messy and unfocused. Change often comes in fits and starts. Winston Churchill famously quipped: “It has been said that democracy is the worst form of government, except all the others that have been tried.”

For all of democracy’s fits and starts – its messiness and its set-backs – there is no better form of government. Our task is therefore is to strive not to let the inefficiencies of our systems get in the way of progress.

All I can say to those who seek to continue reforming India’s economy is this – persevere. Truly, there is no alternative. For India and the United States face incredible challenges and opportunities ahead that we must be equipped to face. My trip this week has made this all the more apparent.

As you may know, I am traveling in Asia with a group mostly from my home state of Montana. We started over a week ago in Beijing and Chongqing, China. We arrived in Bangalore late last week and are spending today, our last day, in Delhi.

Why are we doing all of this? Part of the reason is to see firsthand the phenomenal growth in both China and India. We came to learn more about and better understand what lies behind the rapid development of both countries. We want to determine how we in the United States can best respond.

In China, we saw gleaming new skyscrapers and wide, well-paved new avenues. Construction cranes were seemingly everywhere. China’s economic advance was evident all around. But we also saw poverty and pollution – problems that China’s leadership must and is attempting to address.

China – like India – is a formerly dominant civilization awakening from a long period of indifference or even hostility to the global market. China is determined to succeed and reclaim its pre-eminence in the world economy. And, as my visit there underscored, that day is just around the corner.

The rise of China in today’s globalized world offers enormous opportunities for both the United States and India. But it also presents our two nations with a daunting challenge. And quite frankly, that challenge concerns many Americans. It makes American workers – who are already anxious about job losses in flagship industries, bankruptcies, and cuts in pension and health benefits – insecure about their economic future. It makes them worried whether the America they leave to their children will be better than the one they inherited.

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China's rise and globalization also pose challenges for India, home to the world's largest number of poor people. As India reforms to keep up with a growing China, it has the daunting task of ensuring that India's impressive rates of growth are accessible to large segments of the population. Like America, India must make sure that its people – as well as its businesses – make the most of globalization and the flattening world.

These challenges – shaped by the immense forces of globalization – are also opportunities waiting to be seized. To its credit, India is already doing so. It has created a middle-class 200 million strong with enough disposable income to make them eager, brand-conscious consumers. It has privatized wide swaths of the economy, nearly doubling India's growth rate.

It has developed a higher education system that produces tens of thousands of incredibly gifted graduates per year. And of course, it has created a world-class information technology sector, which has grown an astounding 50 percent annually for over 10 years.

U.S.-INDIA TRADE

In my view, there is much that India and the United States can do together to address our common challenges, particularly on trade and economic issues.

We are already off to a good start. U.S. exports to India have doubled since 2003 and are projected to double again in the span of a few short years. India was our fastest-growing export market last year, buoyed in part by India's recent purchase of 68 Boeing 787s. That \$10.5 billion deal was the largest single commercial aircraft order worldwide last year.

Americans can also applaud India's new patent law and its steps to improve its intellectual property rights regime in a way that promotes and protects research and innovation.

U.S. Trade Representative Rob Portman and Indian Commerce Minister Kamal Nath have already established a strong working relationship. They have traveled together in the context of our "Trade Policy Forum" to discuss a range of U.S.-India trade issues. And they have traveled together in the WTO where India's leadership has been instrumental in moving the Doha Round forward. I especially appreciate Minister Nath's efforts at the Hong Kong Ministerial to keep negotiations on track.

I hope that our two countries can continue to work together in the WTO on issues of mutual importance. A good example is services, which for India accounts for over half of its economy and, for the United States, drives four fifths of economic output.

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However, it will not be easy. There are some bumps on this road that still need work. In the WTO, India has been reluctant to commit to meaningful reductions in agricultural and industrial tariffs. I and many Members of Congress attach great importance to improved access to India's market for U.S. agricultural and industrial exports.

I come from an agricultural state. India has among the highest bound agriculture tariffs in the world. They average 114 percent. My farmers have a strong desire to export more to India. I hope that the Doha round will lead to substantial cuts in agricultural tariffs in India and elsewhere around the globe.

U.S. exporters – in Montana and beyond – also confront other roadblocks. Enforcement of intellectual property rights remains weak, and piracy rates are at unacceptable levels. I encourage India to take further steps to crack down on piracy and to strengthen enforcement. From Microsoft to Infosys, from Hollywood to Bollywood, both India and the United States have active software and entertainment industries. Reduced piracy will benefit both nations.

I also encourage India to provide increased access to its vibrant services market and lift remaining restrictions, particularly in the retail, banking, and insurance sectors. American investment in these sectors will help dramatically with India's reform and modernization efforts.

MONTANA AND INDIA

U.S. companies are eager to invest. Montana companies are eager to invest.

The Montanans who have crossed the globe to be here with me today are representatives of the best of Montana. Many of them have great interest in investing in India and forging lasting business ties.

One area we have explored is infrastructure development. India plans to spend billions of dollars in the upcoming years to modernize its infrastructure – including roads, airports, ports, power generation, and telecommunications. I'm pleased to say that Indian government officials have been positively enthusiastic about welcoming the participation of Montana companies in these ventures.

I also hope that more Indian companies will invest in Montana, like Tata Consultancy Services, which has a sizeable office in the Montana city of Missoula.

It has always been my philosophy that I'm not going to wait around for opportunities to help Montana businesses. I prefer to go out and look for those opportunities. We have made some good connections on this trip, and we will follow up. If we are successful, the road ahead should be interesting indeed.

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Together, let us imagine that road. Let us imagine India in the next 10-20 years. Let us consider in what direction our two countries should head.

Let us think of how much further we can travel in the warmer climate of today's Indo-American relationship – setting our sights on ambitious goals, like deepened trade links and cooperation across a broad spectrum, including civilian nuclear energy.

And so, let me thank the Confederation of Indian Industry and the American Chamber of Commerce for the opportunity to speak with you today. And let me thank all of you at CII, AmCham, the U.S.-India Business Alliance, and FICCI for the work you do to create an environment conducive to the growth of industry in India and the growth of trade between our two nations. You – especially the U.S.-India Business Alliance – have been of enormous help and support to me and the Montana delegation during our trip. I thank you.

The Proverb says: “Does not wisdom call out? Does not understanding raise her voice? On the heights along the way, where the paths meet, she takes her stand.” Krishna tells Arjuna not to distinguish the path of right knowing from the path of right doing. The Bhagavad-Gita teaches: “Take either path to the very end, and they meet.”

Let us make it so with our two great nations. Let us seek those “heights along the way,” where we will find understanding.

Let us ever seek the point, where our paths will meet.

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