

Print This P**What Barack Obama's second term means for India**

In a closely-watched election, Barack Obama won a second term as the President of United States of America. In an interview with CNBC-TV18's Shereen Bhan speaks to former Indian Ambassador to the US- Meera Shankar, Economics Professor at Harvard University-Gita Gopinath and David Bach of the Yale School of Management.

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Below is the edited transcript of the interview with CNBC-TV18

Q: How will the Obama administration address the issue of the fiscal cliff?

Gopinath: I don't think there is anything new about how this is going to be addressed. We have the same players. We have the Republicans controlling the house and we have the Democrats controlling the Senate. So, we are in a very similar situation from just before the elections. The question is whether everybody can come on board and actually prevent these automatic cuts in spending and increases in taxes, that everybody agrees is going to be wrong, given the current situation indeed for the US economy. So, let us hope that the players come, step up and they actually try to get their act together and ensure that there is no big dramatic effect on GDP.

Q: What do you believe is likely to happen as far as the fiscal cliff is concerned and how this administration is actually going to be able to address that challenge? Neither party has actually gained political capital. So, when it comes to inking that budget deal what kinds of compromises do you envisage?

Bach: The keyword here is compromise. For the last two years, in particular the word compromise was really a bad word in Washington. People have forgotten that politics is always about reaching compromise. You had a Republican leadership in Congress that was determined to make Obama a one-term President, they felt like that. You have Barack Obama being pushed by the liberal base to ensure he actually stood up to the Republicans. I think the next week or two are going to be crucial in setting the stage because interestingly it is actually the old Congress that has to deal with the fiscal cliff issue in a lame duck session.

I think the real question is whether Obama is going to take this opportunity and approach the term differently than he did in his first term, when he perhaps didn't reach across the house sufficiently. He also had majorities in both houses back then and now he has to work with Republicans in the House of Representatives.

At the same time, the Republican Party got thrashed. They are close in the popular vote, but really got blown out of the water in many of the battlegrounds states at the end of the day. There is a real question that whether the Republican leadership will draw the right conclusions from that.

And I think one of the right conclusions is that, you do have to compromise on certain issues. Compromise is not a bad word. I think there is going to be a lot of pressure on speaker Boehner, leader of the Republicans in the house to work with the President and to come up with some kind of a mix of spending cuts and new revenue.

I think most people agree that most of it would come from cuts, but the President insists there is got to be some new revenue by closing loopholes and letting the Bush tax cuts expire.

Q: There has been a lot of talk about a strategic partnership between India and the US, that we are natural allies. But there is also talk that India has perhaps not gone the distance as far as the US is concerned and perhaps India has let the US down, especially in areas like defense deal. Do you think India has missed out on that strategic partnership? And what do you think, can now be done to get this relationship back on track?

Shankar: The India-US strategic partnership is a broad-based one and has matured over the years. It has drawn strength from the fact that there has been bipartisan support for the relationship. Both Republican and Democratic administrations have supported a strong relationship with India. As President Obama gets ready to begin his second term, the two countries will have opportunities to build upon what has been achieved so far and see what they can do to take the relationship forward on a stronger basis.