

India and the Balance of Power

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Summary: India is on the verge of becoming a great power and the swing state in the international system. As a large, multiethnic, economically powerful, non-Western democracy, it will play a key role in the great struggles of the coming years. Washington has recognized the potential of a U.S.-Indian alliance, but translating that potential into reality will require engaging India on its own terms.

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WILL THE WEST ENGAGE?

After disappointing itself for decades, India is now on the verge of becoming a great power. The world started to take notice of India's rise when New Delhi signed a nuclear pact with President George W. Bush in July 2005, but that breakthrough is only one dimension of the dramatic transformation of Indian foreign policy that has taken place since the end of the Cold War. After more than a half century of false starts and unrealized potential, India is now emerging as the swing state in the global balance of power. In the coming years, it will have an opportunity to shape outcomes on the most critical issues of the twenty-first century: the construction of Asian stability, the political modernization of the greater Middle East, and the management of globalization.

Although India's economic growth has been widely discussed, its new foreign policy has been less noted. Unlike their U.S. counterparts, Indian leaders do not announce new foreign policy doctrines. Nonetheless, in recent years, they have worked relentlessly to elevate India's regional and international standing and to increase its power. New Delhi has made concerted efforts to reshape its immediate neighborhood, find a modus vivendi with China and Pakistan (its two regional rivals), and reclaim its standing in the "near abroad": parts of Africa, the Persian Gulf, Central and Southeast Asia, and the Indian Ocean region. At the same time, it has expanded relations with the existing great powers -- especially the United States.

India is arriving on the world stage as the first large, economically powerful, culturally vibrant, multiethnic, multireligious democracy outside of the geographic West. As it rises, India has the potential to become a leading member of the "political West" and to play a key role in the great political struggles of the next decades. Whether it will, and how soon, depends above all on the readiness of the Western powers to engage India on its own terms.

THREE STRATEGIC CIRCLES

India's grand strategy divides the world into three concentric circles. In the first, which encompasses the immediate neighborhood, India has sought primacy and a veto over the actions of outside powers. In the second, which encompasses the so-called extended neighborhood stretching across Asia and the Indian Ocean littoral, India has sought to balance the influence of other powers and prevent them from undercutting its interests. In the third, which includes the entire global stage, India has tried to take its place as one of the great powers, a key player in international peace and security.

Three things have historically prevented India from realizing these grand strategic goals. First, the partition of the South Asian subcontinent along religious lines (first into India and Pakistan, in 1947, then into India, Pakistan, and Bangladesh, in 1971) left India with a persistent conflict with Pakistan and an internal Hindu-Muslim divide. It also physically separated India from historically linked states such as Afghanistan, Iran, and the nations of Southeast Asia. The creation of an avowedly Islamic state in Pakistan caused especially profound problems for India's engagement with the Middle East. Such tensions intertwined with regional and global great-power rivalries to severely constrict India's room for maneuver in all three concentric circles.

The second obstacle was the Indian socialist system, which caused a steady relative economic decline and a consequent loss of influence in the years after independence. The state-socialist model led India to shun commercial engagement with the outside world. As a result, India was disconnected from its natural markets and culturally akin areas in the extended neighborhood.

Finally, the Cold War, the onset of which quickly followed India's independence, pushed India into the arms of the Soviet Union in response to Washington's support for Pakistan and China -- and thus put the country on the losing side of the great political contest of the second half of the twentieth century. Despite being the largest democracy in the world, India ended up siding with the opposite camp on most global issues.

The last decade of the twentieth century liberated India from at least two of these constraints; state socialism gave way to economic liberalization and openness to globalization, and the Cold War ended. Suddenly, New Delhi was free to reinvent its foreign policy -- positioning itself to face the rise of China, shifting its strategic approach to its other neighbors, and beginning to work closely with the world's existing great powers.

VARIETIES OF INFLUENCE

India's recent embrace of openness and globalization has had an especially dramatic effect on the country's role in the region. As the nations of the subcontinent jettison their old socialist agendas, India is well positioned to promote economic integration. Although the pace has been relatively slow, the process has begun to gain traction. The planned implementation of the South Asian Free Trade Agreement this summer signals the coming reintegration of the subcontinent's markets, which constituted a single economic space until 1947.

At the same time, optimism on the economic front must be tempered by an awareness of the problematic political developments in India's smaller neighbors. The struggle for democracy and social justice in Nepal, interminable political violence and the rise of Islamic extremism in Bangladesh, and the simmering civil war in Sri Lanka underscore the potential dangers of failing states on the subcontinent. There are also the uncertain futures of Pakistan and Afghanistan: defeating religious extremism and creating modern and moderate states in both countries is of paramount importance to India. A successful Indian strategy for promoting peace and prosperity within the region would require preventing internal conflicts from undermining regional security, as well as resolving India's own conflicts with its neighbors.

In the past, great-power rivalries, as well as India's own tensions with Pakistan and China, have complicated New Delhi's effort to maintain order in the region. Today, all of the great powers, including the United States and China, support the Indian objective of promoting regional economic integration. The Bush administration has also started to defer to Indian leadership on regional security issues. Given the new convergence of U.S. and Indian interests in promoting democracy and countering extremism and terrorism, New Delhi no longer suspects Washington of trying to undercut its influence in the region. As a result, it is more prepared than ever to work with the United States and other Western powers to pursue regional goals.

Meanwhile, the external environment has never been as conducive as it is today to the resolution of the Indo-Pakistani conflict over Kashmir. The conflict has become less and less relevant to India's relations with the great powers, which has meant a corresponding willingness on New Delhi's part to work toward a solution. Of particular importance has been the steady evolution of the U.S. position on Kashmir since the late 1990s. The support extended by President Bill Clinton to India in its limited war with Pakistan in 1999 removed the perception that Washington would inevitably align with Islamabad in regional conflicts. But India remained distrustful of the Clinton administration's hyperactive, prescriptive approach to Kashmir. It has been more comfortable with the low-key methods of the Bush administration, which has avoided injecting itself directly into the conflict. The Bush administration has also publicly held Pakistan responsible for cross-border terrorism and has extracted the first-ever assurances from Pakistan to put an end to the attacks. New Delhi does not entirely believe these promises, but it has nonetheless come to trust Washington as a source of positive influence on Islamabad.

These developments have opened the way for a peace process between the two governments. With the growing awareness that the normalization of relations with Pakistan would end a debilitating conflict and help India's regional and global standing, New Delhi has begun to negotiate seriously for the first time in decades. Although the pace of talks has not satisfied Pakistan, the two sides have agreed on a range of confidence-building measures. Indian Prime Minister Manmohan Singh has rejected the idea of giving up territory, but he has often called for innovative solutions that would improve living conditions and for common institutions that would connect Kashmiris across the Line of Control. Singh has made clear that the Indian leadership is ready to risk political capital on finding a diplomatic solution to Kashmir.

India's recent effort to resolve its long-standing border dispute with China has been just as bold. New Delhi decided in 2003 to seek a settlement with Beijing on a political basis, rather than on the basis of legal or historical claims. As a result, during Chinese Premier Wen Jiabao's visit to New Delhi in April 2005, India and China agreed on a set of principles to guide the final settlement. The two governments are now exploring the contours of mutually satisfactory territorial compromises.

India's search for practical solutions to the disputes over Kashmir and its border with China suggests that the country has finally begun to overcome the obsession with territoriality that has consumed it since its formation. Ironically, the nuclearization of India and Pakistan in 1998 may have helped in this regard: although nuclearization initially sharpened New Delhi's conflicts with both Islamabad and Beijing, it also allowed India to approach its territorial problems with greater self-assurance and pragmatism.

INDIA UNBOUND

Progress on the resolution of either of these conflicts, especially the one over Kashmir, would liberate India's political and diplomatic energies so that the country could play a larger role in the world. It would also finally release India's armed forces from the constraining mission of territorial defense, allowing them to get more involved in peace and stability operations around the Indian Ocean. Even with all the tensions on the subcontinent, the armies of India, Pakistan, and Bangladesh have been among the biggest contributors to UN peacekeeping operations. The normalization of Indo-Pakistani relations would further free up some of the best armed forces in the world for the promotion of the collective good in the greater Middle East, Africa, and Asia.

Even as the Kashmir and China questions have remained unsettled, India's profile in its extended neighborhood has grown considerably since the early 1990s. India's outward economic orientation has allowed it to reestablish trade and investment linkages with much of its near abroad. New Delhi is negotiating a slew of free- and preferential-trade agreements with individual countries as well as multilateral bodies including the Association of Southeast Asian Nations (ASEAN), the Gulf Cooperation Council (GCC), and the Southern African Development Community. Just as China has become the motor of economic growth in East Asia, a rising India could become the engine of economic integration in the Indian Ocean region.

After decades of being marginalized from regional institutions in different parts of Asia, India is also now a preferred political partner for ASEAN, the East Asian Summit, the GCC, the Shanghai Cooperation Organization, and the African Union. Moreover, it has emerged as a major aid donor; having been an aid recipient for so long, India is now actively leveraging its own external assistance to promote trade as well as political objectives. For example, India has given \$650 million in aid to Afghanistan since the fall of the Taliban. Meanwhile, the search for oil has encouraged Indian energy companies to tail their Western and Chinese counterparts throughout the world, from Central Asia and Siberia and to western Africa and Venezuela.

On the security side, India has been actively engaged in defense diplomacy. Thanks to the strength of its armed forces, India is well positioned to assist in stabilizing the Indian Ocean region. It helps that there has been a convergence of U.S. and Indian political interests: countering terrorism, pacifying Islamic radicalism, promoting democracy, and ensuring the security of sea-lanes, to name a few. The Indian navy in particular has been at the cutting edge of India's engagement with the region -- as was evident from its ability to deploy quickly to areas hit by the tsunami at the end of 2004. The Indian navy today is also ready to participate in multinational military operations.

AXES AND ALLIES

The end of the Cold War freed India to pursue engagement with all the great powers -- but especially the United States. At the start of the 1990s, finding that its relations with the United States, China, Japan, and Europe were all underdeveloped, India moved quickly to repair the situation. Discarding old socialist shibboleths, it began to search for markets for its products and capital to fuel its long-constrained domestic growth. Economic partnerships were easy to construct, and increasing trade flows provided a new basis for stability in India's relations with other major powers. India's emergence as an outsourcing destination and its new prowess in information technology also give it a niche in the world economy -- along with the confidence that it can benefit from economic globalization.

Barely 15 years after the collapse of the Soviet Union, India's omnidirectional engagement with the great powers has paid off handsomely. Never before has India had such expansive relations with all the major powers at the same time -- a result not only of India's increasing weight in the global economy and its growing power potential, but also of New Delhi's savvy and persistent diplomacy.

The evolution of Sino-Indian ties since the 1990s has been especially important and intriguing. Many see violent conflict between the two rising Asian powers as inevitable. But thanks to New Delhi's policy of actively engaging China since the late 1980s, the tensions that characterized relations between them from the late 1950s through the 1970s have become receding memories. Bilateral trade has boomed, growing from less than \$200 million in the early 1990s to nearly \$20 billion in 2005. In fact, China is set to overtake the European Union and the United States as India's largest trading partner within a few years. The 3,500-kilometer Sino-Indian border, over which the two countries fought a war in 1962, is now tranquil. And during Wen's visit to India in April 2005, India and China announced a "strategic partnership" -- even though just seven years earlier New Delhi had cited concerns over China as a reason for performing nuclear tests, prompting a vicious reaction from Beijing.

India has also cooperated with China in order to neutralize it in conflicts with Pakistan and other smaller neighbors. In the past, China tended to be a free rider on regional security issues, proclaiming noninterference in the internal affairs of other nations while opportunistically befriending regimes in pursuit of its long-term strategic interests. This allowed India's subcontinental neighbors to play the China card against New Delhi when they wanted to resist India's attempts to nudge them

toward conflict resolution. But now, Beijing has increasingly avoided taking sides in India's disputes, even as its economic and security profile in the region has grown.

China is not the only Asian power that India is aiming to engage and befriend. Japan has also emerged as an important partner for India, especially since Japanese Prime Minister Junichiro Koizumi has transformed Japanese politics in the last few years. During a visit to New Delhi just a couple of weeks after Wen's in April 2005, Koizumi announced Japan's own "strategic partnership" with India. (This came despite Japan's harsh reaction to India's nuclear test in 1998, which prompted Japanese sanctions and an effort by Tokyo to censure India in the United Nations and other multilateral forums.) Amid growing fears of a rising China and the incipient U.S.-Indian alliance, Japan has elevated India to a key player in its long-term plans for Asian security.

Recognizing the need to diversify its Asian economic portfolio, Tokyo has also, for political reasons, begun to direct some of its foreign investment to India (which has overtaken China as the largest recipient of Japanese development assistance). Since the start of the Bush administration, Japan has also shown increasing interest in expanding military cooperation with India, especially in the maritime domain. India, too, has recognized that it shares with Japan an interest in energy security and in maintaining a stable balance of power in Asia. Japan actively supported India's participation in the inaugural East Asian Summit, in December 2005, despite China's reluctance to include New Delhi. Neither India nor Japan wants to base their political relationship exclusively on a potential threat from China, but both know that deepening their own security cooperation will open up new strategic options and that greater coordination between Asian democracies could limit China's impact.

India's relations with Europe have been limited by the fact that New Delhi is fairly unimpressed with Europe's role in global politics. It senses that Europe and India have traded places in terms of their attitudes toward the United States: while Europe seethes with resentment of U.S. policies, India is giving up on habitually being the first, and most trenchant, critic of Washington. As pessimism overtakes Europe, growing Indian optimism allows New Delhi to support unpopular U.S. policies. Indians consistently give both the United States and the Bush administration very favorable marks; according to a recent Pew Global Attitudes poll, for example, the percentage of Indians with a positive view of the United States rose from 54 percent in 2002 to 71 percent in 2005. And whereas a declining Europe has tended to be skeptical of India's rise, the Bush administration has been fully sympathetic to India's great-power aspirations.

Still, India does have growing economic and political ties with some European powers. Although many smaller European countries have been critical of the U.S.-Indian nuclear deal, the continent's two nuclear powers, France and the United Kingdom, have been supportive. Paris, in particular, bet long ago (well before Washington did, in fact) that a rising India would provide a good market for high-tech goods; with this in mind, it shielded New Delhi from the ire of the G-8 (the group of eight highly industrialized nations) after India tested nuclear weapons in May 1998. In the last several years, the United Kingdom has also started to seize

economic opportunities in India and has been generally accommodating of New Delhi's regional and global aspirations.

In the wake of the Soviet Union's collapse, India also worked to maintain a relationship with Russia. The two states resolved residual issues relating to their old semi-barter rupee-ruble trading arrangements, recast their 1971 peace and friendship treaty, and maintained military cooperation. When President Vladimir Putin succeeded Boris Yeltsin, in 2000, India's waiting game paid off. A newly assertive Moscow was determined to revive and expand its strategic cooperation with India. New Delhi's only problems with Moscow today are the weakening bilateral trade relationship and the risk of Russia's doing too much to strengthen China's military capabilities.

CHARM OFFENSIVE

At the end of the Cold War, the prospect of India's building a new political relationship with the United States seemed remote. Washington had long favored Pakistan and China in the region, India had in turn aligned itself with the Soviet Union, and a number of global issues seemed to pit the two countries against each other. Yet after the Cold War, India set about wooing the United States. For most of the Clinton administration, this sweet-talking fell on deaf ears, in part because Clinton officials were so focused on the Kashmir dispute and nonproliferation. Clinton, driven by the unshakable assumption that Kashmir was one of the world's most dangerous "nuclear flashpoints" and so needed to be defused, emphasized "preventive diplomacy" and was determined to "cap, roll back, and eventually eliminate" India's nuclear capabilities. Of course, Clinton's approach ran headlong into India's core national security concerns -- territorial integrity and preserving its nuclear option. Pressed by Washington to circumscribe its strategic capabilities, New Delhi reacted by testing nuclear weapons.

But even as it faced U.S. sanctions, New Delhi also began to proclaim that India was a natural ally of the United States. Although the Clinton administration was not interested in an alliance, the nuclear tests forced the United States to engage India seriously for the first time in five decades. That engagement did not resolve the nuclear differences, but it did bring Clinton to India in March 2000 -- the first American presidential visit to India in 22 years. Clinton's personal charm, his genuine empathy for India, and his unexpected support of India in the 1999 war with Pakistan succeeded in improving the atmospherics of the relations and in putting New Delhi on Washington's radar screen in a new way.

It took Bush, however, to transform the strategic context of U.S.-Indian relations. Convinced that India's influence will stretch far beyond its immediate neighborhood, Bush has reconceived the framework of U.S. engagement with New Delhi. He has removed many of the sanctions, opened the door for high-tech cooperation, lent political support to India's own war on terrorism, ended the historical U.S. tilt toward Pakistan on Kashmir, and repositioned the United States in the Sino-Indian equation by drawing closer to New Delhi.

India has responded to these sweeping changes by backing the Bush administration on missile defense, the International Criminal Court, and finding alternative approaches to confronting global warming. It lent active support to Operation Enduring Freedom in Afghanistan by protecting U.S. assets in transit through the Strait of Malacca in 2002, agreed to work with the United States on multinational military operations outside of the UN framework, and, in 2005 and 2006, voted twice with Washington against Iran -- an erstwhile Indian ally -- at the International Atomic Energy Agency. India also came close to sending a division of troops to Iraq in the summer of 2003 before pulling back at the last moment. Every one of these actions marked a big departure in Indian foreign policy. And although disappointed by India's decision to stay out of Iraq, the Bush administration recognized that India was in the midst of a historic transformation of its foreign policy -- and kept faith that India's own strategic interests would continue to lead it toward deeper political cooperation with Washington. New Delhi's persistence in reaching out to Washington since 1991 has been driven by the belief that only by fundamentally changing its relationship with the world's sole superpower could it achieve its larger strategic objectives: improving its global position and gaining leverage in its relations with other great powers.

But India's ability to engage everyone at the same time might soon come to an end. As U.S.-Chinese tensions grow and Washington looks for ways to manage China's influence, questions about India's attitude toward the new power politics will arise: Can India choose to remain "nonaligned" between the United States and China, or does India's current grand strategy show a clear bias toward the United States?

The nuclear pact unveiled by Bush and Singh in July 2005 -- and consolidated when Bush went to New Delhi in March 2006 -- was an effort by Washington to influence the ultimate answer to that question. Bush offered to modify U.S. nonproliferation laws (subject to approval by Congress, of course) and revise the global nuclear order to facilitate full cooperation with India on civilian nuclear energy. New Delhi, in return, has promised to separate its civilian and military nuclear programs, place its civilian nuclear plants under international safeguards, and abide by a range of nonproliferation obligations. India's interest in such a deal has been apparent for a long time. Having failed to test weapons before the Nuclear Nonproliferation Treaty was drafted, in 1968, India was trapped in an uncomfortable position vis-à-vis the nuclear order: it was not willing to give up the nuclear option, but it could not be formally accommodated by the nonproliferation regime as a nuclear weapons state.

India's motives for wanting a change in the nuclear regime are thus obvious. But for the Bush administration, the deal is less about nuclear issues than it is about creating the basis for a true alliance between the United States and India -- about encouraging India to work in the United States' favor as the global balance of power shifts. Ironically, it was the lack of a history of mutual trust and cooperation -- stemming in part from past nuclear disputes -- that convinced the Bush administration that a nuclear deal was necessary.

AN IMPOSSIBLE ALLY?

Many critics argue that the Bush administration's hopes for an alliance are misplaced. They insist that the traditionally nonaligned India will never be a true ally of the United States. But such critics misunderstand India's nonalignment, as well as the nature of its realpolitik over the past 60 years. Contrary to a belief that is especially pervasive in India itself, New Delhi has not had difficulty entering into alliances when its interests so demanded. Its relationship with the Soviet Union, built around a 1971 peace and friendship treaty, had many features of an alliance (notwithstanding India's claim that such ties were consistent with nonalignment); the compact was in many ways a classic response to the alignment of Washington, Beijing, and Islamabad. India has also had treaty-based security relationships with two of its smaller neighbors, Bhutan and Nepal, that date back to 1949-50 -- protectorate arrangements that were a reaction to China's entry into Tibet.

In fact, there is no contradiction between India's alleged preference for "moralpolitik" (in opposition to pure power politics, or Machtpolitik) and the Bush administration's expectation of an alliance with India. New Delhi is increasingly replacing the idea of "autonomy," so dear to Indian traditionalists, with the notion of India's becoming a "responsible power." (Autonomy is thought appropriate for weak states trying to protect themselves from great-power competition but not for a rising force such as India.) As India starts to recognize that its political choices have global consequences, it will become less averse to choosing sides on specific issues. Alliance formation and balancing are tools in the kits of all great powers -- and so they are likely to be in India's as well.

That India is capable of forming alliances does not, however, mean that it will necessarily form a long-term one with the United States. Whether it does will depend on the extent of the countries' shared interests and their political capacity to act on them together. The Bush administration expects that such shared interests -- for example, in balancing China and countering radical Islam in the Middle East -- will provide the basis for long-term strategic cooperation. This outcome is broadly credible, but it is by no means inevitable, especially given the United States' seeming inability to build partnerships based on equality.

When it comes to facing a rising China, India's tendency to engage in regional balancing with Beijing has not come to an end with the proclamation of a strategic partnership between the two nations. Indeed, preventing China from gaining excessive influence in India's immediate neighborhood and competing with Beijing in Southeast Asia are still among the more enduring elements of India's foreign policy. Despite Western concerns about the military regime in Myanmar, New Delhi has vigorously worked to prevent Yangon from falling completely under Beijing's influence, and India's military ties with the Southeast Asian nations are expanding rapidly. In 2005, when Pakistan pushed for giving China observer status in the South Asian Association for Regional Cooperation, India acted quickly to bring Japan, South Korea, and the United States in as well. Given India's deep-seated reluctance to play second fiddle to China in Asia and the Indian Ocean region -- and the relative comfort of working with a distant superpower -- there is a structural reason for New Delhi to favor greater security cooperation with Washington.

In the Middle East, too, India has a common interest with the United States in preventing the rise of radical Islam, which poses an existential threat to India. Given its large Muslim population -- at nearly 150 million, the third largest in the world -- and the ongoing tensions stemming from the subcontinent's partition, India has in the past acted on its own to avert the spread of radical Islam. When Washington aligned with conservative Islamic forces in the Middle East during the Cold War, India's preference was for secular nationalist forces in the region. When the United States acted ambivalently toward the Taliban in the mid-1990s, India worked with Russia, Iran, and the Central Asian states to counter the Taliban by supporting the Northern Alliance. Now, although some in India are concerned that alignment with the United States might make India a prime target for Islamist extremists, there is no way India can compromise with radical Islam, which threatens its very unity.

But shared interests do not automatically produce alliances. The inequality of power between the two countries, the absence of a habit of political cooperation between them, and the remaining bureaucratic resistance to deeper engagement in both capitals will continue to limit the pace and the scope of strategic cooperation between India and the United States. Still, there is no denying that India will have more in common with the United States than with the other great powers for the foreseeable future.

While New Delhi has acknowledged that U.S. support is necessary for India's rise to be successful, Washington has recognized India's potentially critical role in managing emerging challenges to global order and security. As a major beneficiary of accelerating globalization, India could play a crucial role in ensuring that other developing countries manage their transitions as successfully as it has, that is, by taking advantage of opportunities while working to reduce the pain of disruption. Given the pace of its expansion and the scale of its economy, India will also become an important force in ensuring that the unfolding global redistribution of economic power occurs in an orderly fashion. Meanwhile, India could become a key player in the effort to modernize the politics of the Middle East. If nothing else, India's success in ensuring the rights and the integration of its own Muslim minority and in reaching peace with Pakistan would have a powerful demonstration effect.

To secure a long-term partnership with India, Washington must build on the argument of "Indian exceptionalism" that it has advanced in defense of the recent nuclear pact, devising a range of India-specific policies to deepen cooperation. India is unlikely, however, to become a mere subsidiary partner of the United States, ready to sign on to every U.S. adventure and misadventure around the world. It will never become another U.S. ally in the mold of the United Kingdom or Japan. But nor will it be an Asian France, seeking tactical independence within the framework of a formal alliance.

Given the magnitude of the global security challenges today, the United States needs more than meek allies. It should instead be looking to win capable and compatible partners. A rising India may be difficult at times, but it will act broadly to defend and promote the many interests it shares with Washington. Assisting India's rise, then, is in the United States' own long-term interest.