

## **Will India Be a Better Strategic Partner Than China?**

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The Joint Declaration signed on July 18, 2005 by President George W. Bush and Indian Prime Minister Manmohan Singh has been heralded in some quarters as the equivalent of President Nixon's opening to China. America agreed to recognize India as a "responsible state with advanced nuclear technology" and pledged to support its civilian nuclear program and urge others to do the same. This agreement caught observers in the strategic community and the Congress by surprise. Even supporters of closer relations with India had a difficult time understanding why the U.S. made a seemingly large concession on nonproliferation rules in exchange for a vague exchange of Indian support to help the United States combat HIV/AIDS, support those countries that seek a "U.S.-India Global Democracy Initiative," and otherwise support India's economic development in a number of areas – there simply seemed to be too little Indian *quid* for the American *quo*.

The opening to China under President Richard Nixon and National Security Advisor Henry Kissinger provides some illumination on the current attempts to negotiate a "strategic partnership" with India. In both cases, expectations ran high as to what the two countries might accomplish in a new partnership. Both "openings" were also informed by an underlying strategic logic. In the case of China, Nixon and Kissinger hoped to accomplish a strategic triangulation – an improvement of relations with both the Soviets and the Chinese at a time when the two were at the height of hostility. In so doing, the American government would create more options for itself in its great power game with Moscow. In addition, Nixon and Kissinger strongly believed that China could help ease America's exit from the Vietnam War, and even enlisted Beijing's help in brokering a political deal in Vietnam.

But, the relationship did not turn out as planned by its creators. China is prospering and no longer a Maoist state that is a declared enemy of the United States. However, American policymakers are increasingly concerned that a rich, strong yet still authoritarian China will increasingly pose security challenges to Washington. Indeed, though it always uses diplomatic and coded language, Washington now views China as a long-term strategic competitor. The U.S. *National Security Strategy* talks of "hedging" against China, the 2006 Quadrennial Defense Review names China as the only country that compete militarily with the United States and points at ways that Washington will try and maintain its strategic supremacy.<sup>1</sup> America's China policy since the end of the Cold War has been to help Beijing become richer and stronger, hoping that that it would become democratic and its rise would be peaceful. Washington premised its economic and technology policy on this belief. Now, uncertain about China's strategic intentions, America fears it may have helped create a strategic competitor.

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<sup>1</sup> See National Security Strategy of the United States <http://www.whitehouse.gov/nsc/nss2006> page 42 and Department of Defense, "Quadrennial Defense Review," (U.S. Government Printing Office: 2006), 29.

Today, as Washington changes its India policy, it finds itself confronting a host of geopolitical challenges. On the one hand, it is engaged in a long global counterinsurgency against radical Islamic terrorists. On the other, a rising China will pose a long-term challenge so long as it defines its core interests as incompatible with those of America. In both cases, America must enlist allies to secure its interests and sustain the U.S.-led world order that has been the basis of global economic development and relative peace for over 60 years. And, in both cases American strategists believe that the ultimate solution lies in the eventual democratization of the regions and countries that pose these overriding threats.

India may prove a partner in confronting both of these challenges. First, as a liberal democratic country, Delhi accepts the notion that the more democracy spreads, the safer Indians will be. Second, India has been one of the foremost targets of jihadi terrorist attacks and shares an interest with Washington in bringing them to an end. Third, China has been a historic rival to India, and China's growing power is viewed in Delhi with much apprehension. India shares an interest with Washington in maintaining a balance of power in Asia that ensures that China will not pre-dominate.

However, India is a rising power with its own aspirations. Though it likely will not challenge U.S. hegemony in Asia in the short term, neither will it necessary accept a hegemonic America in perpetuity. The fact that India is a liberal democracy will help the two countries develop necessary accommodations with less suspicion and tension than characterizes the Sino-American relationship. But India's path to power will be a long and bumpy one, as it works out its place in the region and the world. The legacy of a "non-aligned" foreign policy and fiercely independent strategic culture will make the prospects for strategic partnership more difficult.

India's desire to maintain good relations with problematic countries along its periphery, including Iran, should worry American policymakers. Though the Indo-American relationship has more potential than the Sino-American one, Beijing and Washington had an agreed upon threat to focus their efforts. In contrast, Washington's biggest threat today is jihadi terrorism and the proliferation of weapons of most destruction -- Iran plays a big part in both. But India does not view Tehran as a threat. In addition, Delhi sees much of its strategic environment through the lense of its tension with Pakistan, while Islamabad is a necessary American partner in the war on terror. India will continue to modulate its nuclear policy in accordance with its competition with Pakistan and its primary nuclear backer in Beijing. This too is cause for caution, as the nuclear equation in Asia is fast changing and difficult to control.

The most persuasive argument for a new kind of relationship with India is not that today the two countries can cooperate as full partners the way Washington does with Australia, the United Kingdom and increasingly with Japan. Rather it is that India's power is rising and that rise will change the geopolitical landscape profoundly. Because of India's *potential* to play a productive role internationally, America has a strong interest in assisting and influencing that rise.

It is with this strategic logic in mind that this essay turns to the comparison between America's two big "openings" and tries to distill lessons for how to proceed with India in a fashion that will not end up harming Washington's interests. This essay assumes that the way countries enter into negotiations governs long-term relations – expectations can be made too high or too low; governments can oversell to their publics; decisions made on seemingly trivial matters can take on lives of their own as bureaucratic constituencies form to perpetuate narrow policies that conflict with larger, evolving goals. This essay finds that America risks misperceiving Delhi's long-term intentions, and has not sufficiently hedged against a series of risks in its new relationship with Delhi, namely, India's ongoing partnership with Iran and its approach to strategic weaponry.

## **U.S. and China: Lessons Learned?**

### **1972: The Opening**

Before his historic trip to China, President Richard Nixon jotted down notes that would guide his negotiation posture. In one category he listed what America wants: "1. Indochina? 2. Communists – to restrain Chicom... expansion in Asia. 3. In Future –reduce threats of confrontation with Chinese superpower." He then listed China's goals: "1. Build up their world credentials; 2. Taiwan; 3. Get U.S. out of Asia. And a third list contained "What we both want: 1) Reduce danger of confrontation; 2) a more stable Asia; 3) a restraint on the USSR."<sup>2</sup>

Nixon and Kissinger believed that America had much to gain from working toward a normalization of relations with China and hoped that an American thaw in relations with both the Soviets and the People's Republic of China would allow Washington to play one off the other and improve its strategic position relative to both. Nixon and Kissinger's original formulation was an equal and simultaneous thaw – only later did the relationship with China take on an overt anti-Soviet cast. The United States was in an intense strategic competition with both the Soviets and the Chinese at the same time, and many strategists viewed China as the more intense rival.<sup>3</sup>

Nixon also thought that improving relations with the Chinese could defuse the Sino-American rivalry particularly with respect to Chinese support of Communist insurgencies in Southeast Asia. And, Nixon and Kissinger thought Washington could secure Beijing's assistance in brokering a peace deal in Vietnam and thus allow the United States to exit the war "with honor."

It was clear to both men that the price for a diplomatic breakthrough would be major concessions on Taiwan, with which America had a treaty alliance and a long-standing partnership. Besides retaking Taiwan, Beijing also wanted to enhance its international status, and by 1978, as President Carter and National Security Advisor

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<sup>2</sup> Quoted in James Mann, *About Face: A History of America's Curious Relationship with China from Nixon to Clinton* (New York: Vintage Books, 2001), 14.

<sup>3</sup> The Soviets assumed that in any clash with the Chinese the United States would in fact support them. See for example, Henry Kissinger, *The White House Years* (New York: Little, Brown and Co., 1979), 172-173.

Zbignew Brezinski negotiated the terms of normalization, to grow its economy, modernize, and become a great power.

Nixon and Kissinger pursued the China opening against the backdrop of domestic political competition. Democratic Senator Edward Kennedy, the politician most feared by Nixon as a Presidential contender, called for recognition of China at the UN and the drawdown of U.S. troops from Taiwan. Beijing played American politics skillfully, advantaging their diplomatic jockeying by sounding out Kennedy as well as other Presidential contenders such as Ed Muskie and George McGovern about traveling to China.<sup>4</sup>

Kissinger went to China in 1972 in a climate of domestic political pressure, and highly desirous of a diplomatic coup. He thus prepared to make concessions on Taiwan beyond what had been originally planned. At the outset of discussion he told Premier Zhou Enlai that America would not support two Chinas, one Taiwan, and one China or two an independent Taiwan. Pocketing those concessions, Zhou indicated that the talks could proceed.<sup>5</sup>

Kissinger made another rather extraordinary concession: he told Zhou Enlai that the United States would tell China about any Soviet-American understanding that would affect Chinese interests, and to share sensitive intelligence on Soviet troop deployments.<sup>6</sup> Beijing was obviously receptive, as Soviet troops had amassed on China's borders, the two had engaged in intense border clashes throughout the late 1960s, and the Soviets were threatening to destroy China's nuclear facilities.

During Nixon's follow-up trip he reiterated Kissinger's assurances on Taiwan, confirmed Kissinger's assurances on the Soviet Union, promised to help restrain Japan's influence over Taiwan, and agreed to collaborate with China on India – a signal that the U.S. and China would thereafter be two poles in the Asian power structure. Moreover, the President and his National Security Advisor established a pattern of relations with China that their successors would continue: Nixon and Kissinger made more concessions than they had intended to during meetings with Chinese leaders and conducted much of their work in secrecy, fearful that a skeptical public would not support the private concessions that they were making. And, as the talks progressed, the Americans felt the need to provide the Chinese with carrots – mostly in the form of important technology – to ensure that the “the process would not be derailed.”<sup>7</sup>

While the opening to China was governed by a power strategic logic – especially more maneuverability for the United States in its relations with the Soviets and an end to a “two front” Cold War – the bureaucratic and political pressures felt by the chief

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<sup>4</sup> Mann 28-29

<sup>5</sup> John H. Holdridge, “Through China's Backdoor,” in Holdridge et. al eds., *War and Peace with China: First-Hand Experiences in the Foreign Service of the United States*, (Lanham, MD: University Press of America, 1994), 124.

<sup>6</sup> Mann, 35-36

<sup>7</sup> For example, as the normalization talks stalled Washington agreed to provide the Chinese with high-speed computers. See Willam Burr, “The Kissinger Transcripts” page 375

American protagonists resulted in less than optimal outcomes. The United States gave much more on Taiwan than they had wanted or arguable needed, changing from a promise of a drawdown of troops to a private acceptance of the Chinese position. And, the Chinese, who had more immediately to fear from the Soviets than the United States, received a powerful assist against that threat. The power gap between the two was tremendous – China was still an impoverished country with a GDP per capita of \$129 and the bulk of its citizens living in poverty.<sup>8</sup> The United States was one of two superpowers with a GDP per capita of \$19,371. The reality of this power differential meant that the United States would carry China along, and Washington had to exaggerate China’s importance to sell the relationship as a partnership.

### **1979: The Normalization**

Under President Carter and Brzezinski, the new China policy took a more overtly anti-Soviet cast. Brzezinski arranged for the Chinese to purchase advanced weaponry from Western Europe, and arranged for detailed policy and intelligence briefings for the Chinese on Soviet capabilities and intentions by defense officials. Carter allowed his Department of Defense to lay the groundwork for direct military sales and the easing of export controls on “dual use” items that would benefit the Chinese military.

During his May 1978 trip to China, Carter also accepted China’s terms on Taiwan to set normalization talks in motion –there would be no official U.S. government presence on the island. This was a far cry from Nixon’s earlier formulation that the U.S. would simply drawdown its forces on the island.<sup>9</sup> At Beijing’s urging, Brzezinski also secured Carter’s agreement to hold off on normalizing relations with Vietnam and to announce the normalization before the SALT II arms limitations talks with the Soviets much to the consternation of Secretary of State Cyrus Vance. Vietnam promptly signed a treaty with the Soviets and diplomatic normalization with the United States would have to wait some 17 years.

This was a significant victory for Beijing, given that the PLA was planning on striking Vietnam to “teach them a lesson” for Hanoi’s expulsion of ethnic Chinese and Hanoi’s attack against the Chinese-backed Khmer Rouge in Cambodia. President Carter signaled that he would not disapprove of such an attack. Brzezinski went a step further – meeting nightly with Chinese Ambassador Chai Zemin and turning over valuable intelligence information.<sup>10</sup>

Beijing gained much from the process of normalization: concessions on Taiwan, a de facto green light to strike at historic rival Vietnam and an upstaging of the Soviet Union before the arms limitations talks. America also opened the floodgates on technology transfers to the impoverished, technologically backward Chinese military-industrial complex. Carter offered Most Favored Nation trade status to China, but not to the Soviets. This was a departure from the Nixon-Kissinger idea that both Russia and

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<sup>8</sup> World Development Indicators Online Database. In constant 2000 U.S. dollars.

<sup>9</sup> Mann, 86-88

<sup>10</sup> Mann, 100

China would receive trade benefits, the former as part of a broader détente policy. Moreover, though President Carter made human rights a centerpiece of his foreign policy he pointedly neglected to include China in his criticism of how despotic regimes treat their people.

### **The Reagan Era: Haig and his Critics**

The Reagan Administration continued along the path set forth by its predecessors. Secretary of State Alexander Haig, who had been a key Kissinger deputy during the 1972 opening, was particularly enthusiastic about advancing what he saw as a strategic partnership between the two countries. He pushed for direct military sales to China and an end to arms sales with Taiwan, winning administration approval for the former. The Reagan administration loosened high-technology restrictions to allow U.S. companies to treat China the same for export purposes as friendly but not allied countries in Africa, Europe and Asia. By 1985, “dual use” licensed exports to China were valued at \$5 billion. High level military exchanges also picked up as in 1985 Chairman of the Joint Chiefs of Staff John Vessey became the highest ranking military officer to set foot in Mainland China since 1949.

Reagan also authorized direct Foreign Military Sales to China which eased the way for direct commercial transactions. China bought S-70C helicopters, artillery locating radar, torpedoes and, most notably entered into an agreement with the Americans to upgrade its F-8 fighter jet, known as the peace pearl program. The Reagan Administration also negotiated a civilian nuclear cooperation agreement and authorized the sale and transfer of U.S.-designed satellites for launch on Chinese rockets which indirectly bolstered China’s missile and military nuclear propulsion programs. In both the military and commercial arenas, Beijing was like a starving kid finally at his first meal, purchasing the most sophisticated technology that it could get its hands on. A modulated diplomatic relationship had morphed into a strategic and military partnership.

There were some dissenters both in and out of government from the “strategic partnership” approach to China. Strategists like Edward Luttwak, China specialists such as Doak Barnett and Defense technocrats such as William Perry all sounded a note of caution. Luttwak asked: “Is it our true purpose to promote the rise of the People’s Republic to Superpower status? Should we become the artificers of a great power which our grandchildren may have to contend with?”<sup>11</sup>

The Reagan Administration had some powerful dissenters as well in Secretary of State George Shultz and his Assistant Secretary of State for East Asian Affairs Paul Wolfowitz. Shultz agreed with Wolfowitz’s assessment that China’s importance had been exaggerated to the detriment of U.S. strategy. China, he wrote, had thus far constantly created obstacles – Taiwan, technology transfer – which America had to overcome just to maintain a good relationship.<sup>12</sup> Shultz rebalanced America’s Asia policy, emphasizing Japan as the key to the U.S. position.

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<sup>11</sup> Edward N. Luttwak, “Against the China Card,” *Commentary* 66:4, October 1978, 43

<sup>12</sup> Mann, 129.

## **The Bush-Clinton Years: From Accommodation to Accommodation**

While the Chinese may have contributed to the downfall of the Soviet Union,<sup>13</sup> once the common enemy was gone the relationship lost its *raison d'être*. Problems that had been plastered over emerged with a vengeance. Americans were concerned by Chinese transfer of missile and WMD technologies to Iran and missiles to Saudi Arabia. Americans were outraged by Chinese crackdown on several democracy movements in the 1980s culminating in the 1989 massacre of students at Tiananmen square, and by the suppression of Tibetan moves for autonomy. And, military and intelligence officials began to notice that the PLA was buying advanced weaponry from the former Soviet Union.

The George H.W. Bush and Bill Clinton administrations tried to find new justifications for the relationship. Bush moved quickly to buck up the reeling CCP, which was internationally isolated after Tiananmen.<sup>14</sup> Clinton settled on “comprehensive engagement” – arguing that the policy would inevitably lead to a democratic and less threatening China. The policy led to looser restrictions on high-technology sales that ended up in the hands of the PLA.

By the mid-1990s, despite alleged violations by Hughes and Loral of laws prohibiting assistance to the Chinese on satellite launch technology, President Clinton approved sales of even more advanced satellites than the Reagan Administration had authorized. Once the door to technology transfer had been opened, powerful constituencies in the United States refused to let it shut.<sup>15</sup> As a consequence, the United States military may have to one day face a Chinese military that is in part armed with U.S. technology. The former Martin Marietta Company, for example, provided data that helped the Chinese improve upon its DF-21 missile IRBM.<sup>16</sup>

### **Lessons Learned?**

The history of America's opening to and normalization with China is instructive as America embarks upon a similar process with India. Nixon and Kissinger began with some concrete ideas about why such a move was necessary. As Administrations changed those ideas morphed into a very different position. The benefits to China were clear, it was relieved of severe pressure from its clashes with the Soviets, secured agreement to de-recognize and begin to isolate Taiwan, received a green light to attack Vietnam, and perhaps most importantly entered into a trading relationship with America on favorable terms and got its hands on critical high technology. Together with Deng Xiaoping's own

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<sup>13</sup> Nancy Bernkopf Tucker makes this argument in “China as A Factor in the Collapse of the Empire,” *Political Science Quarterly* 110: 4 (Winter 1995/1996), 501-508.

<sup>14</sup> As waves of democratization changed the character of international politics in East, Central Europe and the Caucasus, even Brzezinski predicted the CCP's demise. See *Japan Economic Newswire*, “Brzezinski Predicts End to Communist Rule in China,” May 29, 1990.

<sup>15</sup> Mann, 112, 113, 285-7.

<sup>16</sup> Richard Fisher, Richard D. Fisher, “The Impact of Foreign Weapons and Technology on the Modernization of the People's Liberation Army,” (Washington: U.S.-China Economic and Security Review Commission, 2004), Page 18.

reforms, the trade relationship and high-technology transfers have helped turn China into an economic powerhouse today. And, as William Perry had predicted “it had no particular reason to be friendly to the United States.”<sup>17</sup>

Nixon had written an article in *Foreign Affairs* journal before he became President that argued that America had a broad interest in bringing China into the “family of nations.” There is no doubt that in part because of America’s opening, the Chinese people are better off. Economic integration with the west played a pivotal role in China’s escape from being a Maoist revolutionary society. However, China is today the only country in the world that can compete militarily with the United States.<sup>18</sup> It is one thing to assist China out of poverty and isolation, quite another to transfer technologies and engage in military cooperation that enabled China’s rise as a military power.

The fervor with which the opening was pursued exaggerated China’s importance at the time thereby paving the way for an anti-Soviet military and intelligence partnership the downsides of which we are facing today. In addition, expectations were raised so high that whenever China did not “deliver” the relationship could go into a tailspin.

Perhaps of most significance, Kissinger and Nixon’s willingness to privately accept the Chinese position on Taiwan eliminated options that may have paved the way for a more enduring resolution between the two countries. Ignoring the fact that there existed a majority Taiwanese population who did not believe they were citizens of China has caused grave complications today. Indeed, the deliberate ambiguity and chasm between private and public assurances to the Chinese have gravely complicated the issue. The insinuation to Beijing that we would or could deliver on those assurances was always false. Today the potential for war over Taiwan is no less than it was in 1972.

As a counterfactual, what would have happened if the United States had focused the relationship on economic and political reform instead? What if America had resisted Chinese attempts to define the relationship as, in George Shultz’s words, a series of obstacles that the U.S. must remove in order to maintain a good relationship for its own sake? What if America had slowed the normalization process down and pocketed a normalization with Vietnam in the late 1970s? What if the United States had taken heed of the growing Taiwanization of the island early on, before China raised the stakes? What if when the CCP was reeling in 1989 President Bush had pressed for real political reform? We may well have seen a different China and a relationship characterized by less suspicion and mistrust. The way the PRC and the United States did business from the beginning seemed to preclude Washington from exercising more creative options when the opportunity arose.

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<sup>17</sup> Mann, 113.

<sup>18</sup> Department of Defense, “Quadrennial Defense Review,” (U.S. Government Printing Office: 2006), 29.

## **Will India Be a Better Partner Than China?**

The foregoing is meant to provide a framework of analysis as Washington and Delhi forge a “strategic partnership.” India of 2006 is far from China of 1972. India is a successful multi-ethnic democracy, respectful of the rights of citizens. Its economic growth since the early 1990s has been impressive, and when it chooses to, it plays a productive role on the international stage. The potential for U.S.-Indian strategic competition is limited.

But, the relationship is being billed as a new “strategic partnership” and expectations on both sides are running high. The United States paid a relatively high cost up front for this partnership -- changing its nonproliferation policy to recognize India as a nuclear weapons state despite its rejection of the Non Proliferation Treaty (NPT). Though some downplay the importance of U.S. concessions, they are costly nonetheless. The diplomacy entailed in getting China and Russia to stop proliferating to their own special friends – Pakistan and Iran – will be more complicated with a new non-NPT Nuclear Weapons State. And, on balance, India will emerge from the deal with more nuclear material that can be weaponized than it would have otherwise had.<sup>19</sup> The nuclear deal may be the best solution to a vexing problem of squaring the Indo-American diplomatic circle, but Washington must acknowledge the risks: India will have more nuclear bomb making capacity to compete not only with China, but Pakistan, and the nonproliferation regime has been damaged.

In order to evaluate whether the deal is worth the price – a number of questions must be addressed: What does the United States want out of the new partnership? What has India committed to giving thus far? What does India want? What has the United States committed to giving?

## **What the United States Wants**

The administration has articulated several rationales for the opening to India. Robert Blackwill, President George W. Bush’s first ambassador to India and a key architect of the new relationship, has laid out some hard headed rationales:

Think first of the vital interests of the United States: prosecuting the global war on terror and reducing the staying power and effectiveness of the jihadi killers; preventing the spread of weapons of mass destruction, including to terrorist groups; dealing with the rise of Chinese power; ensuring the reliable supply of energy from the Persian Gulf; and keeping the global economy on track.<sup>20</sup>

India, he argues, shares those vital interests. Official statements and speeches such as the Joint Statement between President Bush and Prime Minister Singh are less clear on what the two sides want to accomplish. In the Joint Statement the two leaders

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<sup>19</sup> See Henry Sokolski, “Backing the U.S.-India Nuclear Deal and Nonproliferation: What’s Required,” Testimony to the Senate Foreign Relations Committee, July 18, 2005.

<sup>20</sup> Robert D. Blackwill, “The India Imperative,” *National Interest* (Summer 2005).

commit to promote, strengthen democracy worldwide, and combat terrorism relentlessly. The countries also committed to a “Next Step in Strategic Partnership” initiative which provides a framework for economic cooperation, the joint promotion of democracy, energy and environmental cooperation continued defense cooperation and high-technology and space cooperation.<sup>21</sup>

In each of these areas, the United States commits to providing support and assistance to India, including the modernization of India’s infrastructure, agricultural-technical assistance, the provision of civilian nuclear energy to India, and removing Indian companies from the Department of Commerce’s Entity’s list in order to advance space and high technology cooperation.

In speeches by President Bush and Secretary of State Rice the theme of helping India become a great power is consistent. In the Administration’s view, India, like America, is a multiracial, pluralistic democracy with a growing economy, so its prominence on the world stage would be a net- positive. Though the President speaks of cooperation on global matters such as HIV AIDS, proliferation and a commitment to democracy his Administration’s rhetoric focuses most intently on helping pull India up: India will be allowed more cooperation in space activities, access to civilian nuclear energy, high technology in agricultural and other matters, purchase or co-production of advanced fighter jets, prodded to further liberalize its economy.

In short, the relationship is not a balanced diplomatic transaction as much as it is Washington’s attempt to accommodate a rising and benign power. State Department Counselor Philip Zelikow has gone as far as to equate the opening with India to America’s commitment to Western Europe and East Asia at the Cold War’s onset. Washington would stake its claim to the areas bracketing the Eurasian landmass, and devote its strategic energy to securing and developing those parts of the world. In Zelikow’s mind, America’s new relationship with India reflects an American recognition that Central and South Asia today and in the future are as important as were Europe and East Asia in the Cold War.<sup>22</sup> This may be a rhetorical overreach – besides Afghanistan, the Administration is not committing resources consistent with a new approach to the Eurasian landmass.

There are risks entailed in the Administration’s oversell approach. Congress and the public will want to see near term results, but the policy is in fact not a diplomatic transaction, rather it is a long-term investment.

The truth is that long-term improvement of relations with India is guided by a powerful strategic logic. India’s economy has been growing at impressive rates over the

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<sup>21</sup> “Joint Statement between President George W. Bush and Prime Minister Manmohan Singh,” July 28, 2005. Available from <http://www.whitehouse.gov/news/releases/2005/07/20050718-6.html>; accessed August 28, 2006.

<sup>22</sup> Robert Zelikow remarks delivered at American Enterprise Institute Conference, “The U.S. Indian Strategic Partnership: The Nuclear Deal and Beyond.” Transcript available at <http://www.aei.org/events/filter.all.eventID.1331/transcript.asp>; accessed August 28, 2006.

past decade, and Delhi is trying to shed its legacy of non-alignment in order to play an active and responsible role on the international stage. India shares with the United States an intense sense of threat from jihadi terrorists, and is wary of a rising China's strategic intentions. Indeed, Indians argue that their own nuclear weapons programs was a response to China's support of Pakistan's WMD programs.

Moreover, unlike China, India is pulling its people out of poverty within a pluralistic democratic system. As noted Indian analyst Raja Mohan has said – if this experiment works it will be of great benefit to the entire democratic world.

The United States thus has a fundamental interest in assisting India's rise as a prosperous democracy that contributes to international security. More immediately, the United States would like to see India play the role of counterweight on China's western flank (with Japan doing the same in the east), although Washington complicates matters by not making this an explicit goal. And, the United States seeks partners in its efforts to deny the Iranian regime nuclear weapons, to stem the tide of WMD proliferation, to keep the sea-lanes astride South and Southeast Asia safe, and to garner support for its democracy-promotion agenda, particularly in the Muslim world. Finally, the United States wants Delhi's understanding of its need to maintain good relations with India's rival Pakistan.

### **What India Wants**

Indian economic growth since its 1991 reforms, its battle hardened and modernizing military, and new, pragmatic diplomatic stance have put on the path to becoming a great power. Fundamentally, it wishes to be recognized as a great power today, at least on par with China. India's nuclear testing in 1974 and 1998 and its succeeding "nuclear recognition" diplomacy were in service of achieving that goal. There is no question that Delhi equates great power status with recognition as a nuclear weapons state. The next diplomatic step, Delhi believes, would be a permanent seat on the UN Security Council.

Besides the grand objective of becoming a great power, India's immediate security concerns are jihadi terrorism (much of it Pakistan-supported), settlement of the Jammu and Kashmir issue on terms favorable to Delhi, maintaining hegemony in its immediate neighborhood, diversification of its energy supply and improved energy security as its energy demands grow, checking a China that Delhi believes is encroaching on its sphere of influence, and maintaining good relations with Iran both to ensure oil and gas supply and to stave off potential troublemaking by Tehran.

With these strategic priorities in mind, from Delhi's perspective the deal is a major triumph and securing America's recognition as a nuclear weapons state is the crown jewel:

The President told the Prime Minister that we will work to achieve full civil nuclear energy cooperation with India....and the United States will work with friends and allies to adjust international regimes to enable full civil nuclear cooperation and trade with India, including but

not limited to expeditious consideration of fuel supplies for safeguarded nuclear reactors at Tarapur.<sup>23</sup>

It is difficult to overstate the significance of this undertaking from Delhi's perspective. For years India had taken a strong position against the global non-proliferation regime, arguing that it was the strong countries' way of maintaining a monopoly on nuclear power. Furthermore, Delhi felt that a double standard had been applied to it vis-à-vis China on nuclear matters. And, following its 1998 nuclear tests, it feared that an American-Chinese-Pakistani axis would form against it on the question of its nuclear weapons. The joint-statement wiped away this legacy: Delhi was part of the nuclear club and America is going to help it convince other members to confer the club's full benefits, notwithstanding the White House's argument that India would not be recognized as a nuclear weapons state for purposes of the NPT.

As Ashton Carter has pointed, given the significance of the American concession – even if this was the most realistic option to the Indian nuclear question -- America will pay a price for a special nonproliferation carve-out for India -- it is striking how little America received in return.<sup>24</sup> Besides nuclear technology, India will also be the beneficiary of American advanced defense and space technology. India on the other hand committed to continue with policies it was already pursuing – “combat terrorism relentlessly” continue high level dialogues on the economy, space, defense and energy.

Many see India's two votes in the IAEA that resulted in Iran's referral to the Security Council as a sign that India will ally itself with the United States on this key strategic question. Others point out that Indian officials themselves state that they worked hard on *behalf* of Tehran's interests, lobbying the EU to water down the resolution.<sup>25</sup> In any case, India will not break its long-standing strategic ties to Iran anytime soon.<sup>26</sup>

If the relationship is thought of in terms of a “strategic partnership” then Dr. Carter is surely correct – the diplomatic transaction was heavily weighted toward the Indians. A strategic partnership conjures up images of Japan, and Australia and the UK, where, in the latter two cases, the worldview is so similar that there is hardly a war fought by the United States where the other two are not involved.

And, one could imagine a series of American requests were the relationship truly thought of as a diplomatic transaction – military access for China contingencies would be

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<sup>23</sup> “Joint Statement between President George W. Bush and Prime Minister Manmohan Singh,” July 28, 2005. Available from <http://www.whitehouse.gov/news/releases/2005/07/20050718-6.html>; accessed August 28, 2006.

<sup>24</sup> Ashton Carter, “The India Deal: Looking at the Big Picture,” testimony delivered before the U.S. Senate Committee on Foreign Relations, November 2, 2005. Available from <http://www.senate.gov/~foreign/testimony/2005/CarterTestimony051102.pdf#search=%22Ashton%20Carter%20India%20Testimony%22>; accessed August 28, 2006.

<sup>25</sup> K.P Nayar “No Choice Delhi votes with U.S.” The Telegraph September 25, 2005

<sup>26</sup> See K. Alan Kronstadt and Kenneth Katzman, “India-Iran Relations and U.S. Interests,” (Washington, DC: Congressional Research Service, 2006).

especially helpful given the anti-access challenge in East Asia. A clear statement committing to the American position on Iranian denuclearization would be another legitimate American request, and more assistance with security and reconstruction in Iraq a third.

The problem is that India is nowhere the point were it has either the will or ability to provide such assistance. True, as Raja Mohan has pointed, America has not exactly invited India to “a containment party.”<sup>27</sup> But is unlikely that even if Washington had, Delhi would have accepted.

An examination of some important issues on the Indian-American agenda reveals the different prisms through which the two sides still view their respective security problems.

### **India and China: Uneven Convergence**

For many American strategists, the driving force behind the new partnership with Delhi is Washington’s concerns about the long-term challenge of a stronger China. Should, Beijing become more assertive and the relationship more confrontational, a solid U.S.-India relationship would position America well to maintain the security order in Asia.

For its part, India is wary of China’s strategic intentions, its support for Pakistan, its moves into South Asia, and its increasing presence in the Indian ocean and relations with countries that sit at critical junctures along the Ocean. Indians are quick to remind Americans that they have been concerned about a “China threat” for decades, having fought a war against Beijing in 1962 and sharing a 4000 km border much of which is in dispute. But India also derives great benefits from having both an America and a China card to play.

Delhi will welcome maritime security cooperation with the United States as a counter to Beijing’s growing presence along the Indian Ocean. China has been busily constructing port facilities and surveillance and reconnaissance capabilities around the Indian Ocean as part of what some have termed a “string of Pearls strategy.” This combined with investment in an elaborate rail and road infrastructure through South and Southeast Asia are meant to provide China with an alternative to American dominated sea routes in delivering its oil and gas from the Persian Gulf back to Chinese ports on the East Coast.<sup>28</sup>

Part of India’s logic of reaching out to the United States is to help it out of its perceived encirclement by China in the Indian Ocean and South Asia. Indeed, some

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<sup>27</sup> Parag Khanna and Raja Mohan, “Getting India Right,” *Policy Review* 135 (March/April, 2006).

<sup>28</sup> Christopher J. Pehrson, *String of Pearls: Meeting the Challenge of China’s Rising Power Across the Asian Littoral* (Carlisle, PA: Strategic Studies Institute, 2006).

within the Indian military perceive Chinese expansion of influence in Burma, Bangladesh, Nepal, Central Asia and the Persian as a strategy of “encirclement of India.”

On the one hand, India will continue to compete with Beijing for influence in Southeast Asia and has increased its political cooperation with Vietnam, Indonesia and Singapore. India’s desire to counter Beijing’s dominance over Burma will result in continued engagement with the Rangoon regime, much to the consternation of Washington.

Delhi will no doubt carefully watch China’s measured commitment to a blue water Navy as manifested in its growing nuclear submarine force, and its development of some kind of aircraft carrier.<sup>29</sup> The consensus among Indian strategists that “China should be kept out of the Indian Ocean.”

India’s May 2004 Maritime Doctrine sets an ambitious course for India’s navy meant in part to deal with “extra-regional powers” operating from the Persian Gulf to the Malacca Strait. India has in mind both sea denial and over time blue water capabilities. It announced plans to purchase 6 French Scorpene diesel electric submarines, and build six more in India, is negotiating with Russia for the transfer of another aircraft carrier, and announced plans to equip some of its surface destroyers with Brahmos anti-ship cruise missiles as an answer to China’s equipping its Soveremeny destroyers with Sunburns. The Navy’s allocation of the defense budget rose from \$7.5 billion for the years 1997-2001 to \$18.3 billion for 2002-2007. However, given the ambitions of the navy, budget plans are underfunded.

On the other hand, India will continue to increase its cooperation with China. While it will not cede influence in Central, South or even Southeast Asia to Beijing neither will it join cede too much influence to the United States. During the visit of Premier Wen Jiabiao to India in April 2005, Prime Minister Singh announced that “India and China can reshape the world.”<sup>30</sup> The two countries have begun an FTA negotiation, and trade has been increasing at a rapid pace, up to 20 billion in 2005.<sup>31</sup> In addition, China formally abandoned its claim to the Himalayan province of Sikkim, set a strategic framework for resolving differences over their 2,175 mile-long border, and signed a series of agreements on technology sharing, civil aviation and trade.

China agreed to support India’s bid for a UN Council seat, and Foreign Minister Shyam Saran declared “we look upon each other as partners.”<sup>32</sup> Recently the Indian Defense Minister Pranab Mukherjee’s announced that India and China signed a military

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<sup>29</sup> See the testimony of Bud Cole and Richard Fisher before the U.S.-China Economic and Security Review Commission, March 16-17, 2006. Available from [http://www.uscc.gov/hearings/2006hearings/transcripts/march16\\_17/March\\_16-17\\_FINAL.pdf#search=%22Bud%20Cole%20USCC%22](http://www.uscc.gov/hearings/2006hearings/transcripts/march16_17/March_16-17_FINAL.pdf#search=%22Bud%20Cole%20USCC%22); accessed August 28, 2006.

<sup>30</sup> John Lancaster, “India, China Hoping to ‘Reshape the World’ Together,” *The Washington Post*, April 12, 2005.

<sup>31</sup> “India, China to Register Trade of 20 Bn US Dollars by 2007,” *Xinhua*, March 16, 2006.

<sup>32</sup> Lancaster, 2005.

agreement that will expand military cooperation in the areas of joint military exercise and exchanges.<sup>33</sup>

India's approach to China, not unlike America's, is to engage warily. The American and Chinese militaries will compete for better ties with India and India will pressure the United States to relax technology restriction using its relationship with China as leverage. The task for Washington is to build a relationship of trust with the Indian military without falling into the trap of "proving its love" by signing on to ever more expansive technology transfer deals.

## **Defense Relations**

One major goal of America's defense strategy is to build what it calls "partnership capacity." This reflects a recognition that America will need new partners to assist in its daunting strategic tasks, which in Asia include keeping the sea lanes safe for commerce, continuing to support operations in Afghanistan, balancing China's growing power, deterring North Korean and Chinese aggression, and protecting growing energy interests in Central Asia.

The military relationship began with a focus on missile defense – India was one of the first countries to embrace the Bush Administration's new approach to strategic defense<sup>34</sup> -- and has blossomed into one of America's most active in Asia. The two countries have conducted "dissimilar" combat exercises in which Indian pilots flying Sukhoi Su 30s defeated F-15s 90 percent of the time, mountain exercises in the Himalayas and Alaska, special forces exercise in jungles and underwater, joint maritime piracy and antisubmarine warfare exercise and joint aircraft carrier exercises in the Indian Ocean as part of the annual Malabar exercises.<sup>35</sup>

In June 28, 2005 after a series of Under Secretary-level Defense Policy Group meetings Secretary of Defense Rumsfeld and Minister of Defense Pranab Mukherjee signed a "New Framework For the U.S.-India Defense Relationship," codifying the already active relationship. The two sides agreed that defeating terrorism, preventing the spread of WMD and protecting the free flow of commerce by air land and sea were "shared security interests."<sup>36</sup> The two countries further agreed to enhance their capabilities to defeat terrorism and combat the proliferation of WMD as well as expand their interaction with other regional militaries. The document emphasizes the importance of defense trade as a means to "reinforce the strategic partnership" and "achieve greater interaction between our two armed forces."<sup>37</sup>

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<sup>33</sup> Jen Kussal, "Growing Sino-Indian Military Ties," *UPI*, June 6 2006.

<sup>34</sup> See Ashley Tellis "The Evolution of U.S.-Indian Ties; Missile Defense in an Emerging Strategic Relationship," *International Security* 30:4 (Spring 2006).

<sup>35</sup> Martin Walker, "India's Path to Greatness," *Wilson Quarterly* (Summer 2006), 22.

<sup>36</sup> See "New Framework for the U.S.-India Defense Relationship" June 28, 2005

<sup>37</sup> *Ibid.*

Through an intense program of exercises, the sale of weapons systems and high-level exchanges, the Pentagon seeks to establish interoperability with India. The U.S Air Force envisions a networked C4ISR system with all PACOM partners including India consisting of UAVs, shared early warning radar, and satellite imagery that could “protect vital areas from the threats of terrorism, piracy, smuggling, WMD proliferation, and potentially, even ballistic missiles.”<sup>38</sup> Whether India will want to be part of such a network is an open question, considering that it does not plan on joining the Proliferation Security Initiative and its Ministry of Defense has recently talked of “spacing out” U.S.-Indian military contacts.<sup>39</sup>

For India, the *sin qua non* of the relationship is technology and weapons transfer – both dual use and lethal. The easing of restrictions on these items is both a sign that India is no longer considered an outlaw by the United States and an absolute necessity in Indian eyes for modernizing its military. Indeed, for India to project power, it needs high-end lift, refueling, airborne early warning and control capabilities, and believes that the United States has state of the art equipment. India is conducting tough negotiations on defense trade issues. For example, it has asked the United States to release one of its most advanced radars – the active electronically scanned array as part of the United States offer of F-16s and F-18 fighter jets to the Indian Air Force. India is leveraging an intense competition to fulfill its combat fighter requirement.<sup>40</sup>

The focus on defense trade is complicated by a number of factors. On the one hand, a strong supply and defense industrial relationship will create the “connective tissue” of the defense relationship, and America should have bargained for preferential treatment as part of the grand deal. On the other hand, India, like China before it, is getting in the habit of creating litmus tests that require Washington to prove its commitment to the relationship by asking: how much state of the art technology are you willing to give? There is also the problem of India’s relationship with Iran and the kind of incentives that will be in place to transfer technology to Tehran, not to mention Moscow and Beijing. This is especially troublesome in missile related areas such as Space Launch Vehicles.

Indian and American strategists seem to agree that the most promising area of military cooperation will continue to be maritime security in what the Indians refer to as the “Indian Ocean Basin” – waters that extend from the Persian Gulf to the Straits of Malacca. Recent declarations by Indian defense officials of its interest in keeping the South East Asian sea lanes safe from pirates and terrorists underscores this point.<sup>41</sup> Moreover, the two countries have already cooperated in sea lane protection in the Strait of Malacca at the beginning of Operation Enduring Freedom, and the only joint structure in the Indian military is a Navy-led one on Nicobar islands.

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<sup>38</sup> William D. Anderson and Kenneth Cushing, “Security Cooperation with the Pacific,” *DISAM Journal* 28:1 (Fall 2005), 34.

<sup>39</sup> “Indian defense Ministry Asks Officials To Space Out Contacts with the Pentagon,” *BBC Monitoring Services*, July 29, 2006.

<sup>40</sup> “Raytheon Offers Sophisticated Radar to India,” *The Press Trust of India*, July 30 2006.

<sup>41</sup> “Asia-Pacific Nations Pledge Joint Action on Malacca Strait Protection,” *Lloyd’s List*, June 6, 2006

India's blue water aspirations however may be too ambitious. Though the Indian Navy wants to build a three carrier Navy by 2012, this is will be difficult since it is retiring its sole extant carrier once the Russian Admiral Gorshkov arrives.<sup>42</sup> Indian naval officials expect that more ships will be decommissioned than commissioned by 2012.

### **The Strategic Weapons Problem**

India has in service the Agni ballistic missile that can carry nuclear warheads and can hit almost any target in Pakistan. The arsenal cannot yet hit vital Chinese targets – a strategic aspiration – but work on the new longer range Agni is intended to provide India with that capability. In addition the Navy is interested in developing a nuclear second strike submarine capability.<sup>43</sup> Though India strategic weapons program is in large measure a response to the growing Chinese strategic arsenal, the United States should exercise caution in helping India along this road. The nuclear equation in Asia is rapidly changing, and not one Americans should be confident about managing. With an improved Chinese arsenal, an improving Indian arsenal, a nuclear Pakistan and North Korea it is probably a matter of time before Japan decides it will need a nuclear arsenal as well.

Recent indications that India's intends to add to its arsenal are worrisome. The United States has made clear that no nuclear aid or fuel should be used to help India's strategic weapons program and that India should not continue nuclear testing. But in a recent speech to Parliament, Prime Minister Singh rejected those conditions as infringements of Indian sovereignty. He threatened that India must receive an "uninterrupted supply" of foreign nuclear fuel, or it would suspend the IAEA inspection on civilian nuclear facilities that were part of the nuclear deal. Prime Minister Singh was equally emphatic about India's absolute right to process and enrich.<sup>44</sup>

While this speech may have been for purely domestic consumption, it is troubling enough for the United States to think carefully about transferring technologies that may even indirectly assist the strategic program. U.S.-Indian cooperation on space launch vehicles should be avoided until America gains greater confidence in India's nuclear intentions. The U.S. launching satellites off the Polar Launch Space Vehicle could lead to the transfer of MIRV rocket integration technologies. This would be an unfortunate repeat of the American experience with China.

There is a wiser twofold course: stop letting China get a pass on its own nuclear posture improvements; and, persist with missile defense activity. Missile defense is entirely complementary of India's "no first use" and "force in being" posture intended to protect against strategic coercion by Pakistan or China. A diplomatic effort to curb

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<sup>42</sup> John Gill, "South Asia," *Strategic Asia 2005-2006: Military Modernization in an Age of Uncertainty* (Seattle: National Bureau of Asian Research, 2005), 249.

<sup>43</sup> *Ibid.*, 250.

<sup>44</sup> See Manmohan Singh speech before the Rajya Sabha, August 1, 2006. Available from <http://in.rediff.com/news/2006/aug/18nddeal-text.htm>; accessed August 28, 2006.

Chinese strategic forces build-up would help stem the steady march to a more dangerous Asia characterized by even low-intensity nuclear arms races.

### **India and Iran: Cause for Caution**

India's close relationship with Iran is also cause for caution, especially when it comes to technology transfer. During the visit of Iranian President Mohammad Khatami, Tehran and Delhi signed the New Delhi declaration in 2003 which commits them to "explore opportunities for cooperation in defense and agreed areas, including training and exchange of visits." Iran is seeking Indian help in operating missile boats, refitting T-72 tanks and armored personnel carriers and upgrades for its MIG 29s which would build upon Delhi's past help in developing batteries for Iranian submarines.<sup>45</sup> The two have engaged in naval exercise, the significance of which has been played down by both the Americans and the Indians.<sup>46</sup>

India will continue to see Iran as an important source of energy – the state owned Gas Authority of India Ltd. has reportedly has signed a \$22 billion 25 year deal with the Iranians. And, the two countries seem committed to building a pipeline, together with Pakistan, that would run from Iran to India via Pakistan.

India is interested in cutting off any potential Iranian troublemaking by Tehran among India's own substantial Muslim population. And, since the end of the Cold War, the two countries have worked together against Sunni extremism in Central Asia and most significantly against the Taliban during the 1990s when Washington was not paying attention to events in Afghanistan.<sup>47</sup> Iran was a useful Muslim ally for Delhi as it sought to counter Pakistan's attempts to play the Muslim Card in the Kashmir dispute. Tehran even recognized Kashmir as an integral part of India. Pakistanis fear that Indians will develop bases in Pakistan for use in a potential Indo-Pak war.<sup>48</sup> In particular Pakistanis are troubled by Delhi's agreement to expand the Iranian port of Chahbahar, which Islamabad thinks may in the future have an Indian naval presence. Delhi has expressed its own apprehension about Chinese involvement in the Pakistani port at Gwadar, a few hundred miles from Chahbahar.

In addition, Indian individuals and companies have been sanctioned for nuclear related technology to Iran, and there are reports of pending sanctions on missile technology.<sup>49</sup> Given Iran's interest in improving its ballistic missile capabilities, Indian-Iranian interest in space launch cooperation, is particularly troublesome.<sup>50</sup> There have

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<sup>45</sup> Anthony Cordesman, *Iran's Developing Military Capabilities* (Washington DC: CSIS 2004)

<sup>46</sup> K. Alan Kronstadt and Kenneth Katzman, "India-Iran Relations and U.S. Interests," (Washington, DC: Congressional Research Service, 2006), 4.

<sup>47</sup> *Ibid.*, 5-6.

<sup>48</sup> C. Christine Fair, "Indo-Iranian Relations: Prospects for Bilateral Cooperation Post-9-11," in Robert Hathaway Ed. *The "Strategic Partnership" Between India and Iran*, Woodrow Wilson International Center for Scholars, Asia Program Report, No. 120, April 2004, 13.

<sup>49</sup> "US Sanctions two India firms for Transfers to Iran," *Reuters*, July 27, 2006.

<sup>50</sup> Fair, 12.

been reports of ongoing Indian-Iranian space cooperation and India has been the target of congressional legislation accusing it of assisting the Iranian missile program.<sup>51</sup>

The United States should be exceedingly cautious in proceeding with space launch cooperation with Delhi unless such strategic cooperation with Iran is ceased. Washington should recognize, however, that such cooperation will not end in the near-term. Delhi has cultivated ties with Iran to improve its position *vis a vis* Pakistan and to gain influence in Central Asia, two of its top foreign policy priorities. Ironically, the Sino-American rapprochement was premised upon the two countries facing a common threat in the Soviet Union. Today, America views Iran as part of the greatest threat it faces, that of jihadi terrorism, but it is unlikely to get much by way of Delhi in facing this threat.

### **The Power Gap**

The largest impediment to a strategic partnership in the near term is the power gap between the United States and India. U.S. GDP per capita is close to \$40,000 while India's is closer to \$3,000 (using purchasing power parity). The United States is responsible for more than a quarter of total global economic production while India's contributes less than two percent. A quarter of Indians still live in poverty. By most estimates just to pull its citizens out of poverty will require a decade of 7-8 percent of economic growth

The U.S. military budget is double the total of the EU combined, over 400 billion dollars. As Eliot Cohen has put it: "In virtually every sphere of warfare, the United States dominates, above the air and below the sea" the U.S. military far surpasses any potential adversary. "No other power has the ability to move large and sophisticated forces around the globe; to coordinate and direct its own forces and those of its allies... and to support those troops with precision firepower and unsurpassed amounts of information and intelligence."<sup>52</sup>

While India's defense budget has been growing and is now over 15 billion dollars, Delhi's internal security requirements and the ongoing tension with Pakistan over terrorism and Kashmir, means that India's ability to project power is a long term aspiration.

Thus, if the goal is a diplomatic transaction of equal and mutual gains Washington will surely be disappointed. If the goal is assisting India's emergence, the relationship ought to focus on minimizing the power gap.

In this context the first order of business is economic development and reform for India. So far Indian attempts to open its economy and take advantage of international capital and resources like the Chinese have been uneven. Nearly every expert group looking at India's economy calls for greater liberalization of the trade and investment

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<sup>51</sup> See India and Iran have Co-operation in Space Research *Times of India* February 1, 2003 and "U.S. House Passes Bill Targeting Russia, China, and India the help Iran," *Bloomberg News*, March 2 2000

<sup>52</sup> Eliot Cohen, "History and the Hyper Power," *Foreign Affairs* (July-August 2004).

regimes, investment in infrastructure, and rationalization of the regulatory climate. The US-India CEO Forum, convened by the two governments, stressed the need for a better FDI climate in physical infrastructure including in power and roads and in insurance retail and banking.<sup>53</sup>

Restrictions on imports and investments as well as problematic infrastructure<sup>54</sup> have kept India's volume of trade relatively low. American business sees a big potential market in India, and positive demographic trends as well as a English speaking population are looked upon favorably. But unless Indian decision-makers undertakes massive economic reform, India's great power aspirations will not be met. Morgan Stanley estimates that India will have to spend 100 billion dollars a year on infrastructure by 2010 to achieve 8-9% annual economic growth.<sup>55</sup> This will be difficult for a government that is running fiscal deficits.

If Washington wants to advance its goal of helping India become a great power, it should seriously consider a bilateral FTA. The primary objective would be to provide a mechanism to force open the Indian economy through market mechanisms. As economic analysts of India have observed such an agreement would serve as "an effective mechanism for locking in reform policies, mobilizing domestic political support for liberalization and spurring additional trade liberalization..."<sup>56</sup> And, Americans would develop vested commercial interests in India that would provide a connective tissue that is difficult to break. Skeptics will argue that an FTA would divert trade and that the India economy is not ready for such an agreement. But Washington has concluded or is in the process of concluding FTA's with Morocco, Oman and Singapore – according to political as well as economic criteria set forth by then-USTR Robert Zoellick. India meets much of the criteria.<sup>57</sup>

Attempting to bridge the power gap will be difficult given India's culture of autonomy and independence, and its reluctance to have interference with either. For the project to succeed humility will be needed on both sides. Washington needs to be humble about how much advise and influence India is ready to accept. India needs to accept that its power right now is largely incipient and that America is ready and willing to provide it with a boost.

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<sup>53</sup> See "U.S.-India Strategic Economic Partnership" Report of the U.S. India CEO Forum March 2006 According to CRS, FDI flows to China in 2003 alone were 54% higher than the cumulative total of FDI stock in India through 2003. See "India-U.S. Economic Relations," CRS Report to Congress Wayne Morrison and Alan Kronstadt February 10, 2005 3.

<sup>54</sup> The economist reports for example that peak electricity falls 11% short of supply See The Economist "Building Blocks" June 3 2006

<sup>55</sup> See Economist Ibid

<sup>56</sup> Robert Lawrence and Rajesh Chada "Should a U.S.- India FTA be part of India's Trade Strategy?," *India Policy Forum 2004*, Sunman Berry Barry Bosworth and Arvind Panagariya eds. (Washington, DC: Brookings and National Council for Applied Economic Research 2005). Lawrence and Chada make a persuasive case that reformers in India would be given an assist if an FTA were to be negotiated.

<sup>57</sup> See *Prospects for a US-Taiwan Free Trade Agreement*, Nicholas R. Lardy and Daniel H. Rosen, December 2004 Institute for International Economics

## Conclusion

Ashley Tellis, one of the architects of the new relationship with India has said:

The question ... ought not be “What will India do for us”... rather the real question out to be, “is a strong democratic (even perpetually Independent) India in American national interest. if the answer to the question is “yes” then the real discussion about the evolution of the U.S.-Indian relationship ought to focus on how the United States can assist the growth of Indian power...”<sup>58</sup>

Dr Tellis adds that the Administration strategy of promoting India’s rise is a “directed first and foremost, towards constructing a geopolitical order in Asia that is conducive to peace and prosperity.”

George Perkovich has written “if India can democratically lift all of its citizens to a decent quality of life without trampling on basic liberties and harming its neighbors, the Indian people will have accomplished perhaps the greatest success in human history.”<sup>59</sup>

Both the Tellis and Perkovich goals are well worth pursuing. But Washington must enter this relationship without illusions. Now that the nuclear deal is complete, Washington needed to mitigate its risks so long as India continues its partnerships with Iran and Beijing.

The Shultz approach rather than Kissinger and Brzezinski approach should guide the U.S.-Indian relationship. The two countries should focus on what is doable and most important. The first order of business is promoting economic reform in India. Delhi will not become a great power otherwise. Wise economic statecraft in both capitals can have a significant impact on India’s future. Working towards an FTA would have the dual advantage of catalyzing liberalization in India and tying the two countries closer together in ways that advantage both. Military cooperation should continue especially in the maritime arena.

But the United States should heed the lessons of its relations with China. Washington will live to regret it if the relationship is defined as a series of obstacles that it must clear to secure Indian cooperation. Technology transfer should be done if it is in Washington interests, not as proof of Washington’s commitment to the overall relationship. The Pentagon in return should work toward access agreements to protect its interests on the Eurasian landmass and with respect to China.

On the other hand, Washington must realize that India will not sever ties with Tehran anytime soon. India sees its interests as convergent with Iran on the issue of Sunni extremism in Central Asia, energy security, and Pakistan. With this in mind, Washington should avoid cooperation in space launch vehicles until India weans itself away from strategic cooperation with Iran.

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<sup>58</sup> Ashley Tellis, “The U.S.-India ‘Global Partnership’: How significant for American Interests?” Testimony before the House Committee on International Relations, November 16, 2005.

<sup>59</sup> George Perkovich, “Is India a Major Power,” *The Washington Quarterly* (Winter 2003-2004), 143.

Nor is there need to make too much of nuclear power as an answer to India's overwhelming need for energy. Delhi will still rely heavily on oil and gas to fuel its growth. Washington can help Delhi's energy security by generously adding it to existing development and production consortia, realizing that Delhi has come late to the game.

And Washington should not expect much in the way of combined democracy promotion, India's protection of the Burmese junta from international isolation is cause for skepticism.<sup>60</sup> Washington will be disappointed if it expects too much help from Delhi on the "freedom agenda."

India will be a better strategic partner than China, but it will take Washington's largesse to achieve that goal. Washington is not interested in creating a satellite or client state, it is genuinely interested in having a prosperous and democratic and powerful India as a partner. The road will be a bumpy one, and in overselling the partnership and giving too much on the nuclear deal, Washington has not started off well. But, with sustained and deft diplomacy and an economics first approach the payoff will be worth the price.

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<sup>60</sup> "Burma: China, Japan Block Calls for Security Council Censure," *Inter-Press Service*, June 7, 2006.