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WORKING PAPER

U.S.-India Initiative Series *America's Interests in India*

By Marshall M. Bouton



**Center for a
New American
Security**

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This paper is one of a series commissioned in conjunction with a major Center for a New American Security (CNAS) study on the future of the U.S.-India relationship. The study, co-chaired by former Deputy Secretary of State Richard L. Armitage and former Under Secretary of State for Political Affairs R. Nicholas Burns, and directed by CNAS Senior Fellow Richard Fontaine, has produced a comprehensive blueprint for the next phase of the U.S.-India strategic relationship. The full text of the final report can be found at www.cnas.org.

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About the Author

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A fully developed strategic partnership with a rising India is an essential ingredient of any U.S. strategy for meeting the greatest challenges to U.S. influence in the decades ahead, including economic competitiveness, terrorism, nuclear proliferation, and the shifting international balance of power, especially in Asia. A closer partnership with India's market democracy will be critically important to adapting and maintaining the post-World War II international order constructed by the United States, an order based on an open global economy and the institutions to support it. A stronger U.S.-India relationship will support U.S. economic growth through trade, investment and technology flows, enhance cooperation in the fields of energy security and climate change, and bolster joint action in managing the global commons. More broadly, a robust, sustained partnership will be a sine qua non of maintaining a global system that accords with U.S. political and economic norms and sustains U.S. global preeminence.

This paper defines and articulates U.S. interests in the relationship with India looking forward. It does not directly consider India's interests, India's possible reactions to the definition of U.S. interests offered here or the policies through which the United States would pursue these interests. Nor are the concerns of other powers taken into account. The argument recognizes that the vision of U.S. interests expressed here entails a highly ambitious agenda for both governments. It does not attempt to assess the feasibility of that agenda in the near or long term.

But a corollary to the paper's central proposition is that building a comprehensive and committed strategic partnership with India is a task of some urgency, especially given that reaching the goal would take a decade or two. The rapidly shifting international environment – toward a more multipolar system – requires this partnership, and the advances in India-U.S. relations over the past decade make a truly strategic partnership possible.

To accomplish the needed transformation in U.S.-India relations will mean prioritizing the difficult step of aligning more closely the security interests and policies of the two countries sooner rather than later. This is possible, despite significant differences in priorities and approaches, because overall the interests of the United States and India have been converging and will continue to converge in the years ahead. Prioritizing security is required because developments in India's neighborhood and in the Asian region pose pressing and longer-term problems for both countries that will worsen rather than lessen with time. It will necessitate investing in the gradual narrowing of differences in U.S. and Indian outlooks and capabilities, even if it involves occasional trade-offs with other U.S. goals that do not bring immediate benefits to the United States.

India's Importance to U.S. Grand Strategy

There is a compelling U.S. vital interest in a full strategic partnership with India. This vital interest derives from several observations:

The transition to a more multipolar global order is occurring more rapidly and posing greater risks to U.S. interests than was earlier anticipated by many observers. The rising influence of new powers and the relative lessening of the United States' ability to achieve its international goals acting alone are developments now underway. A weakened U.S. economy will be a lasting constraint on the exercise of its power. China's recent assertiveness in its region and Turkey and Brazil's surprising parting of the

ways with the United States vis-à-vis Iran and Israel are early if small signs of the growing complexity the United States faces.

The central geostrategic trend today and in the decades ahead is the tectonic shift of global economic gravity and geopolitical influence to the Asian region. Spurred by the rise of China, this trend, if not managed successfully, will eventually alter the global balance of power, influence and values in ways not favorable to American interests. While U.S. policy attention and resources are now concentrated on the greater Middle East, the larger, longer-term challenge to U.S. global preeminence is centered in Asia.

In the near term, the principal international threats to the United States are centered to India's west – the interrelated challenges of terrorism, nuclear proliferation, instability and conflict in the arc from North and East Africa through Pakistan. It will be increasingly difficult for the United States to sustain the kind of commitment it has made to countering these threats over the last decade. Even with sustained U.S. involvement, the entire region will remain volatile and dangerous for years, if not decades, to come.

Lasting economic constraints coupled with rising and eventually competing power centers will require the United States to work more closely than in the past with old and new allies and partners to meet the challenges to its global influence. Traditional U.S. allies in the North Atlantic Treaty Organization (NATO) will continue to be valuable, but limited, partners as the United States seeks to protect its interests in the greater Middle East and Asia. Japan, the Republic of Korea and Australia will be vitally important to maintaining a regional balance of power and protecting U.S. interests. But on the southern and eastern rims of Asia, the United States presently lacks the capable and reliable partners it will increasingly need.

India is a critically important long-term actor in the regions to its east and to its west, and has the potential to be a powerful partner of the United States in addressing challenges and opportunities in both arenas. India is a rising power but does not seek to alter the international system in ways fundamentally detrimental to continued overall U.S. global preeminence. Rather, it is a source of stability and strength on the South Asian end of the greater Middle Eastern arc of crisis and a critical player in the evolution of the Asian balance of power and values, both objectives critical to the preservation of U.S. influence. Given that the United States and India share the values of pluralism, liberalism and democracy, India's potential to be a major power and partner of the United States in Asia and globally will weigh heavily in forming the multipolar world order now taking shape.

Overall, U.S. and Indian security, political and economic interests have been converging since the end of the Cold War. These shared interests include peace and stability in South Asia, the defeat of regional and global terrorism, the normalization of relations in Asia as a whole, and global economic growth. However, this trend of convergence and the trust it has engendered between the two countries are potentially wasting assets and must be reinforced and expanded if they are to be sustained. "Strategic pause" is not an option in U.S. policy toward India. Despite the progress of the last decade, the foundations of U.S.-India partnership are not yet broad enough (regional security interests being the key missing component) and firmly cemented enough by trust and habits of cooperation to surely withstand potential shocks.

Realizing the potential of the U.S.-India partnership will require resolving contradictions between some near-term U.S. interests and policies in the greater Middle East and in Asia and longer-term U.S. interests in India, as well as overcoming asymmetries in U.S. and Indian approaches and capabilities. It is important to remember that the

“new” U.S.-India relationship is only a decade old and, measured against the usual pace of change in interstate relations, progress has been rapid. Most importantly, one of the major obstacles to improving the relationship, differences over India’s nuclear status, was removed by the civil nuclear agreement.

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Despite these achievements, the direction and the durability of the relationship have been called into question in just the last year and a half. It is understandable that compelling U.S. interests in Afghanistan and Pakistan and its relations with China have come to the fore. But the fact that these developments have cast doubt in both the United States and India on the future of their respective relationships demonstrates that the two countries must do more to define long-term U.S. interests in India and how conflicts with other interests and policies will be resolved. The new “big idea” in U.S.-India relations should not be a single initiative, but the shaping of an ambitious agenda for the partnership over the next decade or two.

The Security Imperative

The most important interests of the United States in its relationship with India lie in the security realm. At present the most pressing U.S. concerns are in South Asia itself – combating terrorism, preventing interstate conflict and enhancing stability. The longer-term but equally critical interest of the United States is India’s role in maintaining a stable balance of power in Asia that is not inimical to U.S. interests.

Aligning U.S. and Indian security interests to achieve these ends must be the highest priority for the United States. This is the case not only because security issues are the most consequential for both countries, but also because after 60 years, they remain the greatest impediments to the development of the broader U.S.-India partnership, and at the same time, the transformation of U.S.-India relations over the last decade has brought resolution of the remaining security differences closer to realization than ever before.

The United States and India share security interests in a stable and prosperous South Asia free of conflict, in an Asia not dominated by a single power, and in a secure, orderly and accessible global commons (maritime, air, space and cyberspace). Yet the two countries have important differences on priorities and the means for achieving these goals, such as the shape of an Afghan settlement that would serve both U.S. and Indian interests. But the degree to which past differences on South Asian security have been reduced is best exemplified by India’s support for the U.S. military effort in Afghanistan (which has included, among other things, over 1 billion dollars in development assistance to Afghanistan). Only 15 or 20 years ago, U.S. military intervention in any part of South Asia would have been anathema to India.

In South Asia, the most immediately compelling U.S. interest is preventing terrorist attacks on the U.S. homeland originating in or facilitated by actors in South Asia, particularly in Afghanistan and Pakistan. To avert that possibility, the United States also has an interest in the stability and development of both countries. At the same time, the United States has a vital interest in preventing conflict between Pakistan and India, immediately because such a conflict would do great damage to U.S. efforts in Afghanistan and Pakistan (such as the diversion of Pakistani military attention away from the insurgency) and because it would pose

the severe risk of nuclear escalation. Finally, the United States has an interest in peace and stability in South Asia as a whole. Instability and violence in nearly every one of India's neighbors, not to mention in India itself, could, if unchecked, undermine economic and political progress, potentially destabilizing the entire region. At present, a South Asia dominated by a politically stable and economically dynamic India is a hugely important counterweight to the prevalent instability and conflict all around India's periphery. Imagining the counterfactual scenario, a South Asian region, including India, that is failing economically and stumbling politically, is to imagine instability on a scale that would have global consequences, including damage to the global economy, huge dislocations of people and humanitarian crisis, increasing extremism and terrorism, and much greater potential for unchecked interstate and civil conflict.

In pursuing peace and stability in South Asia the United States must deal with conflicting near- and medium-term priorities and approaches. For instance, the near-term need for the United States to counter instability and terrorism in Afghanistan and Pakistan, and in particular to secure the cooperation of the Pakistani army for that purpose, has complicated the effort to advance U.S.-India security cooperation. These conflicts are not, however, a reason for inaction in strengthening security ties with India. To the contrary, it is very much in the interest of the United States at this time to advance security cooperation with India in South Asia, precisely because the differences over South Asian security have so bedeviled the relationship in the past and because active Indian support and cooperation is so essential to the outcomes the United States seeks.

Any lasting disruption and defeat of terrorist groups threatening the United States and the eventual pacification of Afghanistan will require active Indian support, Pakistan's concerns about Indian

involvement in Afghanistan notwithstanding. By virtue of geography and history, India has a legitimate interest in Afghanistan not again becoming either a base from which terrorist actions against India are directed or mounted, or an extraterritorial strategic asset for Pakistan that emboldens it to challenge India. A strong, stable Pakistan is inconceivable if an Afghan settlement does not meet both U.S. and Indian goals.

The good news is that today the United States and India share these aims. The concern is that how and when they are achieved remain points at issue in the U.S.-India relationship. A starting point could be for the United States and India to actively promote and pursue a broader regional approach to achieve long-term stability and security for Afghanistan. That approach would be focused on bringing together Afghanistan's neighbors (e.g. Pakistan, Iran and China) and others in the extended neighborhood (e.g. India, Saudi Arabia, Turkey and Russia) that have a stake and an important role to play in the outcome.

In the Indian Ocean region, the United States has a vital interest in India becoming a more potent security provider and partner. The Indian Ocean sea lines of communication are the energy and trade lifelines for all of South and East Asia, and their disruption or their dominance by a single power would have disastrous consequences for the global economy and potentially lead to great power confrontation. The rapid increase in U.S.-India joint naval exercises and interoperability in the Indian Ocean has already demonstrated the potential for security burden-sharing. At a time when maritime boundary and resource disputes between China on the one hand and Japan and Southeast Asian states on the other appear to be escalating once again, the United States needs the partnership with a more capable India in the waters from East Africa to the Straits of Malacca. Furthermore, as C. Raja Mohan, a respected Indian journalist, has written, deepening maritime cooperation "might lead

naturally toward a partnership between the two nations in other commons such as outer space and cyberspace.”¹

Finally, in the Asian region as a whole, the United States will benefit from a stronger India that is a partner in shaping a regional order compatible with U.S. interests and values. The impact of rising Chinese power on the security and political order in Asia is the internationally transformative force of our era. India’s emergence as a regional and global power will be a critical factor in determining whether China’s rise will lead to its dominance in Asian security affairs. Neither India nor the United States seeks confrontation with or containment of a rising China, but both wish to ensure a de facto balance of power and influence in the region compatible with their interests. An open and stable Asian regional order will allow the United States to remain for the foreseeable future the single most powerful actor in the region, though no longer by itself the dominant power. The United States’ need for Chinese cooperation in resolving regional security and global economic problems (a “G-2” relationship) is sometimes portrayed as justifying a de-emphasis of the U.S.-India partnership. But this would conflict with the critical U.S. interest in a stable balance of power in Asia that requires India’s emergence as a powerful pole in the region.

Political Engagement

The United States has an interest in strengthening the political foundations of its relationship with India. Deepening political engagement with India is critical to both an enhanced security partnership and to India’s ability to play the regional and global roles that the United States seeks. The distrust that characterized U.S.-India relations from 1970 to 2000 has been reduced, but it has not yet been

replaced by the level of trust necessary for a sustainably broad and robust partnership.

The remaining gaps in U.S.-India political relations lie both in basic foreign policy outlooks and in perceptions and priorities around regional and global issues.

As a large, diverse nation-state, India has emphasized its independence of action, or strategic autonomy, especially vis-à-vis the great powers. As a global power, the United States tends to look first to other states to align their foreign policies with U.S. interests. However, this gap has narrowed in recent years as India has aligned itself in unprecedented ways with U.S. policies and actions in or near its own region, as in its support for U.S. military involvement in Afghanistan and its votes in the International Atomic Energy Agency (IAEA) for sanctions against Iran despite its long and multifaceted relations with that country. Post-Cold War U.S. foreign policy has also moved beyond tight alliance structures to more open partnership relationships.

Indian foreign policy has traditionally centered on its regional interests, while the United States has pursued global interests. But over the last decade, as India has pursued global economic integration and widened the aims of its foreign policy and the United States has come to view South Asia as both a source of critical threats, the two nations have found greater common ground. Increasingly, too, India and the United States cannot separate their most important concerns into regional and global interests. Terrorism and nuclear proliferation are inherently global phenomena that profoundly affect South Asia and U.S. interests there, for instance. Thus, while India and the United States continue to have different priorities and strategies for dealing with these challenges, their perceptions of threat increasingly converge.

1. C. Raja Mohan, “Rising India: Partner in Shaping the Global Commons?” *The Washington Quarterly* (July 2010): 13

As a developing nation, India has prioritized economic growth over protecting the global commons, while the United States has increasingly emphasized the costs of rapid growth in the emerging economies for the global climate and environment. These differences will persist as long as India seeks to maintain high levels of economic growth, but the impact of India's economic development on its own environmental and climate conditions will over time lead it to place a higher priority on limiting these effects and to greater cooperation with international efforts. Prior to the Copenhagen Conference, India's position on climate change had already begun to shift toward at least an acknowledgment that reducing its own carbon emissions ought to be a national goal. In urban India, air and water pollution are becoming issues for the expanding middle class. As changing weather patterns begin to affect Indian water security and agricultural productivity, India's interest in limiting climate change will increase.

It is in the United States' interest to take advantage of and accelerate these trends of convergence in U.S.-Indian outlooks and priorities, even if these efforts do not always promise rapid returns. For instance, supporting greater Indian involvement in international organizations and negotiations, even when India may be not fully ready to participate effectively, will over time foster the development of India's capacity to shoulder these responsibilities. The longer-term gains to the United States from the investment in closer political engagement with India will be substantial and increasingly relevant to U.S. interests.

To the extent possible, the U.S. approach to India should privilege relationship-building over transactional benefits in the interest of securing a partnership that helps sustain future U.S. global influence. If India succeeds in its dauntingly difficult domestic transformation and emerges as a major power, the United States will benefit from India's fundamental orientation as a status quo power. India's societal values, institutions and

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outlooks do not challenge the international norms that the United States wishes to preserve even as the structure of the international system adapts to a more multipolar environment. As a sovereign nation, India wants equality and respect in the community of nations. As a developing economy, India wants its stage of development taken into account in the allocation of responsibilities in the international system. As an emerging power, India wants substantive not symbolic roles in international institutions. But none of these objectives is at odds with India's support for a world order that accords basically with U.S. preferences. India wishes to have a seat and a voice at the table of global governance, not to upend the table.

A frequent complaint in Washington and other capitals is that India's capacity to make and execute foreign policy often falls short of its ambitions to be a recognized global player. This criticism is well-founded, but India's limitations are to be expected given India's stage of development. If one considers how much Indian foreign policy goals and behavior have changed over the last 10 to 15 years, it is reasonable to conclude that they will in due course be matched by increasing capabilities. That will be all the more likely if the United States expands and sustains its political engagement with India.

The deepening of political engagement with India should be pursued in the bilateral, Asian regional and global arenas. For instance, in the bilateral arena the habit of U.S.-India cabinet-level interactions developed over the last decade should be continued and intensified. The U.S.-India strategic dialogue launched in June 2010 by the Obama administration is an important step in this direction, but the topics for discussion in these and other bilateral meetings should be broadened to include other regional and global issues, including the Middle East and Central Asia, on a regular basis. In the regional arena, the United States should continue to push for India's fuller inclusion in the various Asia-wide groupings such as the Asia-Pacific Economic Cooperation (APEC) forum. At the global level, India's membership in the G-20 is a critically important change. The United States should now ensure India's participation in the reform of World Bank and International Monetary Fund (IMF) governance and Indian involvement in International Energy Agency (IEA) deliberations. Sooner rather than later the United States should declare its support for India's permanent membership in the UN Security Council.

Economic Interaction

The United States has an over-arching interest in India's rapid, inclusive and sustained economic growth and development. India's continued economic progress will be essential to its emergence as a major power and partner to the United States, its central role in bringing peace and prosperity to South Asia, and its ability to help shape a durable Asian balance of power. The economic reforms instituted by India over the last two decades have created a private-sector-led development alternative to China's state-led model. If India is successful in expanding steadily the economic growth process to benefit its very large population of poor people, it will be a powerful counterexample to China's approach in the global debate over which economic development model – liberal or authoritarian

– delivers the greatest overall benefit for its people. India's expanding commitment to open markets at home and its increasing integration into the global economy will give it an ever-deepening stake in an open global economy.

India's economic growth will also be directly important to U.S. economic growth and prosperity in the decades ahead. Among the benefits of that growth will be:

- India is one of the few major economies in the world, along with China and Brazil, that is fueling global economic growth during a likely prolonged period of slow growth in the United States, Europe and Japan. In the years ahead, U.S. economic recovery will depend on rapid growth outside the United States. India's consumption-led growth will help take up the slack in global demand created by the recession and sluggish recovery in the industrialized countries.
- India's growth will also continue to provide important trade and investment opportunities for U.S. companies and investors with potentially high and sustained returns. China's turn toward favoring domestic over foreign companies for new investments and market access will make the opportunities in India even more attractive. As India improves its infrastructure and regulatory environment, it will become, over time, a new low-cost global manufacturing center as China's cost structures increase and offer new opportunities for American private investment. Similarly, agricultural reform in India would create new avenues for U.S. investment.
- With its high-skilled workforce and successful technology companies, India is emerging as an advantageous location for research and innovation by U.S. firms and/or their Indian partners. The trend toward partnering with Indian companies for globally applicable research and development is already evident in the information technology and pharmaceutical sectors.

Indian reform of its education sector would provide additional opportunities for U.S. involvement in India's economy.

- Major Indian companies are increasingly investing in the United States, offsetting in part declines in investment from European and Japanese companies. Unlike China's state-controlled enterprises, India's major companies know how to operate in the U.S. market, and will generate jobs and joint ventures in the United States.

The dramatic increases in U.S.-India economic interaction (albeit from a very low base) over the last 10 years were initially made possible by the actions of the two governments – most importantly, India's reforms and the U.S. role in facilitating bilateral investment and trade flows. Today the U.S.-India economic relationship is largely in the hands of the two private sectors, but it provides increasingly compelling motivation and opportunity for developing a broader strategic partnership between the two countries. By the same token, in order to take full advantage of these significant opportunities, the governments of both India and the United States must continue to facilitate private-sector cooperation, including by reducing tariffs and removing bureaucratic roadblocks.

Conclusion

As the United States frames its strategy to secure U.S. global interests and influence in the decades ahead, a far-reaching and close partnership with India must be a central component of it. To deal successfully with its domestic constraints and the transition to a more multipolar international system, the United States will need partners whose interests and values largely match our own, and whose capabilities will complement and extend those of the United States. It is hard to think of another major nation that better fits that description than India. India's size and geostrategic location, stable democracy, market-led economic dynamism and potential, growing military capacity and liberal values make it an essential player in

adapting the international system to new realities while contributing to sustained U.S. influence and leadership. India is an emerging power that seeks its rightful place at the global high table and insists on the autonomy of its decision-making, but India is neither expansionist nor mercantilist, and it has a profound interest in the kind of 21st-century international order that the United States itself wishes. Building the U.S. strategic partnership has begun but much remains to be done. The United States must make further progress in this effort a high priority in the years ahead.

About the Center for a New American Security

The mission of the Center for a New American Security (CNAS) is to develop strong, pragmatic, and principled national security and defense policies that promote and protect American interests and values. Building on the expertise and experience of its staff and advisors, CNAS aims to engage policymakers, experts and the public with innovative fact-based research, ideas, and analysis to shape and elevate the national security debate. A key part of our mission is to help inform and prepare the national security leaders of today and tomorrow.

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