



ASHLEY J. TELLIS
AND
C. RAJA MOHAN



THE
STRATEGIC
RATIONALE
FOR DEEPER
U.S.-INDIAN
ECONOMIC TIES

AMERICAN AND INDIAN PERSPECTIVES

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SUMMARY

THE U.S.-INDIAN RELATIONSHIP was often distant during the Cold War, but the partnership is now critical for both countries' strategic aims. India is important to the U.S. effort to maintain its international primacy, while the United States is essential to India's attainment of its great power ambitions. Deepened economic intercourse, including one day through a comprehensive U.S.-Indian free-trade agreement, is vital to realizing both countries' aspirations.

THE CASE FOR DEEPER ECONOMIC COOPERATION

- The United States has consistently pursued a policy of securing hegemony, yet China now threatens the economic and geopolitical underpinnings of U.S. power.
- India, since the British Raj, has harbored aspirations for great power status and regional hegemony alongside ideals of liberal internationalism.
- Through stronger bilateral economic ties, American resources could enhance India's productivity, expand its technological frontier, and spur further economic liberalization. Meanwhile, the United States would gain access to India's lower-cost exports,

relatively cheap labor, and vast domestic market, increasing America's international competitiveness.

- Increased U.S. competitiveness internationally would reinforce Washington's global primacy, permitting it to effectively balance China's rising power. The economic benefits accruing to India from deeper economic links with the United States would advance Indian national development, regional hegemony, and international prominence.

HOW THE UNITED STATES AND INDIA CAN PROMOTE ECONOMIC COOPERATION

- The United States must be willing to walk difficult roads to enhance economic cooperation with India, given that such integration is essential to its regional and international interests. While domestic U.S. constituencies have become wary of Indian economic practices and free-trade agreements more generally, they must be outweighed by larger considerations of revitalizing economic growth bilaterally and preserving U.S. global hegemony.
- India must understand that sustained economic growth hinges on expanding its global trading links, and that its prior policies of trade expansion through shallow free-trade agreements are no longer viable. Partnership with the West, particularly the United States, is critical to achieving India's twin aspirations for national development and regional primacy. India's existing tactic of buying time and space for domestic development without making commitments to genuine trade liberalization is counterproductive for these aims.
- A step-by-step approach to deepening bilateral trade and investment to make a free-trade agreement possible at some point in the future may be the most effective way to advance each country's specific geopolitical interests. Such an approach would incrementally tackle challenges to a comprehensive agreement, and it would best serve India's development aspirations and buttress the United States' international preeminence.

INTRODUCTION

THE UNITED STATES AND INDIA, despite being the world's oldest and largest democracies, respectively, have only just begun a period of sustained engagement and political cooperation. During recent administrations, growing strategic convergence and major initiatives like the U.S.-Indian civil nuclear agreement of 2005 fostered a flourishing partnership between New Delhi and Washington. Yet the economic aspect of bilateral engagement has lagged behind this deepening political cooperation. Increasing two-way trade and foreign direct investment belie a relative lack of interdependence between the two economies. In this publication, Ashley J. Tellis and C. Raja Mohan examine the strategic rationale for expanding U.S.-Indian economic integration, which would not only increase the economic vitality of the United States and India but would benefit their strategic aims as well.

The United States, which became the world's preeminent superpower after World War II, now finds its primacy increasingly challenged by China, whose geopolitical rise has been aided by the gains it accrues from the liberal international order. India, in turn, requires technological innovation, financial resources, and enhanced productivity to realize its aspirations for domestic economic success and great power status.

Tighter economic integration between the two countries, including possibly through a genuine free-trade agreement that goes beyond the shallow accords previously signed by India, would ensure that the emerging political cooperation between the two states is anchored to durable foundations. It would also help realize the principal national objectives pursued by

each country: consolidating primacy (the U.S. objective) and accelerating growth in power (the Indian objective).

The following chapters by Tellis and Mohan explore these strategic aims for deepening bilateral economic ties from an American and an Indian perspective, respectively. Tellis chronicles the historical progress of U.S. hegemony across its continental, hemispheric, and global domains, arguing that, in an environment where this superiority is increasingly challenged by a rising China, greater U.S.-Indian economic cooperation will contribute to the continued preeminence of the United States internationally. Mohan, tracing India's political evolution from the British Raj through the first year of Prime Minister Narendra Modi's term, details the ideological shifts and continuities in Indian foreign policy that provide a foundation for increased bilateral economic cooperation today, as well as the strategic considerations that may inhibit any agreement between Washington and New Delhi.

This report, by offering distinctive American and Indian rationales for increased commercial ties, provides complementary perspectives on why economic integration must now be a primary concern in order to achieve the strategic interests that motivated the initial U.S.-Indian rapprochement.

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ASHLEY J. TELLIS

PROTECTING AMERICAN HEGEMONY

INTRODUCTION

Although often obscured by its ambition to advance liberty, the United States has always sought to procure durable security through the induration of hegemony. This pursuit of hegemony has been manifested by the conscious American effort throughout its history—in fact, from even before the nation’s formal founding—to acquire and maintain preeminent power over various rivals.¹ The uniqueness of this policy derived principally from a republican imperialism not witnessed since early Rome: a disposition that fused together opposition to monarchy in favor of “the enjoyment by the individual of certain rights,”² emphasized the essential connection between private property and liberty, exalted the natural rights of an elite citizenry in the service of self-government, and promoted the systematic acquisition of extranational power because of its myriad benefits to the polity.³ Other than this grounding in republican ideas, however, the American quest for empire remains a conventional example of how a state protects itself and its interests through dominion over others. Thus, it constitutes another instance of the imperium that results from the effort to produce order driven by self-interest, where “the expansion of territorial domain and the extension of economic and political sway,” as the historians Fred Anderson and Andrew Cayton put it, are ultimately forged by superior coercive power relative to one’s competitors—even if this potency is ultimately legitimized by attractive ideals and institutions.⁴

The strengthening of U.S.-Indian economic ties, possibly through an eventual bilateral free-trade agreement, is anchored in the fundamental geopolitical task facing the United States in the present era: protecting American hegemony in world politics. In an age of complex interdependence, safeguarding this preponderance against rising competitors, such as China, has become more difficult because the strategies that previously served Washington well, war and containment, have become either costly or inutile. The goal of preserving American primacy, therefore, necessitates the pursuit of new approaches—primarily balancing—that rely in part on strengthening the capabilities of various Asian powers, such as India, because

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they happen to be China's natural rivals. In this context, expanded U.S.-Indian trade in fact constitutes a remarkable contribution toward successful balancing because it serves to augment American and Indian power simultaneously to the benefit of both nations.

The discussion that follows explicates the logic of this strategy as a means of preserving American hegemony for yet another long cycle in global politics. Toward that end,

it is divided into three main sections. The first section describes how the United States has consistently sought to acquire and preserve geopolitical hegemony as a means of ensuring national security since its founding as an independent republic. The second section analyzes how the rise of China now poses a serious challenge to the traditional American objective of maintaining preponderance—ironically, due in part to Washington's own choices during the later years of the Cold War and after. The third section, then, assesses the current U.S. strategy for preserving its primacy against a possible Chinese threat, contending that deepened U.S.-Indian economic ties, arguably leading up to a U.S.-Indian free-trade agreement or India's inclusion in the Trans-Pacific Partnership (TPP) eventually, should be explored as a natural extension of the American aim of strengthening Indian power in order to promote the Asian strategic balance that protects U.S. predominance internationally. In the end, however burdensome efforts to empower its friends and allies may be, doing so is still in America's national interest—but not as a substitute for revitalizing the United States itself.

SECURITY THROUGH HEGEMONY

Despite the fact that the Founding Fathers of the United States defended their revolution as a decisive anti-imperial act—a rejection of capricious royal power in the colonies—they

nonetheless, in the historian Peter Maslowski's words, "Envisioned the United States as a great territorial and commercial empire."⁵ As another scholar has noted, George Washington himself "talked enthusiastically of a rising American 'empire,' referring to it some forty times after the Revolution."⁶ That "the American *Weltanschauung* contained an intense, seemingly moral imperative to expand the country's 'experiment' in liberal democratic government beyond its original borders," as Maslowski put it, should hardly seem surprising.⁷ Although the colonial elites justified their rebellion against King George III in the stirring universalism of natural rights, they and their predecessors on the continent were already engaged in a major project intended to expand English rule over the native territory and its peoples much before the revolution was ever conceived. The founders of the new country, therefore, were in effect cloning the old empire through the creation of new imperial outposts brought into being and sustained through long-drawn-out wars against both American Indians and the metropolitan power's extant imperial rivals—initially France and later Spain—who also sought to preserve their own competing colonies in the New World.⁸

The progressive success of this project, which began long before the American Revolution and continued long after it, implied that even after the revolutionaries had discarded their imperial affiliations, they would nevertheless persist, as George Washington wrote, in "laying the foundation of a great Empire,"⁹ now uniquely and genuinely American. This endeavor to build a new polity for dispossessed European refugees, what Thomas Jefferson famously termed the "Empire of liberty,"¹⁰ received a fillip from the belief that the nation's founding represented a special act of divine providence and, therefore, its vocation to expand liberty remained a sacred trust. When the American Indians did not embrace the notions of liberty purveyed by the founders—as it was initially assumed they would—and when the threats posed by the European powers to the new American nation continued unabated, Jefferson would slowly reconceive of the infant United States not merely as an "Empire of liberty" but rather, and more consequentially, as an "empire for liberty."¹¹ This transformation was momentous because, as one analysis concluded, "Jefferson's revision signaled a commitment to a more aggressive, proactive extension of that sphere of liberty—and hence a greater American empire."¹²

The triumph of the Federalists in the debates following the Declaration of Independence ensured that the continuing pursuit of dominion would thereafter be founded on sturdy state structures, namely, a gradually strengthening central government with the rights of taxation and the power to raise military forces "for the common defense," as outlined in the U.S. Constitution. Together, these two instruments would enable the fledgling nation to establish a resilient hegemony in North America during the years 1776–1865. From the moment of their independence until 1815, the eastern colonies that constituted the United States concentrated on defining the constitutional regime and mustering the military capabilities necessary to survive. And yet, despite its weaknesses, the new country pursued a relentless expansion along the western frontier, progressively grinding down opposition by both American Indian tribes and other imperial powers present on the continent, while at the same time managing to defend its eastern seaboard and its growing coastal trade.

That the United States was able to effectively expand its territories and protect its independence in spite of its infirmities during these early years was often considered evidence that, as George Washington declared, “To divine Providence is to be ascribed the Glory and the Praise.”¹³ But other, more prosaic, factors were also at play. For all of America’s limitations, its local adversaries, both American Indians and the imperial colonial outposts, were even weaker than the new country. Moreover, the foreign states with the greatest capacity to injure the young nation—the European powers—were consumed in internecine wars that distracted them from the growing Hercules across the Atlantic. Finally, the North American continent itself is huge, with great strategic depth, and surrounded by oceans on both sides. This prevented even the major European powers of the day from being able to project overwhelming force against or across it.¹⁴

After 1815, when the United States underwent a tremendous demographic and economic expansion, the engine of internal growth spawned the claim from a columnist at the time that “our manifest destiny [was] to overspread the continent allotted by Providence for the free development of our yearly multiplying millions.”¹⁵ Fueled by a massive expansion of the material base, the ideology of Manifest Destiny, despite provoking “bitter dissent within the national polity,”¹⁶ as one historian has described it, sired a series of military campaigns that would eviscerate the last vestiges of American Indian, Spanish, and Mexican opposition in the heartland. These campaigns ultimately produced an immense—and lasting—enlargement of national territory that spanned both coasts and connected the world’s two largest oceans, thereby bringing the rapidly burgeoning United States even closer to the wider world around it.¹⁷ By the time Manifest Destiny had run its fierce course of landward expansion, American commerce had touched the farthest reaches of the globe. All that came between the exercise of American hegemony within its own continent and the nations lying beyond it was a domestic dispute about the character of what the “United States” was meant to be.

The Civil War between the Union and the Confederacy settled this question once and for all. Again, God proved to be on the side of the bigger battalions. Whatever the differences in the causes of and the justifications for the war may have been, the North, with its mammoth superiority in material resources, mustered the immense armies required to wage a half-decade-long campaign of annihilation. In so doing, the Union shattered the South’s military forces, ravaged its homelands, and forestalled conclusively any threatened European intervention on behalf of the rebels. Equally importantly, this struggle between the states laid the foundations for a strong, centralized Union that even the Federalists could never have dreamed of—a powerful state with incredible autonomy vis-à-vis larger American society.

By the time the Civil War ended in 1865, the United States had thus become a powerful continental nation unified by conquest, with a robust central government, a formidable military, a gigantic economic machine, and absolutely no foreign peers capable of challenging it militarily in North America. In short, it had become the local hegemon that fulfilled the dream of its founders: the “new and rising Empire” that George Washington had yearned

for was finally secure in its native environs.¹⁸ And although it was not yet that beacon of liberty for all those who inhabited it, the United States nonetheless had emerged as a power that, as Maslowski remarked, “Stood ready should ambition or necessity impel [its] leaders to ‘sway the destinies’ of the world.”¹⁹

A reason to sway those global destinies was not long in coming. If U.S. primacy in North America was solidified during 1776–1865, the next phase, 1865–1939, witnessed the establishment of U.S. hegemony throughout the Western Hemisphere and the first manifestations of an overseas American empire in Asia. Ensuring the physical security of the expanding United States through the creation of superordinate power relative to one’s adversaries has remained the goal of American grand strategy since the birth of the nation. But it was only after the Civil War that the old dream of eliminating European influence in the Americas could be realized. In the immediate aftermath of that struggle, the United States concentrated on political consolidation at home: reintegrating the defeated South into the victorious Union and reorganizing the vast Union territories lying between the Mississippi and California into new states.

Even as these activities proceeded, however, the United States was soon at war in Cuba with the last remnants of the Spanish Empire in the Western Hemisphere. As a result of its victory there, the United States was finally able to put teeth into its older Monroe Doctrine, which declared that any European efforts

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at colonization or interference in North or South America would be viewed as acts of aggression requiring U.S. intervention. When originally enunciated in 1823, this doctrine was enforced not by American but by British naval power, due to London’s vested interest in preventing its European rivals from further colonization in the Americas. By the time the Spanish-American War had yielded its fruit, however, U.S. military power had grown equal to the task. As if to drive the point home, then president Theodore Roosevelt even expanded upon James Monroe’s original declaration by asserting an American right to intervene anywhere in South America in cases of “chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society.”²⁰

This legitimization of hemispheric closure proved a fitting leitmotif for the new pacification efforts that would soon be manifested throughout the Caribbean and Central America, all intended to prevent local disturbances from threatening U.S. interests and the establishment of foreign military presences in close proximity to the American heartland. Domination of the hemisphere in this fashion then permitted the United States to use its impressive, newly built fleet, the “navy second to none,” as the *New York Times* trumpeted,²¹ farther afield

in the Pacific and in Asia to police the new colonial possessions—Puerto Rico, Guam, the Philippines, Hawaii, Samoa, and Wake Island—secured either as a result of the Spanish-American War or similar turn-of-the-century endeavors.

Of equal importance was the fact that the global hegemon of the era, Great Britain, had ceded primacy in the Western Hemisphere to the United States by the early years of the twentieth century. Motivated by its own coming struggle with Wilhelmine Germany in Europe, London went further, actually seeking to mend fences with and secure aid from its progeny, the new rising power, the United States.²²

During the presidencies of William McKinley and Theodore Roosevelt, the American pursuit of hegemony thus found realization in the conventional quest for colonies and protectorates. The United States had acquired these possessions through the exercise of its superior material power in war, and its leaders justified their obtainment through arguments that appealed to both nationalism and the necessity of preserving a favorable power balance in international politics at a time when competitive imperialism was the norm worldwide.²³

Even as it attained these trappings of power internationally, however, the United States, motivated partly by disdain for the politics of the Old World, shunned active involvement in European affairs. Instead, it concentrated its expansionist energies on other forms of competition, for example, the prying open of previously closed societies such as China in the expectation of remaking them in America's image.

The republican ideal thus paved the way for a distinctive American ideology of international behavior. It championed the maintenance of an "open" international political order characterized by peaceful competition among nations because the overwhelming economic power of the United States, its growing ideational influence—thanks to the attractiveness of its ideals of liberty—and its superior military capabilities all advantaged it in any such contest with others.²⁴

Even as Washington was slowly moving toward a posture that would eventually culminate in opposition to territorial colonialism—a terminus that would be reached only during the next phase when American hegemony would become global through the Second World War—it was drawn, almost against its will, into a major military intervention in European affairs. This intervention, which occurred during the Great War, turned out to be more transient than Woodrow Wilson, the president at the time, had originally intended. But it derived nonetheless from the twin impulses that had shaped the American drive for hegemony from the very beginning: the ideological opposition to regimes that embodied concentrated and unchecked power domestically, and the calculated resistance to any coalescence of power internationally that might threaten the United States.

Consistent with this calculus, the American intervention on the side of the Triple Entente was motivated by both ideological and realist calculations. On the one hand was the republican

conviction that autocratic regimes constituted a threat to the liberal world order on which the safety of the United States depended. On the other was the astute geopolitical judgment that the victory of the Central Powers would tilt the resulting strategic balance in Europe—still, at that time, the core of the global system—decisively against the United States.²⁵ By the time the conflict ended, close to 5 million Americans were involved in different ways in this war to end all wars.

Although this contribution marked the U.S. debut as a global military power, Wilson was unable to convince the country to remain consistently involved in the European competition. This implied that the exercise of American hegemony would remain, for the time being, restricted mainly to defending the United States and its newer overseas acquisitions, enforcing hemispheric control, and pursuing the Open Door policy toward China.²⁶

While the 1865–1939 period prefigured American hegemony in its proto-universal moment, the 1939–1991 era witnessed its conclusive spatial expansion: the consolidation, and ultimately the triumph, of the United States as a global hegemon. As in every other such generative episode before, this fortification of hegemony occurred through two intense wars, one hot and one cold. The hot war, World War II, turned out to be the most immense conflagration the world has seen—a struggle that encompassed diverse and distant theaters all over the planet and involved industrialized foes that were at the acme of their power. The origins of the conflict lay largely in the unfinished struggles for mastery in Europe and Asia. Unfortunately, the wrangle over European hegemony that had precipitated American intervention in the preceding Great War was never decisively resolved through that confrontation or the peace that followed. Instead, the dynamics of uneven economic growth in the 1920s and 1930s, coupled with the resentments carried over from the preceding world war, ensured that before long the new rising powers of Germany and Japan would attempt to consolidate their positions in Europe and Asia, respectively.²⁷

The structural reasons—though not the immediate causes—for the American entry into World War II were similar to those that had precipitated its participation in the earlier conflict. U.S. leaders recognized, despite public ignorance or opposition, that the consummation of German control over Europe and of Japanese control over East Asia would be dangerous for expanding American power. In fact, this time around, although American hegemony was manifest in its most visible form within the Western Hemisphere, it faced a more direct peril. Myriad threats loomed in the minds of American strategists: the appeal of fascism and Nazism in Latin America; the prospect of new German military bases in Dakar across the Atlantic Ocean from Brazil; the advent of new power projection technologies such as long-range aviation; the danger of a collapsing Britain, the most viable source of opposition to Germany in Europe; and the threats posed by Japan to the success of the prewar Open Door policy toward China.²⁸

The fact that America's opponents in this conflict were totalitarian states only made U.S. involvement ineluctable: republican fears about the dangers posed by dictatorial regimes

neatly dovetailed with imperialist concerns about the threats they posed to American power. Not surprisingly, then, the United States responded to these emerging hazards with a gigantic national mobilization that created an arsenal of democracy massive enough to systematically bludgeon every one of its European and Asian adversaries in a relentless global campaign. That campaign ended only when a crushing military victory, encompassing the total destruction of each enemy's military forces and the complete dismantlement of its political regime, was achieved.²⁹

When World War II thus concluded, the United States stood alone: the only great power that survived the cataclysm both inviolate and with a global reach previously unknown in history. The ascendant American hegemony was soon challenged, however, by the totalitarian survivor of the last conflict: the Soviet Union. Its ability to mobilize significant military capabilities and its proximity to both the European and Asian centers of power posed grave dangers to U.S. primacy. Throughout the Cold War that followed, Moscow possessed a much smaller economy than the United States. But the Soviet capacity to deploy threatening military forces at both extremities of its national territory in Europe and Asia, to develop formida-

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ble nuclear capabilities and deliver them at intercontinental distances, and to coerce its satellites into joining an armed coalition in support of promoting Communism globally imperiled Washington and its interests in a manner that no competitor had previously managed.³⁰

Having just arrived on the global stage, American hegemony was challenged comprehensively and in almost every corner of the planet by a radical opponent. As a result, the United States girded itself for a new bout of geopolitical competition. This rivalry, lasting almost half a century, would conclude eventually with yet another incredible victory: the demise of the Soviet Union without war. The strategy that procured this outcome fell quickly into place after World War II and was based on containment, an approach centered on that most traditional of American instruments, maintaining "a preponderance of power," as the historian Melvyn P. Leffler has described it.³¹ Containment essentially involved confronting the Soviet Union with a coalition of opposing states that was so strong in economic, political, military, and ideological terms that the Communist leadership in Moscow would have no choice but, in then U.S. president Harry Truman's words, "To change its character, moderate its aims, become more realistic and less implacable, and recede from the cold war they began."³²

In Washington, it was quickly understood that this goal would not stand the slightest chance of success if the United States could not sustain indefinitely the industrial and technological

supremacy that it had so convincingly demonstrated during World War II. Accordingly, the Truman administration and its successors carefully managed the inevitable postwar demobilization in a way that combined federal support with free-market activities to preserve long-term economic growth and innovation domestically, and thereby ward off the dangers of a renewed depression. Drawing on the lessons of the interwar years, American leaders amplified this internal success by building an asymmetrically open international system where trade and aid combined to reinvigorate the capabilities of their war-torn allies. American advantages in wealth and power would thus be employed to accelerate the recovery of the country's former opponents—lest their weaknesses make them easy prey for Communism. At the same time, their progressively growing strength would over time be agglomerated to bolster the coalitions that the United States was nurturing to cope with the Soviet threat. Moscow and its allies were never part of this postwar economic network—thanks to their rejection of the early American invitation to join the emerging liberal international order. As a result, in Leffler's words, "The overriding priority . . . [of keeping] the power centers of Europe and Asia outside the Soviet orbit and linked to the United States" was achieved magnificently.³³

This strategy of economic integration among friends, coupled with the isolation of adversaries, was complemented by other elements under the overall rubric of containment. A tight geopolitical association in Europe was matched by a hub-and-spoke system of bilateral alliances in Asia to simultaneously deter Soviet intimidation, prevent nuclear proliferation among the allies, and reassure them about their security. A robust military capability was concurrently developed, centering either on collective defense (as in Europe, where a unified defense structure integrated various national forces in support of common defense plans) or on various bilateral and sometimes multilateral defense arrangements (as in Asia, where the United States backstopped national defenses against Communist aggression). In addition, a shared ideological vision centered on the protection of liberty and human freedoms, in contrast to the statist domination that marked various Communist regimes, was articulated and propagated through numerous instruments of public diplomacy throughout the world. And finally, a concerted effort was undertaken to preserve the economic, industrial, and technological supremacy of the United States—which was cemented in two global conflicts—to enable Washington to bring superior material capabilities to bear in the worldwide struggle against Soviet power.

These components, operating synergistically, would pave the way for the dramatic victory represented by the enervation and, finally, the collapse of the Soviet Union. Although the precise evolution of this development could not have been predicted a priori, the fact that the United States did not simply pursue a strategy of limiting the Soviet capacity to harm but rather sought to defeat it irrevocably—by buttressing its own hegemony—made all the difference to the outcome. As Leffler succinctly summarized the strategy, "The key goals of containment were to limit the spread of Soviet power and Communist ideology. Yet containment was never a defensive strategy; it was conceived as an instrument to achieve victory in the Cold War."³⁴

INTO THE NEW CENTURY: PROTECTING AMERICAN HEGEMONY AGAINST CHINA

The history of the expanding American imperium suggests that the pursuit of hegemony has served the United States well during its life as an independent nation. The country's favorable geography, its vast continental resources, and the immense human creativity nurtured by its political, economic, and social systems have all interacted virtuously to generate that preponderant power that has produced a global order that fundamentally serves U.S. interests. The enormous material benefits produced by this system have bequeathed the United States with a durable security enjoyed by few other nations and have enabled it to protect a host of foreign allies against various threats over time. Since World War II, this hegemonic order, produced ultimately by American military superiority, has underwritten a variety of global regimes. These regimes bestow upon the United States inestimable benefits in normative legitimacy while reducing the transaction costs of having to repeatedly apply raw power to secure favorable international outcomes. Simultaneously, these arrangements have offered

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other countries important public goods that have helped to advance their own economic growth and national security, even as this pervyance has further enshrined the primacy of the United States.³⁵

Like all human endeavors in the political realm, however, this success contained the seeds of its own potential undoing. Nothing illus-

trates this phenomenon more trenchantly than the American decisions made in regard to integrating the People's Republic of China into the global system during the latter half of the Cold War. Although China and the Soviet Union were allies during the early postwar period, the two nations found themselves progressively estranged from the late 1950s onward because of arcane arguments over Communist ideology—disputes that only exacerbated the two states' older rivalry rooted in historical antagonisms, primordial nationalism, and divergent interests.

In 1971, the United States sought to exploit this Sino-Soviet split by reestablishing ties with Communist China to advance its own Cold War objectives of defeating the Soviet challenge to American global hegemony. Motivated by the pressures on American power stemming from the Vietnam War and the Soviet Union's renewed international muscularity, the then U.S. president Richard Nixon's initial outreach to Beijing was an attempt to revitalize the strategy of containment by enlisting the Soviet Union's erstwhile ally. This geopolitical strategy, driven fundamentally by calculations aimed at constricting resurgent

Soviet power, proved largely effective: by the late 1970s and early 1980s, Sino-U.S. ties grew to the point that Beijing, although formally nonaligned, was in fact Washington's de facto partner in opposing Soviet ambitions. Former Chinese leader Deng Xiaoping's economic reforms, which began in 1978, turned out to be radically transformative in this context. By freeing China from its previously cataclysmic Maoist political upheavals and its controlled Soviet-style economy, Deng laid the foundations for repairing the precipitous decline that had marked its fortunes since the middle of the Qing dynasty.

Although the United States aided this process through geopolitical support, the real American contribution to China's subsequent rise materialized through the one instrument that

Washington was careful never to offer the Soviet Union during the high tide of the Cold War: integration into the global trading system hitherto dominated by the United States and its allies. Moscow's opposition to capitalism and its rejection of Washington's early postwar invitation to join the aborted International Trade Organization only made this decision easier. But the reason for excluding Moscow

The United States' favorable geography, vast continental resources, and immense human creativity have interacted to generate the preponderant power that has produced a global order that fundamentally serves U.S. interests

from the liberal international economic order was simple: the Soviet Union constituted a clear and present danger, and, consequently, protecting the American quest for hegemony required that the growth of Soviet power be constrained in every possible way. At a time when the Soviet Union was still the greatest menace to U.S. security, aiding the rise of Chinese power by providing it with access to American and allied markets—despite the fact that Beijing was still a Communist state—seemed defensible, especially if it helped constrict Moscow by encircling it with ever-stronger adversaries on its borders.³⁶

The American contribution to China's growth was thus unmistakable. While Nixon began the rapprochement with Beijing driven entirely by strategic concerns, his successors, beginning with Jimmy Carter and continuing to this day, transformed his policy of triangular balancing into a concerted effort at incorporating China into the U.S.-led international order in the hope of socializing Beijing into becoming Washington's strategic partner in the evolving international system.³⁷ As a result, from 1979 onward—when Sino-U.S. relations were finally normalized—China was welcomed into key economic institutions, including the World Bank, the International Monetary Fund, and the Asian Development Bank. Most importantly, Beijing entered negotiations to join the General Agreement on Tariffs and Trade, the forerunner of the World Trade Organization (WTO). Of equal consequence, especially during the presidency of Ronald Reagan, the United States even attempted to improve Beijing's war-fighting capabilities: beginning a modest military trade with China in 1981,

changing Beijing's status in the U.S. export control system, permitting the sale of American combat support equipment, and, finally, authorizing the upgrade of major Chinese combat systems.³⁸ All of these efforts exemplified the diverse ways in which the United States sought to befriend China. And with the exception of defense technology cooperation, which was terminated as a result of the 1989 Tiananmen Square massacre, they have persisted to this day, aimed squarely at assimilating Beijing into the larger Western order.

This external facilitation proved most fecund, however, when it was matched by China's own internal economic reforms. When China's high rates of savings; its huge outlays on education, human capital formation, and physical infrastructure; and its investment-driven and export-led growth policies, which were directed by an ambitious and purposeful authoritarian regime, all combined with entry into the global trading system, explosive consequences obtained, thanks in part to the advantages traditionally accruing to late industrializers in international politics. These concatenating factors soon led to what the *Economist* called "the most dramatic burst of wealth creation in human history."³⁹ During the last three or so decades, China has chalked up average real growth in excess of 9 percent annually,⁴⁰ with growth rates touching 13 percent and 14 percent in peak years.⁴¹ As a result, China's per capita income rose by more than 6 percent every year from 1978 to 2003—much faster than that of any other Asian country, significantly better than the 1.8 percent per year in Western Europe and the United States, and four times as fast as the world average. This feat has made the Chinese economy—when measured by purchasing power parity methods (though not by exchange-rate comparisons of gross domestic product, or GDP)—the largest national economy in the world, with a GDP of roughly \$17.6 trillion in 2014.⁴² This astounding growth has led many to suggest that China will likely overtake the United States, even in real GDP, at some point during the first half of the twenty-first century, though a wide disparity in per capita income will still continue to persist in favor of the United States.⁴³

If such an outcome occurs, it will have resulted in considerable measure from the conscious American decision to partake—and to encourage its allies to participate—in China's early export-led growth strategy by making free access to especially Western markets available to Beijing on a less-than-perfectly reciprocal basis. In sharp contrast to the manner in which the United States pursued autarkic strategies vis-à-vis the Soviet Union, Washington threw open its national economy to Chinese merchandise, while U.S. and other international firms began to invest massively in China to produce goods for export to both American and other global consumers. The final imprimatur on this dimension of integration was affixed when, under then U.S. president Bill Clinton, the United States finally chose to support China's membership in the WTO. That decision formalized Beijing's continued access to the large American market, despite reservations about its trade practices, the character of its regime, and its mercantilist behaviors.

This is what makes China's current ascent particularly distinctive. Most of the states that dominated Western history in the modern era acquired their great-power capabilities through a combination of military expansion beyond their national borders and autarkic economic

and political transformations at home. These transmutations usually involved significant increases in population, the harnessing of domestic technological innovations that often drove the creation of new leading sectors in the global economy, and momentous changes in state capacity and state-society relations. These changes were most often characterized by the increasing penetration of the state into society and its expanded capacity to extract resources from the population at large for national purposes. In general, these revolutionary developments were embedded in a grand dialectic of war making and state making, in which either violent international politics drove domestic innovation and deepened state power or indigenous transformations enhanced national capabilities, which, in turn, were pressed into the service of conflict and territorial expansion.⁴⁴ The history of American hegemony demonstrates that not even the United States has been an exception to this rule.

The rise of China—which is but part of the larger rise of Asia—is different precisely because it has occurred thanks to the permissive benefits of American hegemony in the postwar period. China, accordingly, did not require any war making abroad to fuel its economic expansion. Beijing’s meteoric growth has undoubtedly required a measure of effective state making for success. Yet the benefits of being invited into the larger liberal economic order sustained by the United States—a structure that was intended initially to bolster America’s power and strengthen the postwar recovery of its friends—implied that China could grow not through the autarkic processes that dominated the rise of previous great powers but rather by exploiting the interdependence arising from the deliberate American investments in sustaining an open international trading system.⁴⁵

The rise of China—which is but part of the larger rise of Asia—is different precisely because it has occurred thanks to the permissive benefits of American hegemony in the postwar period.

The exigencies of the Cold War and the demands of containment vis-à-vis the Soviet Union played a critical role in Washington’s early inclinations to afford China the access to global trade that was otherwise reserved for America’s friends and allies. But it seems strange that the United States persisted with this policy and formalized the decision to offer China an opportunity for regularized participation in the global trading system *after* the Cold War had ended—when the Soviet collapse was conclusive and when the compelling need for a geopolitical partnership with China had faded. Washington’s course of action appears particularly odd because it risked creating, in effect, a new competitor to the very hegemony that the United States had assiduously sought to maintain since its founding.

Yet, this is exactly what happened—as Richard Nixon, the architect of the opening to China, presciently discerned when he sadly concluded, just before his death in 1994, “We may have created a Frankenstein.”⁴⁶ During the administration of former U.S. president George H. W.

Bush, the classified U.S. Defense Planning Guidance for 1994–1999, surveying the strategic landscape of the time, noted with comparable foresight that despite Washington’s victory in the Cold War, “There are other potential nations or coalitions that could, in the further future, develop strategic aims and a defense posture of region-wide or global domination. Our strategy [U.S. defense planners concluded] must now refocus on precluding the emergence of any potential future global competitor.”⁴⁷ This verdict—that Washington must consciously pursue the strategy of primacy that the United States successfully employed to outlast the Soviet Union—was rooted in the larger imperial tradition that predated the founding of the republic, a worldview that produced the benefits of sure protection by amassing and retaining superior power relative to any other state.

Despite the clarity of this vision, however, neither the George H. W. Bush administration nor its successors consciously or consistently pursued the approach so sensibly articulated in the first U.S. Defense Planning Guidance drafted after the end of the Cold War. Instead, successive administrations in Washington continued to aid the growth of Chinese national capabilities by extending normal trade status to China on an annual basis, never realizing that their actions were in fact further cementing the foundation on which a future challenger to American power would arise. Even the Tiananmen Square massacre, which ended the emerging defense technology cooperation relationship and interrupted the process of economic assimilation, could not arrest Beijing’s growing integration into the U.S.-led international order, and it soon resumed, continuing even faster than before. This tension—between apparently committing to maintaining U.S. global hegemony and concurrently facilitating

the ascendancy of a consequential rival—cannot be explained without reference to American domestic politics, the constraints of path dependency, and the inherent tensions within the American version of republican imperialism as it evolved over time.

The usual explanation for Clinton’s decision to finally extend permanent normal trade relations to China in March 2000—a good decade after

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the end of the Cold War—has centered on his administration’s desire to avoid the heated national debates that accompanied the yearly ritual of extending the status of most favored nation. These controversies undoubtedly irked Beijing, unnerved U.S. businesses with equities in China, and unsettled Sino-U.S. diplomatic relations. Consequently, Clinton aimed to end this repeated spectacle once and for all, despite the reservations that still lurked within both the executive branch and the U.S. Congress. His proclamation, which extended enduring nondiscriminatory treatment to China, paved the way for the country’s accession

to the WTO in December 2001, thereby completing Beijing's integration into the liberal international economic order.⁴⁸

Weariness with the repeated debates undoubtedly played an important part in Clinton's decision to normalize trade relations with Beijing permanently—amid larger conflicts between Republicans and Democrats in Congress over democracy, human rights, trade malpractices, and national security with respect to China. Yet three other considerations also contributed importantly to this outcome.

First, flushed with its decisive victory in the Cold War, the United States did not believe that durably incorporating China into the liberal economic order would result in any fundamental transformation in the global balance of power. Throughout the late 1980s and the 1990s, when the issue of Beijing's accession to the WTO engaged U.S. attention, China was still viewed as a poor country whose development would be enhanced by greater integration with the world but would have little impact on the growth of China's national power relative to that of the United States.⁴⁹ The American triumph in the most recent round of great-power competition had thus dulled Washington's sensibilities to the prospect that it might be incubating the rise of a new competitor that would, over time, threaten the hard-won hegemony of the United States, first in Asia and then globally.

Second, even if integrating Beijing into the international economic order were to increase China's power, the United States assumed that the worst impact of any such distention could be avoided by the democratization that would naturally result when increased trade created new constituencies within China that valued personal freedom, individual prosperity, rules-based politics, and international peace.⁵⁰ This belief, which derived from an idealist strain in the republican imperialist tradition, assumed that the Chinese quest for global power would be effectively denatured by the emergence of a new citizenry that would prize better self-government and greater prosperity at home rather than the expansion of national power and influence abroad. That was an odd conclusion considering the refutation offered by the history of the United States itself.

Third, it was believed in the United States that the dangers arising from China's faster growth through international economic engagement would be defused by the growing socialization that would occur as Beijing became—to use an American trope coined by former U.S. deputy secretary of state and president of the World Bank Robert Zoellick—a more “responsible stakeholder” in the global community.⁵¹ This view was premised on the assumption that China, benefiting greatly from the existing system, would see no reason to undermine the U.S.-dominated international order, America's place within it, or the U.S. alliance system in Asia or beyond, because of the advantages accruing to Beijing.⁵²

This conclusion is also curious. Similar to the United States in a previous era, China—if it rose to international primacy—would be inclined to uphold only those institutions that advanced its specific interests. Beijing would modify or transform other structures that did

not so conform, while jettisoning or ignoring all others in their entirety—irrespective of the inconveniences for Washington. Again, none of this should be particularly surprising, because the United States behaved similarly as it rose to prominence and displaced the United Kingdom as a global power.⁵³ What is perplexing, therefore, is only Washington's expectation that China might behave differently.

In any event, many of the optimistic assumptions that underlay Clinton's decision to complete China's integration into the global economic order—premises that informed the policies of successive U.S. administrations from that of Carter onward to the present day—have progressively atrophied. China today is still not democratic and, under President Xi Jinping, appears to be moving even further away from the democratic ideal that was supposed to be the telos of its economic development. The members of the new Chinese middle class, the principal beneficiaries of globalization, have turned out to be neither cosmopolitan nor primarily utility maximizers, but rather more virulently nationalist than was earlier expected.

Furthermore, while continuing to profit from international integration, Beijing does not appear to display any intrinsic commitment to the larger liberal order. Instead, China prefers to exploit that regime to amass comprehensive national power, even as it uses those resources to underwrite assertive political claims along its periphery while threatening its neighbors as well as those U.S. forces tasked with coming to their defense. Above all else, China's progressive assimilation into the multilateral trading order has produced a dramatic alteration

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tion in the central balance of power in international politics. That has resulted in a consequential diminution of American advantage relative to a competitor whose rise has been fostered substantially by Washington's own choices.

In retrospect, these choices were shaped by three factors. First were

domestic politics—in particular, pressures from American business for unfettered commercial intercourse with China, an objective that was often presumed to be fully congruent with the interests of the United States itself.

Second was the problem of path dependency: the earlier decisions to integrate China into the global system made it easier for succeeding U.S. administrations to simply continue in the established direction—no matter what the remote costs might be—rather than bearing the extraordinary burdens that would be required to change course in new and perhaps demanding ways.

Third were the inherent tensions in latter-day republican imperialism: seduced by the liberal notion that an open international system would forever be to America's advantage, many

American leaders failed to recognize that determined competitors could capitalize on that regime's institutions to increase their own power in ways that could one day fundamentally challenge the hard-won global hegemony of the United States.

Be that as it may, today there is increasing recognition among American elites—including within the U.S. government—that China is an emerging strategic competitor and must be treated as such.⁵⁴ Although official Washington is bashful about describing China plainly as a geopolitical threat to American hegemony, there is little doubt that U.S. policymakers recognize many of the dangers inhering in this possibility. Shorn of all subtlety, China's rise poses a problem for the United States in particular because Beijing's growing power has now generated new threats to U.S. primacy in Asia and could eventually result in a consequential challenge to American preeminence globally. Or, in the language of modern international relations theory, China's continuing ascendancy could threaten in the course of time a possible power transition at the core of the interstate system.

In other words, if China continues to grow at relatively high rates well into the future—such that the country can achieve a truly comprehensive transformation of its national capacities—it could displace the United States as the most important entity first in Asia and then in the international system itself. That would threaten the postwar order built and maintained thus far by preponderant American power.⁵⁵

In some ways, this challenge posed by China to American hegemony may be more serious than that levied by the previous challenger. While the Soviet Union was a formidable military power and remained so until the end of its days, its economic base was always much smaller than that of the United States. China, in contrast, could—many would say *will*—develop a national economy to rival, if not surpass, that of the United States by any measure at some point in the future. The Chinese economy is already growing in technological sophistication, embodies a huge industrial and manufacturing capacity, and has displayed the ability to develop and field a remarkable array of advanced military capabilities. China's national ambitions too are clear: at the very least, Beijing seeks to recover the geopolitical centrality it enjoyed in Asia until the coming of colonialism, and China's economic renaissance since the 1980s has now positioned it to play a major global role that was simply unimaginable half a century ago.

China's pivotal location within the larger concentration of Asian political and economic power—the fastest-growing locus in the international system—endows the country's growth with even greater significance. That is because of the danger that China might over time acquire a choking control over this geopolitical space, thereby endangering U.S. and global economic connectivity with the Indo-Pacific region.⁵⁶ Even in the near term, however, China's rapid growth has already had unsettling consequences: the substantial Chinese military modernization that has accompanied the nation's economic expansion is threatening, in varying degrees, to critical U.S. allies such as Japan, Taiwan, South Korea, and Australia, as well as to other Asian powers such as India, Indonesia, Singapore, and Vietnam.

Most problematically, however, China's recent investments in anti-access and area denial capabilities, precipitated initially by its problems over Taiwan, have bequeathed Beijing with the capacity to hold at risk both U.S. forward-deployed and forward-operating forces in Asia, as well as American reinforcing elements coming to the defense of its littoral allies from overseas. If China's military modernization continues unparried along these lines, its warfighting components could soon be able to decisively challenge the ability of the United States to operate its military forces in close proximity to the Asian landmass. This outcome would then threaten the larger structure of regional stability built on U.S. hegemony, due to the Chinese ability to effectively decouple the strategically vital Indo-Pacific promontory from the United States.⁵⁷

Washington confronted an analogous challenge during the last century, when the Soviet Union threatened Western Europe and its resident American presence, as well as the ability of the United States to come to its defense. But the solution successfully implemented during that era—comprehensive containment—is unviable this time around. That is because unlike U.S.-Soviet economic relations, which were defined by mutual autarky, U.S.-Chinese economic ties today are characterized by an intense “global co-dependency,” in the words of economist Catherine Mann.⁵⁸ The United States, therefore, confronts a challenge to its hegemony that it never faced during the Cold War: it is tied to China through dense economic links that are valued because of the absolute gains produced for both states. But the United States is threatened all the same by the fact that the relative gains from this relationship, understood in the broadest sense, are currently greater for China. What is more, those gains are increasingly used by Beijing to build up its military forces in a way that threatens the security of the United States and of its closest Asian allies.⁵⁹

The United States confronts a challenge to its hegemony that it never faced during the Cold War: it is tied to China through dense economic links that are valued because of the absolute gains produced for both states.

This conundrum admits of no easy solutions. Neither the United States nor its allies care to contemplate cutting off economic ties with China, because of the losses to their growth and welfare that would result. Yet, if these sustained commercial linkages produce greater ongoing relative gains for China, then the continued economic ben-

efits of trading with China only generate increased security risks to the United States and its allies—or, in other words, a clear and growing danger to American hegemony.⁶⁰

This problem will only deepen until one of the following five conditions obtains.

First, Chinese economic growth peters out over time and thereby diminishes the material resources available to Beijing for challenging the United States.

Second, China eschews seeking geopolitical gains in Asia at the cost of Washington and its allies—despite Beijing’s continued higher economic growth—and can authenticate those pacific intentions incontrovertibly.

Third, the United States and its Asian allies conclude that the absolute gains flowing from deeper ties with China are worth the sacrifice of their strategic autonomy and, hence, warrant the graceful surrender of American hegemony to a rising China (at least in the Indo-Pacific region).

Fourth, the United States, in collaboration with its allies, constrains Beijing’s involvement in the liberal international economic system to reverse the losses in relative gains vis-à-vis China (and, by extension, limits the threats posed by rising Chinese military power).

Fifth, the United States is able to improve its currently lower growth rates vis-à-vis China by constructing new trading orders that exclude Beijing, even as Washington

unleashes new Schumpeterian revolutions that permit it to dominate future leading sectors of the global economy and thereby renew the material foundations of its hegemony.

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The prospects of any one of these ameliorating conditions vary. It is almost certain, for example, that the explosive economic growth witnessed in China during the last three decades cannot be sustained indefinitely.⁶¹ The Chinese economy has already begun slowing. But China could nonetheless be in a position to challenge American hegemony because its relative growth is likely to remain higher than that of the United States for quite some time to come. Consequently, although Beijing will still be handicapped by enormous economic, societal, and technological limitations, the United States cannot be sanguine about the evaporation of the Chinese challenge merely because of the certainty of China’s slowing growth. Unless truly catastrophic events occur in China—for example, an economic collapse brought about by a severe political crisis or unforeseeable geophysical, environmental, or public health cataclysms—it is reasonable to assume that China’s economic growth, while certain to slow, will not descend to below U.S. levels in the near future.

Similarly, China has attempted to defuse the intensifying security competition in Asia by declaring its commitment to a historically unprecedented peaceful rise, although the recent actions of the Xi regime cast considerable doubt on that elastic pledge.⁶² By so obligating itself nevertheless, Beijing hopes to thwart the incipient balancing that is currently under way in the Indo-Pacific. China also aims to check any international efforts to constrain its access to the global economy because of the importance of such connectivity for China’s continued growth. Unfortunately for Beijing, its own recent assertiveness vis-à-vis its Asian

neighbors confirms not only that China's promise of a serene ascendancy—no matter how well-intentioned—cannot be certified in perpetuity, but also that this promise may not hold as Chinese power further distends over time.⁶³ In such circumstances, the regional suspicions accompanying continued Chinese growth will only intensify.

Furthermore, it is highly unlikely that the United States and its allies will trade their strategic autonomy—and, in Washington's case, its pursuit of hegemony—simply to protect the absolute gains arising from trade with China. Such an outcome may have obtained in the premodern era, when China's cohorts were all intrinsically weak states. But Asia's experience of modernity since the end of the colonialism has resulted in China being surrounded by numerous capable states—entities that enjoy equally proud histories, possess robust economies, have modern governing structures, and are animated by their own unique nationalisms.

The United States, which is also an Asian power, is no exception to this rule; being the reigning hegemon, it is even more self-regarding than most because it has so much more to lose if it is displaced by another competitor. Consequently, the United States will seek to minimize the losses to its power while protecting as far as possible the absolute gains emerging from trade with China. However, given its enormous abiding strengths, the United States will not—in the final analysis—trade its extant primacy for the promise of continued gains arising from ongoing commerce with China, if ever this choice were to materialize in such binary form.⁶⁴

While limiting China's participation in the global economy might defuse the power-political challenge facing the United States, it is unlikely that Washington will seek recourse to such a solution until it exhausts all other possibilities. For one thing, whatever the American state's preferences may be in this regard, many segments of U.S. society—especially American business and perhaps even sections of the citizenry—would resist any efforts to constrain trade with China because of the benefits accruing to them specifically.

Even if these considerations did not intervene, the American state too would be reluctant to embark on such an extreme step right away, partly because it is now bound by the very international rules that the United States previously promulgated during its ascendant hegemony. To revise these norms unilaterally, just because others appear to gain disproportionately, would tarnish America's reputation. Washington has borne such reputational costs when the dangers to its interests were judged to be sufficiently acute to justify *ex parte* renunciation of some international obligations. Yet ejecting China today from the international trading order would be difficult because the United States could not enforce the international cooperation required for success—even with respect to its own allies—without bearing the extraordinarily high costs that would make the cure conceivably worse than the disease.⁶⁵

Moreover, the United States is still optimistic about its own ability to compete with China and all other countries in the liberal economic system that it has begotten—and justifiably so.⁶⁶ Accordingly, it will utilize political pressure and the dispute resolution mechanisms of

the existing regime to compel China to expand the opportunities for greater U.S. gains from trade by attempting to limit Beijing's propensity for commercial malpractices. But, until it has exhausted all other possibilities or until an American decline appears irremediably inevitable, Washington will not confront the fundamental ambiguity within its republican imperialism as it has evolved since the early twentieth century: namely, whether the United States can afford to continuously underwrite the open international order if it ends up producing successful challengers to American hegemony.

In an attempt to avert the denouement that would obligate it to answer this very question, the United States has, since the beginning of the twenty-first century, pursued a grand strategy that has sought to: renew the foundations of its economy and its military capabilities; create new trading orders that would tighten the bonds among its allies while excluding China, at least to begin with; and encourage the rise of new great powers on China's periphery—just as Washington did earlier with Beijing vis-à-vis Moscow—only this time in a novel attempt at balancing without containment.

BALANCING WITHOUT CONTAINMENT: INDIA AS THE LINCHPIN OF EVOLVING U.S. GRAND STRATEGY

Former U.S. president George W. Bush entered office at the dawn of the twenty-first century with the clear expectation that his principal task would be to prepare the United States for renewed great-power competition. Recognizing that the rise of China lay over the horizon as the newest strategic challenge to American hegemony, Bush and his advisers concluded that four elements would be necessary to manage the dangers potentially posed by the return of the Middle Kingdom to the center stage of international politics: first, a comprehensive renewal of the economy anchored on promoting accelerated innovation; second, a new effort at transforming the military to emphasize speedy power projection without compromised lethality; third, an expansion of the trading relationships among America's friends and allies; and fourth, a recasting of the nation's traditional approach to geopolitics.⁶⁷

Unfortunately for Bush—and for the United States more generally—the tragic events of September 11, 2001, and the wars in Afghanistan and Iraq that followed disrupted many of his administration's early priorities as the imperatives of managing incipient great-power competition were displaced by the Global War on Terror. Thus, for example, economic renewal unfortunately took a backseat as the nation plowed ahead into major wars without the fiscal solutions necessary to support them. Similarly, military transformation was interrupted because the land campaigns in Southwest Asia put a premium on sustaining large infantry and armored formations that were ill-suited for the power projection requirements associated with missions in the Indo-Pacific.

Despite these problems, however, Bush consistently pursued a new strategic approach to managing China's ascendancy. That is a policy that current U.S. President Barack Obama, notwithstanding other policy disagreements, has continued to follow because of its inherent wisdom and initial successes.

Bush's novel strategy for coping with China was astutely premised on the realization that China would continue to grow rapidly for some time to come because of, among other things, its economic ties with the United States and the wider international community. Some two decades after the initiation of Deng's economic reforms and China's progressive integration into the liberal international trading order, Bush understood that it was simply too late to constrain Beijing's rise by limiting its access to the global economic system.

Moreover, all of China's trading partners, including the United States, continued to profit in absolute terms from their economic intercourse with China, even if Beijing accrued greater gains than most. These economic benefits were valued by all of China's counterparts, even when they were most anxious about Beijing's expanding military capabilities. As a result, the Bush administration recognized that the solution to managing the rise of China's power could not consist of constraining China's economic relations with other nations—as the United States had done when containing the Soviet Union during the previous bout of hegemonic competition.⁶⁸

Instead, the challenge posed by growing Chinese strength would have to be handled by a different strategy this time around. The genius of Bush's solution resided in the fact that it would be grounded not in seeking to keep China down but rather in attempting to raise others up. To put it differently, the aim was to propel the growth of other nations along China's periphery as a way of "weaving the net" that produces a "moderating effect on [Chinese] behavior," as Asia expert and former U.S. government official James Shinn put it.⁶⁹

Accordingly, the Bush administration paid particular attention to the consequential states abutting China—Japan, South Korea, India, Vietnam, Singapore, Indonesia, and Australia—even as it sought to keep bilateral relations with Beijing on an even keel.⁷⁰ The latter objective was important, and a productive equilibrium was attained after painful early hiccups; yet it did not eclipse (as it often did with previous dispensations in Washington) the overriding objective of strengthening American ties with the key power centers located along China's immediate and extended outskirts. The consistency of this endeavor was ensured by the calculation that if American power could support these states to realize their strategic potential and to increase their mutual cooperation, the net effect would be the creation of objective constraints that limit China's capacity to misuse its power in Asia. Otherwise, that capacity would progressively threaten American hegemony, first within the continent, and eventually worldwide.⁷¹

These checks on rising Chinese power would not materialize because the Asian partners necessarily bandwagoned with the United States or even championed all its policies vis-à-vis

Beijing. Rather, the restraints would be produced by the growing capabilities of these nations—aided by the United States—and their increased incentives for collaboration both mutually and with Washington. These elements, driven by the regional actors' own concerns about increasing Chinese strength, would posture these states in ways that were fundamentally congruent with American interests, especially the core objective of restraining the potential for Chinese aggressiveness. At the same time, these factors would provide the Asian partners with the buffer necessary to prevent their increased commercial interdependence with China from disturbing the balance between economic gains and geopolitical risks.⁷²

The creation of such a regional equilibrium deriving from the presence of many powerful states on China's periphery, all cooperating among

themselves and aided whenever necessary by American hegemonic power, offered the United States the potential for balancing China—and inducing good behavior on the part of Beijing—without any necessity for the kind of containment that previously characterized competition with the Soviet Union. Early in her tenure as U.S. secretary of state, Condoleezza Rice alluded to this idea when she noted that

the U.S.-Japan relationship, the U.S.-South Korean relationship, the U.S.-Indian relationship, all are important in creating an environment in which China is more likely to play a positive than a negative role. These alliances are not against China; they are alliances that are devoted to . . . stable security and political and economic and, indeed, values-based relationships that put China in the context of those relationships, and a different path to development than if China were simply untethered, simply operating without that strategic context.⁷³

While balancing a growing China in this way offers the United States an escape from the Scylla of paralyzing helplessness and the Charybdis of inveterate opposition, the new American strategy sustains a powerful positive converse as well. Since this approach requires that the regional powers be strengthened as a result of deliberate U.S. assistance—complemented by the presence of potent forward-deployed and forward-operating U.S. military forces along the Asian periphery—the incentives of the littoral states to sustain economic interdependence with China would only be enhanced, because these countries would have no reason to fear that the material gains accruing to Beijing could be used to threaten their security.

So long as American military superiority can be preserved through a combination of technological innovation and steady economic growth within the United States, the creation of new, high-quality trading relationships with America's friends and allies, and the absorption

The genius of Bush's solution to growing Chinese strength resided in the fact that it would be grounded not in seeking to keep China down but rather in attempting to raise others up.

of benefits arising even from trade with China, the strategy pursued by the United States inevitably encourages a concerted deepening of the economic integration already under way throughout the Indo-Pacific region. If that happens, both China and all of its trading partners, including the United States, profit from the increased wealth produced as a result.⁷⁴ These gains in turn, to the degree that they contribute to sustaining U.S. power projection advantages, then help to concurrently buttress the Asian peace, which only leads to greater well-being.

The persistence of such a positive-sum game offers the hope of mitigating great-power rivalry and its potential for undermining the larger gains in prosperity. At its best, the ever-deepening economic interdependence attenuates the prospect of vicious security competition while creating the conditions for increased cooperation. Yet the overarching U.S. approach pioneered by the Bush administration and now pursued by the Obama presidency simultaneously ensures that should any strategic dangers materialize, the key regional powers—in concert with the United States or independently—should be able to neutralize these hazards so long as Washington continues to exercise energetic leadership in Asia, preserves its traditional superiority in power projection, and can reassure both allies and neutrals that U.S. military power will come to their defense in a crisis. The current and evolving American strategy of nurturing the growth of major powers along the Asian periphery to balance China without containing it, therefore, provides the regional system with the best of both

The American strategy of nurturing the growth of major powers along the Asian periphery to balance China without containing it provides the regional system with an opportunity to limit Beijing's capacity for malevolence without sacrificing common prosperity.

worlds: an opportunity to limit Beijing's capacity for malevolence without sacrificing the common prosperity arising from trade and interdependence.

Given the critical importance of these twin benefits for the maintenance of American hegemony, the Bush administration invested heavily in the two external components necessary for the success of the larger strategy. While making a strenuous but ultimately unsuccessful

attempt at enlarging the entire global trading system through WTO expansion, the administration concurrently participated in a series of regional free-trade negotiations between the United States and several important trading partners.⁷⁵

In particular, the United States committed to what would be its most important trade initiative in Asia: joining the Trans-Pacific Partnership. The TPP is an ambitious negotiation that aims to create a unified free-trade area across the Pacific Ocean—outside of China—by eliminating the traditional barriers to trade and investment and by confronting the

behind-the-border impediments to commerce. This effort has now been strongly reinforced by the Obama administration through a further series of negotiations intended to eventually consummate an even bigger Transatlantic Trade and Investment Partnership (TTIP) binding the United States and the European Union. The U.S. Congress has recently granted the White House Trade Promotion Authority, which permits Obama to negotiate both the TPP and the TTIP and submit them for congressional approval or disapproval, but without amendment or filibuster.⁷⁶

These attempts at increasing the general welfare of the United States, by creating a new set of trading arrangements that more closely knit America with its friends and allies, constitute a strategic effort to ameliorate the losses in relative gains accruing to Washington as a result of Beijing's integration into the global trading system. Despite their potential for "trade diversion," a problem first identified in the work of economist Richard Lipsey, these regional trade initiatives were not intended to undermine the larger multilateral regime.⁷⁷ Rather, they exemplified efforts at escaping the paralysis that had clogged the further expansion of the multilateral trading system. These attempts were thus intended to be—at least in the eyes of their advocates—transitional endeavors that, by stimulating greater trade, would eventually enlarge the global system of exchange itself. The champions of regional trade agreements therefore view these accords as ultimately supporting—not undermining—the overarching international economic order created by Washington in the postwar period.⁷⁸

Whether this vision is eventually realized or not, regional free-trade agreements among America's friends and allies offer an important benefit in the interim to the United States vis-à-vis China. Because these accords institutionalize arrangements that specifically exclude Beijing for now, they permit Washington to improve its relative gains from trade without sacrificing the absolute benefits. That helps compensate for the strategic losses—what the economist Arvind Subramanian has called "a huge structural trade shock"—suffered due to China's presence in the multilateral trading system.⁷⁹

Over time, these agreements offer the United States the possibility to enjoy even larger relative gains. That is because if China were to join high-quality regional free-trade agreements, such as the TPP, it could do so only by completely opening its markets to American goods and services. Such an action would have the effect of eradicating all the asymmetric advantages Beijing currently enjoys as a result of the mercantilist and strategic trade policies it has pursued since joining the liberal trading order.⁸⁰

In any event, these trade initiatives, important as they were, were complemented by even more dramatic actions at the geopolitical level. Although the Bush administration focused on renovating American ties with key Asian states, it artfully used the opportunities offered by both the Global War on Terror and the larger common concerns about China's ascendancy to completely transform the previously troubled relationship with India. This awkward antagonism between the world's oldest and largest democracies was rooted mainly in

structural fractures associated with the Cold War. At that time, the two countries often found themselves in opposition not because of direct altercations but because their national interests pulled them in divergent directions. The changes that had been slowly occurring in India since the end of the Cold War provided both New Delhi and Washington with fresh opportunities to explore a renewed rapprochement. The catalyzing consequences of India's 1998 nuclear tests stimulated Bush to finally jettison three decades of failed U.S. nonproliferation policies toward India and start anew.⁸¹

This controversial shift—epitomized by the U.S.-Indian civilian nuclear cooperation agreement of July 18, 2005—captured the headlines and highlighted Washington's intense courtship of New Delhi. Yet it occurred against the backdrop of bold initiatives undertaken earlier by former Indian prime minister Atal Bihari Vajpayee—initiatives that ultimately persuaded the United States to reveal its decision “to help India become a major world power in the 21st century,” as a senior U.S. official framed it early in 2005.⁸² Such a momentous pronouncement, stated so plainly and without fanfare, obscured the larger contours of the evolving American strategy of annealing a crescent of countervailing power centers along the Asian littorals abutting China. India was to be one bookend, and Japan the other, in this vast curve stretching from the northeast of the continent all the way to the Persian Gulf. As Obama's former secretary of defense, Leon Panetta, would later summarize it, the United States intended to expand “[its] military partnerships and [its] presence in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia.” Panetta added that “defense cooperation with India is a linchpin in this strategy.”⁸³

Even if the hyperbole connoted by the term “linchpin” is discounted, the fact remains that Washington has made extraordinary investments toward supporting India's ascendancy since 2001 because this outcome, while obviously beneficial to India, is also fundamentally advantageous to the United States. For

Washington, the ultimate value of a preferential partnership with India is that it helps preserve American primacy and the exercise thereof by constructing a collaboration that achieves three aims: it aids in the preservation of the balance of power in Asia; it enhances U.S. competitiveness and overall American growth through deepened linkages

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with a large and fast-growing Indian economy; and it strengthens the American vision of a concert of democratic states by incorporating a major non-Western exemplar of successful democracy such as India.

For New Delhi, the ultimate value of a strategic relationship with the United States is that it helps India to expand its national power more rapidly than might have been otherwise possible. A strong tie with the United States provides India with access to advanced technologies through both ordinary trade and investment as well as through special entrée to controlled commodities. It increases India's reach to the large and wealthy American market, especially for India's growing services sector and for its labor-intensive products. And it creates defenses against the threat of U.S. protectionism, while providing opportunities for further economic reforms within India itself.⁸⁴ All told, deeper U.S.-Indian ties promise great geopolitical, strategic, and economic gains for both nations, but especially for India: as C. Raja Mohan summarizes in this report, "Critical to India's transformation into a great power is a comprehensive economic and political partnership with the West, especially the United States."⁸⁵

Whatever the gains to India, however, the strategic benefits of strengthened bilateral ties to the United States must be kept in sight. At a time when containing a growing China is not a viable option, aiding India's rise as part of a larger and more comprehensive rebalancing toward Asia—the Obama administration's declared objective—provides American hegemony with a more local level of protection. That is because, insofar as this approach denies China a free run at dominance over the strategically valuable Asian system, it will have served to buttress American primacy for a longer duration and at a lower cost compared with many other alternatives.

For New Delhi, the ultimate value of a strategic relationship with the United States is that it helps India to expand its national power more rapidly than might have been otherwise possible.

In this context, strengthening other key Asian states, such as Japan, South Korea, and Australia, is obviously fundamental because these nations enjoy strategic locations, are capable militarily, and remain steadfast U.S. allies. Aiding Singapore, the Philippines, Indonesia, and Vietnam is also important because they are relatively weaker states situated athwart critical sea lines of communication and are zealous about protecting their independence in the face of Chinese pressure. But as columnist Fareed Zakaria once put it, albeit in a different context, "India is the real prize."⁸⁶ This fact is not lost on U.S. policymakers because India represents a concatenation of many important strategic attributes. To begin with, India is one of the few continental-sized powers in Asia that is not only a natural competitor to China but is also strongly motivated to resist the expansive claims Beijing might levy either on others' territories or on new international prerogatives because of its own long-standing territorial and status disputes with China.⁸⁷

Further, India's advantageous location in the Asian littorals—adjacent to China's soft underbelly in Tibet and astride China's vulnerable sea lines of communications with the energy

and natural resource nodes in the Persian Gulf and Africa respectively—enables it to shape both China’s terrestrial and maritime strategic calculations.⁸⁸

Finally, India embodies vast latent capacities—demographic, economic, technological, and military. If transformed effectively, these capacities would permit India to counter China independently in a way that few other Asian states could. This prospect becomes ever more realistic as China’s own growth rates begin to slow and India’s demographic dividend begins to yield long-awaited fruit.⁸⁹ What makes this combination of properties even more attractive from the U.S. viewpoint is that India is a genuine democracy, has convergent interests on many critical issues of global politics, and, most importantly, seeks to balance China not as a favor to Washington but entirely out of self-interest.

The United States, therefore, does not need to cajole India to counteract growing Chinese power; India, as the other rising Asian giant, will do so for its own reasons, as it has in one way or another since 1950. As C. Raja Mohan summed it up succinctly, “India did not accept in the past . . . nor will it in the future settle for a second place behind China.”⁹⁰ Given this fact, all that the United States has to do is aid India in transmuting its potential capacities into actual strength. If this effort is fruitful, it will have contributed to creating an Asian geopolitical equilibrium that automatically limits China’s capacity to harm its neighbors and U.S. interests in Asia. That will contribute to protecting American hegemony for yet another long cycle in world politics without posing any threat of its own because of the vast distance that still separates the United States and India in regard to their relative power. Precisely because this is the grand summum bonum that the two countries can secure most productively only through collaboration, it makes eminent sense for Washington to single out India as a special partner—despite New Delhi eschewing the option of becoming a formal U.S. ally.

Consistent with this logic, the United States—under both the Bush and Obama administrations—has in recent years gone out of its way to make good on its pledge to aid India in becoming a major world power in the twenty-first century. To that end, Washington has sponsored India’s unique integration into the global nonproliferation regime on exceptionally favorable terms; championed India’s entry into the key nonproliferation associations, despite India not being a signatory to the Nuclear Non-Proliferation Treaty; and endorsed India’s claim for permanent membership in the UN Security Council. The United States has also expanded India’s access to critical U.S. military and defense technologies at levels close to those enjoyed by other formal American allies and deepened strategic cooperation with India through extensive military-to-military exchanges, increasing sales of advanced arms, and ever more complex military exercises. Finally, in a powerful signal to the larger global community, the United States has publicly declared, in the words of former U.S. secretary of defense Robert Gates, that “we look to India to be a partner and net provider of security in the Indian Ocean and beyond.”⁹¹

These elements of current U.S. strategy have received considerable international attention in recent years, often to the neglect of the equally important economic dimension, whose logic has not yet been articulated in any comparable depth by American officials. In part, this is because the policy entrepreneurs who drove the contemporary transformation of U.S.-Indian relations were all strategists rather than economists.⁹² Driven by their concerns about the rise of China, these strategists conceptualized India's value in safeguarding American hegemony primarily in geopolitical rather than in economic terms. Yet, as they understood entirely, economic factors are critical for deepening any strategic partnership because, when all is said and done, the edifice of national power rests ultimately on material foundations.⁹³

In this context, the economic component of the current U.S. strategy of aiding India's rise must center on deepening the integration of the U.S. and Indian economies to the point of symbiosis, to maximize the joint gains accruing to both nations. Only a steady elevation of these shared dividends—which, broadly speaking, would involve increasing India's secular growth rate and America's economic competitiveness simultaneously—will advance the larger objective of strengthening Indian power to safeguard U.S. hegemony. Moreover, the virtue of advancing this goal through deepened bilateral trade is that it elevates the levels of mutual exchange, economic output, and aggregate welfare for both nations simultaneously, thus creating a win-win outcome that advances commercial and geopolitical objectives in a synergistic way.

This conceptualization is admittedly articulated from the perspective of American interests. An Indian vision, as C. Raja Mohan describes in the second half of this report, might emphasize the necessity of rapidly accumulating national power to realize certain developmental goals or to actualize multipolarity in international politics. In any event, both New Delhi and Washington have distinct tasks if the goal of fortifying India—whatever the ultimate purpose of that aim—is to be achieved.

India must move with alacrity to consummate the two revolutions in economic management that the country began over two decades ago. New Delhi should conclude the vast gamut of so-called second-generation reforms required to raise the country's growth rates to the highest levels witnessed previously, if not beyond. To achieve this, India should decisively enthrone market mechanisms in all sectors of the economy so that the relative scarcities of the factors of production are effectively reflected in the prices they command. New Delhi must likewise irrevocably expand foreign trade and investment by eliminating all unreasonable

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barriers to entry and exit so that capital from the international system, and especially from the United States, can flow into India to further fuel its growth, even as its own domestic resources are reallocated into the most productive avenues in consonance with the laws of comparative advantage. These are undoubtedly gigantic undertakings, but if the immediate issue at stake is how best to accelerate India's growth in power—both for its own sake and to advance American strategic aims—then what Indian policymakers do to this end will consistently be far more important than the contributions made by their U.S. counterparts.⁹⁴

The United States, however, can make a unique and distinctive contribution to this Indian effort. As pointed out in the 2005 report that first laid out the justification for a civil nuclear cooperation agreement between the United States and India, if the objective of bilateral economic engagement is to accelerate the integration of the two economies to maximize common gains, then “a free-trade agreement between the United States and India would . . . do more to enhance the growth of Indian power—permanently—than many of the other instruments now being discussed between the two countries.”⁹⁵

To be sure, there are many persuasive arguments against bilateral free-trade agreements as substitutes for a global trade accord, but both Washington and New Delhi have now set aside their initial reluctance and moved briskly to conclude such agreements with others. The United States currently has fourteen free-trade agreements in force with 20 countries, while India has 28 free-trade agreements either concluded or under negotiation.⁹⁶ Consequently, the two capitals ought to closely examine how a comprehensive free-trade agreement could be brought into being—even though such a negotiation is certain to be difficult, may initially exclude some particularly sensitive areas, and may have to be implemented only gradually over the course of many years.

The challenges to rapidly expanding bilateral U.S.-Indian trade, let alone consummating a free-trade agreement between the two countries, cannot be overestimated. The underlying problems are structural and are rooted in the fact that the United States and India subsist at radically different levels of development: U.S. per capita GDP in 2013 was a little under \$53,000, whereas India's per capita GDP that same year was slightly less than \$1,500.⁹⁷ Given the wide disparity in achievement represented by these indexes, it is not surprising that the United States and India have different attitudes to trade liberalization. The United States, as a hegemonic power in the international system, remains the paragon of an open economy. Using the crudest measure of openness, the U.S. simple average bound tariff for all products in 2012 was 3.5 percent, while the tariff applied to countries enjoying most-favored-nation status was 3.4 percent. India's simple average bound tariff for all products that same year, in contrast, was 48.6 percent, while that applied to countries enjoying most-favored-nation status was 13.7 percent.⁹⁸

That India is the more closed economy in the dyad is thus not in doubt. In the early post-war period, the United States, despite its larger efforts to create an open trading system

internationally, tolerated the persistence of closed economies in poor countries because these states neither enjoyed high growth nor offered large markets for American goods. Today, when the developing world has become the motor of the global economy, the United States seeks to penetrate this market far more concertedly than it did before. Washington's quest to increase bilateral trade with India from the current \$100 billion to some \$500 billion annually is consistent with this larger aim.

New Delhi, however, has resisted the quick and comprehensive opening of its markets because it fears that the costs borne by its economically weaker, yet politically powerful, constituents would be very high when confronted by other more efficient exporters. Hence, India has consistently argued that the developed world should offer poorer countries like itself special and differentiated treatment, which entails granting India entry to their lucrative markets but without the need for any comparable reciprocity. As a result, India's bilateral trade liberalization agreements traditionally were generally tepid ones, and New Delhi often opposed radical enlargements of the global trading system if such moves threatened the interests of its poor.

Given India's historic reticence, seeking to deepen U.S.-Indian commercial ties rapidly enough to culminate in a free-trade agreement—even if only eventually—seems like a tall order. But both countries must begin to imagine the possibilities now, while taking the necessary interim steps to increase trade as quickly as they can to elevate India's per capita income and bring it to the point where the feasibility of a bilateral free-trade agreement can no longer be in doubt. As Tarun Das, one of the most articulate champions of closer U.S.-Indian economic ties, recently argued, in the context of the Obama administration's ambitions to raise the current levels of bilateral trade:

At \$100 billion bilateral trade, there is nervousness about bringing to the table the idea of a free-trade agreement (FTA). At \$200-billion plus, the scenario will be altogether different. Plus the fact that the US is a favourite destination of Indian corporates to do business. The [U.S.-Indian] CEO Forum should show the way by commissioning a joint study and investigation into the possibility of [an] India-USA FTA.

It cannot happen overnight. No FTA does. [But] the Indian industry need not be scared anymore. An FTA is possible, in phases with timelines. So, there are three tasks for the Indo-US CEO Forum—the lesser one, to work on the [bilateral investment treaty] and resolving current hurdles. The bigger one—to integrate US and Indian Industry into the Global Chain and ensure Make in India is achieved and, finally, to frame the road to an FTA. All of this together will bring \$500 Billion of Trade within reach.⁹⁹

The discussions that lead up to such achievements will undoubtedly be hard and frustrating on both sides. But the aggravations associated with any bilateral bargaining on this score would be worthwhile if they help propel U.S.-Indian trade to higher levels than at present—and if such annoyances help avoid the odd outcome of the United States and India ending up mainly discriminating against each other because of the various bilateral and regional free-trade agreements they have now negotiated with other partners.¹⁰⁰

The bad news historically is that trade between the United States and India has been relatively meager—because of India’s old autarkic economic strategy and the distortions in comparative advantage produced by India’s extant and ill-conceived labor policies. But the good news is that bilateral trade has grown over the past few years as the Indian economy has slowly reformed. For example, in 2001, U.S. merchandise exports to and imports from India totaled \$3.8 billion and \$9.7 billion, respectively.¹⁰¹ By 2014, exports had swelled to \$21.6 billion and imports to \$45.2 billion, making India the eighteenth-largest U.S. export market and the tenth-biggest supplier of U.S. imports.¹⁰² India thus advanced from the United States’ twenty-fifth-largest total trading partner in 2001 to its eleventh-biggest in 2014.¹⁰³

Foreign direct investment (FDI) inflows from the United States to India follow a similar pattern. Although the United States slipped from India’s second-largest source of FDI in 2001 to its fifth-largest in 2014, U.S. FDI contributions to India increased in absolute terms. India received \$1.7 billion in U.S. FDI in the financial year 2014–2015, representing a 5.9 percent share of all such investment in India, and up from about \$370 million in 2001. Moreover, the financial year 2014–2015 represented a return to the trend reflected in the financial years 2010–2011 and 2011–2012, both of which witnessed FDI levels exceeding \$1.1 billion. In aggregate, U.S. FDI in India totaled approximately \$13.6 billion from April 2000 to February 2015, accounting for about 6 percent of India’s FDI inflows from all sources in that period.¹⁰⁴

Although these data suggest a dramatic improvement in U.S.-Indian economic ties, they nonetheless substantiate only very modest degrees of interdependence. From 2001 to 2013, U.S. trade turnover with India never constituted more than 2 percent of the United States’ global trade, while India’s percentage of U.S. imports also hovered at less than 2 percent.¹⁰⁵ At a purely economic level, this implies that India has still not been able to utilize American resources as effectively as some other states, such as China, to elevate its growth rate.¹⁰⁶ While it is certain that India will never match China in terms of its dependence on trade for growth, because of the differences in economic strategies between the two countries, there is no doubt that New Delhi can do much better than it has done historically, including and especially in regard to trade with the United States.

There are sufficient complementarities between India and the United States to justify the expectation that expanded trade would deeply benefit both countries (see tables 1 and 2). If, for example, India can accelerate the reform of its labor laws—impediments that have

deeply distorted the structure of comparative advantage to make this labor-rich nation an exporter of scarce capital—the complementarity between the U.S. and Indian economies would only increase further, to the even greater benefit of deepened bilateral trading relations. Improving the ease with which business can be done in India, reducing Indian corporate tax rates to something approximating global standards, and eliminating FDI caps across the board remain some of the other ways in which bilateral trade levels can be improved further.

TABLE 1: U.S. and Indian Trade Specialization by Sector

	High Specialization (Revealed Comparative Advantage ≥ 1)	Low Specialization (Revealed Comparative Advantage < 1)
India	<ul style="list-style-type: none"> ▪ Animals and Animal Products ▪ Vegetable Products ▪ Foodstuffs ▪ Mineral Products ▪ Chemicals and Allied Industries ▪ Rawhides, Leather, Skins ▪ Textiles ▪ Footwear and Headgear ▪ Stone and Glass ▪ Metals ▪ Computer and Information Services ▪ Communications 	<ul style="list-style-type: none"> ▪ Plastics and Rubbers ▪ Wood and Wood Products ▪ Machinery and Electrical Goods ▪ Transportation Manufactures ▪ Miscellaneous Manufactures ▪ Insurance ▪ Financial Services ▪ Travel Services ▪ Transport Services ▪ Royalties and License Fees ▪ Personal and Recreational Services
United States	<ul style="list-style-type: none"> ▪ Vegetable Products ▪ Chemicals and Allied Industries ▪ Plastics and Rubbers ▪ Wood and Wood Products ▪ Stone and Glass ▪ Machinery and Electrical Goods ▪ Transportation ▪ Miscellaneous Manufactures ▪ Royalties and License Fees ▪ Financial Services ▪ Personal and Recreational Services ▪ Insurance ▪ Travel 	<ul style="list-style-type: none"> ▪ Animals and Animal Products ▪ Foodstuffs ▪ Mineral Products ▪ Rawhides, Leather, Skins ▪ Textiles ▪ Footwear and Headgear ▪ Metals ▪ Computer and Information Services ▪ Transport Services ▪ Communications

Source: Johan Fourie and Dieter von Fintel, “World Rankings of Comparative Advantage in Service Exports,” *Stellenbosch Economic Working Papers* 3, no. 9 (2005).

Note: Table based on Balassa specialization indexes computed for global trade.

TABLE 2: Areas of U.S. and Indian Trade Complementarity

U.S. Comparative Advantage Relative to India	Indian Comparative Advantage Relative to the United States
<ul style="list-style-type: none"> ▪ Plastics and Rubbers ▪ Wood and Wood Products ▪ Machinery and Electrical Goods ▪ Transportation Manufactures ▪ Miscellaneous Manufactures ▪ Royalties and License Fees ▪ Financial Services ▪ Personal and Recreational Services ▪ Insurance ▪ Travel Services 	<ul style="list-style-type: none"> ▪ Animals and Animal Products ▪ Foodstuffs ▪ Mineral Products ▪ Rawhides, Leather, Skins ▪ Textiles ▪ Footwear and Headgear ▪ Metals ▪ Computer and Information Services ▪ Communications

Source: Przemyslaw Kowalski and Novella Bottini, “Comparative Advantage and Export Specialisation Mobility,” in *Globalisation, Comparative Advantage and the Changing Dynamics of Trade* (OECD Publishing, 2011), 81-120.

Note: Table based on Balassa specialization indexes computed for global trade.

Efforts to work toward a U.S.-Indian free-trade agreement eventually through progressive trade liberalization in the interim—coupled with continuing domestic economic reform aimed at gradually freeing factor markets—would create effective structural devices by which U.S. capital, technology, and expertise could increasingly flow into India. That would advance the growth of Indian power through atomistic market mechanisms that complement the hitherto centralized political initiatives. Such transfers would bestow great benefits on New Delhi by enabling India to employ U.S. resources to enhance its productivity, expand its technological frontiers, and increase its overall growth rates to the higher levels required to satisfy India’s developmental and strategic ambitions. Concurrently, any negotiated movement toward a free-trade agreement, to include the conclusion of a bilateral investment treaty in the interim, could also serve as “an effective mechanism for locking in reform policies, mobilizing domestic political support for liberalization, and spurring additional trade liberalization both multilaterally and bilaterally,” as the economists Robert Lawrence and Rajesh Chadha have persuasively argued.¹⁰⁷

If and when both sides consent to pursue such an agreement, it would also open the door to inviting India to join the other ambitious free-trade accords currently pursued by the United States, such as the TPP. Accelerating U.S.-Indian trade would also justify an American endorsement of India’s membership in the Group of Seven (G7) and in the Asia-Pacific Economic Cooperation forum along the way. Indian policymakers have already indicated their interest in joining all three groups, in part because of the uncertainties surrounding the future expansion of the multilateral trading system: at a time when significant regional free-trade agreements that exclude India are proliferating, New Delhi could find itself in

the unenviable position of being left out in the cold precisely when its membership in the WTO could also be yielding diminishing returns. One insightful study by World Bank researchers Emiko Fukase and Will Martin has suggested that if India continues to explore negotiating additional bilateral and regional free-trade agreements, then “adding an India-US FTA to prior agreements tends to bring additional welfare benefits to both countries.”¹⁰⁸ That is particularly the case if India then proceeds to extend its bilateral commitments to all its other trading partners on a most-favored-nation basis.

The economic gains to India from a further expansion of bilateral trade with the United States—under the aegis of a free-trade agreement down the line—are indeed compelling. But the political benefits are just as attractive because any formalization of the desire to increase commercial ties would powerfully signal India’s willingness to cooperate with the United States in accelerating its own growth in power. Insofar as such a gesture would contribute to limiting any Chinese pursuit of dominance in Asia, Washington should explore a free-trade agreement with New Delhi because strengthening India remains an important instrument in preserving American hegemony in the new era of global interdependence.

It should not be surprising that a bilateral U.S.-Indian free-trade agreement would also produce dramatic economic gains for the United States. An illuminating simulation of such an accord—under the assumption that an agreement would involve a 100 percent ad valorem equivalent tariff cut for goods and a 50 percent cut for services—concluded that combined goods and service liberalizations would result in exports from the United States to India expanding by 90 percent, while those from India to the United States would expand by 20 percent.¹⁰⁹ This asymmetry in gains is understandable because the high levels of protectionism in India, compared with the minuscule levels in the United States, imply that any reciprocal liberalization between the two countries benefits more the entity that lacked access to the other’s market previously than the entity that had long enjoyed such access.

Accordingly, when goods and services are disaggregated, the study suggested that the expansion of U.S. exports to India would tend to be large across all the goods sectors, ranging from a 23 percent increase in the transportation sector to a 719 percent improvement in processed agriculture. At the same time, Indian exports to the United States, while growing less overall, would nonetheless experience a large expansion of about 85 percent in textiles and apparel, followed by a 31 percent improvement in other light manufacturing.¹¹⁰ These gains to India accrue because a bilateral U.S.-Indian free-trade agreement helps to overcome current U.S. protectionism in the textile and apparel and light manufacturing sectors; accordingly, they would produce huge employment benefits in India because these sectors are labor-intensive and comport well with India’s overall factor endowments.

The liberalization of services trade tells a more interesting story. The simulation suggested that a 50 percent reduction in tariffs on traded services would increase U.S. services exports to India by 113 percent, while India’s services to the already-open United States would

increase by a modest 12 percent. But the increase in the U.S. trade in services leads to a slight contraction in U.S. goods exports, because resources appear to be reallocated toward the now more profitable service sectors. Such an increase in the U.S. services trade, however, would also contribute to a rise in Indian exports of goods, because the imported U.S. services increase India's manufacturing competitiveness and thereby improve the export performance of these items.¹¹¹

Washington should explore a free-trade agreement with New Delhi because strengthening India remains an important instrument in preserving American hegemony in the new era of global interdependence.

Increased commerce precipitated by a bilateral free-trade agreement therefore generates huge economic gains for the United States. To the degree that such an accord further increases U.S. access to lower-priced Indian products, it also improves the welfare of American consumers. And to the degree that it expands American access to lower-cost

Indian labor either in the United States or in India itself, an agreement also helps make U.S. companies more competitive globally. India's large pool of relatively cheap skilled labor offers U.S. industry enormous benefits with respect to reducing costs and increasing efficiencies in diverse arenas ranging from manufacturing to healthcare and from legal services to information technology.

A bilateral free-trade agreement that accommodates more liberal movement of all factors of production would thus accelerate American gains from international exchange further. It would enlarge U.S. export markets for everything from agricultural goods to shale gas (which, under current U.S. policy, cannot be sold to India in the absence of a bilateral free-trade agreement) to high-technology products as well as higher value-added services.

By so doing, a bilateral free-trade agreement would further contribute to maintaining American dominance in the current leading sectors of the global economy. But, even more importantly, the gains from expanded trade with India, to the degree that such trade augments other returns, would enable the United States to generate further innovations that hold the promise of enlarging the American technological and economic lead over other national competitors—and, by implication, strengthening its global hegemony—for some time to come. This is, in fact, the true promise offered by the prospect of forging deeper ties between the two economies. A capital- and technology-rich United States could intertwine with a labor-rich India to advance the complementary geopolitical interests of both states. This would limit China's capacity for Asian domination and, from a self-concerned U.S. perspective, produce the marginal gains that would benefit the United States by unleashing those new Schumpeterian revolutions that further congeal Washington's economic dominance and, by implication, its global hegemony for yet another generation.

With these reasons in mind, the United States and India ought to discuss the possibility of a comprehensive free-trade agreement—one that could perhaps be implemented in a step-by-step fashion—as soon as they complete their current negotiations on the bilateral investment treaty and trade growth between the two nations exhibits significant improvement.

The first step toward this larger accord would have to be accelerated economic reform in India, principally involving the liberalization of factor markets, further reductions in trade controls, and possibly the revitalizing of qualified export zones, to expand both bilateral and other trade. The second step could involve implementing a partial free-trade agreement in services, where India possesses important strengths despite the otherwise huge U.S. advantages in this sector. The third step might involve liberalized trade in manufactured goods. The final step would require realizing, over a defined period, a wider agreement that includes agriculture, while incorporating the necessary safeguards and exclusions that might be necessary to make such an accord viable.

However such an accord is sequenced and structured—and its design is best left to economists and trade negotiators—a U.S.-Indian free-trade agreement in its final

form would impose symmetrical obligations on both countries, while also assisting India with respect to further competitive liberalization vis-à-vis other nations. As Robert Lawrence and Rajesh Chadha had pointed out in their path-breaking 2004 study, a bilateral U.S.-Indian free-trade agreement would in fact be superior to WTO mechanisms for accelerating Indian trade liberalization because it would eliminate the special and differential treatment that prevents New Delhi from lowering its tariff rates as the price for expanded access to other international markets—to the detriment of the Indian economy as a whole.¹¹²

At any rate, achieving a multistep U.S.-Indian free-trade agreement would admittedly be difficult for both sides today. The reasons for this are not hard to appreciate. U.S. trade negotiators are leery of entertaining any discussions about a free-trade agreement with India because they are dismayed by New Delhi's still-considerable opposition to broad trade liberalization either multilaterally or bilaterally. U.S. officials are also discouraged by India's continuing inability to embark on concerted economic reform at home—reform that could stimulate trade growth even in the absence of an all-embracing free-trade agreement.

Thus, despite their expectation that the United States would benefit greatly from a genuine free-trade accord—as the simulation results summarized above have already concluded—U.S.

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trade negotiators are skeptical about India's interest in such a covenant, given that New Delhi already enjoys disproportionate access to the U.S. market. Although India would do even better under a bilateral free-trade agreement than it does in its absence, U.S. officials suspect that the marginal gains accruing to New Delhi would not be large enough to entice India to make the substantial concessions necessary to finally bring such an accord into force. Moreover, the welfare gains to the United States from a U.S.-Indian free-trade agreement are smaller in comparison to other similar agreements, such as the TPP and TTIP, now being negotiated by Washington.¹¹³

All these considerations combine to make a trade negotiation with India currently unattractive to U.S. officials, especially those focused on economics as opposed to national security. At a time when the U.S. economy is still experiencing inconsistent growth, as a result of its forced march out of the global financial crisis, American politicians are unlikely to be enthusiastic about a free-trade pact with India that front-loads many benefits to New Delhi. Questionable Indian policies relating to the tax treatment of international firms doing business in India, preferential market access, and the protection of intellectual property rights have made U.S. officials even queasier. Further compounding these problems, Democratic lawmakers in particular have developed lukewarm feelings about free-trade agreements in general—witness their attitude in the debates about trade promotion authority—because of their justified concerns about the impact of such covenants on middle-class employment and income levels in the United States.

In contrast, Indian policymakers—and big Indian industrial houses—have become more comfortable about bilateral free-trade agreements, including the prospect of one with Washington. The new Indian interest in exploring opportunities regarding the TPP is evidence of this trend. But this enthusiasm too must not be exaggerated. Indian business—just like its U.S. counterpart—is utterly capable of championing liberalized national trade policies in the abstract, while at the same time fighting tooth and nail to oppose any specific changes that undermine their particular interests. Indian politicians, in turn, although capable of appreciating the economic and political benefits of an appropriately structured and sequenced free-trade agreement with the United States, are also likely to be unnerved by the near-term political costs associated with the painful internal restructuring of the Indian economy that would result.

In general, Indian leaders, even when favoring expanded trading arrangements with certain countries, have never been bold enough to conclude agreements that would lead to significant domestic reallocation of the factors of production because of their fears about the economic and political costs of any social dislocation within the country. If the welfare gains from a U.S.-Indian free-trade agreement turn out to be smaller than the gains accruing from other Indian trade accords (such as those with the European Union and the Association of Southeast Asian Nations, or ASEAN)—as appears to be the case in the simulation cited

earlier—then the Indian incentives to vigorously pursue such a partnership with Washington will be further weakened.¹¹⁴

Despite all these contravening factors, however, it is becoming increasingly obvious to both Indian politicians and Indian elites that if the country's growth rates are to be elevated, then the expansion of India's trading links with all countries, especially the United States, will be an integral element of the solution. Increasingly, the failure to raise India's growth rates has electoral costs for Indian politicians as well as national security risks for the country at large.

Moreover, it is becoming clear that the strategy of seeking trade expansion on the cheap, as India has done thus far through bilateral deals that do not force any domestic transformation, has reached the limits of its success. Consequently, any future renovation of trade policy will be worth the trouble only if it produces real gains for the nation in terms of economic growth and technical change.¹¹⁵ As Suman Bery, formerly director general of India's National Council of Applied Economic Research, told his countrymen over a decade ago, "If we are serious about liberalising and becoming a global force to equal China, the idea of a comprehensive US–India FTA has much to commend it."¹¹⁶

Given these portents, Indian Prime Minister Narendra Modi's government should be more attentive to the idea of a bilateral free-trade

agreement with the United States than ever before. It is particularly appropriate to prepare the ground for such an initiative through intellectual and political effort as well as through policy changes at home at a time when the Obama administration has become more serious about expanding international trade. In any event, since Obama has, with great diligence, hewed to his predecessor's policy of seeking to enhance India's national power because of its benefits for America's own interests, a bilateral free-trade agreement deserves new scrutiny and support because it embodies the promise of advancing economic growth and consumer welfare in both countries to the ensuing benefit of their national power.

If the future evolution of the multilateral trading system is likely to be manifested through the expansion of megaregional agreements, then a U.S.-Indian free-trade agreement is worth pursuing on economic grounds alone, despite its own smaller unique benefits: such an accord could not only help minimize Indian losses that would otherwise ensue as a result of New Delhi's exclusion from the other interlocking agreements binding the United States, but would also expand the total welfare gains enjoyed by both nations when their bilateral agreement is finally added to their other prior accords that exclude China. As Fukase and

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Martin concluded, their simulation results “suggest that an India-US FTA may potentially become a building block towards a more liberal trade regime for both countries.”¹¹⁷

The expanded economic benefits accruing to both Washington and New Delhi, accordingly, dovetail perfectly with the strategic imperatives of strengthening Indian power as an ancillary, but nevertheless important, means of protecting U.S. hegemony into the twenty-first century. The other trade accords currently pursued by the United States, such as the TPP and the TTIP, are obviously far more beneficial in economic terms to the United States in comparison to a U.S.-Indian free-trade agreement. Therefore, they should be relentlessly pursued by Washington as a means of elevating U.S. growth rates and, by extension, its national power. India’s current free-trade negotiations with the European Union and with

ASEAN are similarly more valuable to New Delhi now in comparison to a U.S.-Indian free-trade agreement. Hence, it is certain that Indian trade negotiators will give them political priority.

After all these accords are completed, however, the prospect of deepening U.S.-Indian commercial ties further through trade liberalization leading up to a free-trade agreement should not be dismissed,

because such a pact would permit both nations to mop up those valuable marginal gains still lying beyond the reach of all their previous agreements. Such a deal would give the United States greater trade gains than it would India, thus making it obviously valuable to Washington; however, New Delhi too would find itself better off than it would otherwise be in the absence of the enhanced linkages cemented by a bilateral free-trade agreement.

The geostrategic consequences of this outcome imply that increased mutual trade would contribute to the further consolidation of American primacy in international politics. This, in turn, would enable the United States to more effortlessly support India’s rise as a means of balancing China’s growing ascendancy in Asia and the world, even as growing two-way trade increases New Delhi’s own economic strength in the process.

Although aiding the growth of Indian capabilities in this way could eventually lead to the creation of a multipolar world—an outcome that ipso facto implies the demise of U.S. hegemony—American and Indian relative capabilities, and their respective national performances today and prospectively, are such that the primacy of the United States is unlikely to be dethroned anytime soon as a result of the growth in Indian power. Rather, because Indian capabilities and national ambitions will find assertion in geographic and strategic

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arenas that are more likely to be contested immediately by China than by the United States, boosting India's rise contributes to the creation of a beneficial multipolarity in Asia—one that constrains any Chinese bid for dominance there—rather than undermining the hegemony currently enjoyed by the United States in the international system writ large.

Sustaining a robust Asian multipolarity only protects the American position at the apex of the global order, from whence preferential benefits can continue to accrue to New Delhi. Indian policymakers astutely recognize this reality, vastly preferring it to either Chinese hegemony or even Sino-U.S. bipolarity at the core of global politics. Consequently, to the degree that stronger U.S.-Indian economic relations can strengthen the American position internationally and thereby ease the task of assisting India's rise, a bilateral free-trade agreement eventually would be a worthwhile investment in protecting that hegemony through which the United States has sought to procure security from the very beginning.

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CONCLUSION

The U.S. quest for hegemony since its founding—nay, even before—has produced astounding dividends where expanding American security and autonomy are concerned. But, like all other efforts at producing order in the earthly city, it has had its seamy underside, both at home and abroad. The American story, therefore, corroborates Reinhold Niebuhr's profound insight that, even in its most magnificent strategic achievements, it is but a continuing tale of "the curious compounds of good and evil in which the actions of the best men and nations abound."¹¹⁸

Although American hegemony, therefore, will always be afflicted by complex moral ambiguities, it has undoubtedly produced great material gains insofar as it has bestowed upon the United States vast territory, consolidated a durable nationhood, and nurtured a political, economic, and social order that has produced the wealthiest and technologically most advanced society on earth. These attributes have enabled the nation to enjoy a level of protection and prosperity envied by other states, which, in turn, have aided the American crusade to expand liberty far and wide. The progressive distention of hegemony to the global level has thus served the United States well and remains an achievement that must at the very least be protected, if not enlarged.

To the degree that overwhelming American power has enabled the creation and sustenance of a beneficial global order, it has also served the interests of all other states, especially America's friends and allies, who continue to rely on it for their own security and well-being. Yet, for all these advantages, American dominance has not gone unchallenged. Since the United States encountered the world at the turn of the twentieth century, it has confronted three successive threats to its steadily enlarging power: two were defeated through intense global wars, and the third was neutralized only by the prospect of acute conflict.

As the United States faces this new century, it is confronted by the specter of yet another challenger over the horizon: China, a country whose growth in power was accelerated by Washington's own previous decisions to integrate it into the global economy. Because of the intermeshing of the U.S. and Chinese economies today, the options of coping with China's rise through war or containment are infeasible. War is unthinkable in the presence of nuclear weapons on both sides, while containment, even if feasible, would be extraordinarily costly and wrenching given that the United States would have to completely undo the policy of integration that it has pursued for the last thirty-odd years.

As a result of these realities, the United States has had no choice but to settle for protecting its extant hegemony by devising a new policy that attempts to preserve the economic gains arising from trade with China while limiting the geopolitical threats posed by Beijing through a strategy of balancing without containment. To this end, Washington has embarked on aiding the rise of other competing power centers around China to limit the Chinese capacity to abuse its growing power.

Accordingly, the United States has invested in strengthening political and economic ties with many critical Asian states lying along the littorals of the continent, even as Washington focuses on revitalizing its own economy and recapitalizing its already-superior military capabilities. Transforming the U.S. relationship with India has been a critical component of this strategy, and, not surprisingly, much of the effort made thus far has been political. Yet the economic dimension of this metamorphosis is just as important; if Chinese power in Asia is to be limited by the presence of other countervailing sources of constraint, such as India, among others, buttressing their material capabilities is vital. The policy decisions made in this regard in various friendly capitals will be far more important than anything the United States does in comparison. But Washington can nonetheless play a critical role by providing its strategic partners in Asia with greater access to its own capital, technology, expertise, and markets, to enhance their power in short order. America's friends and allies in Asia, obviously, can provide Washington with incentives to stay this course by deepening their own strategic and economic engagement with the United States.

Strengthening commercial relations between the United States and India, to include concluding a bilateral free-trade agreement eventually, represents in this context an idea whose time has come. Negotiating such an agreement against the backdrop of the other regional

free-trade accords currently being discussed by both nations offers them the possibility of creating a productive symbiosis between the economies of the world's oldest and largest democracies. Any arrangement that accelerates the integration of the capital- and technology-rich United States with labor-rich India would increase India's growth rates and the United States' capacity for innovation—among other gains—to the benefit of both. This investment in aiding the rise of Indian power, then, serves to balance Chinese ascendancy while simultaneously strengthening the material foundations of U.S. global hegemony in the face of the new challenges posed by Beijing.

Working toward a free-trade agreement with India will undoubtedly be a laborious undertaking. New Delhi is often a difficult and prickly partner, and the political complications of managing a large number of poor, yet powerful, constituents in a democratic system will limit the ability of even effective Indian governments to deliver on complex negotiations, even when those incontestably advance larger Indian interests. The negotiations in the aftermath of concluding the U.S.-Indian civilian nuclear cooperation agreement confirmed that reality abundantly.

Nevertheless, these challenges should not deter the United States if a free-trade agreement with India can advance the larger goal of protecting American hegemony. Because this is the grand prize in current international politics, Washington should be prepared to walk down difficult roads, to the point of seeming to do more for others than appears necessary, if these endeavors promise to help accomplish the most important geopolitical objective of all: preventing any future power transition that threatens to dethrone the United States from its current pinnacle in the global system. Even as such strategies are pursued—creating the appropriate counterpoise to Chinese power through India and other Asian states—it is important for policymakers in Washington to remember that no approach relying on the accomplishments and contributions of others is guaranteed success. Therefore, balancing without containment can only be an extension of, but not a substitute for, the complex, all-important, and still-incomplete task of revitalizing the United States at home.

Any arrangement that accelerates the integration of the capital- and technology-rich United States with labor-rich India would increase India's growth rates and the United States' capacity for innovation—among other gains—to the benefit of both.

NOTES

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C. RAJA MOHAN

SECURING INDIA'S RISE

INTRODUCTION

India's relations with the United States have undergone an extraordinary transformation in the post–Cold War years. India's nuclear tests in May 1998 compelled New Delhi and Washington to review the political fundamentals of bilateral relations and implement a series of bold policy initiatives by successive administrations in both countries. These initiatives helped remove many long-standing political irritants and expand political, economic, security, and defense cooperation.

Yet, in recent years, the relationship had seemingly hit a plateau.¹ In Washington, there was a sense that political expectations had not been met, despite the American heavy lifting at home and abroad for the historic civil nuclear initiative that sought to end India's prolonged nuclear isolation. Many constituencies that had backed the transformation of bilateral relations, especially the business community in the United States, were deeply disappointed.²

In India, too, the political enthusiasm for constructing a strong relationship with the United States in the 1990s and 2000s had begun to dim during the second term of the United Progressive Alliance (UPA) government (2009–2014). Some in the Indian strategic community argued for a resurrection of nonalignment as a guiding principle for India's global engagement, and New Delhi's renewed emphasis on strategic autonomy belied a reluctance to be drawn deep into a security partnership with Washington.³

Champions of the partnership recognize the need for imparting fresh momentum to the bilateral relationship. Many within the policy community in the United States believe that the progress in bilateral ties during the 2000s was driven mainly by the political and strategic considerations of the Bush administration. This perception was perhaps confirmed by the subsequent stagnation in the relationship during the initial stages of the Obama administration and a traditional reticence among American liberals to engage in balance of power politics. This was matched by the continuing ambivalence within the Indian political class toward the United States.

But the mood of pessimism about the future of U.S.-Indian relations lifted quickly and decisively after the election of the National Democratic Alliance (NDA) government in 2014, and new Prime Minister Narendra Modi surprised both domestic and international observers by making a determined effort to rejuvenate the partnership with the United States.⁴ In two summits with U.S. President Barack Obama in Washington (September 2014) and New Delhi (January 2015), Modi framed a more ambitious Indian approach toward the United States. Unlike the UPA government, which was hesitant to introduce geopolitical considerations into the bilateral relationship, Modi appeared to recognize New Delhi and Washington's shared interests toward building a stable balance of power system in the Indo-Pacific amid China's rise.⁵

But Modi and Obama are quite conscious that an enduring partnership between New Delhi and Washington cannot be built solely on the convergence of their geopolitical interests in Asia. A lasting relationship, they realize, requires a strong economic component. In large nations such as India and the United States, economic and strategic considerations are complementary parts of foreign policy and diplomacy. Economic heft is a critical source of a nation's military strength and strategic influence. The Marshall Plan and NATO were both essential and mutually reinforcing components of the postwar U.S. strategy toward Europe in the middle of the last century, and the generous market access that the United States pro-

vided its Asian friends and partners was an integral part of consolidating postwar strategic alliances in East Asia.

At the dawn of the twenty-first century, the U.S. pivot to Asia has similarly sought to rebalance military and economic policies. The rebalancing of U.S. military forces

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toward Asia has been accompanied by fresh initiatives to strengthen traditional U.S. alliances, build new partnerships, and promote a new framework—the Trans-Pacific Partnership (TPP)—for regional economic integration under American leadership. Thus, any long-term vision of the U.S.-Indian partnership must necessarily consider both strategic and economic

aims. While the foundation has been laid over the past decade, such a relationship requires sustained positive momentum in the coming years. Deepening economic interdependence through a free-trade agreement must be an important piece on the agenda of U.S.-Indian cooperation.

Any long-term vision of the U.S.-Indian partnership must necessarily consider both strategic and economic aims.

Critical to India's transformation into a great power is a comprehensive economic and political partnership with the West, especially the United States. New Delhi, of course, is constantly tempted by alternative approaches, including several variations of nonalignment. While those initiatives might offer India tactical space, none of them alone can help India secure its rise. The argument here complements that of Ashley J. Tellis, who suggests in this monograph that a strategic partnership between India and the United States is important for sustaining American primacy in the coming decades.

To put into context the prospects for India's political and economic integration with the West, it is necessary to first review the evolution of India's worldview and its relationship with the United States over the past several decades. What follows is a strategic look, from an Indian perspective, at the legacy of the British Raj in shaping New Delhi's contemporary geopolitics and the framework for a long-term strategic and economic cooperation between India and the West; the estrangement between the Indian national movement and the West during World War II and how that complicated the structuring of the regional balances in various parts of Asia and the Indian Ocean during the Cold War; the steady diminution of shared interests between New Delhi and Washington during the Cold War decades; the evolution of Indian perceptions of the United States and the crystallization of America's definitive place in India's strategic vision in the post-Cold War period; regional security politics involving Pakistan and China, which have had a strong influence on the evolution of U.S.-Indian relations; and the idea of India as a "Western power."

THE RAJ LEGACY

Contemporary India's political geography is an inheritance from the Raj. And the Raj itself, contrary to its characterization in the anti-colonial discourse as an alien, adopted much of the traditions of the Mughal Empire that it succeeded. And the Raj was one of the few centralizing states that had ruled India over the previous two and a half millennia.

Like its predecessors, the Raj faced all the challenges of integrating and ruling India. These included the maintenance of balance between the imperial and the local, effective mechanisms to resist the divisive tendencies, the need to develop strong intermediaries to extend the rule across the subcontinent, and the structuring of all-India administrative and security

services. Although modern and more powerful than all of its predecessors, the Raj had to administer India with a light hand. Contrary to the image of the Raj as “external rule,” it was very much a partnership between the British and the native elites.

While the narratives on colonialism in India tend to emphasize either the political ambitions of imperialism or the absentminded acquisition of territory, the steady expansion of the Raj within the subcontinent had a strong economic component. The rapid decline of the Mughal Empire and the concurrent growth of disorder meant that the British needed to impose a measure of political stability to secure their commercial interests. This was reinforced by the competition for influence with the European rivals. As historian Judith Brown writes, “Political instability proved even more threatening to the British stake in India because it coincided with the outbreak of a series of European wars which locked French and British against each other—opposition which spilled over into Asia, where indigenous political rivalries consequent on Mughal weakness provided fertile ground for the furtherance of intra-European conflict.”⁶

By the 1760s, the East India Company decided that taking direct political control was preferable to continuing to prop up rival nabobs (provincial governors) and as a result turned itself into a territorial entity in Bengal. Once the Raj gained control over parts of Bengal, the need to control its “turbulent frontiers” within the subcontinent became ever more important.⁷

At the same time, the Raj had to fend off its European rivals from either advancing into the subcontinent or fomenting internal turbulence. This “Great Game” in the nineteenth century involved the construction of a ring fence system for India through a unique set of territorial and political arrangements that insulated India from external challenges. London could not govern India as just another colony but only, in Ashley J. Tellis’s words, “As an autonomous subject-kingdom, with its own treasury, foreign office, war office and under a viceroy enjoying a wide latitude of discretion and able to conduct British Indian strategic policy with respect to adjacent strategic quadrants.”⁸

The Raj became at once the principal source and rationale for the expansion of the empire. For the resources of the Raj helped secure the vast imperial interest of Britain, and the defense of the subcontinent became an integral part of the imperial defense system. The centrality of India to the British imperium at its peak in the early twentieth century was expressed most clearly by Lord Curzon, who served as the viceroy of India at the turn of the century and later as the foreign secretary of Great Britain:

It is obvious, indeed, that the master of India, must, under modern conditions, be the greatest power in the Asiatic continent, and therefore, it may be added, in the world. The central position of India, its magnificent resources, its teeming multitude of men, its great trading harbors, its reserve military strength, supplying an army always in a high state of efficiency and capable of being hurled at moment’s

notice upon any point either of Asia or Africa—all these are assets of precious value. On the West, India must exercise a predominant influence over the destinies of Persia and Afghanistan; on the north, it can veto any rival in Tibet, on the north-east and east it can exert great pressure upon China, and it is one of the guardians of the autonomous existence of Siam. On the high seas it commands the routes to Australia and to the China Seas.⁹

Although this framework was largely unacceptable to the Indian national movement, its essence tended to seep through to independent India's strategic thinking. There is a sense today that regaining this extraordinary position—while a stretch—may not be beyond the reach of a rising India.

The legacy of the British Raj in shaping the geopolitics of independent India is an under-emphasized theme in the contemporary discourse on India's foreign policy. As one historian observed, "Although the two regimes differed markedly in their constitutional basis of power, their ethnic composition, and their long-term goals, the attitudes of their members toward South Asian security were remarkably similar."¹⁰ Ultimately, the Raj's efforts to expand economic influence and prevent European encroachment on the subcontinent led to the construction of an India-centric regional system. This legacy of India's centrality in the British imperial system, especially in the Indian Ocean region, continues to influence Indian strategic thought today.

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Yet the post-independence nationalist discourse within India did not, unsurprisingly, feel comfortable with the idea that India's foreign policy was remarkably similar to

that of its colonial predecessor. The significant opposition of the Indian National Congress to many of British India's regional policies also influenced the desire to emphasize differences between India's modern foreign policy and that of the Raj.

To be sure, the extended national movement and the influence of different streams of liberal internationalism left a deep imprint on modern India's worldview. The circumstances in which the national movement rose in the first decades of the twentieth century, especially the interwar period, shaped some of the core ideas, such as nonalignment and Asian solidarity, that defined the nation's post-independence foreign policy.¹¹

This tradition of liberalism, however, coexisted with the realpolitik legacy of the Raj. While Jawaharlal Nehru's liberal internationalism is widely acknowledged as one of the wellsprings of independent India's foreign policy, the continuing influence of the Raj in contemporary

Indian foreign policy is often underemphasized. Six broad features of continuity between the policies of the Raj and that of contemporary India are easily recognizable.

One is the structure of the threefold frontier that the British had constructed for the subcontinent. An “Inner Line” delineated the limits of the Raj’s fully administered territory, including the barely sovereign princely states. Beyond this Inner Line, the Raj drew an “Outer Line” that was less a claimed boundary than the first line of defense. The largely tribal regions between the Inner and Outer Lines (including what are now known as the Federally Administered Tribal Areas on the Afghanistan-Pakistan border and Arunachal Pradesh, originally known as the North-East Frontier Agency, on the border with Tibet) were indirectly administered by the Raj.

Under loose arrangements with the Raj, local tribal leaders were free to look after their own affairs while contributing to the defense of the empire’s frontiers. Finally, the Raj built a system of protectorates and buffer states that were formally sovereign but were bound to the Raj in a treaty system that excluded the influence of Britain’s rival European great powers.¹² This system did not fade away with the independence and the partition of the subcontinent in 1947. Both India and Pakistan adopted the Outer Line as their formal border, but both have struggled in extending their sovereignty to the zones between the Inner and Outer Lines. They also sought to sustain special relationships with their smaller neighbors.

Second, both the Raj and independent India viewed themselves as “paramount powers” in the subcontinent. As A. Martin Wainwright argues, the term “paramount” “is historically appropriate because the Raj used the term ‘paramountcy’ to describe its sovereignty over the princely states, and because the Indian National Congress objected when the British Parliament allowed the Indian government’s paramountcy to lapse with the transfer of power.”¹³

After partition and independence, India was still “by far the most powerful state in South Asia and therefore dominated matters pertaining to the region’s security.”¹⁴ Despite a reticence to use the term “paramountcy” in the postcolonial discourse, the notion of primacy has been a major motivation for India’s regional policy and its attempt to keep other powers out of the region. Indira Gandhi’s muscular approach in the region as prime minister has often been described as the “Indira Doctrine,” and the use of diplomatic and military force by her successor and son, Rajiv Gandhi, has been a more explicit assertion of India’s search for regional primacy.¹⁵

Third, as argued by Ainslie T. Embree, the Indian government, despite its ultimate subservience to Great Britain, responded to the needs and interests of the physical territory that it controlled in the subcontinent. The “content and style” of the Raj diplomacy “was a formative legacy for modern India.” The government of British India, Embree argues, pursued international policies that “reflected the political, economic, and geographic realities of the Indian situation, with the impulse for these policies coming from within the structures of the bureaucracy of the Government of India, not of Great Britain.”¹⁶ As a result, the foreign

policy of the Raj, which continued to influence India after independence, was hardly that of an alien foreign power; it originated from India itself.

Fourth, Nehru did not shrink from the Raj legacy in seeking to sustain India's primacy in the subcontinent. Instead, India's first prime minister sustained the protectorate arrangements that the British had organized for Bhutan, Nepal, and Sikkim. Nehru would also have preferred to sustain the special relationship that the Raj had constructed with Tibet. By the time the Raj opened Tibet and sought to convert the region into a protectorate, London had little appetite for such expansion.¹⁷ Nehru, of course, had a much weaker hand in extending India's influence into Tibet. As China entered Tibet in 1950, Nehru quickly consolidated the traditional security arrangements with the three Himalayan kingdoms. He found no contradiction between pursuing high-minded idealism at a global level and maintaining pragmatic realism at the regional level.

India's enduring geographic imperatives were not limited to its immediate neighborhood. When contemporary Indian leaders speak of India's sphere of interest extending from the Red Sea to the South China Sea, they echo the policies of the Raj. As noted, the government of India was not a mere extension of the British government in London, but one that developed, pursued, and financed India's geopolitical interests in the Indian Ocean and beyond.

While the government of India may have been part of the British Empire, the Raj had its own empire to manage in its extended neighborhood.¹⁸ Parts of this region, including Aden and the Straits Settlements, were directly administered by India, and relations between the Raj and many Persian Gulf states were not overly different from those that the Raj maintained with the princely states of India.

Although a much-weakened India could not sustain these policies after independence, Nehru maintained a keen interest in regional politics by cultivating close relationships, signing friendship treaties with important countries in the extended neighborhood, and entering security cooperation agreements with Egypt, Myanmar, and Indonesia.¹⁹ This legacy continued under Indira Gandhi, who signed defense cooperation agreements with Oman and Mauritius after they became independent from Britain.

The fifth dimension of continuity was the centrality of Indian armed forces in stabilizing the Indian Ocean region and beyond. The notion of India as a net security provider in the Indian Ocean has been popularized by the Bush and Obama administrations. This role, however, dates back to the Raj.

Beginning in the late eighteenth century, Indian troops saw action in theaters ranging from Egypt to Japan, from Southern Africa to the Mediterranean.²⁰ Despite growing nationalist opposition, British use of Indian armed forces surged in the first decades of the twentieth century. During World War I, nearly 1.2 million Indians were recruited for service in the army, and around 950,000 Indian troops were serving overseas at the war's end. In World

War II, the Indian army saw action on fronts ranging from Italy and North Africa to East Africa, the Middle East, and East Asia. In Southeast Asia alone, 700,000 Indian troops joined the effort to oust Japanese armies from Burma, Malaya, and Indochina. By the time war ended, the Indian army numbered a massive 2.5 million men, the largest all-volunteer force the world had ever seen.²¹

After independence, the Indian political classes avoided celebrating the role of India in both wars (a reticence that Modi has begun to change in 2015). This was not surprising, given the deep divisions that marked the national movement's attitude toward World War II. Nehru, however, laid the foundation for the continued use of Indian armed forces for purposes of collective security on the global stage. The "military surplus" in the subcontinent generated by the Raj has endured despite all the political changes of the past six decades: partition, permanent conflict between India and Pakistan, Sino-Indian military tensions on the Indo-Tibetan border.

Despite these challenges, the now separate armies of India, Pakistan, and Bangladesh have made an important mark on international security politics. That the South Asian armies, including those of Nepal, contribute nearly 40 percent of the world's peacekeepers underlines the region's role as a military reservoir. India alone has contributed more than 150,000 peacekeepers to UN operations in the past few decades.²²

India's inherited role as a security provider was tempered, however, by its relative economic decline in the decades after independence. New Delhi simply could not sustain the Raj legacy within the Indian Ocean littoral. In Southeast Asia and the Persian Gulf, it largely abandoned its traditional security role. Even within the subcontinent, the attempt to sustain regional primacy was not entirely successful, as India was unable to challenge China's occupation of Tibet and its growing influence in South Asia and Burma, Russia's intervention in Afghanistan, and Pakistan's alliances with Washington and Beijing.

As India's economic growth gathered momentum in the 1990s and its relations with the great powers began to improve, New Delhi sought to reassert its privileged role in all the subregions abutting the subcontinent (the Gulf, Central Asia, and Southeast Asia) and, more broadly, the Indian Ocean littoral.²³ While India's great power aspirations are now nearly matched by its economic underpinnings, the importance of amassing economic power in foreign policy is abundantly clear.

Sixth, the role of the Raj was not limited to providing security in the Indian Ocean and beyond, but extended to the networks of globalization that encompassed the Indian Ocean littoral and Asia in the nineteenth century. As Thomas Metcalf writes, "From Zanzibar to Singapore, from Durban to Basra to Penang, the port cities of the Indian Ocean rim, with their hinterlands, defined the India-centered imperial web of the nineteenth century. The Raj comprehended the sea as well as land."²⁴

The high point of the process of globalization from 1890 to 1920, Metcalf argues, “coincided with the fullest development of the India-centered sub-imperial system. Nor does this coincidence occur wholly by chance. To the contrary, the globalizing economy and India’s predominance in the Indian Ocean region were mutually constitutive.”²⁵

The preceding discussion illustrates the much-ignored reality that India was not merely a passive agent in a vertical imperial system in the nineteenth and early twentieth centuries, but was instead the center of a dense web of horizontal links between different parts of the empire, with considerable agency for the Raj. Whether it was the projection of military power or the movement of capital, labor, and professional skills, Indian resources played a critical role in promoting economic globalization and political stability in the Indian Ocean littoral and beyond.

“From Zanzibar to Singapore, from Durban to Basra to Penang, the port cities of the Indian Ocean rim, with their hinterlands, defined the India-centered imperial web of the nineteenth century. The Raj comprehended the sea as well as land.”

Great Britain’s international primacy from the nineteenth to mid-twentieth centuries was rooted in a “partnership” with India and the mobilization of its resources. As the following section shows, however, a number of factors made it impossible to sustain comprehensive and enduring partnership between independent India and the United States, which took over the mantle of global leadership from Great Britain after World War II. Much of the current effort to build an enduring partnership between India and the United States is about overcoming the factors that prevented it in the second half of the twentieth century.

THE ESTRANGEMENT: INDIA AND THE WEST AFTER WORLD WAR II

After World War II, the centrality of India in nascent Asian security arrangements was clear to Great Britain. While the United States was not directly involved in the process, postwar planning in London and New Delhi explored the best possible means to preserve the “India Center” that was critical for the imperial defense system and Western primacy in the Eastern Hemisphere.²⁶ These efforts to preserve the “India Center” were unsuccessful, however, and over the years, instead of converging over shared strategic interests, India and the West grew further apart.

A number of factors contributed to this failure. The Indian national movement was deeply divided in its approach to the great power rivalries that caused World War II. One section aligned with the fascist powers in order to oust Britain from India through military confrontation, while Communists on the left aligned with the Soviet Union. The Indian National Congress strongly endorsed the moral and political imperative of fighting fascism but found itself unable to formally support the British war mobilization since the conservative government in London was unwilling to meet India's independence demands.

India thus found itself in the paradoxical situation of making an extraordinary contribution to the Allied war effort, even as the leadership of the national movement distanced itself from the effort, citing differences on the political terms of cooperation. Ambivalence on the part of the Congress toward the rapidly shifting great power dynamic sowed the seeds of India's future policy of nonalignment and India's limited strategic cooperation with the West and the United States.²⁷

The breakdown of the talks on independence between the national movement and London, reluctance by the Congress to support the war effort, and Mahatma Gandhi's Quit India movement generated deep distrust between the British and the Indian National Congress. That in turn facilitated greater engagement between the British and the Muslim League that launched the campaign for a separate Pakistan in 1940.

While the strategic interests of Britain and the West required a coherent "India Center" and the full mobilization of its resources in managing the international system, partition became inevitable and indeed was further rushed by the Labor government that came to power in London after the war.

Partition profoundly weakened India, both internally and externally. It divided India's strategic resources, directing them inward amid the violent and bitter division of the nation that ensued. The final days of the empire in India, therefore, undid the territorial unity of the subcontinent, one of the greatest achievements of the colonial system. India's ambivalence toward the West was reinforced by the incipient bonhomie between the feudal and military elites of Pakistan and the ruling establishments in Britain and the United States.

India and the West also differed on their assessment of the larger Asian dynamic that was unfolding at the end of World War II. While the Indian national movement supported anti-colonial struggles in Asia, Western powers, seeking anti-Communist alliances in Asia, were unwilling to put pressure on European powers to grant immediate independence to colonial populations. At the strategic level, the British sought to retain a major security role for the Indian armed forces in the Indian Ocean after partition and independence, which would be achieved through India's participation in the British Commonwealth. While Nehru saved the Commonwealth by joining it, he was reluctant to integrate India into its postwar military plans.²⁸ Nehru's unwillingness to join a bilateral military effort with the

West after the war was emblematic of his emphasis on nonalignment and strategic autonomy that persists to this day in India.

The expanding political divergence between India and the West in the second half of the twentieth century was reinforced by the steady diminution of shared economic interests. India's decision to limit the role of domestic private and foreign capital in its strategy for rapid economic development prevented the forging of a solid economic partnership between New Delhi and Washington. India's emphasis on import substitution meant there was little room for a strong trading relationship with the United States and the West. The U.S. focus was largely on bilateral and multilateral economic assistance to India.

Although India inherited a significant weight in the Bretton Woods system, it could not take full advantage given the nature of its economic strategy and the growing domestic political hostility to U.S.-led multilateral institutions. Put another way, the political and economic choices that India had made—non-alignment and self-reliance—slowly but certainly dissipated the expansive partnership that was forged between Great Britain and the undivided subcontinent under the Raj. Reconstituting that partnership has been the focus of the bilateral effort since the turn of the 1990s, when the Cold War ended and New Delhi embarked on a different path for economic modernization.

The political and economic choices that India had made—nonalignment and self-reliance—slowly but certainly dissipated the expansive partnership that was forged between Great Britain and the undivided subcontinent under the Raj.

THE COLD WAR YEARS

Although the Indian national movement was closely linked to political entities in Europe and Asia, its contacts with the United States did not begin to grow until the early twentieth century. Nehru often sent his sister, Vijayalakshmi Pandit, to the United States in the inter-war period to mobilize American support for India's independence movement, and she was also India's envoy to Washington between 1949 and 1951.²⁹ But India's hopes for American support in the struggle for decolonization remained unfulfilled.

Washington's support to European colonial powers in their efforts to recapture the colonies lost to Japan deeply disappointed India after World War II. The United States' Cold War rivalry with the Soviet Union meant that Washington was looking for firm allies in Asia, which stood in contrast to post-independence India's emphasis on strategic nonalignment.

And so the United States befriended India's regional adversaries, Pakistan and China, and New Delhi, in turn, embraced the Soviet Union. The United States and India proceeded to drift further apart.

Yet before this rigid framework constrained U.S.-Indian relations, productive engagement between the two nations took place during the 1950s and 1960s. Nehru was not anti-Western in his ideological orientation, and he understood that the United States would be a definitive part of India's development strategy and a critical source of external support for its technological advance. These sentiments were reciprocated by then U.S. presidents Dwight D. Eisenhower and John F. Kennedy, who embraced India and promoted what would become the United States' largest foreign aid program. The United States actively contributed to the green revolution in India's agriculture, expanded the base of India's agricultural research, and contributed to India's eventual self-sufficiency in food production. Nehru actively wooed and won support from American private institutions such as the Ford Foundation, which sought to create a developmental strategy for India. On the technological front, Nehru and Homi J. Bhabha, a nuclear physicist who became known as the father of the Indian nuclear program, turned to the West, especially to North America and Europe, for assistance in

The United States' Cold War rivalry with the Soviet Union meant that Washington was looking for firm allies in Asia, which stood in contrast to post-independence India's emphasis on strategic nonalignment.

laying the foundation for India's nuclear and space programs.³⁰ India also appealed to the United States to help modernize its education system, especially in the engineering and technical domain.

The Nehru years also engaged in interesting security cooperation that would be considered taboo by contemporary "Nehruvians." This

included providing base facilities for U.S. aircraft operating against Communist armies in the Chinese civil war, collaborating with the U.S. Central Intelligence Agency to support rebel groups in Tibet, and helping the United States to monitor internal developments in western China.³¹ When his outreach to China collapsed in 1962, Nehru actively sought U.S. intervention in India's favor and requested the dispatch of twelve U.S. air force squadrons.³² After the war with China, Nehru saw new strategic possibilities for India's cooperation with Washington. He wrote in 1963 that "Indo-American relations have seldom been as close and cordial as they are now. The deep sympathy and practical support received from the United States in meeting the Chinese aggression has created a wealth of good feeling and, apart from that, there is much in common between us on essentials."³³

The United States and India, however, failed to construct a meaningful security relationship after 1962. This was due to the changing regional and global circumstances, including the

incipient Sino-U.S. rapprochement and the United States' emphasis on resolving India's disputes with Pakistan over Kashmir as part of the construction of a new relationship.³⁴

This complex evolution of U.S.-Indian relations during the early years of the Cold War adds nuance to the traditional narrative that Nehru's idealism and liberal internationalism, combined with the U.S. quest for strong alliances against Communism, caused the estrangement between New Delhi and Washington. Sumit Ganguly, for example, argues that the early years after India's independence "constituted the most idealistic phase of India's foreign policy under the tutelage of India's first Prime Minister Jawaharlal Nehru."³⁵

Yet this widely shared perception does not fully account for the complexity of Nehru's own worldview, which encompassed both idealist and realist strands. As the unchallenged spokesman of the Indian National Congress in the years before independence and its chief diplomat during his seventeen years as prime minister, Nehru was the face of India's external engagement for four decades.

Nehru, who was undoubtedly influenced by liberal internationalism and anti-imperialist sentiment, also had to cope with the geopolitical realities, construct India's territoriality, define its borders, and secure its national interests. If his pronouncements on global affairs and his attitudes toward international institutions and norms were profoundly liberal, his approaches to India's security interests in the neighborhood had strong realist overtones. Nehru had a realistic appreciation of great power relations but also understood India's weaknesses. By framing India's approach in idealist terms, Nehru hoped to win support from all the great powers for India's rapid economic modernization.

The Indian national movement never got so far as to explicitly adopt slogans like "power and prosperity," articulated by its Chinese counterpart at the turn of the twentieth century. Yet the ideas of Indian exceptionalism and civilizational greatness and potential role as a great power were all important parts of the nationalist consciousness, coexisting with notions of anti-colonial solidarity. India's claims of exceptionalism were not viewed as incompatible with the universalist ideas that acquired great traction in early twentieth century.

Writing on the eve of independence, Nehru argued that India would rise to become one of the six great powers in the future international system, insisting that its "history, tradition, resources, our geographical position, our great potential and all that inevitably leads India to play an important part in world affairs. It is not a question of our choosing this or that; it is an inevitable consequence of what India is and what a free India must be."³⁶

In spite of these considerations of both political realism and international idealism, further estrangement between India and the United States developed following U.S. sanctions against India and Pakistan during the 1965 war and Washington's tilt toward Pakistan during the Indo-Pakistan War of 1971. After India's 1974 nuclear test, the United States cut off advanced

technological cooperation and began an expansive regime of technological denial against India. By the late 1970s, when India's socialist phase was at its peak, New Delhi threw out two iconic U.S. companies—Coca-Cola and IBM—leaving no doubt that India was not open for business with the United States. The windows that had, on occasion, opened for cooperation between the two countries during the Cold War were now firmly closed.

The first attempts to reverse the negative momentum in bilateral relations took place in the 1980s. Both Indira Gandhi and Rajiv Gandhi signaled their intent to turn a new page with the United States and move away from the foreign policy populism of the 1970s.³⁷ India's foreign policy realism, which had been masked in the Nehru years, became more apparent during the Indira and Rajiv administrations.

While the rhetoric of the 1970s is widely assumed today to be the defining template of India's foreign policy, Indira Gandhi's search for power has been a critical thread in the evolution of India's foreign policy.³⁸ Rajiv Gandhi shed some of the ideological baggage that had come to burden India by the mid-1980s by modernizing the Indian economy, revamping its foreign policy, boosting India's military capabilities, deploying its armed forces beyond its borders, and developing a weaponized nuclear option.³⁹

These developments were further spurred by the end of the Cold War, which marked the beginning of India's transformed bilateral relationship with the United States. India's economic reforms created the space for a more productive commercial engagement with the United States, and the collapse of the Soviet Union allowed India to repair its ties with the United States, Europe, Japan, and China, all of which had suffered during the Cold War. India's reforms and its status as a large emerging market began to draw American economic attention.

Yet the first decade after the Cold War generated deep concerns in New Delhi about Washington's political approach to India and the South Asia region in general. The United States' focus on nuclear nonproliferation, its attempts to roll back India's nuclear and missile programs, its embrace of preventive diplomacy, and its emphasis on mediating India's Kashmir dispute with Pakistan ran counter to India's core national security interests.⁴⁰

If then U.S. president Bill Clinton saw the folly of trying to isolate India, his successor, George W. Bush, reversed three decades of U.S. policy toward India and set the bilateral relationship on a very different course.

Only after India's defiant nuclear tests in May 1998 was the new foundation for the bilateral relationship created. If then U.S. president Bill Clinton saw the folly of trying to isolate India, his successor, George W. Bush, reversed three decades of U.S. policy toward India and set the bilateral relationship on a very different course. Central to the Bush initiative were two important

elements: the ideological recognition of India's virtues as a democracy and the strategic calculus that assisting India's rise would help construct a new, favorable global balance of power. These policies put an end, at last, to the traditional characterization of India and the United States as "estranged democracies."⁴¹

THE UNITED STATES IN INDIA'S GRAND STRATEGY

The evolution of the United States' role in India's current grand strategy can be marked by three distinct phases over the past two decades. The first phase might be called "tentative engagement," when India feared that the United States, the sole superpower after the collapse of the Soviet Union, might harm India's interests, whether wittingly or unwittingly. But after the end of the Cold War and the dawn of a new age of globalization, India inevitably sought to comprehensively overhaul its post-independence grand strategy and put the United States at its center. India's state socialism had proved untenable at the turn of the 1990s, as New Delhi was confronted with a profound macroeconomic crisis. The collapse of the Soviet Union, India's lone strategic partner among the major powers, forced New Delhi to seek new allies.

Much to its discomfort, India also had to face deepening strategic cooperation between its two regional rivals, China and Pakistan, and Russia's newfound focus on integrating itself with the West and building a new partnership with the United States. A neutral United States, if not a friendly one, was critical for India in dealing with these multiple challenges. Even as it reached out to the United States, New Delhi was also deeply wary of American power and what the unipolar system meant for India's security and its freedom of action.

Three factors in U.S. policy were of great concern for New Delhi. One was its newly assertive human rights policy that focused on India's problems in Punjab and Kashmir. In addition, in the name of preventive diplomacy, the Clinton administration in its first term sought a resolution of the Kashmir dispute. The second factor was the U.S. focus on India's nuclear and missile programs amid the new U.S. policies toward nonproliferation. The Clinton administration explicitly declared that rolling back India's strategic programs was a key national priority. The third factor was the U.S. pressure on India to open up its market and comply with the new "Washington Consensus" on economic policy reform advocated by the World Bank and International Monetary Fund, among other global financial institutions, and the U.S. government. Together, the simultaneous demands of the United States on these three fronts generated much anxiety in India, even as New Delhi stepped up its engagement with Washington in the 1990s.⁴²

The Indian prime minister at the time, P. V. Narasimha Rao, opened the door for India's future cooperation with the United States but also sought to fend off American pressure, buying time on critical issues of national security and diversifying India's foreign relations in the name of promoting a multipolar world.⁴³ To build relationships with a broad range of

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nations, New Delhi sought to continue its special relationship with Russia, reached out to France and other European powers, attempted to normalize relations with China and change the trajectory of the relationship with Pakistan, reestablished its connections to Southeast Asia, and reordered its ties to smaller South Asian neighbors. This ten-

sion, between befriending the United States and guarding against potentially harmful policies, remained a central component of India's foreign policy strategy throughout the decade.

Some of these fears, however, were steadily overcome by growing economic and political engagement with the United States. The new perception of India as a large emerging market in the post-reform era generated considerable interest within the U.S. corporate sector, which mitigated some political pressure from Washington.⁴⁴ The active mobilization of the Indian-American community in the United States helped end the influence of Kashmiri and Khalistani separatist groups in the U.S. Congress and laid the foundation for an impressive India Caucus.⁴⁵

India began to comprehend the complex structure of American society, and increasing ability to navigate it helped to resolve some of New Delhi's problems with Washington. Gone was the U.S. image, which took root in the 1970s and 1980s, as a hostile black box that was seemingly indifferent to India's sensitivities and aspirations.

In the second phase of U.S.-Indian relations, India, under a government led by the Bharatiya Janata Party (BJP), sought a more confident and friendly engagement with the United States after New Delhi's nuclear tests of May 1998. This counterintuitive approach turned the line of the previous Congress government on its head. While Rao had canceled the planned testing of nuclear weapons for fear of sanctions and international isolation, his successor, Atal Bihari Vajpayee, calculated that the costs of nuclear testing could be overcome through bold outreach to the United States.

Traveling to the United Nations barely six months after the tests, Vajpayee declared that New Delhi and Washington were "natural allies."⁴⁶ Vajpayee signaled that India was ready to discard the preoccupation with nonalignment and reorder its relations with the United States, provided Washington was willing to address New Delhi's concerns about Pakistan's

support for cross-border terrorism, China's support for Pakistan's nuclear and missile programs, and the support of India's global aspirations.

The Democratic Party's foreign policy establishment, as focused as it was on stopping India's nuclear weapons program and promoting peace in Kashmir, was bemused by the notion of New Delhi and Washington as "allies," whether natural or otherwise. After all, multilateralism, not military alliances, was the new organizing principle for the United States under Clinton.

Yet the shock of the nuclear tests produced a prolonged nuclear dialogue led by then deputy U.S. secretary of state Strobe Talbott and Jaswant Singh, who was serving as Vajpayee's foreign minister.⁴⁷ Although the dialogue did not resolve the nuclear differences, it provided the basis for a better mutual understanding of security concerns. Clinton became the first president to travel to India in more than two decades, signaling renewed American interest in India. While Clinton remained unwilling to sacrifice U.S. nonproliferation policy in order to construct new ties with India, he successfully broke the considerable chill that had developed in bilateral relations over decades.⁴⁸

If Vajpayee was overhauling long-standing policy in New Delhi, George W. Bush was doing the same in Washington. During the 2000 presidential campaign, Bush's advisers signaled that a Republican administration would no longer view India through the restrictive prism of the subcontinent but instead as a potential great power that could contribute to larger U.S. goals in Asia and the world.⁴⁹

Consequently, Vajpayee and his advisers responded with alacrity to the opportunities presented by the Bush administration. When, in the summer of 2001, Bush announced a new strategic framework to deal with missile defense and nuclear arms control, India was the first country to respond positively. This generated new interest in the Bush administration for strategic cooperation with India and sparked a desire to recast traditional policies toward India.⁵⁰

On the nonproliferation front, Bush was not only willing to live with India's nuclear weapons, but also actively sought to integrate India into the global nuclear order through the historic but controversial civil nuclear initiative.⁵¹ Bush also insisted on strict American neutrality in the Kashmir dispute and refused to mediate, despite pressure from Islamabad and Rawalpindi. The de-hyphenation of U.S. relations with Pakistan and India under Bush featured the rare simultaneous expansion of Washington's ties with both Islamabad and New Delhi.⁵²

Bush also promoted expansive defense engagement with India. Manmohan Singh, who succeeded Vajpayee, was similarly enthusiastic about deepening ties with the United States, despite entrenched concerns of traditionalists within the Congress Party. Accordingly, dramatic advances in the bilateral relationship took place during Bush's second term, as both

Bush and Singh were ready to spend political capital to overcome the skeptics about the prospects and virtues of building a strategic partnership.

Bush's decision to address India's concerns about U.S. policies on the nuclear situation and Kashmir and his declaration that the United States would assist New Delhi's rise to great power status had a visible impact on popular Indian perceptions of the United States. Opinion polls in the second half of the 2000s reported extraordinary positive sentiment

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toward the United States in India at a time when the United States was losing much of its international support.⁵³

In the third phase of modern U.S.-Indian relations, during the Obama administration, the relationship plateaued amid growing doubts over strengthening bilateral cooperation. High expectations for a rapid transformation of the bilateral relationship did not fully materialize, and

the difficulties in realizing what Vajpayee called the "natural alliance" came into view. Leaders in both Washington and New Delhi were wary of investing additional political energy to promote new ideas such as the civil nuclear initiative. Instead, both sides were content to push for incremental advances across a broad set of issues.

The global economic crisis of 2008 shifted U.S. attention inward, and a period of retrenchment appeared to be at hand. In India, there was a backlash under the UPA government against the two new ideas that emerged under Vajpayee—the notion of India as a rising power and the importance of crafting an alliance with the United States.

Some public intellectuals argued that India should and could not seek great power status.⁵⁴ Sonia Gandhi, the president of the Congress Party, was reportedly uncomfortable with the notion of India becoming a superpower.⁵⁵ The UPA government also pulled back from an overt partnership with the United States, embracing the notion of nonalignment instead. Senior officials of the second UPA government argued that huge developmental challenges, such as welfare and poverty reduction, should take precedence over a larger international role.⁵⁶

For the Congress, the main consideration behind this shifting policy was domestic concern about losing support on the left and among Muslims due to a close bilateral relationship with the United States and its balance of power agenda. The minority BJP, despite its role in advancing relations with the United States under Vajpayee, did not cut any slack for the Singh government on issues involving the United States due to tactical political considerations. The ambivalence within the Congress Party toward the United States, its reluctance to seize

the moment for advancing India's rise, and the BJP's opportunism were seen by some in the United States as a structural condition that limited New Delhi's international prospects.⁵⁷

That Modi, despite his personal grievances with the United States—he had been denied a visa in 2005 for failing to stop anti-Muslim riots when he was chief minister of Gujarat—could quickly discard the BJP's opposition policies and move decisively toward reactivation of the strategic partnership with the United States signaled the enduring structural imperative for a more productive U.S.-Indian relationship. The Obama administration

was also quick to respond to Modi's election in 2014, inviting him to the White House and seizing the new opportunity for strategic cooperation. Obama even rescheduled his State of the Union address in January 2015 in order to visit India as the honored guest at the Republic Day celebrations and outline a more ambitious agenda for cooperation.

Sustained bilateral engagement since the nuclear tests of 1998 has transformed the United States' standing in India's international relations and grand strategy. Unlike in the past, when the United States was perceived as hostile to India's regional interests, today New Delhi finds Washington deferring to Indian leadership in dealing with the smaller countries in the region.

Furthermore, there is greater consultation between Washington and New Delhi on issues relating to Pakistan and expanding cooperation in counterterrorism, homeland security, and other security matters. Defense cooperation between the two countries has expanded considerably and now includes intensive exchanges between their armed forces and the supply of advanced weapons. The United States is India's largest trading partner when goods and services are taken into account, and the information technology sectors of the two countries are growing increasingly integrated.⁵⁸ The growing commercial relationship has provided a strong foundation for stabilizing the partnership between New Delhi and Washington that previously seemed very vulnerable to political changes in the region and beyond.

To be sure, there are substantive differences between New Delhi and Washington on a range of bilateral and multilateral economic issues. But the engagement of late is unprecedented, and it is accompanied by a conscious effort to limit differences and expand cooperation. A free-trade agreement between the two should necessarily be an important part of consolidating and advancing the bilateral partnership.

Bush's decision to address India's concerns about U.S. policies on the nuclear situation and Kashmir and his declaration that the United States would assist New Delhi's rise to great power status had a visible impact on popular Indian perceptions of the United States.

PAKISTAN AND CHINA: REGIONAL CONSIDERATIONS

While the overall tone and tenor of the U.S.-Indian relationship has improved, the regional dynamic, especially as it pertains to Pakistan and China, remains an important variable shaping the bilateral relationship between New Delhi and Washington. Yet for the first time since India's independence, Bush seemed to bring U.S. policy in the region more in harmony with New Delhi's interests by dealing with India and Pakistan separately, treating India as a major power in its own right, and visualizing a larger Indian role in the Asian balance of power. This positive turn in the regional dynamic was disrupted, if only temporarily, during the first year of Obama's tenure that suggested a privileging of relations with Pakistan and China over those with India.

During his presidential campaign in 2008 and in his first days in office, Obama underlined the importance of resolving disputes between India and Pakistan, especially over Kashmir. Even worse, in India's view, Obama seemed to suggest that a resolution of the Kashmir dispute might boost Pakistan's support of U.S. and international interests in Afghanistan.⁵⁹

To his credit, Obama was quick to recognize the danger of wading back into the quagmire of Kashmir and steered U.S. policy away from the idea of American activism in Kashmir.⁶⁰ Even more welcome, from the Indian perspective, was the fact that Obama proved to be more direct than his predecessor in confronting the sources of global terrorism inside Pakistan.

With the end of the U.S. combat role in Afghanistan in 2014 and the resultant minimal U.S. military presence in the country, the United States' dependence on Pakistan is likely to diminish. While the United States is unlikely to entirely abandon Pakistan as it did at the end of the 1980s, it is unlikely that the bilateral relationship will sustain the level it reached between 2001 and 2014. Yet Pakistan's strategic importance is likely to endure.

Pakistan's critical role in stabilizing Afghanistan, its nuclear weapons program, the sources of international terrorism on its soil, and its enduring conflict with India will continue to keep it high on America's international agenda. The resumption of U.S. arms supplies to Pakistan and talk in Washington of giving Rawalpindi a great voice in crafting the final political arrangements in Afghanistan—at least in the south and east of the country—have the potential to cast a shadow over U.S.-Indian relations.⁶¹

Although the Bush policy of de-hyphenation and Obama's expansion of cooperation with India on counterterrorism measures have reduced the salience of Pakistan in U.S.-Indian relations, there is no denying Pakistan's potential role as a spoiler for the partnership. U.S. neutrality in the Kashmir dispute and explicit support for the normalization of India-Pakistan relations since 2001 have opened enormous space for India to confidently pursue bilateral

engagement with Pakistan without fear of American intervention. Much progress has been made in this engagement.

However, continuing cross-border terrorism from Pakistan, including the December 2001 attack on the Indian Parliament in New Delhi and the multiple attacks on Mumbai in November 2008, has made it difficult for Indian leaders to pursue normalization. The fragmented political structure in Pakistan and the inability of civilian leaders to rein in the army's support for terrorism have made it more difficult for India to sustain an effective dialogue with Pakistan.⁶² Despite efforts by three successive prime ministers, many see the India-Pakistan rivalry enduring for decades to come.⁶³ Modi has not been able to escape this paradigm, and during his first year as prime minister his government's Pakistan policy has fluctuated.

Despite their different approaches to Pakistan, neither Washington nor New Delhi has been able to achieve its objectives. Nearly \$30 billion of U.S. aid between 2002 and 2015 and the drone attacks on Pakistan's borderlands have proven insufficient in coaxing a change in the behavior of the Pakistani army.⁶⁴ While the United States can turn its back on the region after the military withdrawal, New Delhi will have no option but to cope with the consequences.

But India cannot, on its own, stabilize Afghanistan and nudge Pakistan in the direction of political moderation, economic modernization, and regional integration. To make progress along those lines, India will need some form of U.S. presence and engagement in the northwestern subcontinent. Until now, New Delhi and Washington have either clashed over their conflicting policies toward Pakistan or worked around the existing differences. Unless New Delhi and Washington move toward strategic cooperation in stabilizing Pakistan, Islamabad will continue to frequently generate turbulence in U.S.-Indian relations.

Although much of the academic literature views the U.S.-Indian regional dynamic through the lens of Pakistan, China has also had a considerable impact on the evolution of ties between New Delhi and Washington.⁶⁵ The policies of India and the United States toward China, despite their wild oscillations, have rarely been in consonance. After the Communist triumph in 1949, the United States sought to isolate China in Asia while New Delhi advocated for China's international integration. New Delhi's support for Beijing ended in the wake of Chinese aggression in 1962, when India reached out to the United States for military

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and political support. By the end of the decade, Washington and Beijing were on the road toward political rapprochement, while New Delhi was drifting toward Moscow. For more than two decades, the Sino-U.S. and Indo-Soviet relationships shaped the balance of power in the subcontinent.

Yet in the 1980s, the Reagan administration, which found it difficult to accept a one-China policy and held a deeply anti-Communist worldview, reached out to India. Both Indira Gandhi and Rajiv Gandhi were eager to reciprocate the overtures.⁶⁶ If the challenge of China was a tacit theme of engagement between India and the United States in the 1980s, the Tiananmen Square protests in the summer of 1989 ended the bipartisan consensus in the United States on the approach to China and provided an opening for New Delhi to seek a more purposeful engagement with Washington.

Yet in the 1990s incipient divisions on China policy within the United States were mitigated by growing economic interdependence between the United States and China. The Clinton administration granted permanent trading status to China and unveiled a strategic partnership with Beijing. Clinton's June 1998 trip to Beijing followed the nuclear tests by India and Pakistan in May and the declaration that the United States and China would cooperate to limit and manage nuclear proliferation in South Asia.⁶⁷ This invited an apoplectic reaction in New Delhi.

It was only in the second term of the Bush administration that India's role as a potential balancer against China in the Indo-Pacific region gained some traction in Washington. Whether considerations over balancing China's power were directly behind the United States' nuclear deal with India, some in Beijing were convinced that the initiative was about befriending India and balancing China.⁶⁸

Though these developments during the Bush administration recast the foundation for bilateral ties, the initial days of the Obama administration cast doubts that the incipient balancing policy would continue. In the first year of the administration, there was much talk about strategic reassurance and a prospective G2 or joint management of Asian and global problems.⁶⁹ India, unprepared for such a "Sino-U.S. condominium" in Asia, was further surprised by yet another turn in American policy. Obama, who began in 2009 by seeking to accommodate China's rise, was by 2012 declaring a formal decision to rebalance U.S. military forces to Asia.⁷⁰

Since then, the United States has emphasized the importance of India as a linchpin of the pivot to Asia.⁷¹ As Sino-U.S. relations enter this complex phase, India finds itself at a rare geopolitical moment. After remaining on the margins of Asian geopolitics and chafing amid Western support to China's rise, New Delhi had the opportunity to shape the Asian balance of power. Yet the government of Manmohan Singh was hesitant to endorse the U.S. pivot to Asia and was torn by the need to balance China versus apprehension about drawing too close to the United States.

Since the 1962 war with China, India has been deeply wary of Beijing and has consistently pursued a policy of balancing China, buttressed by Soviet support during the Cold War and financed with what limited national resources India could mobilize.

Mainstream strategic thought in India perceives China as hostile to India's interests with no real compromise possible on the contentious issues between them, especially the boundary dispute. For all the efforts to manage the dispute, the balance of military power on the Sino-Indian boundary has steadily shifted in favor of Beijing. India's efforts to match Chinese capabilities have resulted in frequent military tensions on the border.⁷² Further, China's rise is squeezing India's freedom of action within its own neighborhood and the broader Indo-Pacific region.⁷³ Despite the intellectual dominance of the left-liberals, third worldists, and Asianists in the foreign policy discourse of India, few in its national elite have reason to welcome China's dominance over Asia. While the Indian political leaders are willing to join their Chinese counterparts in welcoming a "multipolar world," New Delhi fundamentally differs with Beijing in its quest for a "multipolar Asia."⁷⁴

As it confronts rising Chinese economic and military power, India has a huge problem—the growing strategic gap with China. From a rough parity twenty-five years ago, India's GDP and defense expenditure are now about a fourth of those of China. New Delhi is aware that India cannot bridge the gap with China using only internal resources. The case then for an external balancing in collaboration with the United States inevitably presents itself.

The adoption of such an explicit strategy, however, faces political constraints.

Foreign policy conservatives and liberals alike are deeply uncomfortable with the notion of alignment,

especially with the United States, even in the pursuit of self-interest. While the Indian adherence to the principle of nonalignment has not always been consistent—recall New Delhi's de facto alliance with Moscow during the Cold War—the notion of "strategic autonomy" appears to have a strong appeal to the Indian political classes.⁷⁵

Even those in the Indian strategic elite who see the advantages of supporting the U.S. pivot to Asia are concerned about the United States' ability to sustain this policy amid its growing economic weakness. Having seen U.S. policy change drastically in the first term of the Obama administration, many in New Delhi are unwilling to react too enthusiastically to a policy that might shift again in the coming years.

New Delhi is aware that India cannot bridge the gap with China using only internal resources. The case then for an external balancing in collaboration with the United States inevitably presents itself.

If the balance of power between China and the United States changes too rapidly, some in New Delhi argue, Washington might be tempted to find an accommodation with China that would marginalize India. In such an arrangement, India, as the weakest of the three powers, might have to hedge against not only China's rise but also the United States' relative decline.⁷⁶

Finally, India was relatively late to discover the benefits of economic cooperation with China. In the past, there was uniform resistance in political and business circles for greater commercial engagement with China. Today many sections of the Indian elite see the virtues of increasing economic engagement with Beijing. In the past few years, India has expanded space for Chinese companies to participate in its power and telecom sectors, and New Delhi is exploring possibilities for greater Chinese participation in India's economic development.⁷⁷ The growing volume and depth of New Delhi's commercial cooperation with Beijing is likely to produce a greater variation in the range of domestic views on China—much like in the United States—that could generate the greatest dampener against the logic of balancing China.

Modi has significantly altered the domestic debate that emerged during the Singh government. While the UPA was hesitant to strengthen political ties to the United States for fear of upsetting China, it also did not move decisively toward a transformation of New Delhi's ties with Beijing. During the first year of his tenure, Modi began to develop a new template for coping with the dynamism in Sino-U.S. relations. He was quick to restore fresh momentum to strategic cooperation with Washington.

Modi went a step further when he gave a concrete geopolitical framework for India's strategic cooperation with the United States by outlining a joint vision statement for the Indian Ocean and the Asia-Pacific region with Obama in January 2015. The statement affirmed "that a closer partnership between the United States and India is indispensable to promoting peace, prosperity and stability" in the Indian Ocean and the Asia-Pacific. It also promised to "develop a roadmap that leverages our respective efforts to increase ties among Asian powers, enabling both our nations to better respond to diplomatic, economic and security challenges in the region."⁷⁸ That Modi was getting India to shed its traditional inhibitions on moving

That Modi was getting India to shed its traditional inhibitions on moving forward with the United States and embark on a more active balancing of China was not lost on observers in New Delhi.

forward with the United States and embark on a more active balancing of China was not lost on observers in New Delhi. Shivshankar Menon, who served as India's foreign secretary and national security adviser during the UPA years, noted that the tilt toward the United States is a significant departure in Modi's diplomacy. "While the enhanced strategic partnership with the US

is a legacy of both the National Democratic Alliance of Atal Bihari Vajpayee [*sic*] and the United Progressive Alliance of Manmohan Singh, the Modi government has adopted a distinct pro-Western tilt, a doubling-down on the US relationship.”⁷⁹

At the same time, illustrating his belief that New Delhi’s ties with Washington and Beijing need not be a symmetrical or zero-sum situation, Modi has also made a strong political outreach to Beijing. At least conceptually, Modi has sought to de-emphasize the paradigms of nonalignment and strategic autonomy, neither of which figures prominently in his articulation of India’s worldview. Instead, Modi’s efforts have focused on stronger engagement with all the great powers, including the United States and China.

In many ways, Modi’s approach to Washington and Beijing has drawn closer to the general trend in Asia, where Beijing’s neighbors have sought to benefit from China’s economic growth while seeking stronger security partnerships with the United States to hedge against the negative consequences of China’s rise. And unlike his many predecessors, Modi has clearly seen the importance of a stronger political and economic partnership with the United States in improving India’s regional standing. Neither protesting Washington’s long-standing ties to Pakistan nor questioning the American will and capability to cope with China’s rise and assertiveness, Modi has focused simply on strengthening India’s comprehensive national power by expanding the areas of collaboration with the United States.

INDIA AS A “WESTERN” POWER

As the debate on India’s rise has unfolded in the past few years, one question that has animated analysts around the world is this: “What kind of a power will India become?” The answers have varied widely. Any suggestion that New Delhi would be a traditional “Western” power invites disbelief or disapproval from India, the United States, and Europe. After all, the dominant international identity of India has long been shaped by notions of anti-colonialism, Asianism, and third worldism. Within Europe and North America, the idea of the West has tended to be rather exclusive. If “the West” is a narrowly conceived geographic notion, India is clearly outside it. However, if it is a political idea, a democratic India could be seen as an integral part.

Equally important is the fact that unlike Russia, China, or Japan, where national identity often stands separate from political values, India’s modern identity is inextricably tied to political pluralism. Given its extraordinary social, religious, and linguistic diversity, India cannot survive and grow except as a democratic nation. Democracy, then, is at the very core of the idea of India.

The notion of shared democratic values laid the foundation for India’s engagement with Western political elites during the colonial period and was a persistent theme in the interaction

between New Delhi and Washington during the Cold War. But common democratic values were not of great consequence, as the geopolitics of India's neighborhood and India's inward economic orientation prevented the construction of a strategic partnership. India became the only major democracy outside the Western alliance system and steadily drifted toward the Soviet Union, while the United States ended up supporting India's regional non-democratic rivals, Pakistan and China.

Since the end of the Cold War, shared political values have acquired much greater salience in India's engagement with the United States. Within India itself, there is an increasing emphasis on India as a democratic power and not merely a developing nation. New Delhi's self-identity is bound to evolve in the coming decades and could promote India's perception as a Western power.

This view, of course, contradicts the dominant view of India and its evolution. While modern India is built on Western political values, Kishore Mahbubani argues that India is unlikely to ever become a Western power.⁸⁰ Others, like Sunil Khilnani, have suggested that a rising India might become a "bridging power" between the East and the West.⁸¹ K. Subrahmanyam, however, offered a sharply different perspective:

The real question about the future world order is whether it is to be democratic and pluralistic or dominated by one-party oligarchies that prioritize social harmony over individual rights. If the U.S. remains the predominant power, and China is second, India will be the swing power. It will therefore have three options: partnering with the U.S. and other pluralistic, secular and democratic countries; joining hands with China at the risk of betraying the values of its constitution and freedom struggle; and remaining both politically and ideologically nonaligned against its own ideals.⁸²

As India's weight in the international system increases and its large, globalized middle classes assert themselves on the national and global stage, New Delhi's interaction with the West has once again become intense and largely positive.

Yet the public discourse continues to be animated by four broad sources of opposition to the West. One is India's nativist tradition. As was the case in other regions outside the geographic west, India's modern encounters with Europe produced the impulses for modernization as well as an inward-looking backlash. Nativism remains an important force, but it is beginning to lose its potency amid the globalization of India's middle classes and their increasing comfort level with the geographic west.

Second, during the construction of India's modern identity, many thinkers sought to define India in opposition to the West, embracing the idea of a "spiritual East" against the "material West." Yet these formulations can be seen as part of the strong intellectual disenchantment

with the West during the interwar period that had a great impact on the literary and cultural tradition in Europe and North America.

Third, India's anti-colonialism also morphed into "anti-Western" arguments among left-liberals in India after independence. These left-liberal arguments, which were powerful when India adopted inward-looking economic policies, have begun to lose their appeal amid India's successful economic advances through globalization.

Fourth, the security and foreign policy establishments remain convinced that the West is inimical to India's national security. This proposition, too, is weakening amid the steady expansion of U.S.-Indian defense and security cooperation since the mid-2000s. India's self-identity as a weak developing state has increasingly given way to a new self-perception as a rising power.

Since the Cold War, there has been less of a direct conflict between India and the West, and both sides have made a conscious effort to find common ground. The prospects for political reconciliation with the

West, marked by India's integration into the global nuclear regime, have been reflected in the steady diminution of public hostility to the United States. In the past, "anti-Americanism" was often viewed as part of the Indian DNA. That perception has clearly changed. But a question remains: can India be integrated into Western structures in the near and medium term?

In the nineteenth century, the British Raj—which combined the world's leading power with India's expansive resources—contributed to the extension of economic globalization, the spread of the Enlightenment tradition in the East, and the maintenance of regional order. This partnership could not be sustained in the second half of the twentieth century amid the geopolitics of the Cold War and India's inward economic orientation and the alienation from the liberal global order.

Restoring collaboration between India and the United States, in both economic and strategic matters, might well be necessary to arrest the relative decline of the United States and Europe and accelerate the rise of India. India's integration with the West, however, will not be easy to engineer in the near term. Just as India has to overcome its own internal contradictions, the United States and Europe must prepare themselves to deal with India on a strategic basis. A redefinition of the power hierarchy and a new order of precedence within the West will necessarily be a central, if difficult, part of accommodating India's rise.

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THE UNITED STATES AND INDIA'S INTEGRATION WITH THE WEST

The change in India's economic orientation and the intensive political engagement between New Delhi and Washington over the past quarter century have raised the prospects of a genuine strategic partnership between India and the United States. While the partnership between India and the West broke down in the second half of the twentieth century, today there is growing support in Washington for the notion of integrating New Delhi into the global order.

But in India the lingering legacy of strategic autonomy has tended to limit the ability of New Delhi to take full advantage of the new possibilities that had opened up for it in the West. Although Modi has sought to break away from the obsession with strategic autonomy, the idea is deeply entrenched in the bureaucratic and political mindsets. In the foreign policy domain, it is reflected in the reluctance to commit to a strong security partnership with

the United States. In the economic domain, it is reflected in the continuing unease with the processes of globalization despite the many Indian gains over the past two and a half decades.

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In the real world, though, the imperatives of economic self-reliance have already been replaced by India's deepening global interde-

pendence. Imports and exports accounted for nearly \$750 billion, or about 40 percent, of India's total GDP of nearly \$1.8 trillion in 2012–2013.⁸³ Between that economic linkage to the rest of the world and India's growing dependence on imported natural resources and markets for its exports, the current major challenge is very different from the considerations that motivated its original embrace of strategic autonomy.

India's primary concern is no longer preventing the rest of the world from impinging on its economic and political policies, but rather about developing an effective strategy to shape its external environment through stronger bilateral partnerships and active multilateralism at the regional and global levels.

While the Indian political classes, the foreign policy establishment, and many economic decisionmakers have not formally acknowledged New Delhi's new imperatives, India's diplomacy has steadily evolved. The Non-Aligned Movement and G77 (a coalition formed in 1964 to promote the economic interests of developing economies) are no longer the major theaters for India's international activism, having yielded to new global formations such as

the Group of 20 put together in 2008 to stabilize the world economy and the BRICS, which brings together the emerging economies of Brazil, Russia, India, China, and South Africa.

India is also devoting greater attention to the Asian regional institutions led by the Association of Southeast Asian Nations (ASEAN) and promoting the integration of the subcontinent through the South Asian Association for Regional Cooperation. On the bilateral front, relations with great powers and neighbors have begun to consume India's diplomatic energies, and economic cooperation has emerged at the heart of many of these relations.

The current Indian discourse on strategic autonomy rightly recognizes that the main challenge for India is coping with the Sino-U.S. power equation. What it does not recognize is that New Delhi will find it hard to replicate the policy of strategic autonomy it adopted during the Cold War, in the midst of the U.S.-Soviet rivalry.

One principal obstacle is geography. Neither the United States nor the Soviet Union was an immediate neighbor of India. New Delhi did not have a direct clash of interests with either Washington or Moscow. While India was constrained by their rivalry, it also had enough space to seek engagement with both.

China, in contrast, has a long and contested border with India and a history of prolonged adversity since the middle of the last century. Many ideologues in New Delhi, especially on the left, continue to argue that maintaining political and economic distance from the West should be India's policy priority. But India's policymakers see the rapid rise of Chinese power, an issue exacerbated by China's geographical proximity to India, as the biggest challenge to India. Expanding India's geopolitical space and national security choices in the coming decades will depend upon strategic and economic cooperation with the West.

The strategic case for India's economic integration with the United States, especially through a free-trade agreement, is based on five policy considerations—national development, regional primacy, the Asian balance of power, global multilateralism, and India's own political values. All five of these considerations intersect with the nature and direction of India's relations with the United States and China.

On the front of national development, China has become India's largest trading partner in goods. Two-way trade stood at \$74 billion in 2011 and \$68 billion in 2012.⁸⁴ India's trade with the United States in goods and services stands higher, at \$100 billion, and commerce between the two countries in such critical sectors as information technology has been progressively integrated.⁸⁵ While there is no denying China's new economic importance for India, there are huge structural problems, with India largely exporting primary products and importing manufactured goods. The trade imbalance has also reached massive proportions, with Chinese exports valued at twice those of India. Despite much political pressure, India is finding it hard to get China to address its concerns about the trade deficit.

Over the longer term, Chinese investments, which are currently very low, can be expected to grow, resulting in some manufacturing in India. China's contributions to India's physical infrastructure will also grow. Modi has made a special effort to draw Chinese investment into Indian manufacturing and infrastructure development. From a strategic perspective, the United States is a more preferred partner in the development of India's advanced industries, especially India's research and higher education sectors, which are key to the nation's future prosperity.

Much like the British Raj, India sought to retain its primacy in the subcontinent. Weakened by partition, New Delhi sought to limit the presence of other powers and was not entirely successful. India was deeply suspicious of both Western and Chinese presence in its neighborhood after independence. The United States' greater involvement in the region in recent years, however, has been largely welcomed, thanks to the Bush policy of deferring to India's leadership in South Asia (except in the Afghanistan-Pakistan region).

Today, India's current anxieties are entirely centered on the expanding Chinese influence in the subcontinent. The rapid rise of China has dramatically elevated Beijing's position in South Asia. India's concern is no longer limited to China's relationship with Pakistan, but now is concentrated on the steady expansion of Chinese economic and strategic influence across the contested border in the Himalayas in the north and the island states of the Indian Ocean to the south.

India cannot keep the world's second-largest economy—measured by exchange rates—out of the subcontinent through a mere political fiat or claims of primacy. Nor can New Delhi ask its neighbors not to deepen trade ties with Beijing at a time when its own economic cooperation with China is expanding. Therefore, the logic of securing India's primacy in the neighborhood must involve a strong economic strategy that promotes regional integration under the Indian leadership.

New Delhi, however, is not in a position to undertake this task on its own. Both the United States, which speaks of a New Silk Road connecting India to Central Asia, and Japan, which is eager to build eastern corridors linking India with East Asia, are potential partners in this regard.⁸⁶ The World Bank and Asian Development Bank have also been strong supporters of India's connectivity with its neighbors.

India needs to fully leverage these positive trends to consolidate its economic position and connectivity with its neighbors. The urgency of developing a comprehensive strategy for India's regional integration has been reinforced by President Xi Jinping's "One Belt, One Road" initiative that seeks to connect China and its economy through physical infrastructure to different parts of Eurasia, including the subcontinent and the Indian Ocean littoral.

The scale of the resources that China has begun to deploy and the scope of its ambition have been truly breathtaking. Without a plan of its own to deepen regional connectivity in

cooperation with Washington and Tokyo, New Delhi could find itself overwhelmed by a China-led integration of the subcontinent with Asia.

Balancing China has been an enduring imperative in India's foreign policy since independence, despite the energy it devoted to promoting postcolonial solidarity in Asia and Nehru's opposition to isolating Communist China. As India's relations with China deteriorated into a conflict, New Delhi turned to the United States and later the Soviet Union for support.

Today, the challenge of balancing Chinese power in Asia has become an important leitmotif of India's "Look East" policy.⁸⁷ As the economic gap between India and China continues to widen in the near term, India needs intensive collaboration with the United States and its allies to achieve its objectives. While an explicit partnership to "contain" China is not on the cards, the United States has sought to promote a larger role for India in Asia.⁸⁸

The logic of U.S.-Indian strategic coordination in Asia must have an economic component. India has deepened commercial ties with ASEAN, Japan, and South Korea through trade liberalization agreements and has joined the negotiations on the Regional Comprehensive Economic Partnership, a proposed free-trade agreement between ASEAN and six countries including China.

India remains outside the ambit of the Trans-Pacific Partnership, the U.S. initiative to promote regional integration in the Asia and the Pacific.

At least some in India have argued that becoming part of the TPP is in India's strategic interest.⁸⁹ This, in turn, demands a determined effort to transform India's internal economic structures and bring them up to regional and international standards.

Within India's economic engagement with the West, the economic relationship with the United States holds the greatest import. Key elements of India's service sector are already closely tied to the U.S. economy, and promoting this interdependence is logical for India. Economic integration with the United States would also help strengthen India's capabilities in higher education and research and development.

Two other factors set the United States apart from other powers in the West. One is the likely emergence of the United States as a major energy exporter, and the other is U.S. leadership role in the arms industry. A free-trade agreement with the United States should help create the political conditions for advancing India's energy security and building a modern defense industrial base in collaboration with leading U.S. corporations.

Without a plan of its own to deepen regional connectivity in cooperation with Washington and Tokyo, New Delhi could find itself overwhelmed by a China-led integration of the subcontinent with Asia.

CONCLUSION

The fact that India possesses many Western ideals—democracy, common law traditions, entrepreneurial capitalism, and a maritime orientation—provides a credible basis for a long-term partnership between India and the United States. The transition to integrating India into the West cannot be rooted only in a political and security partnership between New Delhi and Washington. It has to be founded in a strong economic partnership between India and the United States.

In the post-Nehru years, the Indian elite believed that economic advancement at home and abroad could come only in opposition to the West. Much of this idea was rooted in the inward-looking development strategy that India had adopted. The shift toward economic liberalization and globalization altered the framework of engagement with the United States, and the political elite now understand India's benefits from globalization and cooperation with the West.

The real problem, however, has been a structural one—the growing gap between the imperatives of the Indian political economy and the demands of the United States for rapid restructuring of India's capitalism. This problem can be addressed by more innovative approaches to bridging the differences and finding solutions that are in consonance with the long-term interests of both countries.

If problems generated by India's size and the scale of its development needs are massive challenges, they also present significant opportunities for restructuring the global economy and putting it on a sustainable basis. As argued by Tellis, there is growing recognition that the rise of democratic India will be consequential for the international system and beneficial for the United States and the West.

Russia and China, two great powers outside Europe and North America, are deeply ambivalent about their relationship with the West. Russia's inability to consolidate a democratic form of governance and the reluctance of the Chinese Communist Party to embrace political pluralism generate deep political discomfort in the West.

Even more threatening is the prospect that China might not abide by the norms of a liberal economic order, either at home or abroad. That it might eventually undermine the existing Western-led system is not beyond the realm of possibility.

This makes the construction of a deeper economic partnership between India and the United States a critical imperative. In the era of reform, the changes in India have been tentative. Its domestic political discourse has remained defensive and has continued to view reform as being at odds with the West. But many of the tactics India adopted in the last quarter of the century, to gain time and space for producing economic change at home, have become

counterproductive for its objective of improving India's prosperity, its economic relations with the United States, and its international standing.

That India needs a renewed push on economic reforms at home is not in doubt; so is the need to end its prickliness on international economic negotiations. The United States, in turn, needs to recognize that the integration of India into the liberal economic order is not simply about New Delhi's accepting current rules, but the two sides working together to develop solutions that improve India's living standards, revitalize the American economy, and generate new support for the liberal international economic order.

Integrating the markets of India and the United States, bringing their entrepreneurial classes together, and jointly developing new ideas for global prosperity and security are among the first steps toward reinforcing India's position within the global order and promoting the leadership of both Washington and New Delhi.

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