RISING INDIA

FRIENDS AND FOES

Essays in honour of Prof. M. L. Sondhi

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India in Asian Geopolitics*

ASHLEY J. TELLIS

I am going to (deal with) the subject of "India in Asian Geopolitics" because I want to spend some time focussing on some structural features of the security environment that faces India across the widest possible canvas. I must give you two warnings, however, before I launch into the substance of my presentation. First, I am not going to speak as an American citizen, but merely as an analyst of international politics. I do this because I want to escape the question of my own political commitments in order to better reflect on what I think is a serious problem that confronts both the United States and India together.

Secondly, I want to make what is fundamentally an academic presentation because it is the best means by which to draw out some important policy consequences. I emphatically do not want to make a conventional "policy" presentation, because that risks proffering essentially a mask that covers my own personal opinions and prejudices. I will end this presentation, certainly, by giving you a flavour of my prejudices. But I will keep that for the end. For the body of my lecture, I want to focus on the substance of what I think is the central challenge of geopolitics today.

I will divide my presentation into four parts:

The first part will reflect on the current geopolitical environment in Asia and how it is evolving. The second part will describe the current American response to this geopolitical environment. The third part is going to explore the contours of a world that we have not seen before. And, the fourth part will ask the question of what all this means for India and for the United States.

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* Based on the address while receiving the Prof. ML Sondhi Prize for International Politics, 2006.

GEOPOLITICAL ENVIRONMENT

Let me start by briefly saying a few words about the current geopolitical environment in Asia. If you look at the literature on the prospect of geopolitical changes, you will find that it is rife with all manner of predictions about the onset of multipolarity—that somehow the current international system is going to become multipolar shortly and that the world as we know it today will before long evolve into a new universe of multiple poles.

My own view is that this argument is profoundly mistaken. The international political system is likely to stay, quite durably, a unipolar system for a long time to come: that is, for at least another twenty or so years, if the statisticians are to be believed. But this reality is going to manifest itself in a world where the centre of gravity is shifting from where it has traditionally been for the last 500 years—Europe—to Asia. Asia will produce close to half, if not half, of the world's economic product by 2025—this is the real emergent change in international politics—but, despite this fact—and this is the element of continuity—the United States will remain the dominant power in the international system for the foreseeable future. There are four virtuously interacting reasons that assure the continuing pre-eminence of the United States.

The first reason is that, despite all the skepticism on this score, the United States has demonstrated a capacity to maintain continuing high rates of capital accumulation through a mixture of internal and, more importantly, external resources. The United States is in the very lucky position where the rest of the world is eager to provide it with the financial resources that enable it to sustain its profligate way of life. This is because the dollar still remains the most important global reserve currency and because, at the end of the day, the rest of the world, no matter what its complaints are about the United States, sees the United States as a very desirable destination to park its resources. Furthermore, America's most important trading partners seem embarked on externally-driven growth strategies, which make Washington an even greater beneficiary of their desire to invest in the United States. So even though the United States does relatively poorly in terms of internal capital accumulation, it manages to compensate for these deficits through disproportionate access to the resources of others.

There is a second reason which enables the United States to stay at the peak of the international system, and that is its continued ability to sustain labour force growth. For those who have survived the fundamentals of neo-classical economics, you will recognize that I am referring to "capital plus labour," which is the magic formula for producing growth. If the United States can continue to import capital from abroad and can continue to maintain the growth of its labour force, if necessary through the immigration of high-value labour at very low political cost, it will have succeeded in meeting the minimal requirements for sustained economic growth. The United States has many advantages here, which few others do. It must be remembered that this is a country of immigrants; it is not threatened by immigrants; it welcomes immigrants and continues to welcome immigrants; all of which essentially implies that the United States can tap into the two great reservoirs that continue to assure its productivity and its pre-eminence.

The third reason is that the United States continues to maintain a very highly effective national innovation system. It maintains this innovation system primarily because it relies on a market economy to make efficient allocation decisions. Further, its large pool of skilled and innovative labour continues to generate numerous inventions and a steady stream of innovation. Equally importantly, the large American private sector and the government contribute very large investments in science and technology and research and development, and the country enjoys a very flexible and highly effective venture capitalist system.

And so between a political structure that essentially permits decisions to be made smartly, a private-public partnership that invests heavily in research and development and science and technology, and a venture capitalist system that produces investible resources to sustain a steady stream of technical change, the United States has an innovation system that clearly is second to none anywhere in the world.

The final element is U.S. military capabilities, which are unparalleled and growing. Anyone who has followed the debates in Europe about America's military capability relative to the capacity of our NATO allies, recognizes the fact that the gap in technical sophistication between the United States and Europe is actually widening in terms of conventional precision strike capabilities and the ability to deploy sustainable power projection at long-range. Now, this does not mean that the United States can use its military forces indiscriminately or without blowback. It simply means that the United States has incredible advantages with respect to projecting power and, with it, come greater degrees of political autonomy. Perhaps, the most remarkable element is that the United States maintains these capabilities through a defence budget that is larger than the defence budgets of at least the next fifteen countries in the international system put together, and yet these defence burdens are only about 3% of U.S. GNP.

All these four elements working together - capital accumulation, labour force growth, innovation and military capacity - essentially ensure that in a structural sense, the United States will continue to dominate the international system in the policy-relevant future. This implies that there is no imminent threat to American power, since the most important economic powers in the system are essentially friends or allies of the United States: Japan and South Korea in Asia, and all the NATO/EU countries in Europe.

Despite this being the case, however, there is no way to avoid the other half of the story: the prospect of new rising powers in the international system, which will continue to remain a matter of concern to the United States. It is in this context that the rise of Asia poses special opportunities and special challenges. It offers special opportunities because it allows the United States to grow and profit from Asian prosperity. But it offers specific challenges as well insofar as it harbours the prospect that certain key Asian states, which continue to grow over a long period of time, could one day become challengers of the United States in the global system. There are four candidates for this role: Russia, Japan, China and India. When you separate the wheat from the chaff, however, it all boils down to just two countries, China and India. The following are the reasons why:

Russia has great latent capacity, but poor social organization. It has a very weak state and it has terribly predatory elites. The Russians have not made the kinds of investments in national capacities that are necessary to sustain a great power role, and though they continue to have significant technological capabilities, these resources are actually diminishing in terms of long-term investment. And so Russia is likely to end up being a major supplier of primary and military goods, but not a serious geopolitical challenger to the United States as the Soviet Union was in the past.

Japan in contrast has great technical, financial and social-organizational capacity, but a very poor resource and demographic base. The situation confronting Japan today is the same that confronted it prior to 1941: its dependence on an international market for raw materials, energy, and revenue generation limits its capacity for autonomous action. And the experience of the Second World War demonstrated to the Japanese that any attempt to dominate the international system on its own—unconnected to the United States—will be an effort that ends in disaster.

And so we end up with essentially two great countries, China and India. Both are large continental-size states that are latent great powers, but both are still developing in terms of their technical and social-organizational capacities. These are certainly rising powers, but it is important to recognize that their ability to challenge the United States must not be exaggerated. To begin with, all predications about China overtaking the United States, even in the out years, rely greatly on contestable assumptions or favourable measurements. Further, China, like Japan, is excessively dependent on the international market both for resources and revenue generation, thus limiting its ability to play the challenger at least in the prospective future. Finally, the continuing contradictions in China's effort to create a market economy married to a command polity leaves us with some uncertainty as to whether the Chinese experience of high growth can be sustained over the long term.

When one looks at China and India together, therefore, there is a clear recognition within the United States that there are sharp differences between these two countries. There is a recognition that China, which is growing more rapidly than India, exhibits a more determined "will to power," and that makes the task of integrating China into the international system a far more difficult challenge than that involving India. Moreover, China and the United States are actually locked into military competition: India and the United States clearly are not. And finally there is that business, the squishy but important business, of values. India and the United States are tied together by a commitment to democratic politics which changes the character of the relationship between our two countries in very dramatic and fundamental ways.

Where does all this leave us? I think it leaves us with three important bottom lines when one thinks about the future geopolitical environment. First, there is no country in Asia at the moment that is close to becoming a consequential geopolitical challenger of the United States, at least where control of the global system is concerned. But such a threat could arise over the long term, and if such a threat does arise, most people would bet that it would emerge from China rather than from Russia, Japan or India. Second, even though there is no true peer competitor that is likely to arise in Asia in

the near-term, the United States must be cognizant of the challenges that can be mounted by less-than-comprehensively powerful states. The Soviet Union is the best example in this regard. The Soviet Union was always a unidimensional superpower. And there is no guarantee that, in the future, the United States might not be confronted with another unidimensional superpower. The fact is, whether we like it or not, there is a prospect—not a certainty, but a prospect—of an emerging power transition involving China. And, therefore, dealing with the prospect of a power transition will be the most consequential challenge for the United States in the coming century, even though American dominance is likely to endure for the next two decades.

THE AMERICAN RESPONSE

Having said all this by way of a baseline, let me go to the second part of my presentation: How should the United States respond to this challenge? There are three models in international politics that one could imagine as vying for dominance in U.S. policy. The first is the classical realist model associated with Niccolo Machiavelli and his prescriptions in the commentaries on the ten books of Titus Livy. Machiavelli has a very simple solution for dealing with prospective power transitions. He says that when a state is faced with such a challenge, there is only one solution that successful regimes have used historically and that solution is preventive war. And he gives the example of the Romans attacking Greece long before the Greeks were actually strong. Because he says to the Romans who were masters "at seeing inconveniences from afar," and in recognizing that delay only brings more perils, were justified in attacking Greece earlier rather than later. So that is the classical realist prescription: undermine the growth of your rivals by preventive war if necessary.

The second model is the conventional realist model, the model associated with George Kennan and implemented during the Cold War, and that is the strategy of comprehensive containment. This model, in effect, declares: Don't attack your adversaries; don't undermine them; don't try to destroy them, because doing so is costly. Instead, create an iron fence which prevents them from creating trouble for you in any way possible. This is an interesting and attractive ideal, but it has limitations. Its greatest limitation is that it is extremely hard to build a containing coalition when the threat is only prospective and not actual, when the threat is only latent and not imminent.

The third model is the liberal internationalist model, which is associated with Immanuel Kant on the one hand and Norman Angell on the other. The liberal internationalist model essentially asserts that the way to deal with rising powers is either to democratize them, because democracy ensures the creation of pacific union and the absence of war, or, Norman Angell would say, increase their economic interdependence because economic interdependence increases the costs of conflict to the point where war becomes impractical.

These three ideas, in various forms, have populated the American debate. And yet none of these three solutions offers self-sufficient strategies for dealing with the challenges we face. And so, what I think the United States has done is to marry both realism and liberalism in another classic example of American exceptionalism, in the process crafting a strategy that has not been followed before. And I'll say a few words about what makes it so unique. The core of the strategy, fundamentally, is not to push China down but rather to engage it, while simultaneously investing in increasing the power of other states located on its periphery. So unlike the classical realist prescription of undermining China's growth or the conventional realist prescription of containing it, the core of American strategy has been to engage China, not undermine it, but even as Washington engages Beijing, (it is trying) to build a new set of relationships aimed at increasing the power of various countries located along China's borders. This is indeed a unique solution. When the Bush administration announced in March 2005 that the United States was now committed to encouraging the growth of India as a great power, there was a good deal of sceptical commentary both in the United States and in India about the novelty of this strategy—because it had never been implemented in this form before. And the critics were right on one count: it has not been the norm historically. But there is a reason why it has not been a favoured strategy in the past—and that is because, in a world that was not tightly interdependent before, containment in various forms was simply cheaper than the current alternative. I will focus more on this issue in the third part of my presentation. But, for the moment, let me just end this second part of my talk by simply laying out for you what the other component parts of the current American strategy are.

The first element, as I mentioned, is to focus on engaging China, not undermining it, while simultaneously strengthening others. The second element is to protect America's capacity for continued innovation, since it is the capacity to innovate that ultimately makes the United States the most important actor in international politics. The third element is to build and preserve the technological basis for maintaining enduring military superiority, and particularly uninterrupted U.S. access to Asia. And, the fourth and final element is to keep our existing alliances in Asia in good repair, while reaching out to new friends and new partners, of which the single most important exemplar for this administration, and likely for every successive administration, will be India.

The critical question, when one looks at this prospectively, is whether this American strategy will be a transitory strategy that evolves into something else or whether it is likely to become a new permanent equilibrium that exists with some durability.

This concern takes me to the third part of my presentation, which is to ask why the United States has adopted such a peculiar strategy. What are the features of the emerging strategic environment that justify the current U.S. approach to managing potential rivalry? This third part of my presentation is really an effort to convey a sense of how we are moving into a global environment.

EXPLORING THE NEW CONTOURS

Let me start by pointing out what has not changed in international politics. What has not changed in international politics is the fact that relations between states will always remain competitive. That much has not changed. Both Kautilya in the East and Thucydides and Machiavelli in the West have testified to this invariant quality of international politics. The responses of states to international competition have also not changed. All states, when faced with inter-state competition, have responded through a combination of internal balancing, that is, increasing their own resources from within, and external balancing, that is, creating alliances to deal with the emerging threat. This too is abiding. All history is littered with repeated occurrences of these behaviours. However, these strategies worked effectively in the past because what defined the international system previously was the reality of economic autarky. States were essentially not dependent on others for the production of their own prosperity: their interdependence extended to, at most, integration with their allies. And so, all countries were basically more or less self-sufficient universes. The bulk of their economic capabilities, the bulk of their military capabilities, all derived mainly from their own internal capacities—or, at best, through reliance on their allies. In this kind of a universe, you could afford to have strategies that were essentially or purely competitive. You could afford to have strategies that focused on solely on containment, on even on eliminating threats to yourself—in other words, purely competitive strategies.

What has now changed in international politics is this reality called globalization. This is a phenomenon, which although it has had some reflections in the past, is for most part substantially new. In fact, most scholars agree that what is currently underway is the third wave of globalization but there is absolutely no doubt that this wave of globalization is unlike any other that has gone before. How so? It is unlike any other because for the first time in history, economic integration—that is, the comprehensive vertical integration of production and distribution chains—is occurring across the boundaries of states that are nominally geopolitical competitors. Therefore, for the first time in our collective memory, the success of a country in accumulating national power is now dependent not simply on how well it mobilizes national resources to create appropriate defensive capabilities vis-à-vis a competitor, or how well it mobilizes national resources through economic integration within its friends, but how well it can generate national resources from the economic relationship it enjoys with a competitor—even as it prepares to use those very resources generated from economic interdependence to cope with the geopolitical rivalry that exists with that competitor.

This is what makes the geo-political environment so different from anything that has gone before. And the two great iconic models are the relationship between the United States and the Soviet Union in the old days, and the prospective relationship between the United States and China in the future. During the Cold War, the United States and the Soviet Union were two separate universes that had no economic connections with one another. Nothing could be more different than the case of the United States and China in the future: if there is to be serious rivalry in this dyad, it will be a rivalry that is deeply embedded in the larger matrix of economic interdependence. It is precisely this reality of interdependence, which is unlikely to disappear any time soon, which justifies the American adoption of the novel strategy that I described a few moments ago. Let me give you an example that is closer to home. Think of the relationship between India and China during the Cold War, where both countries existed in separate universes, and the relationship that is likely to emerge between India and China in the future, where even if Sino-Indian relations were to degenerate

into active competition in some dimensions, it is most likely that this rivalry will be deeply embedded amidst growing economic ties. This means that a globalized world is going to be a very peculiar world. And, the key distinguishing characteristic of this universe will be that a state's economic relations with its rivals will have a critical effect on its ability to produce the political, economic, and military power needed to defend its strategic interests against those very adversaries.

There are important consequences flowing from this fact. Among the most important is that globalisation weakens the traditional concept of what it means to be a political rival. And it undermines the traditional solutions that all states have used historically for dealing with their rivals. The reason this is so is because states are trying to maximise two goals simultaneously, "power" and "plenty." What they need to do to maximise power, however, requires them to *jointly pursue with their rivals* strategies for securing plenty. And these strategies, in turn, might only deepen the rivalry between these states as each seeks to simultaneously maximise its power. Given that this is the reality we are confronted with, and are likely to be confronted by for at least the next twenty to thirty years, I want to conclude by addressing the fourth part of the outline I had referred to earlier: what does this mean for India (and for the United States)?

INDIA-US DILEMMA

The most important point I want to make in this regard is that we are entering a new and complex era. We are confronted prospectively by two open geopolitical futures. The first is a world where security competition grows, but is embedded in economic relationships that become ever tighter. This leads to an attenuation of the threats, but the threats never quite disappear. There is, however, an alternative world where the globalisation of the last fifty years simply collapses because of some event that taxes the adjustment capacity of the international system, as previous episodes of globalisation did—and we end up essentially in a new phase of more or less traditional geopolitical competition or another Cold War. These are the two universes that confront us: a future where what we see as the years go by will be a deeper variation of what we see in the present, or a breakdown in the current trends and their replacement by new forms of acute competitiveness. The problem from the viewpoint of policymaking in India and the United States is that we do not know which of these two futures will eventually win out. And therefore we confront two specific problems: how do we make sound strategic policy when we do not know which future is going to materialize? And second, how do we avoid the problem of self-fulfilling prophecies, where in an effort to protect our security we may end up undermining our economic growth, or in our effort to protect our prosperity we end up increasing our own geopolitical vulnerability? This is the dilemma that confronts both India and the United States. And I have some bad news for you here. This dilemma is fundamentally insoluble because the simultaneous maximization of power and plenty is, strictly speaking, impossible in a globalized world. Therefore, when people say that India should maintain its highest rates of economic growth, and acquire the most effective military capabilities possible, and deepen its relationships with friendly states in the international system, this is sound advice—no question about it. But, the challenge will lie in implementing such advice because, in the current international system, all bilateral relations between the great powers (and I include India in my definition of great powers), are going to be in a state of continuous, reflexive, and omni-directional re-equilibration. This dynamic of perpetual motion will obtain because any improvement in the character of the relationships within a given dyad will provoke competitive effort at improving relations by other states with each member of the original dyad because no one wants to be left out of what is an emerging virtuous circle. Since this process, however, will always produce uncertainties about who is gaining and by how much, and to what ends these gains are oriented, the dynamism of this process will always become hostage to competing pulls and to alternating bouts of integration and dissipation.

In this context, how does one pursue sound policies when the differences between friend and competitor are defined not by type but only by degree? And how does India pursue an optimal strategy when the very forces that increase its prosperity could also contribute towards increasing the dangers that confront it? This question is particularly relevant because interdependence not only increases the wealth and welfare of all partners but also increases their material capability to harm one another. Since there is no solution that allows a country to secure all the benefits that accrue to prosperity while simultaneously minimizing all the threats that ensue from growth, India is likely to face continuing tension as it works out its national security policies amidst the growing realities of interdependence over the next few decades. I want to flag, in this regard, three particular sets of tensions that are very important for us to appreciate.

First, India, like the United States, will not have the freedom to pursue simple and clear strategic policies, but only complex and ambiguous ones. This is going to drive many people crazy because policies that are characterized by subtlety will leave no single constituency, domestic or foreign, completely satisfied. These policies will invariably be policies of the "second-best," where the most a country can do is to "satisfice" not "maximise" its objectives. This reality will apply as much to India as it will to the United States.

Second, India, like the United States, has to perform a delicate juggling act which involves developing deep and collaborative ties with a set of friends that are likely to be of the greatest assistance to itself, while at the same time seeking to pursue some minimal levels of interdependence with its competitors. And while interdependence with its competitors is important, because of the need to give one's competitors a stake in one's prosperity, developing stronger ties with one's friends becomes even more important. This hinges, of course, on a very sophisticated judgment of who has the capacity and who has the intention to levy the greatest harm. And when one's friends and enemies are arrayed by these criteria, it is likely that they will be distinguished not by distinct differences of category but rather by location across a spectrum. And India, like the United States, will have to make its strategic decisions based on where its partners stand along that spectrum. There is a canon of sound geopolitics that still applies in this context: those who are the most powerful and the furthest away can be one's best friends. The implications of this proposition ought not to be lost sight of in India.

Third, India, like the United States, will need to develop the organizational and the psychological capacity for diplomatic, political and strategic agility because an increasingly globalized world will confront both countries with the need for perpetual flexibility, reflected in continual, albeit incremental, course corrections. Because neither country is going to have the luxury of pursuing policies that are utterly transparent or completely straightforward—as would be the case if a Cold War was inevitable—both New Delhi and Washington will have to develop the institutional and psychological capacity to move deftly. Whether India can develop these traits and domesticate them remains to be seen. But the next two or three decades—while the global system is still in evolution and while the United States continues to dominate it while remaining a friend—will provide ample opportunities for India to put these capacities in place.

Let me say one other thing. Political agility is highly prized by diplomats. It is absolutely detested by democracies, because democracies want certainty, stability, and consistency of policy so as to meet the test of public legitimization. And both India and the United States thus have a common challenge, of developing the capacity for strategic agility, the ability to move quickly and responsively to changing interests, despite the fact that there will be a wide variety of public constituencies constantly calling the political leadership in both countries to the bar to explain the rationale for these "constant shifts of policy."

Let me end by putting my personal prejudices on the table as I promised I would at the beginning of this presentation. I did not want to make this lecture yet another invocation for the necessity of a strong U.S.-India relationship because I have done that many times in the past. What I hoped to do was to describe the character of the international environment in such a way that it would leave you with no choice but to draw the conclusion that a tight U.S.-India relationship is very much in both our interests. I hope I have succeeded in that purpose.