

India and the United States: Economic, Strategic, and Maritime Implications

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Any “National Security Strategy” that is ahistorical and culturally uninformed is unlikely to maximize American interests. On both counts, American strategy in the Indian Ocean region, especially as it pertains to India, the region’s most important maritime state and rising economic power, has more often than not been tone-deaf. This shortcoming was especially notable during the Cold War, when the Indian Navy (IN) was seen as a Soviet auxiliary, and India was thought to be the putative leader of a hostile nonaligned movement. Of course, Indians had their own stereotypes of the United States, and for nearly twenty years, from 1970 onward, American policy was seen as part of a China-Pakistan-U.S. axis that had India’s containment, if not suppression, as its chief objective.

These days are certainly over, and for a number of reasons both Washington and New Delhi have come to a more realistic (and optimistic) understanding of the possibility of strategic cooperation between the two states.

- The end of the Cold War forced both sides to reassess the U.S.-India relationship. That reassessment took several years to complete—and in some places in India America is still regarded as a threatening state—but by and large the two states interact as “normal” great powers should.
- The 1998 Indian nuclear tests began the process of removing the proliferation issue from the top of the bilateral agenda. The U.S.-India nuclear deal, if consummated, would complete that process.
- India’s economic growth spurt has attracted strong American corporate interest, and American companies now comprise a significant India lobby in Washington.
- With the exception of elements of India’s left, support for closer U.S.-Indian relations is strong across the political spectrum in both states.
- India’s military capabilities are now more realistically seen for what they are: limited, but highly professional, and thus capable of significant growth.
- Both India and the United States keep a wary eye on China; in both countries opinion about the question of whether China’s rise will be hostile or benign is fairly evenly distributed among strategic elites, including the military.
- Pakistan and India-Pakistan relations are not addressed by America’s current national security strategy. That strategy does not adequately deal with the prospect of (a) another India-Pakistan crisis (or war), (b) Pakistan’s role in fomenting what most American policy makers would call terrorism (but which Pakistanis regard as legitimate freedom struggles), (c) Pakistan’s economic and political incoherence, and (d) remaining questions about Pakistan’s nuclear program.

This paper looks ahead five to seven years and explores those areas where we see an important intersection between economic growth, maritime strategy, and strategic ties between the

United States and India. Our assessment is preliminary,¹ but our major conclusions are (1) that the Indian Ocean and maritime security will be the most likely area of military cooperation, (2) the autonomous growth of economic ties between India and the United States provides the ballast for the overall strategic and political relationship, ruling out any major swing toward a new hostility, (3) Pakistan, not China, is likely to be the major area of contention between Washington and New Delhi, and (4) India can do little regarding America's concerns about terrorism, and the issue has the potential to be divisive.

An Oceanic Partnership

The nadir of U.S.-Indian relations occurred when the USS *Enterprise* was ordered to play some unspecified role in or near East Pakistan toward the end of the 1971 India-Pakistan war. For the next twenty-five years the USS *Enterprise* was a ghost ship, spooking every U.S.-India dialogue. For India the ship symbolized an American attempt to deny India its greatest military victory (indeed, its only victory of any consequence) and to stymie India's quest for great power status. For the Nixon administration (and others) 1971 was a mere sideshow in the greater Cold War, and Indian anger was further proof of New Delhi's strategic immaturity and pro-Soviet leanings. For many years, American admirals regarded India as a Soviet surrogate.

This has now changed. The IN (and Coast Guard) are now seen, and see themselves, as a natural partner to the United States and other American allies in a whole range of maritime-related activities.² Both states have a common interest in keeping the oil and gas flowing from the Gulf to points east (India is now a major importer of hydrocarbons, most of it seaborne); the navies engage in annual exercises; they have cooperated on antipiracy operations, especially in Southeast Asia; Indian frigates have escorted U.S. submarines through the Malacca Strait; and there was close cooperation during the tsunami, cooperation that was politically beneficial for both countries.

Professionally, each navy holds the other in high regard, and IN flag rank officers, once very critical of the United States, have now reversed course, even if they are skeptical of American strategies in Iraq and elsewhere. For the first time the United States is seen as a source of quality ships and advanced naval technologies, and the recent sale of a landing craft is likely to be only the first of many significant transfers. Washington missed the opportunity of providing India with a carrier;³ an alert Pentagon should not miss such an opportunity again.

Politically, naval cooperation is easy to do with India. The major Indian ports are located in regions that are fast-developing and have an outward-looking perspective on the world, and where there is already a great deal of U.S. investment. India also has a few unsinkable aircraft carriers in the form of the Andaman Islands. Access to Indian bases there could be of great value to the U.S. Navy (USN) for operations in the South China Sea and elsewhere. Conversely, nothing is heard now of American facilities at Diego Garcia, long the subject of scathing Indian criticism.

Strategically, this cooperation could extend to stabilizing weak and failing states in the Indian Ocean region, especially those affected by natural disaster or whose failure might interrupt

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1. This paper is drawn from a larger book project that examines the modernization of the Indian military and prospects for U.S.-Indian strategic cooperation over the next seven to eight years.
 2. The breakthrough came when the head of the Japanese Coast Guard invited the Indian Coast Guard to join in antipiracy operations (after an attack on a Japanese ship), bypassing Japan's constitutional restrictions on overseas military engagement.
 3. The USS *Ranger* was available, and offering it might have preempted a costly purchase of the *Gorshkov*.

energy supplies.⁴ Implicitly, it puts the United States and India in a position to balance any Chinese naval expansion. New Delhi and Beijing are already engaged in a soft competition for port access at the mouth of the Persian Gulf (and in Burma, where the United States has written itself out of the game); this competition is likely to intensify. Washington should enable India to match up with China at sea.

Economics: Ballast for State-to-State Relations

In a 1999 report the Council on Foreign Relations noted that there was no ballast for U.S.-Indian relations. That has dramatically changed with the rapid growth of the Indian economy and the participation of many leading American firms in that growth. Indian growth is expected to continue at more than 8 percent indefinitely; this could be even greater were India to accelerate its own reform program (the major bottlenecks are regional and local bureaucracies, union laws that inhibit the restructuring of Indian and foreign corporations, and domestic political turmoil in some parts of India, notably the north and the east). One consequence of this growth has been major investments *in the United States* by Indian companies; another has been the formation of an effective lobby in Washington, comprised of American companies with significant Indian investments.

Overall, while there may be much to quibble about, the rate of growth of economic ties has been astonishing, and generally beneficial to the United States, despite the offshoring of some medium-technology American jobs.⁵ This trend is likely to continue indefinitely.

Our Pakistan Problem (and India's)

The intellectual groundwork for current American policy was laid down in the early years of the first Reagan administration. Confronted with a Soviet invasion of Afghanistan, both Washington and New Delhi concluded that a rapprochement of sorts made sense. For Washington this was an opportunity to protect Pakistan's flank and to "wean" the Indians from the Soviet Union; for the Indians this was an opportunity to try to weaken or reduce American military support for Pakistan. These calculations led to Rajiv Gandhi's 1985 visit and an American policy that said, in effect, that we now had *two* friends in South Asia, India and Pakistan—the precursor of the "dehyphenization" policy of recent years.

However, this policy had and has one major flaw: it does not include an American attempt to grapple with the India-Pakistan rivalry. After the Kennedy administration, Washington gave up on attempting to move the two states toward a meeting point on Kashmir, contenting itself with pious statements about the need for dialogue and reconciliation during the several wars and numerous crises that characterized India-Pakistan relations from 1965 onward. While America has put itself squarely between the two states, this has only served to encourage each to use its bilateral relationship with Washington to influence Washington's ties with its rival. No American administration has had the courage or imagination to move any further (as some have done in the Middle East, where our friends are enemies, and the Balkans and elsewhere). This policy of smiling neglect works well when there are no India-Pakistan crises, but these have occurred with depressing regularity and, since 1990, have had nuclear overtones.

4. India offered its full cooperation to the United States in conducting operations in Afghanistan; this was a key element in Musharraf's decision to provide such support himself. India may still play a major role in Afghanistan, and it has a significant economic and consular presence there already.

5. On balance, offshoring helps the American economy by making American firms more efficient, although this does create some angst in the United States regarding lost jobs (and India is high on the list of states that are perceived as having benefited from offshoring). Ironically, Indian companies have diversified, establishing call centers in Ireland and West Virginia.

Competing Terrorist Paradigms

If the National Security Strategy seriously focuses on “defeating global terrorism,” it is either totally misconceived or totally misstated. Terrorism is a tactic of the weak; it has many causes and is present in many societies. While we see the gradual eradication of smoking in public places, attempting a defeat of global terrorism is tantamount to a defeat of all smoking (or perhaps bad breath). Obviously, what American policy makers really mean by such language is the defeat of radical Islamist terrorist attacks against the U.S. homeland and foreign properties and assets, but their rhetorical excess has led to serious backlash in a number of states and has probably worsened the problem.

In India’s case, America’s Orwellian phraseology has led to a demand for U.S. support against India-directed terrorism that originates in Pakistan. Indeed, one pillar of the new U.S.-India strategic relationship is that it provides India with leverage over the United States, which in turn is expected to pressure Pakistan. This has worked, but the whole structure has two critical weaknesses.

First, it means that New Delhi’s first phone call will be to Washington when there is another terrorist attack by Islamist extremists in India. Washington, in turn, may, or may not, put pressure on Pakistan (which will deny responsibility in any case). Absent an overall strategy for regional reconciliation or normalization, America’s fallback position is one of hope, and as George Schultz once said, hope is not a policy.

Second, New Delhi is now facing a critical turn in its own “war on terrorism.” Far more seriously afflicted than the United States, India has lost control over a quarter of its districts; in almost all cases these “terrorists” are not Islamists, but indigenous tribals, religious minorities, Maoists, and others, who are the product of a massive social “churning” that has produced greater expectations and greater frustrations, especially among the mal-educated young. A smaller phenomenon, but one even more chilling, is the growth of radical extremism among India’s Muslims, hitherto regarded as docile and satisfied. One of the great ironies here is that India refused to negotiate on Kashmir for fear that to do so would trigger unrest among the 150 million Muslims in India proper; today, both Kashmir and the fringes of this enormous community are in open rebellion.

Conclusion

U.S.-Indian strategic ties are undergoing rapid change. We will know more about the scope and depth of this change after Congress acts upon the proposed U.S.-India nuclear deal. India’s growing military competence, especially at sea, could be a special asset for the United States, just as its booming economy benefits American companies and (by and large) the Indian people.⁶ Optimism is in order, but only if it is tempered by prudence and a finer-grained understanding of regional pitfalls than America has shown in the past.

6. After a decade of growth and reform, India still has over half of the world’s poorest people.