

The American Offer: Uncertain Risk or Beneficial Opportunity?

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When I was in Washington in April 2000, Stephen Cohen invited me for dinner at his Watergate Apartment. He was then Director of the Brookings Institute and a key adviser on South Asian affairs to the US Administration. During the course of the evening, I asked Stephen what book he was currently working on. He said, "India, an Emerging Power." I laughed and said, "You are pulling my leg. You wrote that one some years ago." He replied, "That book was *India: an Emerging Power*? This one will have no question mark. America will ensure that it happens." I sensed that Stephen was not joking.

When I returned to India I reported this conversation to influential bureaucrats and politicians in Delhi. They were unconcerned by my information. This is not surprising because, in spite of the National Security Council being set up in 1998, India has no tradition of developing long range assessments of international security developments and making this the basis of both a national consensus as well as our long term policies. This is evident even years later, when our response to the US policy announcing its intention to help India build itself as a major world class power in the 21st Century has been confused. There has been no attempt to assess what the US interests and expectations are.

US Cold War Strategy

In 1947 Americans, brainwashed by the British, believed that Islam would bind Pakistan firmly while India with its multifarious languages, cultures and religions would not remain united. Their lack of faith in India was enhanced by knowledge that the country could not feed itself and was heavily dependent on PL-480 inputs. The 1962 Sino-Indian Conflict made it evident that India could not even defend itself. The Americans were convinced that Pakistan would win a future war against India. They were surprised that this did not happen in 1965.

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India's victory in the 1971 Indo-Pak War altered America's image about the country. Thereafter, India conducted a nuclear test in 1974, survived an emergency and produced a democratic change of regime, reached settlements with Shiekh Abdullah, the Nagas, and Mizos, had a successful green revolution and launched a satellite. It was Islamic Pakistan which broke up. Whilst accepting that India has the highest number of poor and illiterates in the world, it is also admitted that there is no other example of a de-colonised country building itself into a modern industrial state and also into a multicultural, multi-religious and multilingual democracy.

For the US, the Soviet Union was a military adversary and the Cold War was a power struggle. The Soviet Union had to be confronted and contained ideologically, militarily, politically, economically and technologically. Winning over China, an ally of the Soviet Union, was part of that strategy. Since India would not allow itself to be part of the containment plan, the US tilted towards Pakistan against India. In 1990 the Cold War ended with the Paris Agreement. Historically, it was a unique event. Two adversaries armed to the teeth with missiles and nuclear weapons, confronting one another militarily for over four decades signed a treaty to disarm without having fought a war. Both powers realised that the role of the military in a nuclear age was not to fight wars but to prevent wars from breaking out.

Post 9/11 Strategy

The nineties saw India's growth rate rise to 6 per cent. In 1998 India demonstrated at Pokhran that it could produce thermonuclear war-heads. It launched a geo-synchronous satellite into space. Its poverty level came down and its scientific community started making a significant impact on the Information Technology revolution. The contribution of Indian scientists to US research and development came to be recognised. India started accumulating a sizeable foreign exchange reserve. It also demonstrated that its coalition governments provided political stability to the system. India fought to regain the Kargil heights from Pakistan with remarkable restraint. The 11 September 2001 incident was a turning point in the US approach to India, which was acknowledged as one of the nations with a very large Islamic population free of al-Qaida and jihadi influences though the country was being subjected to externally inspired terrorism.

By now the course of events in Vietnam, Afghanistan and Iraq had demonstrated that in today's world it is easier to invade a country than to keep it occupied. War is, therefore, no longer an instrument of politics as it was considered earlier. Nor are nuclear weapons and missiles a currency of power, which they were earlier. This did not mean that armies could be disbanded. That cannot happen while there are rulers who have not reached this conclusion.

Today's globalised world gives rise to many problems, but globalisation is an inevitable result of the electronic age. The world's economy is so integrated that the value of the Chinese currency has its impact on the US economy and outsourcing both in manufacturing and services has become the order of the day. The currency of power is knowledge. The US would like to continue to be the pre-eminent nation in the world. However, a recent forecast by the National Intelligence Council of the US has assessed that the US, China and India would be among the first three markets of the world by the year 2020.

Dealing with China

Given China's inevitable rise of per capita income, there is nothing to prevent it becoming the richest nation of the world. Since wars are no longer cost effective, the rivalry between the US and China for pre-eminence in the world is not likely to be solved by war. Since the future currency of power is knowledge, US efforts are concentrated on ensuring that it stays ahead of China in terms of knowledge generation, inventiveness and technology. After having fought a war with China in Korea [1950-53] in which thousands of Americans perished, the US made a complete U-turn in its policy towards China. After 1971, it began dealing with China not as an adversary but as a rival. This strategy is the exact opposite of confrontation or containment and implies engagement. While the US had avoided trade and economic links with Moscow during the Cold War, it has become the largest trading partner of China and is heavily involved in the Chinese economy.

China responded enthusiastically to this US strategy and embraced American investments on a massive scale. They sent their students in thousands annually to US universities. The Americans have succeeded in persuading the Chinese leadership to abandon Communism in economic terms. Today, Chinese Communism is only a cover for authoritarian rule by the Communist

Party. By so doing China did not lose its sovereignty or give up its vital interests. On the contrary, today the US worries about China becoming a serious rival. US efforts are on how to bring about change in China to make it accept democracy and abide by the rules of the international game. The US hopes to bring China around through its relationships with Japan, South Korea and India. Towards that end, Asia must have a balance of power. The US initiative to help India to develop itself as a world class power is related to the creation of this balance of power in Asia in which all major economies will be interactively engaging with and not containing or confronting China.

A more powerful nation helping a less powerful nation to build itself, happens when the more powerful nation calculates that the end result would be to its advantage. At the end of the 19th Century, Britain transferred technology to Japan and invested heavily there to build Japan as a counter balance to Czarist Russia. Similarly, at the end of the Second World War, both Germany and Japan were recipients of US aid. They became security partners of the US. All the East Asian tigers became strong because of massive US support. In the 1950s China received massive aid for its industrialisation from the Soviet Union.

Building Up India

India's record of accepting military and developmental aid from other countries and yet maintaining its independence speaks for itself. There were those who denounced the Indo-Soviet Treaty of 1971 as having made India a Soviet satellite. There were others who argued that Soviet help was going to trap India to join Brezhnev's anti-China security arrangement. Both those assessments proved wrong. Many oppose present Indo-American co-operation. Underlying this timidity is an exaggerated fear of the US as the sole superpower. To think of the US as an all-powerful superpower able to impose its will on the rest of the world on every issue is a continuation of the Cold War mindset and does not represent the reality of today. Many in India have not grasped this point, but the US leadership appears to have done so.

The Americans have done their homework. To stay competitive in business, they need three things. First, increasing amount of brain power that could sustain American inventiveness; second, an ability to cut costs through outsourcing; third, a large market.

The emphasis is on India as a rising economic power, a potential third market of the world and a reservoir of brain power available to be tapped. Those who argue about the hidden costs in the American offer have a valid point. But they should not stop at just raising fears and walking away. They should try and spell this out in long and short terms. Our attempt should be to have an objective assessment of the US offer and to carry out a calculated cost-benefit analysis on it.

Let us do an elementary assessment of the global balance of power some three decades from now. China will have overtaken the US in terms of aggregate Gross Domestic Product (GDP). Unless China becomes democratic it will face uncertainties and instability. India will be the most populous country in the world and be comparatively younger than China in age profile. In terms of skilled manpower generation India will have an advantage. It is also likely that the Indian population in the US will be many times what it is today and in all possibilities will have commensurate political clout. As the US and China compete for a pre-eminent position, India as a third market power and the largest reservoir of scientific talent will be in a significant position to influence the result. In India, this issue has not been fully understood.

During the Cold War, the US applied pressure on India through support to Pakistan. Today, all political parties in the US want to lead Pakistan towards becoming a moderate Islamic state. General Musharraf is considered necessary for this policy. Though Pakistan has not yet dismantled its terrorist infrastructure, the US policy is committed to a reduction in cross border terrorism in Jammu and Kashmir and secessionists can no longer look for the US support. In the present situation the US needs Musharraf for its war on terrorism just as our Central Government needs tainted politicians to sustain its majority in Parliament. The US is offering a measure of defence co-operation with India which will in a few years leave Pakistan far behind. Musharraf knows that the changes occurring on the international scene are reducing Pakistan's utility for the US global strategy.

Many warn that the US is a hegemonic power and India can never have an equal partnership with it. There is no denying that the US has been a hegemonic power for the past six decades. But the arguments advanced so far have demonstrated that the system

is changing fast. The US will have to accept the discipline of a global balance of power and a more norm-based international system in future. Iraq is as much a new beginning for the US as it is for the authoritarian Islamic states. Anyway, the US is more of a liberal democracy in its domestic policies than other major powers including India. Those who talk of hidden costs involved in accepting the US initiative forget the past. India was able to resist the entire international pressure between 1990 and 1998 when the US was all powerful. Since then, India has become a stronger economic and political power and has developed new linkages. There is no way that India can be made to accept discriminatory controls over its nuclear or missile programmes. The US offer of civil nuclear aid to India is related to President Bush's conviction that energy requirements of the US, China and India cannot be met in the future on the basis of hydrocarbon solutions.

Will US Initiatives Continue?

One cannot rule out the possibility of China moving towards democracy. If this were to happen, the US will nevertheless try to maintain its pre-eminence and mobilise Indian help for that purpose. Some speak of millennia-old friendship with China in the hope that it will prompt India to lean towards China on the basis of Asian solidarity. In the coming years there will be a few million Indians in the US. This factor will tilt India in favour of the US. Indians would prefer a pre-eminent US to a pre-eminent China.

Will the US initiative towards India succeed? The US policy has two components: to tap Indian brain power and mobilise Indian skills and ensure US competence and inventiveness. If India does not respond officially to this initiative, the US will deal directly with Indian companies, universities and individuals. Will this initiative survive the Bush Administration? There is likely to be a political battle within America between those who look at outsourcing from the short-term populist point of view and those who take the long-term view. Pro-Chinese lobbies in the US, and anti-US lobbies within India may raise objections and campaign against the policy. You can be sure that the bureaucracies and Cold War warriors in Delhi and Washington will keep trying to block the two countries from arriving at a satisfactory agreement to both sides. Ultimately the result will depend upon the two political leaderships and business communities.