

Historic Transformation of US-India Relations and India's Role in Asia?

Arvind Virmani
Director and CE, ICRIER
(Views are personal)

US President Nixon transformed US relations with China, with his breakthrough trip to China. This led after a decade or so to a transformation of China's role in Asia. President Regan transformed US relations with the USSR, contributing to the disintegration of the Soviet empire. Will President Bush similarly transform the US relationship with India leading to a transformation of India's role in Asia? A change in objective conditions, presented in several of our papers (WP #160, March 2005 and WP# 150, December 2004), suggests that this is likely. There are however obstacles on the US side that will have to be overcome before this can happen.

President Clinton, after his statement about China and USA being strategic partners and jointly deploring India's 1998 nuclear tests, repaired relations by condemning Pakistani aggression in Kargil and supporting the Strobe Talbot – Jaswant Singh talks. These talks along with candidate Bush's advisory group 'Vulcans' (that included Profs Condoleezza Rice of Stanford and Prof Robert Blackwill of Harvard) laid the foundations for a changed approach of USA towards India. President Bush envisaged a much bigger role for India in Global affairs than his predecessors. PM Vajpayee reciprocated by calling India and USA "Natural Allies." This resulted in the initiative labeled "Next Steps in Strategic & Technological Partnership (NSSTP)." The process was however side tracked by 9/11 as the US focus shifted to Afghanistan & Iraq and Pakistan made itself indispensable to the US.

The transformation had therefore to await President Bush's second term and the visit of Secretary Rice to India in March 2005 (followed by the background briefing recognizing India's potential power). A major landmark will be the visit of PM Dr Manmohan Singh to Washington starting on July 16th 2005. A key test will be US support for a permanent (veto bearing) UNSC seat. A possible deliverable is the formation of an India-US study group for a CECA. The transformation will likely (with 75% probability) be in place by the time President Bush visits India at the end of 2005-6, with the key test being an effective agreement to free the flow of nuclear plants, equipment and materials from the USA to India.

As shown in the author's ICRIER working papers #150 (December 2004) and #160 (March 2005), the global economy is undergoing a dramatic transformation. Over the next 35 years both Chinese and Indian economies will become larger than the US economy in size (measured in PPP). In the case of China this will happen in a decade while in the case of India it will take an additional 25 years. At the same time Japan's economy will decline gradually and Russia's rise slowly (relative to the US) as the population of both declines by 25% over the next 50 years. The large economies of Europe will see varying population declines that will reduce their GDP relative to the USA.

The impact on the Global balance of power will be equally dramatic. This is shown by our 'Index of Power Potential' based on the economic projections. Currently the USA is the strongest power in the World by a wide margin and the World is correctly described as being Uni polar (the constraint imposed by terrorists, Jehadis and rogue states notwithstanding). **With the rise of China and India the World will first become Bi polar (by 2025) and then Tripolar by 2050.** This poses a serious challenge to the

global order in general and to the USA in particular. Historically, the rise of a new power has invariably led to conflict with the established power. This suggests that China will very likely challenge US power in Asia during the next 20 years and conflict between the two on Taiwan cannot be ruled out. If the USA withdraws from Asia then the imbalance of power will put great pressure on the freedom and independence of China's neighbors' in Asia.

There is one exception to the generalization of inevitable conflict between the incumbent and the challenger. The declining colonial power Britain gradually ceded power to the rising USA in the late 19th and early 20th century. There are several differences between that situation and the one today. Firstly, both the USA and UK were English speaking democracies with a large cultural and philosophical overlap. This is not true of Marxist-Leninist (Communist) Party ruled China and the USA. Second China considers Taiwan, parts of N. India, the South China Sea and other areas as wrongfully taken from it. It has historical grievances against Japan that persist to this day. Unless these issues are resolved peacefully they retain the potential for igniting conflict. Third, the degree of globalization and economic interdependence is now much higher (Exports, FDI, investments). Fourth is the existence of nuclear weapons and their deterrent effect. The first two factors suggest that US-China conflict is more likely and the next two that it is less likely than in the US-UK case.

In either case the balance of power in Asia will be critical to peace in Asia and India's power potential will be greater than Japan's and Russia's by 2025. A natural balance of power, in which India and China (with equal population in 2030) have similar levels of per capita GDP will make peaceful evolution of global relations more likely. This requires an expeditious closing of the technological and economic gap between India and China. The recognition of this fact by President Bush and his advisors is the key factor underlying the transformation of US-India relations. *The fact that the government and people of USA and India share fundamental human and democratic values provides a basis for mutual trust.*

From India's perspective *the key to a US-India partnership is **technology transfer and technological co-operation***. This requires a complete exemption of India from the denial regime set up by the USA and its allies after India's 1974 atomic test, which played a role in the opening of the China-India GDP gap. In particular India must get civilian nuclear technology on conditions no more stringent than China. President Bush's past actions suggest that he has the guts to change a dis-functional regime that has allowed NPT members to transfer weapons designs and/or technology to Pakistan, Libya, N Korea and Iran while stopping the supply of nuclear fuel to India's power stations.

The Indian public seems to sense this possibility. That is why global polls show Indians giving the USA and its president the highest positive ratings among all countries. Indian's are well aware of the US blind eye towards Pakistan military/ ISI's sheltering of Taliban & Al Qaeda leaders and training & financing of (anti-India) terrorists. But they hope that, despite the large current asymmetry in GDP and power, President Bush can transform India-USA relations to one that brings *equal benefits to both*.

July 6, 2005

A version of the above article appeared in the Indian Express, New Delhi on July 15, 2005.