India's Path to Greatness

After decades of dormancy, India has blossomed into one of Asia's two emerging powers and an important strategic partner of the United States. How—and whether—it navigates its rise could well determine the future of the whole region.

BY MARTIN WALKER

When the U.S. Air Force sent its proud F-15 fighter pilots against the Indian Air Force in the Cope India war games two years ago, it received a shock. The American pilots found themselves technologically outmatched by nimbler warplanes; tactically outsmarted by the Indian mix of high, low, and converging attack waves; and outfought by the Indians, whose highly trained pilots average more than 180 flying hours a year—roughly the same as their U.S. and Israeli counterparts and slightly more than those of NATO allies such as France and Germany. U.S. general Hal Hornburg said that the results of the exercise, against Indian pilots flying Russian-built Sukhoi Su-30 and French Mirage 2000 fighters, were "a wake-up call." According to testimony in a House Appropriations Defense Subcommittee hearing, the U.S. F-15s were defeated more than 90 percent of the time in direct combat exercises against the Indians.

But beyond the evidence of India's military expertise and its possession of state-of-the-art fighter aircraft, the real significance of the Cope India war games is that they demonstrated the extent of the cooperation between the Indian and U.S. militaries. Their mountain troops now train together in the Himalayas and Alaska, and their special forces mount joint exercises in jungle and underwater warfare. Their aircraft carrier task forces have conducted exercises in the Indian Ocean, and joint antipiracy and antisubmarine drills are routine. Indian and U.S. forces are working together with an intimacy once reserved for the closest NATO allies. The goal—that the militaries of the two countries be able to operate in lockstep—would have been inconceivable in the Cold War era, when India, with its Soviet-supplied military, was seen as a virtual client of Moscow.

The foundation of this new relationship was laid before George W. Bush took office in the White House. In the spring of 1999, Bush, then governor of Texas, was briefed for the first time by the team of foreign-policy advisers that became known as the Vulcans, after the Roman god of fire and iron. Bush began with the frank admission that he knew little about foreign policy. The Vulcans, led by Condoleezza Rice—later to be his national security adviser and then secretary of state—delivered a broad-brush survey of the world, its problems, and its prospects, and recom-

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In New Delhi, President George W. Bush and Prime Minister Manmohan Singh celebrate the controversial U.S.-Indian nuclear agreement in March.

mended muscular American leadership in cool-headed pursuit of American interests. When the group finished, Bush had one question: What about India? Another Vulcan team member who was present, future ambassador to India Robert Blackwill, recalled asking Bush why he was so interested in India: "He immediately responded, 'A billion people in a functioning democracy. Isn't that something? Isn't that something?' "

Bush's curiosity had been stirred by a number of Indian supporters living and prospering in Texas, including some businessmen who helped build the state's high-tech corridor, dubbed Silicon Canyon. One of those businessmen was Durga Agrawal, born in Lakhanpur, a central Indian village without water or electricity, who had earned a master's degree at the University of Houston and stayed on to found a highly successful company called Piping Technology & Products and to raise more than $100,000 for the Bush presidential campaign in the local Indian community. After Bush became president, Agrawal was invited to the White House as a guest at the banquet for visiting Indian prime minister Manmohan Singh, where Bush introduced him as "my good friend from Texas."

Bush's question to his Vulcans prompted Rice to include a highly significant paragraph in her January 2000 *Foreign Affairs* essay "Promoting the National Interest," which was widely studied as the blueprint for a Bush administration foreign policy. She contended that China should be regarded as "a strategic competitor, not the 'strategic partner' the Clinton administration once called it," and suggested that America should redirect its focus. The United States "should pay closer attention to India's role in the regional balance. There is a strong tendency conceptually to connect India with Pakistan and to think only of Kashmir or the nuclear competition between the two states. But India is an element in China's calculation, and it should be in America's, too. India is not a great power yet, but it has the potential to emerge as one."

The intervening September 11 terrorist attacks and the

Iraq war perhaps explain why it took five years for the Bush administration to act formally on that calculus. But on a March 2005 visit to India, Rice told Prime Minister Singh that part of the United States' foreign policy was to "help India become a major world power in the 21st century." At a later briefing, U.S. ambassador to India David Mulford described the vision behind a broader strategic relationship with India that would foster cooperation on a number of fronts. "The U.S.-India relationship is based on our shared common values. We are multiethnic democracies committed to the rule of law and freedom of speech and religion," Mulford said, adding that "there is no fundamental conflict or disagreement between the United States and India on any important regional or global issue."

A July 2005 visit by Prime Minister Singh to Washington, and President Bush's trip this year to New Delhi, along with detailed negotiations for nuclear, military, economic, and technological cooperation, have institutionalized that relationship. But, as former deputy secretary of state Strobe Talbott said of his own earlier path-breaking negotiations with foreign minister Jaswant Singh, "What took us so long?"

The short answer is the Cold War. American officials were uncomprehending and resentful of India's determination to stay neutral as a founder and pillar of the Non-Aligned Movement. By contrast, Pakistan swiftly decided to become an American ally and to buy American weapons. In response, India bought Soviet weapons. Pakistan, with whom India has fought three wars since the two countries simultaneously became independent from Britain in 1947, was also a close ally of China, so the Sino-Soviet split gave Soviet diplomats a strong incentive to cement their ties with India, deepening American suspicions.

India's explosion of a nuclear device (not a weapon, Indira Gandhi's government insisted) in 1974 exposed India to various restrictions in obtaining nuclear supplies under the Nuclear Non-Proliferation Treaty, and to some other mildly punitive but symbolic U.S. legislation. After India's full-scale nuclear weapons tests in 1998 (swiftly followed by rather less impressive tests by Pakistan), the Clinton administration sought engagement through the Talbott-Singh talks and Bill Clinton's own highly successful visit to India. When Pakistan-backed militants crossed Kashmir's mountains into the Indian-controlled area of Kargil, Clinton's intervention prevented the incursion from escalating into a full-scale war. The Bush administration had to launch another panicked round of diplomacy in early 2002, after an attack on the Indian parliament by Kashmiri terrorists with apparent Pakistani connections. At one critical point, then–U.S. deputy secretary of state Richard Armitage asked his staff, "Who thinks they're heading for nuclear war?" and everyone except for Armitage reportedly raised a hand. One senior British official who was involved recalls it as the nearest thing to nuclear war since the 1962 Cuban Missile Crisis.

Perhaps these brushes with disaster served as an awful warning to India. Or perhaps its successful market-style economic reforms in the 1990s, along with the palpable weakness of its old friends in Moscow, gave the country's leaders the spur and the self-confidence to rethink India's foreign policy. But there was a further goad: India's nervousness at the rapid growth of its Asian neighbor, China, by whom it had been humiliated in a brief border war in 1962. In May 1998, at the time of India's nuclear tests, Indian defense minister George Fernandes claimed that China was exploiting Pakistan, Burma, and Tibet in order to "encircle" India. "China has provided Pakistan with both missile as well as nuclear know-how," Fernandes said, adding, "China has its nuclear weapons stockpiled in Tibet right along our borders." He concluded that China was India's most severe threat, and that while India had pledged "no first use" of nuclear weapons, the Indian nuclear arsenal would be targeted appropriately.

With Pakistan to the west and China to the north and east, India has long feared encirclement. Despite soothing diplomatic statements, China has sharpened these fears with an assertive new presence in the Indian Ocean, beginning in the late 1990s with an electronic listening post in Myanmar's Coco Islands. In 2001, China agreed to help Pakistan build a new port and naval base at Gwadar, close to the Iranian border and the Persian Gulf. China has also pitched in to build a road network from the new port to the Karakoram Highway, a feat of engineering that connects China and Pakistan through the Himalayas. The Gwadar naval base planned to India's west is matched by another to the east, where Chinese engineers are building a similar facility on Myanmar's Arakan coast, connected by a new road and rail link through Myanmar to China's Yunnan Province. China is also helping Cambodia

build a rail link to the sea, and in Thailand, it is proposing to help fund a $20 billion canal across the Kra Isthmus, which would allow ships to bypass the Strait of Malacca. A recent Pentagon report described these new bases as China's "string of pearls" to secure the sea routes to the vital oil fields of the Persian Gulf.

In a number of off-the-record conversations in New Delhi on the eve of Bush's visit earlier this year, including extremely rare meetings with senior officials of the secretive Research and Analysis Wing, Indian security and military figures stressed their profound concern at these developments. The degree of alarm is evident in India's recent flurry of arms purchases, including a $3.5 billion deal to buy six Scorpene "stealth" submarines from France along with the technology to build more. The Scorpene will augment India's existing submarine fleet of 16 vessels, mainly Soviet-built Kilo and Foxtrot attack submarines. India was the world's biggest customer for arms last year, and more deals for advanced aircraft are in the works, which seem likely to include U.S.-made F-16 and F-18 warplanes, even as India builds its own family of nuclear-capable Agni missiles, the latest version of which is designed to reach Shanghai. With almost 1.4 million troops, India's armed forces are already roughly the same size as those of the United States, and they are increasingly well trained and well armed. India is so far the only Asian country with an aircraft carrier, which can deploy British-built Sea Harrier fighters, vertical-takeoff jets like those used by the U.S. Marines.

The alarm over China's rise is plain in India's military and policy debates. An article last year by the Indian Defense Ministry's Bhartendu Kumar Singh in the journal *Peace and Conflict*, published by the New Delhi-based Institute of Peace and Conflict Studies, is typical. Singh speculated that China's military buildup might be explained in part by Taiwan, but that its long-term goal could be to ensure Chinese dominance of the Asia-Pacific region. While Singh doubted that this challenge would result in an all-out war between China and India, India was bound "to feel the effects of Chinese military confidence. . . . Is India prepared? It can wage and win a war against Pakistan under every circumstance, but it is not sure about holding out against China."

The irony and the danger is that China has similar reasons to feel encircled. The United States has established new military bases in Central Asia since 9/11, adding to existing outposts in Japan and South Korea, and it is expanding its existing facilities at Guam to include a base for submarines and long-range stealth bombers. Now Beijing nervously watches the warming strategic partnership between Washington and New Delhi. Moreover, China's construction of the "string of pearls" reflects its own deep concern about the security of its oil supplies. Its tankers must pass through the Indian Ocean, and China's new pipeline from the Kazakh oil and gas fields of Central Asia will lie within easy cruise missile or air strike distance of India.

THE TENSION BETWEEN India and China, both rising powers, is underscored by their rivalry for essential energy sources.

The tension between these two rising powers is underscored by their rivalry for essential energy resources. "India, panicked over future oil supply, went after international oil assets competing directly with China," *India Daily* reported last year when Subir Raha, chairman of India's Oil and Natural Gas Corporation, announced that the company was buying a fifth of Iran's giant Yadavaran oil field and was in the market to buy assets of Yukos, the Russian energy giant. The Indian company had already invested nearly $2 billion to buy a share of the Sakhalin-1 field in Siberia, run by ExxonMobil. India, which imports more than two-thirds of its oil, has since signed a $40 billion deal with Iran to import liquefied natural gas and join in developing three Iranian oil fields.

Energy geopolitics can promote harmony as well as rivalry. Pakistan and Turkmenistan have signed a memorandum of understanding on a multibillion-dollar gas pipeline through Afghanistan that could eventually end as a "Peace Pipeline" in India, in what would be a major breakthrough in Indo-Pakistani relations. Former Indian

petroleum minister Mani Shankar Aiyar, a strong advocate for the pipeline, says, "Almost everywhere in the world where an Indian goes in quest of energy, chances are that he will run into a Chinese engaged in the same hunt." Aiyar proposed that India, China, Japan, and South Korea establish a system of cooperative access to energy supplies. His subsequent demotion to minister for youth and sport was widely perceived in India as reflecting U.S. pressure against the Iran oil deal.

Indian security officials already see themselves fated to play central roles in what Aaron Friedberg, a Princeton scholar now on the White House national security staff, has called "the struggle for mastery in Asia." That phrase was the title of an essay he published in the neoconservative monthly *Commentary* when Bush was first elected. Friedberg's central message was that over the next several decades the United States would likely find itself engaged in an "open and intense geopolitical rivalry" with China. "The combination of growing Chinese power, China's effort to expand its influence, and the unwillingness of the United States to entirely give way before it are the necessary preconditions of a 'struggle for mastery,'" he wrote, adding that hostilities or a military confrontation could be slow to develop or could occur as a result of a "single catalytic event, such as a showdown over Taiwan."

The strategic and energy concerns of the United States, China, and India will be difficult to manage. But Pakistan, Russia, Japan, and North and South Korea all factor into the extraordinarily complex equation of Asian security. (India maintains that Pakistan's missile technology came from China and North Korea.) And through Pakistan and the terrorist attacks from militants in Kashmir, India also feels itself threatened by Islamic extremism, a matter of grave concern for a country whose population of just over one billion includes 145 million Muslims.

INDIA IS NOW PLAYING tortoise to China's hare, not only in its rate of growth but also because the Indian and Chinese economies are two very different creatures.

It is in this context that the nuclear dimension of the Bush administration's embrace of India has aroused so much controversy. The administration seeks to steer India into "compliance" with the Non-Proliferation Treaty and the International Atomic Energy Agency (IAEA) system while leaving India's nuclear weapons reactors out of the international control regime. This stance has been challenged by critics in the United States for driving a coach and horses through the Non-Proliferation Treaty just as international support for diplomatic pressure on Iran depends on strict compliance with it.

Under the deal, India will separate its civilian from its military nuclear programs, but it has until 2014 to complete this division. New Delhi will declare 14 of an expected total of 22 nuclear reactors to be for civilian use and place them under IAEA controls. But India has managed to keep its new fast-breeder reactors out of the control system, which means that there will be no nuclear fuel shortages to constrain the future manufacture and development of nuclear weapons. Moreover, because India will reserve the right to determine which parts of its nuclear program will be subject to IAEA controls and which will not, it will be able to shield its own nuclear research labs from the IAEA system. New Delhi has also reinterpreted the U.S. insistence that the deal be made "in perpetuity" by making this conditional on continued supplies of enriched uranium, of which India is desperately short, to fuel its reactors.

The main concession India made was cosmetic. It agreed not to be formally included, in the eyes of the United States and the IAEA, in the category of the five recognized nuclear weapons states (the United States, Russia, Britain, France, and China). The deal is still the subject of hard bargaining in the U.S. Congress, where it has yet to be ratified, despite intense pressure from the Bush administration. But if, as expected, the agreement succeeds, India will become a special case, with a free hand to augment its nuclear weapons systems, and to develop its nuclear power stations with full access to the fuel and

technology monopolized by the 45-nation Nuclear Suppliers Group. And India will secure all this with the blessing of the IAEA, thus negating the efforts of the international community since the 1970s to constrain India's nuclear ambitions by putting sanctions on its access to nuclear fuel and technology.

In India, the agreement has come in for criticism for wedding the country to U.S. strategic interests, to the detriment of India's relations with China and Iran. The policy is also viewed by some Indians as a lever to steadily increase international control over India's nuclear assets, and to make it more dependent on the United States as the prime supplier of nuclear fuel.

India long saw itself as neutral and nonaligned, endowed by Gandhi's nonviolent legacy with a singular innocence of such geopolitical games. It has been thrust with remarkable speed into a prominent strategic role that matches its new economic robustness. But its ability to sustain military power and buy advanced weaponry will clearly depend on its economic growth, which began in earnest 15 years after China launched its own economic reforms. While India 30 years ago enjoyed a slightly higher per capita income than China, today it has an annual per capita income (at purchasing power parity) of $3,300, not quite half of China's level of $6,800, and less than one-tenth of the $41,800 level of the United States.

India is now playing the tortoise to China's hare, not only in its rate of growth but also because the Indian and Chinese economies are two very different creatures. China has become the world's low-cost manufacturing center, making and assembling components that are often designed or developed elsewhere, and relying heavily on foreign investment. India's boom, by contrast, has so far been largely based on services and software, and it has been self-financing, with about a tenth of China's level of foreign direct investment. Still, it has produced an Indian middle class—usually defined by the ability to buy a private car—of some 300 million people, a number greater than the entire population of the United States.

One central reason why India has not enjoyed a Chinese-style boom led by manufacturing is the dismal

The vast slums around Mumbai's international airport testify to the poverty that still afflicts India. Yet because they have the vote (unlike China's poor), the Mumbai squatters have for years prevented badly needed airport improvements, while winning jobs and neighborhood improvements from the government.

The Indian military struts its considerable stuff every year on January 26, India's Republic Day. On display here is the country's first indigenously developed ballistic missile, the short-range Prithvi (Earth), which debuted in 1988. Newer missiles are capable of being nuclear armed and striking China.

state of so much of the country's infrastructure. Its ports, railroads, highways, electricity supplies, and grid systems are aged and ramshackle, and traffic jams and power outages are routine, reinforcing each other when the traffic lights blink out. Critical segments of the economy—such as the container transport system, which allows easy shipping of freight by land, sea, and air—have been state monopolies, subject to the usual debilitating problems of the breed. Arriving foreigners receive a startling introduction to the bustle and backwardness of India before they ever reach a hotel. On my most recent trip to New Delhi and Jaipur, the maddening endemic traffic jams included bicycles, flimsy three-wheeled rickshaws, and somnolent cows, whose excrement was swiftly scooped up by hordes of small children and patted into flat, plate-shaped discs, which are dried in the sun and sold for fuel. So to the usual tourist dangers of stomach upsets from eating local foods is added the prospect of respiratory infection from breathing air suffused with fecal matter.

Yet there is no denying the furious commercial energy of a country that is currently signing up five million new mobile phone subscribers each month. Competition has come to the container industry, the airports are being privatized despite labor union opposition, and new highways are being built. The gas and electricity grids are slated for reform next. India has its high-tech centers of Bangalore and Hyderabad, as well as a few new towns such as Gurgaon, just outside Delhi, with a modern automaking plant, high-rise shopping malls, and telemarketing centers. But it can boast nothing like the jaw-dropping array of new skyscrapers that zigzag the skylines of modern Shanghai and Guangdong.

Still, some of the smart money is on the tortoise. The global consultancy firm PwC (still better known by its old name, Price Waterhouse Coopers) produced a report this year forecasting that India would have the fastest growth among all the major economies over the next 50 years, averaging 7.6 percent annually in dollar terms. In 50 years' time, the Indian and U.S. economies would be

roughly equivalent in size. The report also suggested that by 2050 the existing economies of the G-7 group of advanced industrial nations (the United States, Britain, France, Germany, Italy, Japan, and Canada) would be overtaken by the E-7 emergent economies of China, India, Brazil, Russia, Indonesia, Mexico, and Turkey.

The most significant difference between India and China, however, may be how their respective demographic trends and political systems shape their futures. The Chinese leadership is already coming to regret its nearly 30-year-old policy of permitting most couples to have only one child. Now China is rapidly aging and heading for a pensions crisis, as an entire generation of only children grapples with the problem of helping to support two parents and four grandparents. A recent DeutscheBank survey on China's pension challenge predicted, "China is going to get old before it gets rich." The policy has also created a serious gender disparity. The ability to predict the sex of a fetus in a country limited to one child per family has led to a situation in which 120 boys are born for every 100 girls, and President Hu Jintao last year asked a task force of scientists and officials to address the tricky problems posed by an excess of single men. India has a similar sex disparity problem in certain regions, notably those where Sikhs are numerous, but overall, with half of its population below the age of 25, it boasts a far healthier demographic profile.

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The contest between the Indian tortoise and the Chinese hare has a political dimension as well. India is a democracy, without an equivalent of China's ruling Communist Party. Its elections, provincial governments, and free news media give the country great social resilience. China's breakneck economic growth and social disruption seem likely to have potent consequences as its new middle class finds a political voice.

The Chinese Communist Party is becoming less ideological and far more technocratic in its orientation, but it still can manipulate the most authoritarian levers of state power in aggressive pursuit of economic and strategic goals. Indians are stuck with their messy but comfortable democracy. Montek Singh Ahluwalia, an Oxford-educated economist who is deputy chairman of the national planning commission, says, "The biggest thing about India is that it's a very participative, very pluralistic, open democracy where even if the top 1,000 people technocratically came to the conclusion something is good, it has to be mediated into a political consensus. And I'm being realistic. I don't think it's going to be that easy to put in place everything that from a technocratic point of view everybody knows needs to be done."

In short, India's pluralism could be to China's advantage, although given the track record of bureaucratic technocrats from Moscow to Japan in wasting massive resources to pursue the wrong goals, it may not be that simple. But India has its own special asset, recognized by the American presidential candidate George W. Bush and suggested by the celebrated prediction a century ago by Otto von Bismarck that "the most important fact of the 20th century will be that the English and the Americans speak the same language." The most important factor in the 21st century may well be that Americans and Indians (and perhaps Britons and Australians and Microsoft employees and global businesspeople) all speak English. This is not simply a matter of a shared language, although that is important; it also encompasses those other aspects of the common heritage that include free speech and free press, trial by jury and an independent judiciary, private property, and individual as well as human rights. While retaining its rich and historic cultures, India is thoroughly familiar with these core values and determinants of the American civic system. And as a religiously tolerant, multiethnic democracy with commercial, legal, and educa-

tional systems developed during the British Raj, India is—like the English language itself—familiar and reassuring to Americans.

A decisive factor in the short term may be India's importance to the United States in the strategic and cultural campaign now being waged against Islamic extremism. This will be a struggle much deeper and longer than the mainly military effort the Bush administration calls GWOT (Global War on Terrorism), as currently being fought in Afghanistan and Iraq. India, itself a regular target, has been from the beginning a firm partner in the war on terrorism, instantly offering flyover and landing rights to U.S. aircraft engaged in the war against the Taliban. But with its 145 million Muslims, India risks becoming embroiled in the tumult now shaking so much of the Islamic world as the faithful try simultaneously to grapple with the cultural, theological, economic, and social revolutions now under way.

Facing the additional problem of militant Hindu nationalism, India has no choice but to stand in the front line against Islamic extremism. India is the great geographic obstruction to an Islamic arc that would stretch from Morocco across Africa and the Middle East all the way to Malaysia, Indonesia, and into the Philippines. Pakistan and Bangladesh are deeply uncomfortable neighbors for India, being Muslim, poor, the scenes of concerted jihadist campaigns, and worrisomely close to becoming failed states. But there is another arc, which stretches from Japan and South Korea through China and the increasingly prosperous countries of the Association of Southeast Asian Nations to India. This swath of rising prosperity and economic growth now includes three billion people—half the world's population. It is easy to foresee wretched outliers such as North Korea, Myanmar, Bangladesh, and Pakistan being swept up in the wake of this boom, should it continue, but for that to happen, Asia needs stability, peace, and a cessation of arms races.

It is an open question whether the burgeoning new strategic friendship of India and the United States will help this process or derail it. It could do both, deterring China from adventurism or bullying its neighbors, and stabilizing the strategic environment while India and China manage a joint and peaceful rise to wealth and status. But at the same time, the new U.S.-Indian accord could help spur a new nuclear arms race in Asia, where Russia, China, India, Pakistan, and probably North Korea already have the bomb, and Japan, South Korea, and Taiwan have the technological capability to build it quickly. One wild card is already being played that could bring this about: the prospect of Japan and India sharing in American antimissile technology. If India gains the ability to shoot down incoming missiles, this threatens to negate the deterrent that Pakistan and China thought they possessed against India, with potentially destabilizing results.

Even though India's prospects now look brighter than they have for a generation, the country faces some sobering challenges, including the accelerating pace of expectations among its own people and their understandable demand that the new wealth be shared quickly, that the poorest villages get schools and electricity. Almost half the population still lives in rural hamlets, and only 44 percent of these rural residents have electricity. Enemies of globalization populate the Indian Left and sit in the current coalition government. India must grapple with the familiar difficulties of Hindu nationalism, inadequate infrastructure, and a large Muslim population, as well as environmental crisis, deep rural poverty, and the caste system.

India finds itself in a delicate position. It must manage and maintain its relationship with China while accommodating American strategists who are relying on its support to keep Asia on the rails of democratic globalization. Americans also regard India as insurance against China's domination of Asia to the exclusion of the United States. India, on the other hand, wants freedom of action and does not want to serve merely as a tool of American influence.

"We want the United States to remain as the main stabilizer in Asia and the balance against China until such time as India can manage the job on its own," an influential security adviser to the Indian government said recently, very much on background. What will happen once India believes it can do this alone? I asked. "Well, then we shall see," he replied. "By then it will be a different Asia, probably a different China, and possibly a different America. It will certainly be a different world, dominated by the Indian, Chinese, and American superpowers." ■