



Member nation representatives at Association of Southeast Asian Nations Summit

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By WALTER C. LADWIG III

INDIA

AND THE

BALANCE OF POWER

IN THE

ASIA-PACIFIC

When Indian Prime Minister Manmohan Singh made an official state visit to Washington last November, he encountered a markedly different political landscape. The past year has seen a notable shift in Indo-U.S. relations from the heady days when the Bush administration pursued a strategic partnership with India with the enthusiasm of an ardent suitor. Despite the praise and platitudes that President Barack Obama heaped on both India and Mr. Singh during the visit, it is clear that China occupies pride of place in America's present Asia policy. President Obama himself has stated that "the relationship between the United States and China

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will shape the 21st century,” while prominent Democratic (referring to the party, not the political philosophy) foreign policy thinkers have suggested that a “G-2” condominium with Beijing should become the new arbiter of global affairs.¹ Although the present focus on China is understandable given the global economic crisis and the deep interconnection between the U.S. and Chinese economies, it is nevertheless myopic and potentially harmful to long-term regional security and stability for the United States to overlook the increasingly important role India is playing in the Asia-Pacific region.

Over the past 18 years, New Delhi has undertaken a concerted effort to direct its foreign, economic, and military policies eastward. What began as economic cooperation with the nations of Southeast Asia has expanded into full-spectrum engagement with the major powers of East Asia, such as Japan and the United States. A steadily expanding economy, paired with a growing partnership with key regional actors, positions India to have an impact on the emerging security architecture of the Asia-Pacific. This article explores India’s regional emergence in four parts. Discussion of India’s eastward orientation begins with Southeast Asia before moving on to East Asia, Australia, and the United States. After exploring potential constraints on India’s ability to act as an extra-regional power, the article concludes with a discussion of the impact India can have on the future regional order in the Asia-Pacific.

Look East, Phase I

With the end of the Cold War and collapse of the Soviet Union, India lost its main trading partner, arms supplier, and source of subsidized oil. At the same time, the end of the bipolar struggle between the superpowers freed Asia from many of the ideological divisions that had defined it in previous decades. Desiring a way to create strategic political and economic ties with individual nations in Southeast Asia while simultaneously developing closer ties with the Association of Southeast Asian Nations (ASEAN), Prime Minister P.V. Rao launched the “Look East” policy in 1991. Rather than being simply an economic policy, Look East marked “a strategic shift in India’s vision of the world and India’s place in the evolving global economy.”²

Over the past 16 years, India has steadily expanded and strengthened its relationship with ASEAN. In 2002, the first ASEAN-India

summit was held, and the following year, India became one of the first non-Southeast Asian nations to accede to ASEAN’s Treaty of Amity and Cooperation, which commits India to the principles of nonaggression and noninterference in the internal affairs of partner nations. India’s economic engagement with the region has expanded by an order of magnitude since 1990 as its annual trade with ASEAN nations grew from \$2.4 billion to over \$38 billion by 2008, with a goal of expanding bilateral trade to \$50 billion by 2010. As a result of these increasing ties, India has reached an agreement with ASEAN to create a free trade zone by 2012 that would link 1.6 billion people in an area with a combined gross domestic product (GDP) of over \$1.5 trillion.

With the policy supported by successive Bharatiya Janata Party and congress-led governments, Look East has become an institutionalized component of India’s foreign policy. This approach has met with success because it achieves important foreign policy goals for both India and its partners. Increased engagement in the region is part of New Delhi’s overall effort to heighten its presence in an

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area where its sphere of influence overlaps with that of Beijing. For ASEAN members, India provides an alternative that allows them to reduce their economic dependence on both China and Japan. Not surprisingly, Singapore’s foreign minister has noted that “we see India’s presence as being a beneficial and beneficent one to all of us in South-east Asia.”³

Engagement with Southeast Asia has not been limited to economics. Since 1991, India has periodically held joint naval exercises with Singapore, Malaysia, and Indonesia in the Indian Ocean. In subsequent years, it has undertaken bilateral exercises with Vietnam, Thailand, and the Philippines. In 1995, this military engagement matured into the annual Milan series of naval maneuvers that India conducts with ASEAN nations in the Bay of Bengal. Not only do such exercises showcase India’s naval capabilities, but they

also contribute to enhanced interoperability with regional navies and can positively shape perceptions of shared security concerns. India has also dispatched its vessels on forward presence missions designed to “show the flag” in the South China Sea, a maritime domain that China has previously claimed exclusively as its own, and beyond. In support of such operations, Indian ships, including the aircraft carrier *INS Viraat*, have made high-profile port calls in cities such as Manila, Jakarta, Singapore, and Saigon as recently as last year, while bilateral exercises have been undertaken in the South China Sea with the navies of Singapore, Vietnam, and the Philippines.

To facilitate power projection into the Asia-Pacific, the navy is upgrading its base network. A second naval base on India’s eastern shore is being constructed near Vizag, 30 miles south of the existing Eastern Naval Command headquarters. The navy has also announced plans to bolster its forces deployed in the east, which officials connect to India’s broader eastward focus. In 2005, a Far Eastern Naval Command was established at Port Blair in the Andaman Islands, located midway between the Bay of Bengal and the Straits of Malacca, a key chokepoint linking the Indian Ocean to the South China Sea. Airfields in the Andamans bring the straits, as well as much of the South China Sea, within the operational radius of India’s frontline fighter aircraft. While notionally intended to facilitate control over the eastern straits, which are vital to the trade routes of the Indian Ocean, the navy’s new eastward orientation enables India “to be a significant player in the emerging Asian balance of power,” in the words of Raja Mohan.⁴

The navy’s engagement with Southeast Asia is not simply about power projection; India has also attempted to cultivate soft power by providing regional public goods—such as humanitarian assistance and security for key sea lines of communication—in a manner befitting a regional hegemon. Following the 2004 tsunami, the navy mobilized 32 ships and over 20,000 naval personnel to evacuate casualties, as well as provide emergency sources of power and water to the peoples of Sri Lanka, the Maldives, Indonesia, Thailand, and Malaysia. In the wake of the navy’s high-profile role in escorting U.S. military supply ships and other high-value vessels through the straits after the 9/11 attacks, India has begun to conduct coordinated anti-piracy exercises in the northern approaches

The Distribution of Power among the Major States in the Asia-Pacific

While measuring a state's power is an art in and of itself, it is possible to do a first-order assessment of the relative magnitude of power among a group of states. Kenneth Waltz, the doyen of structural realism, has suggested that states can be assessed on six relevant factors: population size, military strength, economic strength, resource endowment, political stability, and competence of government.¹ The following tables indicate the relative performance of seven countries (Australia, China, India, Indonesia, Japan, the United States, and Vietnam) that have been identified as actual or potential great powers or regional hegemony of a subregion of Asia based on these six factors.

Table 1. Population Size

Country	Population	World Rank
China	1,338,612,968	1
India	1,166,079,217	2
United States	307,212,123	3
Indonesia	240,271,522	4
Japan	127,078,679	10
Vietnam	86,967,524	13
Australia	21,262,641	54

Source: CIA World Factbook 2009 (Washington, DC: Central Intelligence Agency, 2009).

Table 2. Military Strength

Country	Defense Budget (US\$M)	Percent of World
United States	552,568	43.1
China	62,100	4.8
Japan	41,039	3.2
India	26,513	2.1
Australia	20,216	1.5
Indonesia	4,329	<.01
Vietnam	3,709	<.01

Source: International Institute of Strategic Studies (IISS), *Military Balance 2009* (Washington, DC: IISS, 2009).

Table 3. Economic Strength

Country	Gross Domestic Product (US\$M)	World Rank
China	1,338,612,968	1
India	1,166,079,217	2
United States	307,212,123	3
Indonesia	240,271,522	4
Japan	127,078,679	10
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Source: International Monetary Fund, World Economic Outlook Database, October 2009.

Table 4. Resource Endowment

Country	Oil Reserves (barrels)	World Rank	Gas Reserves (cubic meters)	World Rank
United States	20,970,000,000	13	6,071,000,000,000	6
China	19,600,000,000	14	2,265,000,000,000	15
India	5,700,000,000	22	1,075,000,000,000	24
Indonesia	3,800,000,000	25	2,659,000,000,000	13
Vietnam	3,300,000,000	29	192,500,000,000	45
Australia	1,500,000,000	35	849,500,000,000	26
Japan	44,120,000	78	20,900,000,000	75

Source: CIA World Factbook 2009.

Table 5. Political Stability

Country	Percentile Rank
Australia	85.2
Japan	79.4
United States	68.4
Vietnam	56.5
China	33.5
India	16.7
Indonesia	15.8

Source: "Political Stability," World Bank Worldwide Governance Indicators 2009.

Table 6. Competence of Government

Country	Percentile Rank
Australia	96.7
United States	92.9
Japan	89.1
China	63.5
India	53.6
Indonesia	47.4
Vietnam	45.5

Source: "Government Effectiveness," World Bank Worldwide Governance Indicators 2009.

Table 7. Relative Composite State Rankings

	Population	Military Strength ²	Economic Strength	Resources	Political Stability	Government Competence
United States	3	1	1	1	3	2
China	1	2	3	2	5	4
Japan	5	3	2	7	2	3
Australia	7	5	5	5	1	1
India	2	4	4	4	6	5
Indonesia	4	6	6	3	7	6
Vietnam	6	7	7	6	4	7

Although crude, this assessment of relative state power across Waltz's six dimensions does reveal a rough distribution of power among the major states of Asia. The United States clearly remains the predominant power in the Asia-Pacific. After a notable gap, China assumes the number two spot. Another sizeable gap separates China from Japan, Australia, and India, which are all clustered around each other. An even larger gap in power separates this trio from Indonesia and then Vietnam.

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¹ Kenneth N. Waltz, "The Emerging Structure of International Politics," *International Security* 18, no. 2 (Autumn 1993), 50.

² The relative ranking of military strength is based on defense expenditure. If the size of the armed forces is used instead, the results are largely the same, although India moves ahead of Australia and Japan. However, the general pattern of a sizeable gap between the United States and China, followed by another notable gap between China and India, Japan, and Australia, and then another gap separating these three from Indonesia and Vietnam remains.

to the straits with both the Indonesian navy and the Royal Thai Navy.

Through its engagement, in the form of increased trade and military cooperation, India enhances the ability of Southeast Asian nations to avoid domination by any single extra-regional power. Its closest regional ties are with Singapore, which has been a strong proponent of India's engagement with ASEAN. These strong ties led to a 2003 defense cooperation agreement that made the city-state India's most important bilateral partner in the region. Then-Indian chief of naval staff Admiral Arun Prakash suggested that the defense ties with Singapore are "possibly the closest that we have ever been to any country."⁵ The closeness of these links can be seen in the fact that personnel from the Singaporean army, navy, and air force all train at facilities in India, and weapons systems for their fleet are tested at India's Chandipur firing range.

India also has a long history of cooperation with Vietnam, having supported its inter-

vention in Cambodia in 1979, and bilateral trade with Southeast Asia's fastest growing economy reached \$3 billion in 2008. In recent years, the rise of China has highlighted shared strategic concerns between the two countries, as both have fought wars and have outstanding territorial disputes with Beijing. In 2000, regular discussions between the two countries' defense ministers were established, which set the stage for joint naval exercises. In July 2007, Vietnam and India agreed to "diversify and deepen" their relationship by expanding trade and undertaking collaboration on civilian nuclear energy, as well as seeking to "strengthen cooperation in defense supplies, joint projects, training cooperation, and intelligence exchanges."⁶

Historically, Indonesia has supported India's enhanced engagement with ASEAN. Indian officials recognize Indonesia as "the largest and most influential member of ASEAN," while Indonesian analysts note that "working with India would be a way for

Indonesia to help ASEAN nations check the power of China in the region."⁷ In 2005, India and Indonesia agreed to establish a strategic partnership to both deepen and broaden their political, economic, and security ties, while a follow-on accord opened the possibility of jointly producing military hardware.

Although not as robust as its links to Singapore, Vietnam, and Indonesia, India has also enhanced its economic and security ties with Malaysia, Thailand, and the Philippines as a part of Look East. India is Malaysia's largest trading partner in South Asia and has provided training for its fighter pilots, submarine personnel, and special forces; its dry docks have refit several Malaysian naval vessels; and the two navies have undertaken joint exercises. For its part, Malaysia's foreign minister has called for a "strategic alliance" with India.⁸ Thailand has shared Singapore's interest in encouraging India's involvement in Southeast Asia. On the security front, India and Thailand have entered into agreements



Treasury Secretary Tim Geithner with Indian Prime Minister during state visit

AP Images (J. Scott Applewhite)

to share terrorism-related intelligence and tactics, while a 2005 memorandum of understanding between the Indian navy and the Royal Thai Navy established procedures for coordinated maritime patrols. In 2006, India signed a defense agreement with the Philippines that would deepen maritime cooperation and allow bilateral military exchanges. Indo-Philippine ties are relatively immature but can be expected to grow.

India's economic and military engagement with Southeast Asia is perceived as a tangible manifestation of its strategic intention to compete with China for influence. As Raja Mohan and Parag Khanna argue, India's efforts send a message that it "will not simply cede primacy [in Southeast Asia] to China."⁹ Such a competing influence can be beneficial for the nations of Southeast Asia, which have historically had difficulty preserving autonomy in the presence of great powers. However, without a legacy of dominating the region, India does not provoke this same

between the two Asian giants stands at nearly \$50 billion per year. China has recently displaced the United States as India's largest trading partner while India is China's ninth largest market. On the political front, the nations share a desire to see the international sphere transition to a multipolar structure in which each country has an increased voice in global affairs. Military relations between the neighbors have also steadily improved, with an agreement in 2006 to begin undertaking joint military exercises, as well as high-level exchanges between their armed forces.

Balancing these positive developments, however, is longstanding friction. Their 1962 war inflicted a humiliating defeat on India and created an unresolved border dispute, which Beijing has pursued with increasing belligerence in recent years. Furthermore, China has been a principal supplier of weapons technology, both conventional and nuclear, to Pakistan, India's South Asian *bête noire*. On the political front, India is jealous of

India's foreign minister recently described the rise of China as one of New Delhi's foremost security challenges.¹² Similarly, a 2008 Pew attitude survey found that a plurality of Indians believe that China's economic growth is bad for India, while a super-majority views China's increasing military power negatively.¹³ This marks a noticeable deterioration from just a few years ago.¹⁴

While India's current policy toward China is predicated on the belief that economic engagement and wary cooperation can occur between the two countries, as India's eastward focus demonstrates, Delhi's engagement with China is coupled with efforts to lay the groundwork for a more robust strategy should this pragmatic approach fail to deliver results. Indian leaders frequently state that they are not seeking to contain China, but their policies indicate that they are hedging their bets. India's efforts to expand its presence in the Asia-Pacific can be seen as a strategy that develops economic linkages and security cooperation with key states in the region wary of Beijing's power, while still maintaining mutually beneficial economic ties with China.

East Asia. Despite Chinese efforts to curtail its influence, India gained political acceptance in its bid to be recognized as an Asia-Pacific power in 2005 when it was invited to attend the inaugural East Asia Summit—an effort some believed would be the stepping stone to the formation of an "East Asian Community" to mirror the European Union. Support for India's inclusion in the East Asia Summit came from Southeast Asian nations such as Singapore, Indonesia, and Thailand, as well as Japan and South Korea, all of whom championed India's participation despite objections from China.

As with Southeast Asia, India has paired political ties with defense diplomacy to enhance its presence in East Asia. It conducted joint naval maneuvers with the South Korean navy in 2000, 2004, and 2006. Although often overlooked, the South Korean navy possesses a sizeable complement of surface combatants and submarines, comparable to the navies of France and the United Kingdom. May 2007 marked the first ever visit by a South Korean defense minister to India. This was coupled with efforts to expand trade ties, as well as a foreign policy and security dialogue that promotes bilateral defense cooperation. New Delhi and Seoul are united in their

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anxiety. Its increasing economic and military links broaden the range of powers influencing Southeast Asia, which allows local states to adopt hedging strategies versus China—developing ties with New Delhi while maintaining relations with Beijing.

Look East, Phase II

After its initial success with ASEAN, India moved into phase two of its Look East policy, which encompasses a region "extending from Australia to East Asia."¹⁰ Indian officials envision playing "an ever increasing role" in this "extended neighborhood." Simultaneously, New Delhi is expanding the range of issues on which it engages East Asian nations from trade to wider economic and security issues, representing a further "strategic shift in India's vision" that was predicated on the understanding that "developments in East Asia are of direct consequence to India's security and development."¹¹

China. As the discussion of Southeast Asia indicated, a key factor underlying India's pan-Asian engagement is its complicated relationship with China. On the one hand, economic cooperation and enhanced political ties benefit both nations. Bilateral trade

the status accorded to China by its seat on the United Nations (UN) Security Council and its recognition as an official nuclear power under the Nuclear Non-Proliferation Treaty.

The potential for discord between the two countries can be clearly seen in the energy sector. Beijing is desperate to secure hydrocarbon resources for its own expanding economy, while India is increasingly reliant on similar energy sources. In recent years, China has beaten India in head-to-head competition for oil assets in Kazakhstan, Ecuador, Nigeria, and elsewhere. China's efforts to secure its access to overseas energy resources have brought it into India's back yard. Oil from East Africa and the Persian Gulf must cross the Indian Ocean to make its way to market in China. In an effort to secure its interests, China has helped establish a network of ports and partnerships with countries in the littoral region, including nations such as Pakistan, Burma, and Sri Lanka that have traditionally had complicated relations with India. China's support for Pakistan, as well as its encroachment into the Indian Ocean, is viewed by some Indian analysts as part of a coherent strategy to encircle India and confine its influence to South Asia. Not surprisingly,

concerns about the proliferation of nuclear weapons and missile technology in their respective subregions. These worries converge on China, which has aided both Pakistan and North Korea with their weapons of mass destruction (WMD) programs.

India has fashioned an even stronger strategic partnership with Japan. Unlike many countries in Asia, India bears no historical animus toward the Japanese. Tokyo and New Delhi's shared interest in restraining China's influence in Asia has led to a strengthening of defense ties. Although it has been increasingly common to focus on China as the leading power in East Asia, it should not be forgotten that Japan's economy is larger than China's or India's, and with a defense budget that exceeds \$40 billion, its military is among the most advanced in the world. In particular, Japan's Maritime Self-Defense Force is easily the most capable indigenous navy in the Asia-Pacific.

On a geopolitical level, India and Japan can both be considered potential rivals to China for primacy in the broader region. In an effort to forestall competition from its neighbors, China has attempted to prevent both countries from gaining equal international status by opposing expansion of the UN Security Council and resisting the legitimization of India's nuclear arsenal. Such clumsy efforts have only driven New Delhi and Tokyo closer together. This is not to suggest that ties between India and Japan are motivated strictly by realist geopolitical considerations. Among the rising powers of Asia, both Japan and India are established democracies, while China remains an autocratic state. As an editorial in Japan's largest daily newspaper argued, "India is an extremely important partner with which Japan can shape a new international order in East Asia because the two countries share common values of freedom and democracy."¹⁵

Following an agreement to strengthen cooperation between their navies, India and Japan conducted reciprocal naval exercises in the Indian Ocean and the Sea of Japan in 2005. A year later, the countries established a framework to transform their relationship into a strategic partnership, which was followed by a 2008 Joint Declaration on Security Cooperation that the two nations claim will form an "essential pillar for the future architecture" of security in Asia.¹⁶ This marks only the second such security agreement that Japan has entered into. Commenting on the

significance of enhanced Indo-Japanese ties, then-Prime Minister Shinzo Abe suggested that this would become Japan's "most important bilateral relationship in the world."¹⁷ Given the importance of Japan's security alliance with the United States, this is a bold pronouncement.

Despite the great public enthusiasm, there are reasons to be more circumspect when examining Indo-Japanese ties. Economic engagement has failed to keep pace with the development of security ties. Moreover, some critics contend that the much-hyped 2008 joint declaration does little to substantively move Indo-Japanese ties beyond their previous state. In addition, the newly elected government of Prime Minister Yukio Hatoyama has signaled an intention to review Japan's traditional regional security posture, which could be

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a prelude to a sharp break from the foreign policies of the past decade. Nevertheless, given the negligible diplomatic or security engagement between India and Japan during the many decades of the Cold War, the deepening of Indo-Japanese ties during the past 10 years can be considered an important development.

Australia. While looking East, India has also turned its gaze southward. Indo-Australian relations have recovered significantly from the diplomatic crisis perpetuated by India's 1998 nuclear tests. In recent years, Australian leaders have recognized the important role India can play in the security architecture of the wider Asia-Pacific region.¹⁸ Bilateral agreements have emphasized "common interests on a number of important issues, including the Asia-Pacific and Indian Ocean regions."¹⁹ This recognition led to a series of agreements on joint naval exercises, enhanced maritime security cooperation, increased military exchanges, and joint training. Nuclear issues are an important aspect of Indo-Australian security ties; Australia has 40 percent of the world's uranium reserves. While the government of

John Howard decided to extend de facto recognition of India's nuclear status, the Labor government of Kevin Rudd has been somewhat coy, despite its strong rhetorical commitment to nuclear nonproliferation. This has led some Australian analysts to believe their country will eventually supply uranium to India. This uncertainty notwithstanding, Indo-Australian security ties remain more robust than either nation's bilateral defense cooperation with China.

The United States. India's increasing role in the Asia-Pacific has been firmly supported by the region's premier naval power—the United States. This has facilitated India's relations with the nations of the region because many Southeast Asian nations, as well as Japan, South Korea, and Australia, have close ties to America. India and the United States share a range of concerns on key security issues such as the spread of Islamic radicalism, WMD proliferation, and the rise of China, about which there is a noteworthy similarity between Washington's and New Delhi's objectives. Both nations have adopted "conengagement" strategies that seek to gain from economic exchange with China while maintaining sufficient military power to deter threats to their key strategic interests posed by its rising power. Furthermore, Indian leaders joined former President George W. Bush in advocating the spread of liberal democracy as a key element of long-term stability in Asia.

From the Bush administration's vantage point, India was poised to become a key player in world affairs. Former Secretary of State Condoleezza Rice portrayed India as "a rising global power that can be a pillar of stability in a rapidly changing Asia," and the United States has encouraged New Delhi to take a greater role in the security of the Asia-Pacific region.²⁰ Similarly, in its 2006 Quadrennial Defense Review, the U.S. Department of Defense identified India as a "key strategic partner," which puts it in the same category as America's traditional Asia-Pacific allies.²¹ As a result, the Bush administration's policy was to "help India become a major world power in the 21st century."²² A cornerstone of this effort was the U.S.-India nuclear deal allowing unprecedented civilian nuclear cooperation. In the defense realm between 2001 and 2008, the United States and India conducted over 40 joint military exercises, including one of the largest multilateral naval exercises ever held

in the region, Malabar 07–2, which featured 3 aircraft carriers, 28 surface vessels, 150 aircraft, and over 20,000 personnel from India, the United States, Japan, Australia, and Singapore. Trilateral naval exercises featuring the United States, India, and Japan off the coast of Japan in 2007 and 2009 expanded the range of maritime cooperation and further widened the scope of Indo-U.S. engagement in the Pacific. Moreover, a 10-year defense pact signed in June 2005 advanced intelligence-sharing and training. It also allowed military technology transfers, missile defense collaboration, and arms sales, as well as opening the door to joint weapons production. In the amphibious realm, the sale of an *Austin*-class Landing Platform Dock to the Indian navy made an important contribution to its power projection capability. More recently, Lockheed Martin won a \$1 billion contract to provide the Indian air force with Super

Hercules C-130J military transport aircraft, and several American firms are bidding to supply the military with fourth-generation fighter jets and light helicopters.

Despite these deepening ties, there remain significant differences between India and the United States over a host of foreign policy issues ranging from Pakistan

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and relations with Iran to broader issues of global economic governance. Moreover, the Obama administration has yet to demonstrate that it shares its predecessor's enthusiasm for putting India at the heart of America's vision for Asia. Instead, early evi-

dence strongly suggests that China fills that role, with Obama's statement in July during Chinese Vice Premier Wang Qishan's visit to Washington that "the relationship between the United States and China will shape the 21st century" fueling Indian suspicions that Washington seeks a G-2 condominium with Beijing as the new arbiter of global affairs. These fears have been compounded by the U.S.-China joint statement released during Obama's November visit to Beijing that acknowledged a role for China in managing India-Pakistan bilateral relations, which strongly suggests that India is now viewed merely as a player in its immediate neighborhood rather than a future power in Asia. Although we are little more than a year into the new administration, such developments are viewed ominously in New Delhi—with at least one pro-American Indian politician noting that "there is a pall of gloom over the [Indo-U.S.] relationship."²³

Indian and Chinese officials discuss boundary disputes



AP Images (Saurabh Das)

Constraints on Presence

Before moving on to an evaluation of India's impact on the regional order in Asia, it is necessary to look at the factors that could impede its ability to develop as an extraregional power. At the grand strategic level, there are questions about India's ability to articulate and implement a coherent long-term national security strategy. Scholars both inside and outside the country have found that its political establishment has difficulty approaching defense and foreign policy issues in a systematic manner, which could hinder its ability to integrate its political, military, and economic efforts to pursue its interests in the Asia-Pacific.

In terms of military power, India is still at an early stage in developing its ability to project and sustain its presence beyond the Indian Ocean. Its defense budget ranks ninth in the world and is only the fifth largest in Asia behind the United States, China, Japan, and South Korea. Although defense spending only accounts for 2.3 percent of GDP, the defense budget could face pressure from demands for increased social spending—particularly in light of the present global recession. While India has

and Nepal, will require attention that could otherwise be given to developments in the Asia-Pacific.

Though not insurmountable, the political establishment faces many obstacles in its efforts to marry effective leadership with the political will to overcome the challenges posed by military capacity, economics, and immediate regional stability. Nevertheless, despite the handicaps, India is poised to influence Asian dynamics in important ways.

The Balance of Power

The emergence of new powers such as India and China, and the increasing “normalization” of Japan as a political-military actor, appears ready to transform Asia; however, the emerging security structure is unclear. Despite America's military and political power, its ideal regional order—based on the rule of law and democracy—is not necessarily attractive to all states, while at the same time, China has yet to make an attractive case for a Sino-centric order. In such a dynamic environment, it is possible for other Asian powers to play an influential role in shaping regional security dynamics. The question of regional leadership in the so-called Asian Century is

of possible future regional orders. The first configuration is regional hegemony exercised by either the United States or China. A regional hegemon is not simply the preponderant regional power, as America is in Asia today, but also a state so powerful that “no other state has the military wherewithal to put up a serious fight against it.”²⁵ China's expanding power and its possession of a nuclear arsenal render America's present regional position something short of hegemony, whereas America's presence in Asia prevents China from achieving that status. Even if the United States were to significantly draw down its presence, Japan and India together, who both oppose Chinese hegemony, possess enough combined power to prevent Beijing from achieving a hegemonic position in the maritime Asia-Pacific.

With hegemony unlikely in Asia in the medium term, are either multipolar or bipolar structures likely to emerge? India would prefer a multipolar power structure. However, given the current preponderance of American power, and the gap between the relative power of Japan, China, and India, it is unlikely that Asia will see the emergence of multiple poles of approximately equal power in the medium term. Furthermore, multipolarity suggests independence and balancing among the major states, which does not necessarily characterize U.S.-Japan, U.S.-India, or Indo-Japanese ties. Similarly, the gap between American and Chinese power makes a balanced bipolar structure unlikely since significant actors such as Japan, India, and Australia, as well as some less powerful Southeast Asian states, are more likely to support the United States (the stronger power) rather than China (the weaker one).

As a result, the most likely configuration appears a continuation of the present: a hierarchical order with American preponderance. Under such conditions, regional stability is preserved when the dominant power gains support for the status quo from other significant powers in the hierarchy that are satisfied with the present regional structure. This situation facilitates the maintenance of a power gap between the dominant state in the hierarchy and its supporters on the one hand and a would-be challenger on the other, reducing the likelihood of great power conflict.

India recognizes the value of the existing U.S. alliance system in providing stability in the Asia-Pacific region and shares

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recorded impressive economic growth over the past two decades, authorities estimate that between 27 and 42 percent of the population lives in poverty.²⁴ In comparison to other Asian powers, the average Indian has about half the income of his Chinese counterpart and a tenth that of a Japanese citizen and even compares unfavorably to citizens of Indonesia and the Philippines. Having long been defined by its poverty, India's standing as an Asian power depends in part on internal development.

A third challenge to New Delhi's ability to focus on the Asia-Pacific comes from its immediate neighborhood. Although successive governments have taken active steps to move attention away from a single-minded focus on Pakistan, Islamabad's continued support for terrorism within India and the real threat of state failure there necessarily draw India's attention westward. Similarly, the continued economic and political challenges facing the small, fragile states on India's periphery, such as Bangladesh, Sri Lanka,

a matter for not just the United States and China alone, but for Japan, India, and the nations of Southeast Asia as well.

An expanding economy and increasing security ties with Japan, Australia, and the United States, as well as key Southeast Asian nations, are positioning India to have an impact on the distribution of power in Asia. While the foreign policy establishment may ultimately prefer to see the present unipolar system replaced with a multipolar one in which India is a major power, they prefer *Pax Americana* to a Sino-centric world order. As a result, India's Asia-Pacific policy has sought to enhance its own regional role while simultaneously seeking to hedge in its relations with its northern neighbor—benefiting from economic engagement while cultivating relationships with China-wary nations to match Beijing's perceived attempts at strategic encirclement in the Indian Ocean.

India's impact in shaping Asia's future can be explored through an examination

the preferences of many states in East and Southeast Asia for maintaining American preponderance via economic, political, and military engagement. Although India lacks the ability to independently shape the regional order, it makes its presence felt by integrating with the other major democracies and expanding its ties with China-wary nations. In pursuing strategic ties with nations with traditionally difficult relations with China—such as Vietnam, Indonesia, Japan, and the United States—New Delhi lends its military and economic power to a security order that can enhance stability by presenting Beijing with a series of structural constraints that may diffuse the negative aspects of China's rise and persuade it that attempts to dominate the region are unlikely to succeed. In pursuing this course, India is not subordinating itself to another power or seeking to be a junior partner in any coalition; rather, it is pursuing its own agenda as an emerging great power, whose interests coincide with those of the United States and its regional allies. Although it is possible that India's patterns of behavior and alignment described herein could be reversed at some point, the realities of geography, regional structure, and power dynamics in Asia make that unlikely.

The eastward focus that has been a cornerstone of India's foreign policy since the end of the Cold War is part of a broader effort to assert itself on the world scene. Over the past 18 years, India has evolved from a regional power in South Asia to an actor in the Asia-Pacific. Maintaining a significant gap between the power of the United States and its allies on the one hand and China on the other can help to deter Beijing from mounting a costly bid for regional hegemony, which, successful or not, would increase instability throughout the Asia-Pacific. It is in India's interest, as well as that of many states in East and Southeast Asia, to avert a power transition in the region. Insofar as India continues to contribute to that effort through its strategic partnerships with key regional actors and growing trade and investment links, it will play an important role in shaping dynamics in the Asia-Pacific. Since it shares many key security concerns with the United States, such as dealing with the spread of Islamic fundamentalism, preventing the return of the Taliban in Afghanistan, stabilizing Pakistan, and precluding the domination of Asia

by a resurgent China, India has the potential to become America's most important partner in Asia. The Obama administration would be well served to actively harness this convergence of interests to solidify a relationship that can help the United States favorably shape an increasingly strategic region of the world. **JFQ**

NOTES

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