U.S.-India Strategic Dialogue

2014 Report

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The Naval Postgraduate School Center on Contemporary Conflict (CCC) is the research wing of the Department of National Security Affairs (NSA) and specializes in the study of international relations, security policy, and regional studies. One of the CCC's programs is the Project Advanced Systems and Concepts for Countering WMD (PASCC). PASCC operates as a program planning and implementation office, research center, and intellectual clearinghouse for the execution of analysis and future-oriented studies and dialogues for the Defense Threat Reduction Agency.

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BACKGROUND

The eighth session of the U.S.-India Strategic Dialogue was held in New Delhi, India, from December 12-13, 2013. The Dialogue is a Track II meeting; it is formally unofficial, but many participants have experience in or connections to government. The Dialogue is organized by the Naval Postgraduate School's (NPS) Center on Contemporary Conflict and the Observer Research Foundation and is funded by the U.S. Defense Threat Reduction Agency's (DTRA) Project on Advanced Systems and Concepts for Combating WMD (PASCC). The goal of this series of annual meetings has been to identify important elements of each side's strategic outlook; highlight potential areas of cooperation; and identify possible means of overcoming problems in the U.S.-India relationship. Reports for the previous year's dialogues have been published and are available on NPS web pages or from this report's authors.

The following pages review the proceedings of this year's meeting by providing analysis on the panel presentations and ensuing discussions.

EXECUTIVE SUMMARY

THE STATE OF U.S.-INDIA RELATIONS

Participants' assessments of U.S.-India relations were ambivalent. Most thought the relationship had lost much of its forward momentum. Reasons included the lack of ideas for significant future cooperation, inequality between the two countries, and the United States' "transactional" treatment of India. Nonetheless, most participants argued that the overall picture remained positive, due to India and the United States' overlapping core values and strategic interests. Despite the relationship's recent lack of progress, participants pointed out that the two countries remain far friendlier and more cooperative with each other than they were throughout most of their histories.

INDIAN/PACIFIC OCEAN SECURITY AND THE U.S. REBALANCE TO ASIA

Indian participants were not sure what the U.S. Rebalance policy is or entails. They broadly believed that the policy did not represent a significant strategic shift for the United States, which has long been a major power in the Asia-Pacific region. Still, most participants believed the Rebalance is potentially useful as a signal that the United States will continue to provide security-related public goods to the region.

SOUTH ASIAN NUCLEAR ENVIRONMENT

The Indians continue to worry about Pakistan's nuclear weapons, given its development of a tactical nuclear capability, as well as the danger that radical elements in the country could acquire nuclear materials or technology. Indian participants suggested that Pakistan's strategy of waging conventional and sub-conventional warfare from behind a nuclear shield might be transferable to other parts of the world, such as the Middle East. Finally, the Indians expressed concern that the declining credibility of U.S. extended-deterrence commitments might lead some Asian states to contemplate acquiring nuclear weapons of their own.

CYBER SECURITY

Indian participants suggested that "cyber" might not be a coherent subject for discussion because it engages an extremely diverse set of substantive issues. The Indians also expressed frustration that the United States "mistreated" them in the cyber realm, refusing to share information and using U.S. capabilities against India. Finally, the discussion made clear that India will face an important tension in coming years, as it seeks to open the realm of information technology as broadly as possible for the purposes of economic development, while simultaneously attempting to keep the cyber realm secure.

REGIONAL SECURITY ISSUES

In the short term, Indian participants were most concerned about Afghanistan. They feared that the United States would abandon the country post-2014, leaving India to deal with increasing radicalism and violence in the South Asian region. The Indians' medium-term concern was Pakistan, which does not pose a fundamental strategic challenge to India but could be the catalyst for a destructive conflict, particularly as its tactical nuclear capability develops. Over the long term, participants were most worried about China. They believe that Chinese growth trajectories and increasingly assertive behavior may undermine Indian freedom of action on its borders and in the Indian Ocean region. Participants argued that one way to avoid such an outcome would be through cooperation with other powers.

SECTION 1: THE OVERALL STATE OF U.S.-INDIA RELATIONS

Participants expressed considerable ambivalence regarding the trajectory of the U.S.-India relationship. Many believed that it had "flat-lined," and a significant minority considered it actually to be in decline. They did not identify any particular reason for this deterioration, however. Indians raised a number of concerns, most of which centered around U.S. restrictions on the sharing of dual-use technology with India. Other complaints included Washington's muddled policy in Afghanistan, an ambiguous Rebalance policy, and a general lack of respect on the part of the United States for "junior partners" in strategic relationships. These respect-oriented concerns were also sometimes characterized as a buyer-seller or transactional approach to U.S. relations with India, in which America viewed India simply as a customer, rather than as a friend.

Reading between the lines, however, much of the drift in the relationship seems driven by the Indian government's own lack of direction. The current government has lost credibility with the public, has presided over widespread corruption and economic decay, and is out of fresh ideas. Lack of progress with the United States is just one symptom of this broader problem. Indian participants, for their part, clearly stated that nothing of substance is likely to happen in the relationship until a new government takes power. Once that occurs, possibilities for real progress could open up once again.

Overall assessments of the relationship were still fairly positive. A number of old diplomatic hands, who led Indian policymaking during the "bad old days" of the Cold War, reminded everyone how much relations had improved. Participants also emphasized the fact that the two countries' core values and strategic interests still overlapped considerably – they both wanted free markets, rule of law, deliberative decision-making and dispute resolution, transparency, open and secure maritime commons, and the prevention of a single hegemon from dominating the Asia-Pacific region. Moreover, the Indians made clear that they view U.S. support as essential to enabling them to achieve these ends. While Indo-U.S. relations might not be progressing, participants believed that they at least remained on solid ground. Given the two countries' history, that is no small thing. As one former ambassador said: "If the Indo-U.S. relationship has simply plateaued, that is actually a great achievement."

Some specific recommendations that participants offered for moving the relationship forward in the relatively near future included:

- Expanding the relationship's economic foundations through increased U.S. investment in India's technology sector.
- Broadening the sweep of U.S.-India dialogue to include policy issues relating to West Asia and the Middle East, especially maritime security in the Persian Gulf and Strait of Hormuz.
- Expanding norm convergence between both the two countries through joint participation in multilateral fora such as the Australia Group.

SECTION 2: INDIAN/PACIFIC OCEAN SECURITY AND THE REBALANCE

The U.S. Rebalance policy is not well understood in India. Thus, it engendered a certain amount of suspicion from Indian participants at the meeting. In essence, the Indians asked: "What are the Americans really up to with the Rebalance and what exactly do they expect of India?" None of them were confident that they knew the answer, and the Americans were unable to provide many specifics beyond what was already known. The one thing upon which everyone agreed was that, whatever the strategy's details, at the macro level the Rebalance probably did not represent a major policy shift. The United States has long possessed a robust presence in Asia. The new policy mostly underscored this presence publicly, while shifting a bit more resources to the region. Thus, in the participants' view, the Rebalance had a decidedly rhetorical flavor to it.

The larger question that the Rebalance raised for our Indian colleagues was how to think about the broad-gauge effects of U.S. power in the Asia-Pacific region. Two basic approaches emerged from the discussion. The majority view held that the United States serves as an essential provider of public-goods in the Asia-Pacific. These goods – such as an open maritime commons, secure sea lines of communication, and rule of law – were sustained more easily through the background security afforded by the United States' military and diplomatic presence. The Rebalance could be seen as an assurance that this state of affairs will continue. In this view, even if the policy were largely a public-relations exercise, it could still be important if it generated assurance and deterrence by making U.S. intentions more transparent. The assumption underlying the public-goods approach, then, was that more U.S. presence in the Asia-Pacific would be better, helping to stabilize it and thereby enabling Washington and others to achieve the basket of public-goods they seek. Indeed, Indian participants speculated that, if the United States does retain the robust regional presence promised by the Rebalance, India together with the United States could compel any states that oppose this desired basket of goods to accept them as the organizing pillars of a future regional security architecture.

A minority of participants took an alternative approach, which was considerably less sanguine regarding the likely effects of an active U.S. presence on the region. They noted that the continued engagement promised by the Rebalance could potentially dis-incentivize the kinds of behavior needed to ensure long-term stability in the Asia-Pacific. In this view, Asia is a particularly challenging

region to manage. The region is relatively thinly institutionalized compared to Europe and lacks the architecture necessary to create and maintain stable rules of conduct in such realms as security, law, and economics. When this institutional problem is combined with a history of deep mistrust between states lingering from at least World War II, the result is a very challenging regional political environment. Consequently, in this view, regional powers must work collectively, in good faith, to generate sustainable rules and institutions to smooth the way forward. In the meantime, they should avoid picking pointless and destabilizing fights with one another.

Unfortunately, regional states may be less likely to work together in this manner if they know, or think they know, that the United States can be relied on to step in and defuse confrontations that arise in the future. Indeed, this knowledge may lead regional states to engage in needlessly provocative behavior, which could increase the difficulty of achieving more cooperative and stable relations. Adherents to this more negative view thus argued that the implications of a continued robust U.S. presence, as apparently promised by the Rebalance, were at best unclear.

Despite the disagreement outlined above, the Indians made clear that overall they prefer the continued U.S. regional presence implied by the Rebalance. They believe that India stands a much better chance of maintaining its autonomy and resisting the emergence of a regional hegemon if it has U.S. help – even if that help comes only through the provision of background public goods. The real question, as they see it, is whether the United States will actually provide the goods that the Rebalance policy promises over the long term.

An interesting corollary to this discussion was the claim by several participants that the standards of strategic behavior for a public-goods provider like the United States differed from the standards that hold for states benefiting from the provided goods. In this view, the United States bears a special burden because its actions have outsized effects on lesser powers. Specifically, in formulating policy toward China, the United States should be forbidden from making the same sorts of balanced calculations as a country like India. These calculations lead India to prepare militarily and diplomatically for possible confrontation with China, while also seeking to avoid needless provocation of the Chinese – and even seeking, where possible, joint gains through cooperation with China. In other words, India seeks to hedge against and engage China simultaneously. The United States, Indians argued, must not do this; it needs to choose a policy of either competition or

cooperation with China and adhere to this approach consistently. Indian participants openly admitted that this was a double standard, but they deemed it legitimate due to the power asymmetry between the United States and countries like India.

A number of other points broadly related to maritime security emerged from the discussion. They included the following:

- Participants argued that Indian maritime strategy was based mostly on the country's economic interests and focused on sea lines of communication (SLOC) protection eastward and westward. India's westward maritime interests are particularly compelling, as the Indian economy relies upon unfettered commerce and energy flows through the Persian Gulf and Strait of Hormuz. A number of participants maintained that Persian Gulf maritime security could be a fruitful avenue for U.S.-India cooperation.
- Indian participants said that they viewed the Western Pacific as an area of relatively hardcore, balance-of-power security equations. They viewed the Indian Ocean, by contrast, as a region characterized more by non-traditional security issues such as piracy and disaster relief.

SECTION 3: THE ASIAN NUCLEAR ENVIRONMENT

Indian participants voiced serious concerns regarding Pakistan's nuclear posture. Particularly worrisome issues were the introduction of tactical weapons into the Pakistani force structure, which thereafter lower the threshold for nuclear use on the subcontinent, and the danger of radical elements seizing nuclear weapons or materials, especially given what the Indians see as the increased Islamization of Pakistan's military.

Much of the discussion focused on the implications of South Asia's nuclear experience for other parts of the world, such as the Middle East. Participants argued that predictions about the likely impact of proliferation on Iran, which was one of the most urgent security questions facing the international community, might be informed by a study on the debate regarding the impact of nuclear weapons in South Asia. One side of this debate holds that a "Cold War" or "rational deterrence theory" model applies to the South Asian case. According to this model, the acquisition of nuclear weapons by competing states is likely to stabilize their security relationship. This stabilization occurs because nuclearization threatens to make any war between the states catastrophically costly. They will therefore do everything possible to avoid conflict with each other. In South Asia, this logic induced caution on the part of decision-makers in New Delhi and Islamabad and resulted in a less antagonistic relationship than existed before the two sides acquired nuclear weapons. And this development, in turn, suggests that we should not worry a great deal about proliferation in the Middle East; it is likely to have a similarly cautionary effect on states in the region.

The other side of the debate contends that what we might call a "Pakistan" model of nuclear weapons proliferation holds in South Asia. This model maintains that the acquisition of nuclear weapons can incentivize destabilizing behavior on the part of newly nuclear states. Nuclear weapons can have this effect because they create a shield from behind which dissatisfied states can challenge the status quo using conventional or sub-conventional assets. The Pakistanis have perfected this strategy, using a combination of non-state actors and nuclear weapons to undermine the South Asian territorial status quo, thereby creating an extremely challenging and unresolved compellence problem for India. If this dynamic repeats itself with Iran, the consequences could be dire.

Although Indian strategists generally argue that nuclear weapons in South Asia pose no great security concerns, dialogue participants believed that there was a very good chance that the "Pakistan" model outlined above could apply to the Middle East. If this were the case, a new nuclear power could be emboldened to destabilize the region using non-state actors from behind the shield of nuclear weapons. Though they were loath to state outright that Middle Eastern should not be allowed to acquire a nuclear capability, Indian participants clearly believed that such an occurrence would not be in their interest.

Finally, participants spent considerable time discussing U.S. extended-deterrence commitments to states in Asia. The Indians argued that the credibility of these commitments was weakening for a host of reasons including perceived U.S. war-weariness, fiscal disarray, conciliatory behavior toward China, and commitments to reduce significantly the size of America's nuclear arsenal. Indian participants worried that this erosion of U.S. credibility would increase many Asian states' security concerns, making nuclear weapons appear more attractive to them. A number of Indians said that such fears could lead Japan and South Korea to acquire nuclear arsenals of their own. This, they said, could broadly weaken non-proliferation norms and lead to the further spread of nuclear weapons in Asia and elsewhere.

SECTION 4: COMMON GOALS AND THREATS IN CYBER SECURITY

This discussion opened by questioning whether cyber security was even a coherent subject of study. Participants suggested that, rather than lump multiple diverse issue areas under the broad category of cyber, analysts might do better to disaggregate them and address each individually. If so, cyber was actually a subset of more traditional issues, such as development, sovereignty, legal jurisdiction, compellence, deterrence, and criminal law.

Indian participants spent considerable time criticizing the United States' cyber behavior. Specific grievances included the use of cyber capabilities to spy on India; U.S. companies allowing their technology to be used by the public in ways that incited communal violence; senior officials of U.S. technology companies lacking respect for India; and U.S. failure adequately to share information gleaned from its technical collection capabilities with India.

The discussion revealed that the Indians would soon face an important tension in their plans for the cyber domain. Participants explained that the Indian government plans to use the Internet as an engine of economic development, bringing goods and services to a wide swath of people who otherwise would lack them. This will require deep cyber penetration of the country; the government hopes to move from today's 12-15% of the population online to 80% in coming years. In order to do so, the Indians plan to open up cyber space, while imposing only minimal regulations on participants; they do not expect to combat threats such as fraud and piracy, or to protect rights such as privacy and security, in a particularly vociferous manner.

Participants stated that although this openness will create opportunities, it will also give rise to problems, potentially disincentivizing businesses from participating in the Indian cyber-economy, undermining national security, and putting individual consumers at risk. How can India use a free and open cyber domain to promote broad-based economic development while maintaining the controls necessary to ensure reasonable protection of national security interests as well as privacy and property rights? Indian participants argued that their government had yet to square this circle. In their view, this dilemma was likely to represent India's biggest challenge in the cyber realm over the next decade.

Other points that emerged from the cyber discussion included the following:

- A number of Indian participants expressed a desire to forge a "relationship of equals" with the United States in the realm of cyber. Others pointed out that this would be unlikely in the near-to-medium term owing to India's relative dearth of cyber capabilities.

- India and the United States share a number of interests in the cyber realm, creating possible opportunities for cooperation. For example, foreign cyber penetration and industrial espionage pose a serious threat to India and the United States alike, both from national defense and economic perspectives. The Indians know penetrations occur, yet, to an extent, they remain unsure of exactly how and what is targeted. Washington and New Delhi, therefore, have common cause to champion intellectual property rights and develop protective measures. Cooperation on these issues could help to propel the stagnant U.S.-India relationship forward.

- Some participants suggested that India's willingness to downplay revelations from the Edward Snowden affair indicated an Indian willingness to cooperate with the United States in the cyber arena.

SECTION 5: INDIA'S REGIONAL SECURITY CHALLENGES

Indian participants' most immediate regional security concern is the future of Afghanistan; they are extremely worried about the fate of the country post-2014. Indians fear that the United States will abandon Afghanistan, enabling it to be re-Talibanized. If this occurs, they believe that Afghanistan will become a hotbed of Islamism; that it will export radical ideologies and terrorist violence throughout South Asia; and that India will lose its considerable investments in Afghan development. Indian participants were adamant that, regardless of the specifics in India's post-2014 policy, the United States should maintain a robust presence in Afghanistan and properly equip the Afghan national army. In addition, they suggested that the United States should cooperate with Iran on managing Afghanistan, since the Iranians share America's interest in preventing the country from being re-Talibanized.

Participants also expressed considerable concern regarding Pakistan. Unlike China, Pakistan does not pose a long-term strategic threat to India. Nonetheless, the Indians maintained that it remains a dangerous problem. Pakistan-based terrorism continues to take a toll on India and could trigger a military confrontation at any time. The country's nuclear arsenal also worries India, particularly given Pakistan's political instability, which increases the potential for a loss of physical control over, or unauthorized access to, nuclear weapons. Indian participants also pointed out that Pakistan's development of tactical nuclear capabilities would lower the threshold for nuclear use on the subcontinent, increasing the likelihood that any conventional conflict between India and Pakistan escalates to the nuclear level.

According to most participants, without deep internal social and political change, the situation in Pakistan is unlikely to improve. If such fundamental change does occur, however, they said that Pakistan might be salvageable. Pakistanis could decide to abandon their quest to acquire Kashmir; renounce praetorianism; cease support for Islamist militancy; and focus their efforts on internal development and the creation of a strengthened civil society. Unfortunately, the Indians argued, nobody knows how to institute such deep internal change – especially since the Pakistanis themselves do not seem to want it. Participants noted that the recent election of Nawaz Sharif, though heartening since it marked Pakistan's first democratic transition, held little potential in this

regard. According to the Indians, Sharif has long harbored Islamist tendencies and strongly supported Pakistan's campaign of asymmetric warfare against India. Thus, even the most promising internal developments are unlikely to have a significant positive effect on Pakistan.

The Indians identified China as their main, long-term strategic challenge. They worried about China because: 1) Chinese growth trajectories indicate that the country will remain well ahead of India in every indicator of power for the foreseeable future; 2) China has grown increasingly assertive with its neighbors – for example in the South China Sea and on the Indian border; and 3) the Chinese do not seem to value the public goods that India desires for the region, such as rule of law, deliberative dispute resolution, and open access to international commons. The Indians readily admitted that they would not be able to resist this hegemonic growth on their own; they will be able to do so only in cooperation with other powers, including the United States.

Indian participants argued that India's main strategic goal was regional primacy. They defined this as freedom of action in the Indian Ocean region and the absence of any serious security challenges on their borders. Some U.S. participants suggested that the Indians' position was somewhat paradoxical. The term "primacy," they argued, generally has a unilateralist flavor to it – a state enjoying primacy sits alone atop a system or region without significant support or assistance from others. The discussion made clear, however, that cooperation was central to India's notion of regional primacy. The Indians realized that they lacked the means to achieve primacy on their own. They would need help to do so, and their main collaborator was likely to be the United States.

U.S. participants suggested that this situation might mean that India was not really seeking primacy. Instead, the Indians might actually want some limited form of collective security, where the pool of players was kept small, in order to reduce collective action problems and ensure a relatively close overlap of interests between players. If this were the case, India might need to think differently about primacy, as well as issues like autonomy, asymmetry, and collective burden sharing. Indian participants, however, resisted these suggestions, maintaining that their views on these issues were consistent.

SECTION 6: CONCLUSIONS AND RECOMMENDATIONS

U.S.-India relations appear to have reached a plateau, with no major joint projects, or other initiatives for advancing the relationship, currently in progress. That plateau, however, is at a much higher level of cooperation than the two countries enjoyed in the past. Also, important potential areas of collaboration lie on the horizon, particularly the need to manage rising Chinese power in the Indian/Pacific Ocean regions. Both countries agree on the importance of this challenge and seek similar outcomes. The major question moving forward is whether the U.S. and India can be confident in each other as partners in this and other issue areas. India must be confident that the United States will be steadfast in its commitment to remain actively engaged in Asia. The United States must be confident that India will shoulder collective burdens and view its strategic situation realistically. Each side will need to demonstrate to the other that it can deliver on these issues if the relationship is to enjoy significant further progress. It may be worth expending some effort in the future to identifying ways in which such reassurance might occur.

Culture is another area that deserves further attention and might be best viewed as a "spoiler" in the context of U.S.-India relations. On multiple occasions during the dialogue, participants argued that misunderstandings rooted in "culture" – the habits and norms that determine how Indians and Americans communicate, deliberate, and sometimes disagree with each other – often undermined the two-countries' ability to achieve important, mutually beneficial goals. Does culture really have such an independent effect on U.S.-India relations? Or are problems that we blame on culture actually caused by substantive disagreements, which are rooted in genuine misalignments of interest? If culture does matter, is it sufficiently powerful to damage a strategic relationship that both countries have identified as one of their most important? What are some ways in which we can lower the likelihood of culture-based misunderstandings between the two sides in the future? Culture was not an official topic of discussion during this meeting. But given the subject's importance, as indicated by the interest of participants, as well as by recent high-profile diplomatic spats between the United States and India, such as the Devyani Khobragade episode, it may be a worthy subject for study in a later dialogue. In particular, it might be useful to identify some behavioral norms or practices that could help both sides avoid culture-related problems in the future.

Finally, patience is essential as the United States and India attempt to move their relationship forward. In addition to the many challenges discussed above, other issues substantively unrelated to Indo-U.S. relations can have a significant impact on their progress. Probably the most important such issue at present is India's own internal politics. As noted earlier, the current government is not in a position to pursue any new policy initiatives. Much of the current slack in the U.S.-India relationship probably results from this fact. India will elect a new government in the spring of 2014. With this government, Washington is likely to see renewed energy, fresh ideas and the possibility for further Indo-U.S. progress. Until then, the two countries should probably be content with the existing plateau in their relations.