

India's Soft Balancing with China and the US in the Twenty-first Century

Vinod Khanna*

“Balance of power” has been described as one of the oldest, most persistent and most controversial of all theories of international politics. It is a source of much semantic confusion. Ernst B. Haas has found at least eight distinct meanings to the phrase:

- 1) any distribution of power
- 2) equilibrium or balancing process
- 3) hegemony or search for hegemony
- 4) stability and peace in a concert of power
- 5) instability and war
- 6) power politics in general
- 7) a universal law of history, and
- 8) a system and guide to policymakers.¹

The problem is that different people use the concept differently; to make matters worse, sometimes the same person uses it differently in the course of an analysis! Of course, it is perfectly legitimate to use it in one or more of the above senses so long as it is clear in which context it is being used. Additional vigilance needs to be exercised in the present discussion, as we are discussing a particular kind of balance of power – “a *soft* balance of power system involving *three* countries” – USA, China and India.

*Revised and expanded version of a speech delivered on 29 July 2011 at Maharaja's College, Kochi, under the “Distinguished Lecture Series” of the PD Division of the Ministry of External Affairs and is published with their permission.

The Author is former Ambassador of India to Indonesia, Bhutan, and to Cuba; the first Director General of the India-Taipei Association Office in Taiwan (the de facto Indian Mission); author of a number of books on China.

Venu Rajamony, a distinguished alumnus of Maharajah's College, Kochi, in his brilliant study on the subject,² said that India-China-US "soft" balance of power system in the making can be envisaged as one in which each country tries to be the balancer, promoting its own interests by building relations with both countries, even as it engages in selective collaboration with one or the other on an issue-by-issue basis. It follows that in such a system none of the countries would enter into any formal military alliance with the others. Hence, as a working definition for the subject under discussion, a combination, to some degree, of (2), (4) and (8) of Haas's meanings can be a guide to policymakers designed to achieve a measure of peaceful equilibrium.

The twenty-first century has barely begun. It would be a very brave person who would attempt to chart out its trajectory for the remaining ninety years. A more modest effort – still very difficult – of looking ahead to a decade or so to 2025 can be attempted. Even for this brief period, given the multiple variables and complex driving forces, one could postulate several alternative scenarios.

Many able economists argue persuasively that there is great fragility – a bubble waiting to burst – in the Chinese economy. Others believe that the current Chinese authoritarian political structure is not sustainable. Similar doubts have been raised about the future of the US economy, with much pessimism being expressed in recent years. In a relatively plausible scenario USA and China will be the two largest economies and the two most powerful countries, with India inching towards the third place.

To recall the well-known passage from the US National Intelligence Council's "Mapping the Global Future" 2005:

The likely emergence of China and India as new major global players – similar to the rise of Germany in the 19th century and the United States in the early 20th century – will transform the geopolitical landscape, with impacts potentially as dramatic as those of the previous two centuries. In the same way that commentators refer to the 1900s as the "American Century," the early 21st century may be seen as the time when some in the developing world, led by China and India, come into their own.

A combination of sustained high economic growth, expanding military capabilities, active promotion of high technologies and large populations will be at the root of the expected rapid rise in economic and political power for both countries.³

Thus, it is obvious that the relations with the USA and China are going to be critical elements in India's foreign policy. It is reasonable to assume that the India-US-China triangle will have an increasingly greater role on the

international stage, with major impact on global politics, economics and security environment.

As a policy prescription, “soft balancing” seems sensible and attractive enough. Each country would seek to protect and promote its own interests, while selectively leveraging its relations with one or the other of the two and retaining its strategic autonomy. The issue is whether, and to what extent, as the current century unfolds, the actual global power configuration and, specifically, the policies of the other two will allow India the kind of strategic space required to pursue this policy with optimal results for its interests. Many additional factors have to be taken into account, some of which are discussed in succeeding paragraphs.

Indo-US and Sino-Indian relations are qualitatively different. It is true that there are some very important issues, like sanctity of national sovereignty, climate change, international trade and finance rules, multi-polarity, etc., where India and China would find themselves on the same side of the debate; but the fact is, Indo-US relations have a different dynamic, based on the two countries’ shared democratic political systems and values, viz. pluralism, tolerance, openness and respect for fundamental freedoms and for human rights. Further differentiating Indo-US and Sino-Indian relations is the presence of a huge Indian diaspora in USA. Many would argue that in the long run India and the US have a strong congruence of interests in managing the rise of China.

In an apparent paradox, Sino-US relations in many respects have greater depth and intensity than Indo-US relations, buttressed by China’s phenomenal economic growth, permanent membership of the Security Council, and rapidly growing military power. To quote a current cliché, their economies are, at present, joined at the hip. The US cannot do without imports from China and China has little choice but to continue buying US Treasury bonds, at least in the short term. However, observers have noted that since the global financial and economic crisis of 2008, China has launched a well-planned strategy to raise the international profile of its currency renminbi, taking advantage of the relative decline and weakness of the traditional reserve currencies.⁴

Many observers are already speaking of US-China G-2 as the dominant feature of international relations in the coming years. However, ultimately there is a disconnect in their respective strategic aspirations – the reigning superpower is decidedly uncomfortable in the face of the rising challenger. Clearly, this has brought India sharply into focus in USA’s balance-of-power calculations vis-à-vis China. The question we have to keep asking ourselves is: In this complex Sino-US relationship does India have sufficient influence to be a significant balancer on its own terms?

China's military power is growing in tandem with its economic power. At this point of time, China has accumulated much more military power than India. The gap in the respective military strengths will in all probability continue to grow. While China's main concern is the US-backed military capabilities of Taiwan, which it hopes to take over some day, China's other neighbours, with land borders – like India and Vietnam – and the large number of its maritime neighbours have a cause to be concerned. There is no question that India needs to constantly monitor China's military capabilities in Tibet and its growing naval capabilities.

Some of the recent demonstrated additions to Chinese military powers, which can be seen as force multipliers and balance-threatening in the sense of providing sinews for a thrust towards hegemony, are: (a) anti-satellite capability; (b) stealth fighter; (c) secretly built nuclear submarine base in Hainan island; (d) aircraft carrier; and (e) cyber warfare capability.

There is a highly articulate school of thought among Indian strategic thinkers, who argue that the major victim of China's increasing military power combined with mounting nationalist assertiveness could be India; that China has a well-thought-out grand strategy against India. There are well-known problems in India-China relations which explain the concerns of this school:

- The unresolved border issue that is getting more complicated with increasing Chinese military capability in Tibet and presence in Pakistan-occupied Kashmir (POK);
- Sino-Pak military links with nuclear and missile dimensions; and
- Perceived larger geopolitical threat, reflected in the so-called "String of Pearls" Chinese strategy to encircle India.

The rivalry is also driven by the rapidly expanding resource requirements of each country, whose economies continue to grow steadily despite the global economic downturn. India, along with the rest of the world, views with some concern the Chinese attempts, using its colossal foreign exchange reserves, to corner scarce resources like hydrocarbons and minerals. Competition over energy and water resources will increasingly shape the contours of their competition, as will each country's efforts to expand trade and economic relations with countries that are in the other's traditional sphere of influence.

Seen from the Chinese perspective, they seem to have the following India-related strategic concerns:

- The Chinese failure to win over the hearts and minds of their Tibetan subjects, despite massive carrot-and-stick investments, makes them edgy about the presence in India of the Dalai Lama and a large number of Tibetan refugees, including the increasingly restive younger ones;
- Growing Indo-US relations;
- Power imbalance in South Asia, with India's towering presence perceived as an existential threat to their "all-weather friend" Pakistan, but also with capacity to influence the policy towards China of other South Asian countries;
- Safety of sea lines of communication (SLOCs) through the Indian Ocean is of great importance to China and it watches warily India's growing naval build-up; and
- Indian military links with Vietnam.

While it would be unrealistic to suggest that the USA will always act to promote a peaceful environment – indeed its track record shows a disconcerting willingness to use violence to promote its own interests – seen from India's perspective, the greater degree of unpredictability lies in the use China may make of its hard power. Questions that then arise are:

- As China's hard power grows, will it be possible to contain its ambitions by soft balancing alone?
- Will we see an increasing Chinese assertiveness, necessitating a "hard" balancing response?
- Suppose the signs grow that China is willing to use its greatly enhanced military power to settle the territorial issue on its own terms?
- Suppose Pakistan, emboldened by its nuclear superiority over India, backed by China, makes another bid on Kashmir?
- Are India and Vietnam now beginning an attempt to balance militarily – without an alliance – China's military assertiveness in the region?

In view of China's rising assertiveness, on the back of increasing "hard" power, there is a school of thought in both USA and India which argues that the two countries should pursue a more robust strategic and military engagement as the only way to ensure a stable balance of power in Asia that prevents China from dominating the region and surrounding seas. The United States and India have already signed a ten-year defence agreement – the 2005 "*New Framework for the US-India Defense Relationship*". This provides a framework for intensified military ties, including joint exercises,

weapon production and cooperation on missile defence. The US is increasingly the major source of sophisticated technologies related to India's strategic weapon programmes, facilitated by the US removing export controls on several Indian space- and defence-related organizations.

Looking at the literature emanating from Chinese think-tanks, one perceives a certain uncertainty in assessing the geopolitical consequences of the growing Indo-US ties. The views range from those who are convinced that India will never compromise its strategic autonomy, to those who are convinced that India and the US are already working together to thwart the further rise of China.

While these caveats have to be kept in mind, there are reasons for regarding a somewhat modified soft balancing with China and the US as a sound policy prescription for India:

- It is critically important for India not to be intimidated by any perception of Chinese power or a Chinese grand design. India's size, political cohesion, economic growth, and achievements in the fields of science and technology give it sufficient reason to be a self-confident, autonomous actor on the international stage, with no compulsion to rush into a military alliance with any other power.
- Demographers are anticipating that India's population will surpass China's in about fifteen years. While not a decisive factor in determining the overall power balance between the two Asian giants, this demographic trend could play a significant role in the regional security dynamics. The most striking difference in the Indian and Chinese demographic pictures over the coming decades is the onset of India's youth bulge at the same time that China finds its population greying. Depending on the quality of policies India pursues, this demographic dividend could fuel India's economy in ways that make it a peer competitor to China – in particular, pushing Indian growth rates ahead of China's.
- One of the lessons which "realists" should have drawn from the collapse of the Soviet Union is that to engage in a mindless arms race with an economically stronger adversary is to invite bankruptcy. Fortunately, India has a wider menu of choices before it, both military and diplomatic, than trying to match China's military might.

As far as military options are concerned, paradoxically, it is precisely China which presents a model. China has devised an "asymmetric" warfare strategy to deter the very much more militarily powerful USA. China is doing

this by building capabilities in cyber warfare, space warfare and with heavy emphasis on submarines and missiles and, above all, on information warfare. Similarly, India has to strive for a military capability adequate to deter China. Of course, India's asymmetric response to the perceived threat from China is to be based on an objective assessment of the nature of that threat so that China is deterred by the awareness that any military move towards India would not be cost-effective. This must include a careful identification of China's strengths and vulnerabilities that would be relevant to any realistic India-China conflict scenario.

Thus, quite rightly though somewhat belatedly, India has begun augmenting its land and air forces and constructing roads along the shared frontiers. And gradually India is building a second-strike nuclear missile capability. Meanwhile, the Sino-Indian agreements relating to Peace and Tranquillity and Confidence-Building Measures on the border are holding.

The answer to China's so-called "String of Pearls" around India is more diplomatic than military. A sensibly conceived policy which respects the sensitivities of India's smaller neighbours and offers them attractive consequences if they maintain good relations with India should ensure that they – with the probable exception of Pakistan – would not regard it worth their while to become accessories to any anti-India move by China.

It is of course obvious that these "soft" moves have to be backed by adequate naval capability. Here India actually enjoys a clear geo-strategic advantage over China – India is better placed in terms of denial strategies in the Indian Ocean, and the Chinese have much more reason to be concerned about the formidable US naval power than India. The heavy Chinese dependence on energy imports from the Middle East points towards a high probability of increasing Chinese naval presence in the Indian Ocean, with Gwadar in Pakistan perhaps playing an important role. Indian interests would be best served by building up of a blue-water navy besides having good relations with all the countries which are allegedly a part of China's "String of Pearls" strategy.

However, a truly realistic foreign policy has to go beyond looking at "threat" scenarios and explore positive opportunities as well, created by China's rise. Fortunately, both India and China have shown that they are very conscious of the fact that a certain degree of cooperative behaviour is in their respective long-term interests. Following are some of the pragmatic considerations which have contributed to China seeking a positive dimension

to its relationship with India:

- China needs a peaceful neighbourhood for its economic growth;
- India is its most populous neighbour – the only other billion-plus in the world;
- India's economy is growing at an impressive rate, opening up very promising possibilities in trade and investment;
- India is now a nuclear weapon power, and by far the strongest power in South Asia; and
- There are many important issues in which China would be more effective on the international stage if it cooperated with India.

On 11 April 2005, Prime Minister Manmohan Singh and the Chinese Premier Wen Jiabao signed a joint statement establishing an “China-India Strategic and Cooperative Partnership for Peace and Prosperity”. This and other summit-level documents have identified a large number of very important areas in which cooperation would be mutually beneficial.

Trade and business ties between China and India have increased dramatically in the past decade. Bilateral trade has increased from around \$5 billion in 2002 to more than \$60 billion in 2010. During Premier Wen Jiabao's visit to India in December 2010, the two sides highlighted their growing economic relationship by pledging to boost trade over the next five years to \$100 billion annually. Efforts, however, have to continue to ensure a more balanced and diversified trade.

The issue of energy security is emerging as a critical ingredient in the strategic perceptions of both countries. Though China and India together account for about 9 per cent of *aggregate* global oil use, they account for a large portion (40–50 per cent) of *incremental* global oil use. Here is an area where, in the absence of a sensible understanding, there could be a gradually escalating and mutually destructive competition between two countries, which have emerged as among the hungriest consumers of the scarce global hydrocarbon resources, but where it is possible to some extent at least to devise win-win strategies. There is growing awareness that neither country gains by constantly seeking to outbid the other. The Joint Statement issued by the premiers of the two countries in 2005 provides a basis for future cooperation in the field of energy security and conservation, including the survey and exploration of petroleum and natural gas resources in third countries. Some concrete movement in that direction has started. Oil companies of both countries are working in cooperation in Sudan, Syria and Colombia.

At recent dialogues between experts of the two countries various specific energy cooperation opportunities were discussed. These include:

- Joint searches for equity oil and gas to include sharing and mitigation of political risks;
- Investments across the oil and gas supply chain in the two countries;
- Technology – research on clean renewable energy technologies;
- Managing demand and promoting environmentally friendly fuels; and
- Recognizing that coal still played a dominant role in the primary energy mix of the two countries (about 54 per cent of India's and 69 per cent of China's total energy requirements), R&D on clean-coal technologies like coal gasification, liquefaction and extraction of coal-bed methane.

The experts agreed that both countries stand to gain by collaborative R&D in these areas. Dealing with the issue of possible trust deficit, the feeling among the experts is that the area of research in renewable energies is a benign territory where the strategic interests of the two converge.⁵

Naturally, it will not be easy for China and India, whose rapidly expanding economies rely heavily on energy imports, to abandon entirely their competing strategies. And so, inevitably, every now and then we shall hear about their cut-throat competition for some resource or the other.

Going beyond bilateral relations, China and India have demonstrated that jointly they wield an ever heavier clout in multilateral fora dealing with important issues. They are able to use their combined strength both in defence of their shared interests and of the wider circle of similarly placed countries. This came through dramatically at the Copenhagen summit on climate change.

Today China and India find themselves members of smaller groupings of like-minded nations with potential for increasing influence on the international agenda. For example, there is RIC (Russia-India-China) blossoming into BRIC (with the addition of Brazil) and now to BRICS (with South Africa joining the group). Multilateralism indeed is the growing flavour of the day. ASEAN-led multi-layered inclusive security architecture, for instance, may help keep peace east of India without the need to take recourse to military alliances so characteristic of the Cold War.

Another factor that has to be kept in mind is that though USA, China and India may indeed become the three most powerful countries in the world, the nature of whose interaction may become the dominant feature of international relations, there will be other significant actors, whose interests and policies

may, for better or for worse, impact on the contours of the triangle. Take, for instance, Russia. Let us not forget that it is the latter, not China, which is still USA's peer as a nuclear superpower, and is also an energy superpower. Happily, the presence of other major powers on the international stage can contribute to the "soft" balance by the role they play in multilateral diplomacy, of which BRICS is a recent spectacular manifestation.

Prime Minister Manmohan Singh often emphasizes that the world is large enough to accommodate the aspirations of both China and India. But as India's External Affairs Minister said in a speech in Beijing last year, this is not an inevitable outcome.⁶ It is a goal that requires strong political will, sustained engagement and a high degree of mutual sensitivity.

Conclusion

In the coming decades India will have to devote much attention to the creation and maintenance of an optimal India-China-USA triangle. But it is a fair assumption that the American concern about China's emergence as a rival power, and China's keenness to ensure that India does not become an active member of a US-led China containment policy, will ensure that a self-confident "rising" India will not be without diplomatic options. All in all, India and USA must reduce trust deficit with China to ensure better understanding of each other's strategic intentions so that policies are not based on the assumption that the worst-case scenario is a probable one.

India clearly needs to pursue a two-pronged China policy. On the one hand, India's strategic thinkers should carefully analyse China's moves which have the potential to adversely affect India's interests and take effective steps to safeguard these interests. On the other hand, it would be in India's interest to pursue areas of mutually beneficial engagement, both in a bilateral and in a multilateral framework.

At the global level, the main issue will be how the growing power of China will be handled by the third member of this triangle, USA. As Ashley Tellis puts it:

The most important longer term challenge [for USA] will be coping with the rise of China because this event portends the possibility of a consequential power transition at the core of the global system and, by implication, the displacement of U.S. hegemony.⁷

What is emerging as US strategy is *congagement*. On the one hand the United States seeks to lay down boundaries for China's rise by maintaining a

favourable balance of power in Asia and, on the other, it engages it comprehensively.

While keeping the above caveats in mind, the probability is that the India-China-USA triangle is not likely, in the next couple of decades, to bring about any kind of alliance by two against the third. A few years ago American scholar Harry Harding came to the conclusion that it is unlikely that the triangle will sufficiently shift to form an enduring alignment of two against one. If it did, given the relative power of the three countries, it is most likely that the alignment would pit India and the United States against a more assertive China. But, he argued, such an arrangement is not in the American interest. Rather, Americans should prefer a triangle in which the United States can work together with both India and China to advance common interests.⁸

There are global challenges – proliferation of weapons of mass destruction, climate change, terrorism, piracy, narcotics, pandemics, etc. in which the three must work together. Clearly, each stands to gain if they cooperate to ensure safety of SLOCs in the Indian Ocean. Sharing their strengths in R&D to meet growing danger of supply shortages of critical resources would seem a logical course to pursue as we move ahead in the twenty-first century.

On balance, it is in the interest of all three countries to opt for the soft balance of power advocated by Venu Rajamony, cited at the beginning of this article, it being clear that there will inevitably be a “hard power” component of the balance, whose importance will depend on the policy choices of the three, especially the rapidly rising and not always very transparent China.

Endnotes

- ¹ Haas, Ernst B. 1953. “The Balance of Power: Prescription, Concept or Propaganda?”, *World Politics*, V, July.
- ² Rajamony, Venu. 2002. “India-China-U.S. Triangle: a ‘Soft’ Balance of Power System in the Making”, March. Unpublished Paper. Product of academic work undertaken as an Asia Foundation Visiting Fellow at the Center for Strategic and International Studies, Washington DC.
- ³ US National Intelligence Council, January 2005.
- ⁴ For instance, Saran, Shyam. 2011. “China and Asian monetary union”, *Business Standard*, 20 July, [Online: web] URL: <http://www.business-standard.com/india/news/shyam-saran-chinaasian-monetary-union/443228/>.
- ⁵ “Reporting from the two India-China Energy Dialogues”. Report prepared by Ligia Noronha, TERI (India) and Sun Yongxiang, Euro-Asian Social Development Research Institute, Development Research Center (the State Council of P.R.C.) on the

conferences held in 2006 and 2007 respectively in New Delhi and Shanghai.

- ⁶ Speech by H.E. Mr. S.M. Krishna, Minister of External Affairs at the China Institute of International Studies (CIIS) on India and China in the 21st Century World on 6 April 2010. [Online: web] URL: <http://www.indianembassy.org.cn/NewsDetails.aspx?NewsId=82&NAID=1>.
- ⁷ Tellis, Kuo and Marble. ed. 2008. *Strategic Asia 2008: Challenges and Choices*, Seattle and Washington DC: The National Bureau of Asian Research, p. 36.
- ⁸ Harding, Harry. 2004. "The Evolution of the Strategic Triangle: China, India and the United States" in Francine Frankel and Harry Harding. eds., *The India-China Relationship: Rivalry and Engagement*. Oxford University Press.

